

## **Terms of Reference of the Audit and Risk Management Committee**

### **CONSTITUTION**

The Board hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Management Committee (the “Committee”) with the following terms of reference.

### **COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE**

The Committee shall be appointed by the Board from among its members and shall consists of not less than three (3) members of whom a majority shall be Independent Directors and all shall be Non-Executive Directors.

The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least three (3) years’ working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of the associations of accountants specified in Part II of the said Schedule or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

No alternate director shall be appointed as a member of the Committee.

The Committee shall elect a chairperson from amongst its members. In the event that a member of the Audit and Risk Management Committee (including Chairman) resigns, dies or for any other reason ceases to be a member, with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

The Board must via Nomination Committee to review the terms of office and performance of the Committee members annually.

### **MEETINGS**

The Committee shall meet at least four (4) times a year. In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the Internal or External Auditors to consider any matter within the scope and responsibilities of the Committee.

The Committee shall meet at least two (2) times a year with the External Auditors and/or the Internal Auditor without presence of any Executive Board members, management or employees.

### **QUORUM**

A quorum shall consist of a majority of committee members present at the meeting who are independent Directors. In the absence of the Chairman, the members present at the meeting shall elect a Chairman for the meeting from amongst the members present.

## **ATTENDANCE AT MEETINGS**

The Head of Finance, the Head of Internal Audit, the Company Secretaries, the Head of Legal, the Senior Finance Manager and a representative of the External Auditors shall normally attend meetings. However, the Committee shall invite any person to be in attendance to assist it in its deliberations.

Non-member Directors shall not attend unless specifically invited to by the Committee.

The Audit and Risk Management Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit and Risk Management Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

## **SECRETARY TO AUDIT AND RISK MANAGEMENT COMMITTEE**

The Company Secretaries shall be the Secretary of the Committee and shall be responsible for drawing up the agenda in consultation of the Chairperson. The agenda together with the relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting.

The Secretary shall be responsible for recording attendance of all members and invitees, keeping minutes of the meeting of the Committee, circulating them to Committee members and to the other members of the Board of Directors and for ensuring compliance with Bursa Malaysia Securities Berhad's requirements.

## **AUTHORITY**

The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference.
- Have resources, which are reasonably required to enable it to perform its duties.
- Have full and unrestricted access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- Have direct communication channels with the External Auditors, the Internal Auditor and Senior Management of the Group.
- Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- Convene meetings with the External Auditors at least twice a year, excluding the attendance of the Executive Board members, whenever deemed necessary.
- Convene meetings with the Internal Auditors, excluding the attendance of the Executive Board members, whenever deemed necessary.

## REPORTING PROCEDURES

The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's Annual Report.

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

## DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board. The review shall focus on:
  - Any changes in or implementation of major accounting policies and practices.
  - Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
  - The going concern assumption;
  - Compliance with accounting standards; and
  - Compliance with Listing Requirements of Bursa Securities and legal requirements.
- To review with the External Auditors their audit plan, scope and nature of audit for the Group.
- To review and discuss the External Auditors' and Internal Auditors' audit reports, areas of concern arising from the audit and any other matters the External and Internal Auditors may wish to discuss in the absence of management, if necessary.
- To assess the adequacy and effectiveness of the risk management processes, system of internal controls and accounting control procedures of the Group.
- To review External Auditors' management letters and management responses.
- To discuss problems and reservations arising from the audits and any matters the auditors may wish to discuss including the assistance given by the employees in the absence of management, if necessary.
- To review the internal audit plan, consider the major findings of Internal Audit, fraud investigations and actions and steps taken by management in response to audit findings, if any.
- To review the adequacy and relevance of the scope, functions and resources of Internal Audit and the necessary authority to carry out its work, including any appraisal or assessment of the competency of the internal audit function.
- To take cognisance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To review any related party transactions and conflict of interest situations that may arise within the Group.
- To consider the appointment/re-appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board.
- To consider the performance of the external auditor and its independence.
- To discuss the contracts and nature for the provision of non-audit services which can be entered into by the Group with the External Auditors or its affiliates and procedures that must be followed.

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- To review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the Annual Report and report the same to the Board.
- To review the adequacy of Group's risk management framework and assess the resources of the Management and employees involved in the risk management process.
- To review the effectiveness of internal control systems deployed by the Management to address those risks.
- To review and recommend corrective measures undertaken to remedy failings and/or weaknesses, if any.
- To review and further monitor principal risks that may affect the Company directly or indirectly and if deemed necessary, recommend additional course of actions to mitigate such risks.
- Communication and monitoring of risk assessment results and risk appetite to the Board.

### **OVERSEEING THE INTERNAL AUDIT FUNCTION**

The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by Internal Audit as it deems fit. The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

The Head of Internal Audit should have the relevant qualifications and be responsible for providing assurance to the Audit Committee that the internal controls are operating effectively.

All proposals by management regarding the appointment and transfer or dismissal of the Head of Internal Audit shall require the prior approval of the Committee.

### **REVISION OF THE TERMS OF REFERENCE**

Any revision or amendment to this Terms of Reference, as proposed by the Audit and Risk Management Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

This Terms of Reference shall be reviewed regularly.

A copy of this Terms of Reference should be uploaded onto the Company's website.