

# AUDIT COMMITTEE CHARTER

Approved by the Board of Directors on 29 June 2022



## 1.0 ORGANISATIONAL PRINCIPLES

### 1.1 Purpose

1.1.1 The purpose of the Audit & Risk Management Committee ("ARMC") is to provide:

- a) A structured and systematic oversight of the Company's governance and risk management practices; and
- b) An independent oversight of the Company's financial reporting and internal control system ensuring checks and balances within the Company.

1.2 The ARMC assists the Board of Directors ("the Board") and the Management by providing advice and guidance on the adequacy of the Company's initiatives for values and ethics, governance structure, risk management, internal control framework, oversight of the Internal Audit activity, External Auditor, and other providers of assurance and financial statements.

### 1.3 Mandate

The establishment of the ARMC is mandated as per Paragraph 15.09 of Bursa's Listing Requirements. The need for a charter or written terms of reference and minimum functions of the Audit Committee is meanwhile set out in Paragraphs 15.11 and 15.12 of Bursa's Listing Requirements.

### 1.4 Authority

1.4.1 In discharging its responsibilities, the ARMC:

- a) Shall have unrestricted access to the members of the Management, staff, and relevant information it considers necessary to discharge its duties with full discretion to invite any Director or Executive Director to its meeting/s;
- b) Shall have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the ARMC and/or Head of Internal Audit / Chief Audit Executive ("Head, IA / CAE") will resolve the matter via a prescribed mechanism approved by the Board;
- c) Is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Management and the staff should cooperate with the ARMC's requests;



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- d) May engage independent counsel and/or other advisors it deems necessary to carry out its duties;
  - e) Shall be able to convene meetings or meet with members of the Management, the Internal Auditors, and the External Auditor or independent counsel, as necessary;
  - f) May conduct or authorise investigations into any matters within its Terms of Reference; and
  - g) Have the resources which are required to perform its duties.
- 1.4.2 The Board authorised the ARMC to provide written confirmation to SC, Bursa or other relevant governing authorities on the Company's compliance with financial reporting requirements.
- 1.4.3 The ARMC is empowered to:
- a) Appoint, compensate, and oversee all assurance and advisory services performed by the External Auditor appointed by the Company;
  - b) Resolve any disagreements between the Management and the External Auditor regarding financial reporting and other matters; and
  - c) Preapprove all assurance and advisory services performed by the External Auditor.
- 1.5 **Composition**
- 1.5.1 The ARMC shall comprise only Non-Executive Directors with at least three (3) members of which the majority should be Independent Directors. None of the ARMC members shall be an Alternate Director.
- 1.5.2 The Chairman of the ARMC should be an Independent Director appointed by the Board through consultation with the Nomination & Remuneration Committee.
- 1.5.3 In the absence of the Chairman of the ARMC, the other ARMC members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.
- 1.5.4 At least two (2) ARMC members must be financially literate with sufficient financial experience and ability and at least one (1) ARMC member must be an Accountant or have such other



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qualification as defined by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

1.5.5 The ARMC members should collectively possess sufficient knowledge of audit, finance, information technology, law, governance, risk, and control. The ARMC shall have a mixture of expertise and experience, including an understanding of the industry(ies) in which the Company operates.

1.5.6 In the event a former audit partner is appointed as the ARMC member, the former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed.

## 2.0 OPERATIONAL PRINCIPLES

### 2.1 Values

The ARMC members will conduct themselves in accordance with the Company's Code of Conduct and comply with the fit and proper requirement as stipulated in the relevant Corporate Governance Policy.

### 2.2 Communication

The ARMC expects that all communication with the Management, staff of the Company and the External Auditor will be direct, open and complete.

### 2.3 Work Plan

The ARMC Chairman will collaborate with the Senior Management and the Head, IA / CAE to establish a work plan to ensure that the ARMC responsibilities are scheduled and carried out.

### 2.4 Executive Sessions

The ARMC will schedule and hold if necessary, a private session with the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Head, IA / CAE, the External Auditor and with any other staff of the Company that the ARMC may deem appropriate.

### 2.5 Independence and Objectivity

2.5.1 The ARMC members should be diligent in undertaking his/her duties and avoid any conflict of interest situation. Each ARMC members is responsible to disclose any conflict of interest or appearance of any conflict of interest to the ARMC.



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- 2.5.2 The ARMC members should understand his/her oversight role to the Company, its shareholders, and other stakeholders. The members should be able to exercise independent judgment in decision making and provide sound and objective advice.
- 2.5.3 The ARMC should vote to determine whether any of the ARMC members should recuse himself/herself from a vote when a situation or question on independence and objectivity arises.
- 2.5.4 The ARMC should review any related party transactions and conflict of interest situation that may arise, including any transaction, procedure or course of conduct that raises questions on the Management's integrity.

## 2.6 Orientation and Training

The ARMC members should receive necessary training on the purpose and mandate of the ARMC and on the Company's business objectives.

## 3.0 OPERATIONAL PROCEDURES

### 3.1 Meetings

- 3.1.1 The ARMC has the authority to convene meetings as per its Terms of Reference.
- 3.1.2 The ARMC members shall contribute actively to the ARMC function and allocate adequate time and effort to discharge his/her duties effectively.
- 3.1.3 The ARMC members shall attend each meeting held in each financial year. If necessary, the participation of the members can be facilitated through video or telephone conferencing with the Chairman's approval.
- 3.1.4 Questions arising at any meeting of the ARMC shall be decided by a majority of votes of the members present. In the case of equality of votes, the Chairman of ARMC shall not have a second or casting vote.
- 3.1.5 The ARMC shall meet with the External Auditors without the presence of executive board members, management and other employees of the Company at least two (2) times or whenever deemed necessary during a financial year.



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- 3.1.6 The ARMC shall meet with the internal auditor without the presence of the executive board members, management and other employees of the Company whenever deemed necessary.
- 3.1.7 Minutes of the meetings shall be duly entered into the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC.
- 3.1.8 The minutes shall be formally tabled to the Board for noting and action.
- 3.1.9 The Company Secretary shall be the Secretary of the ARMC.

## 3.2 Required Attendance

- 3.2.1 The ARMC shall invite the Head, IA / CAE, CEO and members of the Management or others to attend meetings and provide pertinent information, as necessary but may be asked to leave a meeting as and when deemed necessary by the ARMC. Other persons may attend meetings only upon the invitation of the ARMC.

## 3.3 Responsibilities

- 3.3.1 To obtain reasonable assurance with respect to the Company's **values and ethical** practices, the ARMC will:
  - a) Provide oversight on the mechanism established by the Management to maintain high ethical standards within the Company; and
  - b) Review and provide advice on internal control practices established by the Management to monitor compliance with laws, regulations, policies and standards of ethical conduct and identify and deal with any legal or ethical violations.
- 3.3.2 To obtain reasonable assurance with respect to the Company's **governance** process, the ARMC will:
  - a) Review and provide advice on the governance process established and maintained within the Company and the procedures in place to ensure that they are operating as intended; and
  - b) Review the accuracy and adequacy of the chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary



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announcements in relation to the preparation of financial statements.

3.3.3 To obtain reasonable assurance with respect to the Company's **risk management** practices, the ARMC will:

- a) Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Senior Management and the Board;
- b) Provide oversight of the adequacy of the combined assurance being provided;
- c) Review the adequacy and effectiveness of the risk management framework implemented by the Company and the procedures in place to ensure that they are operating as intended; and
- d) Understand the scope of Internal and External Auditor's review of risk management control over the Company's business activities.

3.3.4 To obtain reasonable assurance with respect to the Company's procedures for the prevention and detection of **fraud**, the ARMC will:

- a) Oversee the Management's arrangements for any misconduct or breaches; and
- b) Ensure that appropriate action is taken against the known perpetrator involved in the misconduct or breaches.

3.3.5 To obtain reasonable assurance with respect to the adequacy and effectiveness of the Company's **controls** in responding to risks within the Company's governance, operations and information systems, the ARMC will:

- a) Review and provide advice on internal control practices established by the Management to monitor compliance with laws, regulations and policies;
- b) Review third-party opinions on the design and effectiveness of the Company's internal control framework;





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- c) Consider the effectiveness of the Company's control framework, including information technology security and control;
- d) Review and provide advice on the control of the Company as a whole and its individual units; and
- e) Receive reports on matters of significance arising from work performed by other providers of financial and internal control assurance to the Senior Management and the Board.

3.3.6 To obtain reasonable assurance with respect to the **compliance** with laws and regulations, the ARMC will:

- a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up of any instances of non-compliance;
- b) Review the examiners' findings and the action plans for any examinations / reports issued by relevant external authority; and
- c) Obtain regular updates on compliance matters from the Senior Management.

## 4.0 OVERSIGHT OF THE INTERNAL AUDIT ACTIVITY AND OTHER ASSURANCE PROVIDERS

### 4.1 Internal Audit Activity

4.1.1 To obtain reasonable assurance with respect to the work of the Internal Audit activity, the ARMC will provide the oversight related to:

- a) Internal Audit Charter and Resources
  - i. Review and approve the Internal Audit Charter, plan, activities, staffing and organisational structure of the IAD;
  - ii. Provide oversight on the adequacy of resources and remuneration of the internal auditors to maintain independence of the Internal Audit activity. Suitable recruitment criteria and career progression should be established to attract and retain quality audit staff in line



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- with the International Professional Practice Framework;  
and
- iii. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.
- b) Performance of the Head, IA / CAE  
Review the appointment, remuneration, replacement or dismissal of the Head, IA / CAE. The ARMC has the primary role with regards to the performance appraisal of the Head, IA / CAE.
- c) Effectiveness of the Internal Audit Activity  
Oversee the effectiveness of the Internal Audit activity. At a minimum, this must include:
  - i. Reviewing and approving the risk-based internal audit plan, scope, procedures and frequency;
  - ii. Reviewing audit reports and ensuring that the Senior Management is taking necessary corrective actions on a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit;
  - iii. Having a separate meeting with the Head, IA / CAE regularly to discuss any matters that the ARMC or Internal Auditors believe there is a reason for private discussion to be held; and
  - iv. Noting significant disagreements between the Head, IA / CAE and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings.
- d) Standards Conformance
  - i. Reviewing the effectiveness of the Internal Audit activity, including ensuring the internal auditor's function meets the requirement set by the Institute of Internal Auditors and complied with the relevant authority's guidelines on internal audit function;





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- ii. Ensure that the Internal Audit activity has a Quality Assurance and Improvement Program and that the results of these periodic assessments are presented to the ARMC;
- iii. Ensure that the Internal Audit activity conducted an External Quality Assurance Review every five (5) years;
- iv. Review the results of the independent External Quality Assurance Review and monitor the implementation of the Internal Audit activity's action plans to address any recommendations; and
- v. Advise the Board about any recommendations for the continuous improvement of the Internal Audit activity.

## 4.2 Other Assurance Providers – External Auditor

4.2.1 To obtain reasonable assurance with respect to work of other assurance providers, the ARMC will meet with the External Auditor during the planning phase of the engagement, the presentation of the audited financial statements and the discussion of the results of engagements and recommendations for the Management.

4.2.2 The ARMC will foster a quality audit of the Company by exercising oversight over the External Auditor. At a minimum, this must include:

- a) Making recommendations to the Board on the appointment, removal and the professional fees of the External Auditor;
- b) Review the External Auditor's proposed audit scope and approach, including coordination of audit effort with the Internal Audit;
- c) Monitoring and assessing the effectiveness of the External Audit, including meeting with the External Auditor without the presence of the Senior Management at least annually;
- d) Maintaining regular, timely, open and honest communication with the External Auditor and requiring the External Auditor to report to the ARMC on significant matters;
- e) Regularly review the audit findings and ensure that the Senior Management is taking necessary corrective actions in a timely



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manner to address external audit findings and recommendations; and

- f) Approving the provision of non-audit services by the External Auditor and ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditor.

## 4.3 Financial Statements

4.3.1 The ARMC is responsible for the oversight of the Company's financial statement. At minimum, the ARMC should:

- a) Supporting the Board in ensuring that there is a reliable and transparent financial reporting process within the Company;
- b) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statement;
- c) Consider any related party transactions that may arise within the Company and its subsidiaries of the Group;
- d) Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information;
- e) Review with the Management and the External Auditor the results of the audit including any difficulties encountered;
- f) Understand how the Management develop interim financial information and the nature and extent of Internal and External Auditor's involvement;
- g) Review the Company's interim financial reports with the Management and External Auditor before filing with regulators, and consider whether the reports are complete and consistent with the information known to the ARMC members;
- h) Review the annual audited financial statements of the Company to ensure compliance with appropriate accounting policies, accounting standards, and disclosure requirements before submission to the Board and regulators; and



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- i) Review the quarterly unaudited financial statement and the annual audited financial statement of the Company to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with focus placed on the changes in accounting policy, as well as significant and unusual events or transactions.

## 5.0 OTHER RESPONSIBILITIES

5.1 In addition, the ARMC will:

- 5.1.1 On regular basis, report to the Board on ARMC's activities, issues of concern, and related recommendations;
- 5.1.2 Review any other reports issued by the Company that relate to ARMC's responsibilities;
- 5.1.3 Perform other activities related to this Audit Committee Charter as requested by the Board;
- 5.1.4 Institute and oversee special investigations as and when required; and
- 5.1.5 Review examination reports issued by any regulatory authority and ensure prompt and appropriate actions are taken in respect of any findings.

