

INTERNAL AUDIT CHARTER

Approved by the Board of Directors on 29 June 2022



1.0 PURPOSE

- 1.1 Internal Audit activity is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 1.2 Assurance is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the Company.
- 1.3 Consulting is an advisory and related process owner/auditee service activity, the nature and scope of which are agreed with the process owner/auditee, are intended to add value and improve the Company's governance, risk management, and control processes without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

2.0 MISSION

- 2.1 The mission of Internal Audit activity is to enhance and protect the Company's value by providing risk-based and objective assurance, advice, and insight.

3.0 AUTHORITY

- 3.1 The Head of Internal Audit / Chief Audit Executive ("Head, IA / CAE") has a dual reporting line to the Audit Risk Management Committee ("ARMC") and the Chief Executive Officer ("CEO") of the Company.
- 3.2 The Head, IA / CAE reports functionally to the ARMC and administratively to the CEO.
- 3.3 The Head, IA / CAE and staff of the Internal Audit Division ("IAD") are authorised to:
 - a) Perform a comprehensive audit program within the Company and initiate audits, examinations and inspections at such time as the auditors may determine and without advance notice, with respect to any of the Company's activities as deemed necessary;



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- b) Have access to all functions, management information, minutes of all the Board of Directors ("the Board") and Management Committees Meetings, policies, records, books, assets, premises and personnel, where relevant to the performance of audit work;
- c) Have full and unrestricted communication to all of the Company's activities;
- d) Allocate resources, set frequencies, select subject, determine scopes of work, and apply the techniques required to accomplish audit objectives;
- e) Obtain the necessary assistance of personnel in the function where audit review is being performed in line with the Approved Audit Plan, as well as other specialised services from within or outside the Company; and
- f) The Internal Audit activity should have adequate and appropriate resources to achieve its objectives. This include the professional competence of the Internal Auditors, in particular, the Internal Audit Activity as a whole, which is essential for the proper functioning of the Company's Internal Audit activity.
- g) The Head, IA / CAE and staff of the IAD are not authorised to:
- h) Perform any day-to-day operational duties other than those relating to the Internal Audit function;
- i) Initiate, manage or approve accounting or operational transactions outside the Internal Audit function;
- j) Involve in projects, system and process enhancement, and business and/or management decision making activity other than what is defined in the consultative capacity;
- k) Direct the activities of any non-audit employees, except to the extent such employees have appropriately assigned to auditing teams or to otherwise assist the Internal Auditor; and
- l) Establish any control policies or procedures other than those relating to the Internal Audit function.



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4.0 RESPONSIBILITY

- 4.1 The principal responsibility of Internal Audit is to undertake continuous testing and assessment on the effectiveness and efficiency of the risk management frameworks and the internal control systems in order to provide independent assessment to assist the Senior Management, and to provide reasonable assurance to ARMC and ultimately the Board that such frameworks and systems continue to operate efficiently and effectively.
- 4.2 The Head, IA / CAE and staff of the IAD shall have the responsibility to:
- a) Express an opinion on the effectiveness of and adherence to the established procedural controls of the Company and its subsidiaries as well as applicable laws and regulations via issuance of periodic reports highlighting results of audit activities to the ARMC for further directives and to the Management for resolution and action plans;
 - b) Conduct investigation of reported irregularities and suspected or attempted fraudulent activities within the Company, including reports received via Whistle Blowing channel established by the Company, which result is to be reported to the ARMC and the appropriate authority (on case-to-case basis);
 - c) Provide independent and objective consultative reviews over the implementation of new initiatives in the Company which amongst others, include new business venture, new system implementation, business transformation, Environmental, Social & Governance ("ESG") initiatives and new product introduction;
 - d) Follow-up with Management on action taken in response to audit findings, concerns, recommendations, and resolution of outstanding audit issues, including issues raised by authority, ie: SC, Bursa, External Auditor, and other relevant authority; and
 - e) Execute the approved annual audit plan, and other special tasks or assignments, requested by the Management and the ARMC.
- 4.3 The Head, IA / CAE, in discharging his/her duties, shall assist, coordinate and report to the ARMC on the following manner:



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- a) Provide independent assessment and views on the adequacy and effectiveness of the processes for controlling activities and managing risks, set forth under the scope of audit work;
 - b) Report and recommend controls in respect of significant issues of concern observed during audit work including areas for potential improvements on a timely basis;
 - c) Periodically provide information on status and results of the annual audit plan and the sufficiency of the resources available to accomplish the audit work;
 - d) Develop an annual risk-based audit plan in consultation with the relevant stakeholders, for submission to ARMC's approval;
 - e) Maintain sufficient knowledge, skills, and experience to meet the requirements of this Internal Audit Charter;
 - f) Ensure relevant and appropriate training provided to the staff of IAD in order to enhance audit and compliance review skills;
 - g) Keep the ARMC informed of recent developments and best practices in Internal Auditing and relevant strategic information; and
 - h) Coordinate interaction with other internal and external assurance or consulting service providers to ensure adequate coverage and minimize duplication of efforts.
- 4.4 With regard to the Enterprise Risk Management, the role of Internal Audit activity is not limited to providing assurance but also advises and insights to the Board on the effectiveness of risk management.
- 4.5 The role of Internal Audit activity in assurance over ESG reporting should include at minimum the following components:
- a) Review reporting metrics for its relevancy, accuracy, timeliness, and consistency. Internal audit can provide assurance on whether data (quantitative and qualitative) being reported is accurate, relevant, complete, and timely;
 - b) Review reporting for consistency with formal financial disclosure filings; and
 - c) Incorporate ESG into the company's Audit Risk Assessment and Annual Audit Plan.



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- 4.6 The role of Internal Audit activity in providing consulting insights over the Company's ESG initiative as follows:
- a) Build an ESG control environment by recommending the frameworks to manage/mitigate ESG risks or provide advice on developing specific internal controls over ESG reporting;
 - b) Recommend reporting metrics that accurately reflect relevant sustainability efforts within the organization; and
 - c) Provide guidance on ESG governance by providing training on internal controls.

5.0 INDEPENDENCE & OBJECTIVITY

- 5.1 The Head, IA / CAE will preserve the independence of the Internal Audit Activity through functional reporting to the ARMC, which includes:
- a) Approving the Board Audit Committee Charter, the Internal Audit Charter and policies and procedures established by IAD;
 - b) Approving the risk-based Internal Audit plan, budget and resource plan;
 - c) Receiving communications from the Head, IA / CAE on the Internal Audit activity's performance relative to its plan and other matters;
 - d) Approving decisions regarding the appointment and removal of the Head, IA / CAE;
 - e) Approving the remuneration of the Head, IA / CAE; and
 - f) Making appropriate inquiries of the Management and the Head, IA / CAE to determine whether there are inappropriate scope or resource limitations.
- 5.2 The functional reporting line to the ARMC provides the Head, IA / CAE with direct access to sensitive matters and enables sufficient organisational status.
- 5.3 An administrative reporting to the CEO also provides the Head, IA / CAE with sufficient organisational status, as well as the authority to perform duties without impediment and to address difficult issues with other Senior Management.
- 5.4 Internal Audit should not be restrained from making subsequent recommendations on the deficiencies or weaknesses of internal



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controls although it was previously involved in giving advice. Wherever possible, the subsequent audit should be assigned to audit staff not involved earlier in providing advice.

6.0 STANDARDS FOR INTERNAL AUDITING

- 6.1 The Internal Audit activity is governed by the SC & Bursa guidelines on Internal Audit Function and the mandatory elements of the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors ("IIA").
- 6.2 For an Internal Audit activity to be considered effective, the following Core Principles should be present and operating effectively:
 - a) Demonstrates integrity, competence and due professional care;
 - b) Is objective and free from undue influence (independent);
 - c) Aligns with the strategies, objectives, and risks of the Company;
 - d) Is appropriately positioned and adequately resourced;
 - e) Demonstrates quality and continuous improvement;
 - f) Communicates effectively;
 - g) Provides risk-based assurance;
 - h) Is insightful, proactive, and future-focused; and
 - i) Promotes organisational improvement.
- 6.3 The Attribute Standards address the characteristics of the Company's Internal Audit activity and the Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured.
- 6.4 The Code of Ethics introduced by the IIA states the principles and expectations governing the behaviour of individuals and organisations in the conduct of Internal Auditing. It describes the minimum requirements for conduct, and behavioural expectations rather than specific activity.



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- 6.5 The IIA's Code of Ethics expects Internal Auditors to apply and uphold the following principles:
- a) Integrity;
 - b) Objectivity;
 - c) Confidentiality; and
 - d) Competency.

7.0 QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

- 7.1 Quality Assurance and Improvement Program ("QAIP") is an ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by the IAD.
- 7.2 These ongoing and periodic assessments are composed of the following:
- a) Rigorous, comprehensive processes, continuous supervision and testing of Internal Audit activity and consulting work performed by IAD;
 - b) Periodic validations of conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards; and
 - c) Ongoing measurements and analyses of performance metrics (e.g., Internal Audit plan accomplishment, cycle time, recommendations accepted, and customer satisfaction).
- 7.3 The Head, IA / CAE is required to develop a QAIP that includes both internal and external assessments.
- 7.4 The Internal assessments will include both ongoing monitoring and periodic self-assessment.
- 7.5 The Head, IA / CAE must ensure that the Internal Audit activity undergoes an external assessment at least once every (5) five years by an independent assessor from outside the Company that is qualified in the practice of internal auditing as well as the quality assessment process. The External assessments may be either a full external assessment or a self-assessment with independent validation.
- 7.6 Under the QAIP, quality should be assessed at both an individual audit review level as well as at a broader Internal Audit activity level.



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- 7.7 The Head, IA / CAE will communicate to the ARMC and the Senior Management on the result of the Internal Audit's internal assessment and external assessment.

