



PIMPINAN EHSAN BERHAD
(201601021838) (1192777-W)
(Incorporated in Malaysia)

TERMS OF REFERENCE - AUDIT AND RISK MANAGEMENT COMMITTEE

1. Objective

The primary objectives of the Audit and Risk Management Committee (“ARMC”) are:

- (a) To establish a documented, formal and transparent procedure to assist the Board in fulfilling its fiduciary duties relating to corporate accounting, financial reporting practices, system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations;
- (b) To provide greater transparency on the audit functions by increasing the objectivity and independence of internal and external auditors; and
- (c) To maintain open communication through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

2. Duties and Responsibilities

The duties and responsibilities of the ARMC are as follows: -

2.1 Financial Reporting

To review and challenge the actions and judgements in relation to the quarterly, interim and full financial statements before submission to the Board, paying particular attention to:

- (a) Accounting policies, systems, controls and practices;
- (b) Areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;
- (c) Compliance with accounting standards;
- (d) Significant adjustments resulting from the audit;

- (e) Compliance with legal and regulatory and financial reporting requirements; and
- (f) Consider whether the controls established to prevent fraud and illegal acts are adequate and to ensure all major cases of fraud/illegal acts are reported to Audit and Risk Committee Chair.

2.2. External Audit

- (a) To discuss with the external auditors before the audit commences, their audit plan and ensure coordination where more than one audit firm is involved;
- (b) To discuss evaluation of the system of internal controls with the external auditors;
- (c) To discuss audit reports;
- (d) To discuss with the external auditors on the assistance given by the employees to the external auditors;
- (e) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of Management where necessary);
- (f) To review with the external auditors, their management letter and managements response;
- (g) To consider and recommend the appointment of the external auditors, the audit fee and any questions of resignation or dismissal; and
- (h) To approve the provision of non-audit services by the external auditors.

2.3 Internal Audit

- (a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
- (b) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (c) To review any appraisal or assessment of the performance of members of the internal audit function;
- (d) To approve any appointment, termination, remuneration and the key performance of senior staff members of the internal audit function;
- (e) To note resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and

- (f) To consider the major findings of internal investigations and managements responses, and ensure appropriate actions are taken on the recommendations of the internal audit function.

2.4 Risk Management and Internal Control

- (a) To review the adequacy of the Company's risk management framework and assess the resources and knowledge of the Management and employee involve in the risk management process;
- (b) To review the effectiveness of internal control system deployed by the Management to address those risks;
- (c) To review and recommend the corrective measure undertaken to remedy failings and/or weaknesses;
- (d) To review and further monitor principal risk may affect the Company directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks in order to safeguard shareholder's investment and the Company's assets;
- (e) To identify and mitigate actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Company; and
- (f) To oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.
- (g) To coordinate with the Chairman of the Sustainability Committee to identify and manage Environmental, Social & Governance-related risks and to report the review results and recommendations to the Board for decision;

2.5 Related Party Transactions ("RPTs"), Recurrent RPTs ("RRPTs") and Conflict of Interest ("COI")

- (a) Monitor, review and report to the Board any RPTs and RRPTs that may arise within the Company and/or Group, including any transaction, procedures or course of conduct that raises question on management integrity.
- (b) Review and report to the Board of Directors, any COI or potential COI situations that arose, persist or may arise within the Company and/or Group (applies to all Directors and employees of the Group) including any transaction, procedure or course of conduct that raises questions or management integrity, together with the measures taken to resolve, eliminate, or mitigate such conflicts.

In reviewing the COI, the ARMC should consider the following factors:

- i. The nature and potential duration of COI situations, and the impact on the Group; and
- ii. Controls in place/corrective actions to be taken – to ensure that the conflicted Director or conflicted employee does not abuse his or her power to gain an unfair advantage.

2.6 Compliance

- (a) To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary actions) of any major instances of non-compliance;
- (b) To review procedures established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the ARMC;
- (c) To review the process for communicating the Code of Conduct to the staff, and for monitoring compliance;
- (d) To obtain regular updates from Management regarding compliance matters; and
- (e) To review the effectiveness of anti-corruption and anti-money laundering measures taken.

2.7 Others

- (a) To ensure that any matter which results in a breach of the MMLR is reported to Bursa Securities if it has not been satisfactorily resolved;
- (b) To review the statement with regards to the state of risk management and internal control of the Company for inclusion in the Annual Report and report the same to the Board;
- (c) To report promptly to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements of Bursa Malaysia Securities Berhad;
- (d) To discuss and review the major findings of any internal investigations and the Management's response;
- (e) To prepare the ARMC Report at the end of each financial year pursuant to the MMLR; and
- (f) To consider other matters as may be directed by the Board from time to time.

3. Composition

The ARMC shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members. All members shall be Non-Executive Directors, with the majority being Independent Directors. No alternative director shall be appointed a member of the ARMC.

All the members shall be financially literate with at least one (1) member of the ARMC shall possess the following qualification;

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) must have at least three (3) years working experience with at least one (1) of the following qualifications;
 - i. must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii. must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. fulfil such other requirements as prescribed or approved by the Exchange.

In any event of any vacancy which results in the number of members in the ARMC being reduced to below three (3) or non-compliance of the above, the vacancy must be fulfilled within three (3) months.

For engagement of a former key audit partner as member, there is a cooling-off period of at least three (3) years before being appointed as member of the ARMC.

The term of office and performance of the ARMC and each of its members shall be reviewed by the Nominating Committee annually to determine whether the ARMC have carried out their duties in accordance with its Terms of Reference.

4. Chair of ARMC

The Chairman of the ARMC shall be elected from amongst the ARMC members. The Chairman of the Committee shall be an independent director, and approved by the Board of Directors.

5. Secretary

The Secretary of the ARMC shall be the Company Secretary. The Secretary is responsible to prepare the minutes of the ARMC meetings and circulate the minutes of the ARMC meetings promptly to all members of the ARMC and table the same to the Board for notation. The minutes of the ARMC meetings shall be kept at the registered office of the Company and shall be open for inspection by the Board.

6. Meetings

The ARMC shall meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least four (4) a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion. The Head of Internal Audit shall attend the ARMC meetings as a permanent invitee unless otherwise decided by the Chair of the ARMC. The Managing Director / Executive Director and Chief Financial Officer shall normally be invited to attend the meetings. The Chair of the ARMC may also invite other Board members and/or Management to participate in the meetings, when necessary.

The quorum for any meeting of the ARMC shall be two (2) of the members of the ARMC, of which a majority must be Independent Directors.

The members of ARMC may participate in a meeting from separate locations by means of conference telephone or other communication equipment which allows those participating to hear each other, and shall be entitled to vote or be counted in the quorum accordingly.

The ARMC shall reach decisions by a simple majority of those voting on the issue in question. If the numbers of votes for and against a certain proposal are equal, the ARMC Chair shall have a casting vote.

A resolution in writing signed or approved by letter, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "ARMC's Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one or more directors.

7. Authority

The ARMC for the performance of its duties shall have;

- (a) the authority to investigate any matter within its term of reference;
- (b) the resources which are required to perform its duties;
- (c) full and unrestricted access to any information pertaining to the Company;
- (d) direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and

- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

8. Revision and Approval

This Terms of Reference will be reviewed and updated annually to ensure remains consistent with the ARMC's objectives and responsibilities.

This Terms of Reference is approved the by Board of Directors on 28 April 2021, revised on 13 April 2022 and 22 Feb 2024.