

**MINDA GLOBAL BERHAD**  
**[Registration No. 201601039044 (1209985-V)]**

**TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE**

**Definitions:**

<b>“Act”</b>	Companies Act 2016
<b>“Board” or “Directors”</b>	: The Directors for the time being of the Company or such number of them as have authority to act for the Company.
<b>“Bursa”</b>	: Bursa Malaysia Securities Berhad (Company No. 635998-W).
<b>“Committee”</b>	: The Audit and Risk Management Committee of the Company.
<b>“Company”</b>	: Minda Global Berhad
<b>“CEO” or “MD”</b>	The principal executive officer of the Company for the time being, by whatever name called, and whether or not he or she is a Director.
<b>“Group”</b>	: The Company and its subsidiaries.
<b>“LR”</b>	: Bursa Securities Main Market Listing Requirements including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the listing requirements that may be made from time to time.
<b>“Company Secretary” or “Secretaries”</b>	: Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.

**1. DATE OF CHANGE**

The Board had on 26 April 2018 resolved to combine the Audit Committee of the Company with Risk Management Committee, which was then renamed as Audit and Risk Management Committee.

**2. Objectives**

The primary objectives of the Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Group and to assist the Board in their responsibilities to identify, assess and monitor key business risks to mitigate adverse impacts on achieving strategic objectives with a view to safeguard shareholders' investments and the Group's assets.

In addition, the Committee shall assist the Board:

- (a) In complying with specified accounting standards and required disclosure as administered by Bursa, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;

- (b) In presenting a balanced and understandable assessment of the Group's position and prospects;
- (c) To review and deliberate the Group's risks whether financial and non-financial and make recommendations to the Board to mitigate the identified risks;
- (d) In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors and overseeing and appraising the quality of audit conducted by the Company's internal and external auditors;
- (e) In determining the adequacy of the Group's administrative, operating, accounting and financial controls;
- (f) Undertake any such other functions as may be determined by the Board from time to time;
- (g) To review and update the Anti-Bribery and Corruption Policy of the Group from time to time; and
- (h) To review the Group's Sustainability policies, goals and risks periodically.

### **3. Composition**

The Committee shall be appointed by the Board from its members pursuant to a resolution of the Board and must fulfil the following requirements:-

- (a) The Committee must comprise at least three (3) members, consisting wholly of financially literate independent non-executive Directors;
- (b) At least one (1) member must be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements as stated in the LR;
- (c) The Chairman must be independent and shall also not be the Chairman of the Board;
- (d) No alternate Director shall be appointed as a member of the Committee; and
- (e) In the event of any vacancy resulting in non-compliance of the minimum of three (3) members requirement, the Board shall upon the recommendation of the Nomination and Remuneration Committee, appoint such number of Directors to fill up such vacancy within three (3) months of the event.
- (f) The Committee has a policy that requires a former key audit partner who was part of the engagement team who made key decisions or judgments on significant matters with respect of the audit of the financial statements of the group, to observe a cooling-off period of at least three years before being appointed as a member of the Committee.

All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Nomination Committee must review the term of office and performance of the Committee, and each of its members, annually to determine whether the Committee and its members have carried out their duties in accordance with the Committee's Terms of Reference.

### **4. Secretary**

The Secretary of the Company shall be the Secretary of the Committee. The Secretary plays an important role in organising and providing assistance at the Meetings and has the following key responsibilities:-

- (a) Ensure meeting are arranged and held accordingly;
- (b) Assist the Chairman in planning the Committee's activities;
- (c) Draw up meeting agendas in consultation with the Committee Chairman, maintain the minutes, and draft its scheduled activities for the financial year;

- (d) Ensure structured communications channels between the Board and the Committee;
- (e) Ensure proceedings of meetings are recorded and the minutes circulated to, and to confirmed by the Committee before disseminating them to the Board; and
- (f) Ensure Committee recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the committee's recommendations.

## 5. Meetings

- (a) The Committee shall hold at least four (4) regular meetings per year, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. Additional meetings may be called at any time, at the discretion of the Chairman of the Committee.
- (b) The quorum for a meeting shall be two (2) members of the Committee, who must both be Independent Directors.
- (c) In the absence of the Chairman of the Committee, the other members shall amongst themselves elect another member to chair the meeting.
- (d) The Managing Director and other appropriate officer(s) may be invited to attend where their presence are considered appropriate as determined by the Committee's Chairman. Other Board members, employees of the Group and representatives of the External and Internal Auditors may attend meetings upon the invitation of the Committee.
- (e) The Internal Auditors have the right to appear and be heard at any meeting of the Committee and are recommended to attend a Committee's meeting at least once a year. The Committee shall meet at least once a year with the External and Internal Auditors in the absence of Executive Board members and the Senior Management. Upon the request of the Internal Auditors and/or External Auditors, the Committee Chairman shall also convene a meeting of the Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- (f) The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- (g) Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.
- (h) Subject to paragraph (a) above, in appropriate circumstances, the 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 Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

## 6. Minutes

The minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on the proceedings of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the Registered Office or

such other place as may be determined by the Committee.

## **7. Reporting**

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate, on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.

## **8. Circular Resolution**

A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by two (2) or more Committee members. Any such document may be accepted as sufficiently signed by a Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Committee member.

## **9. Authority**

In carrying out its duties and responsibilities, the Committee shall have the following rights:

- (a) The explicit authority to investigate any matter within its Terms of Reference;
- (b) Access to the resources which are required to perform its duties;
- (c) Full, free and unrestricted access to any information, records, properties and personnel of the Group;
- (d) Direct communication channels with the External and Internal Auditors;
- (e) Ability to obtain independent professional or other advice at the Company's costs, and to invite external parties with relevant experience to attend the Committee meetings, if required, and to brief the Committee thereof;
- (f) Ability to convene meetings with External and Internal Auditors, or both, whenever deemed necessary, excluding the attendance of other Directors and employees of the Group;
- (g) Promptly report to Bursa where a matter reported by the Committee to the Board has not been satisfactorily resolved resulting in a breach of the LR; and
- (h) The attendance of any particular Committee meeting by other Directors and employees of the Group shall be at the Committee's invitation and discretion, and specific to that relevant meeting only.

## **10. Responsibilities and Duties**

In fulfilling its primary objectives, the Committee undertakes, amongst others, the following responsibilities and duties:

**External Audit**

- a) To consider the nomination and appointment of External Auditors; and to consider the adequacy of experience and resources of the External Auditors and determine the audit fee;
- b) To review any letter of resignation from the External Auditors and any questions of resignation or dismissal of external auditors;
- c) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- d) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the External Auditors;
- e) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- f) To review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;
- g) To annually assess the suitability, objectivity and independence of the External Auditors, taking into consideration the following:
  - The competence, audit quality and resource capacity of the External Auditors in relation to the audit;
  - The nature and extent of non-audit services rendered and the appropriateness of the level of audit and non-audit fees; and
  - The conduct of and independence demonstrated by the External Auditors throughout the audit engagement. The Committee shall obtain written confirmation from the External Auditors that they are, and have been, independence in accordance with all relevant professional and regulatory requirements.
- h) Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

**Internal Audit**

- a) To review adequacy of scope, functions and resources of the internal audit function (including the firm of internal auditors that is engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- b) To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- c) To review the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- d) To review its effectiveness and performance on an annual basis;
- e) To review its independence from the management of the Company and the functions which it audits and that the internal audit function reports functionally to the Committee directly; and

- f) To review and approve any appointment, termination or resignation of the firm of internal auditors.

### ***Risk Management***

- a) To identify key risks relevant to the Group's internal and external environments with respect to its business operations and strategic objectives, and recommend to the Board the Group's policy for risk management;
- b) To review the processes and procedures for ensuring that all material business risks are properly identified and that the appropriate systems of monitoring and control are in place, while considering all material breaches of the agreed risk limits, if any, and review the actions taken in response;
- c) To monitor and review the Group's internal controls and risk management systems, and make recommendations where necessary – to ensure that the systems are relevant, up-to-date and effective, which will take into account any changes to the Group's business environment, operations and business strategies/objectives; and
- d) To evaluate the effects on the risks (if any) of the Group as a result of the findings of the internal auditor and/or any independent review carried out for the Audit and Risk Management Committee.

### ***Whistleblowing***

Committee shall review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### ***Corporate Governance***

The Committee's responsibilities include:

- (a) To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) To review and monitor the training and continuous professional development of members of the Committee to keep themselves abreast of relevant developments in accounting and auditing standards, regulations and practices;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct and compliance/risk management manual (if any) applicable to employees and Directors;
- (e) To review the Corporate Governance Report/Statement for the Annual Report;
- (f) To report to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so); and
- (g) To prepare an Audit Committee Report at the end of the financial year for inclusion in the Annual Report.

**Others**

- a) To review quarterly reporting to Bursa and year end annual financial statements of the Group before submission to the Board, focusing on:
  - compliance with accounting standards and regulatory requirements;
  - any major changes in accounting policies and practices; and
  - significant and unusual items and events as well as significant adjustments arising from the audit.
- b) To review any related party transaction and conflict-of-interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- c) To review the Group's policies and procedures on anti-bribery and anti-corruption periodically to assess their effectiveness, and in any event, at least once every 3 years;
- d) 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;
- e) To oversee the Group's internal control structure to ensure administrative, operational and financial effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance;
- f) To promptly report to Bursa if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the LR; and
- g) To consider any other functions as may be agreed between the Committee and the Board.

**11. Elected Members**

For information on the current members of the AC, please refer to the **Who We Are** section, under **"Our People"** on the Company's corporate website at [www.mindaglobal.com.my](http://www.mindaglobal.com.my).