

<b>EPB GROUP BERHAD</b> <b>202201007128 (1452825-U)</b>	<b>Document Title:</b> <b>Audit &amp; Risk Management Committee</b> <b>Terms of References (TOR)</b>	<b>Doc. No.: EPBG-POL-MO-03</b> <b>Revision: 0</b> <b>Effective Date: 1<sup>st</sup> April 2023</b>
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## TERMS OF REFERENCES

### 1.0 COMPOSITION

Audit and Risk Management Committee ("**Committee**") shall be appointed by the Board of Directors of the Company ("**Board**") amongst the Directors of the Company which fulfils the following requirements:

- 1) the Committee must be composed of not fewer than three (3) members;
- 2) all the Committee members must be non-executive directors with a majority of them being independent directors; and
- 3) at least one (1) member of the Committee:
  - a) must be a member of the Malaysian Institute of Accountants; or
  - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
    - i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - ii) he must be a member of one of the association of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
    - iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director and who is not the Chairman of the Board. No alternate director should be appointed as a member of the Committee. Where a former key audit partner is appointed to the Board of the Company, he / she is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities pertaining to the composition of the Committee, the Board of Directors shall fill the vacancy within three (3) months from such vacancy.

The terms of office and performance of the Committee and each of its members must be reviewed by the Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### 2.0 MEETINGS

#### 2.1 Frequency

Meetings shall be held not less than four (4) times a year, with additional meetings convened as and when necessary. Upon the request of the external or internal auditors, the Chairman of the Committee may convene a meeting of the Committee to consider any matter the external or internal auditors believes should be brought to the attention of the Directors or the shareholders of the Company.

In the interval between Committee meetings, for exceptional matters requiring urgent decisions, the Committee approvals may be sought via circular resolutions which are accompanied with sufficient information for an informed decision.

#### 2.2 Quorum

In order to form a quorum for the Committee meeting, the majority of members must be independent directors.

Any member of the Committee may participate in any meeting of the Committee via telephone conferencing, video conferencing or by means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

### **2.3 Secretary**

The Company Secretary shall be the Secretary of the Committee or in his / her absence, another person authorised by the Chairman of the Committee. The Secretary shall be responsible for issuing the agenda with the concurrence of the Chairman and circulating it, accompanying it with explanatory statements and other relevant documents to the Committee members prior to each meeting. The Company Secretary is also responsible for keeping the minutes of meetings of the Committee, circulating them to the Committee members and to the other members of the Board of Directors and for following up on outstanding matters. The Secretary shall keep the minutes of meetings properly filed and shall produce the minutes of meetings for inspection when necessary.

### **2.4 Reporting Procedure**

The minutes of each meeting shall be circulated by the Company Secretary to the Committee members and to all members of the Board.

### **2.5 Attendance**

Other Directors and employees may be invited by the Committee to attend any particular meeting of the Committee.

At least twice a year, the Committee shall meet with the external auditors without any executive directors present.

## **3.0 RIGHTS AND AUTHORITY**

- a) The Committee is authorised by the Board of Directors to investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate on any request made by the Committee.
- b) The Committee is authorised by the Board to obtain legal advice or other independent professional advice if it deems or considers necessary.
- c) The Committee is empowered to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- d) The Committee has direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

## **4.0 FUNCTIONS, DUTIES AND RESPONSIBILITIES**

The functions, duties and responsibilities of the Committee are as follows:

- 1) to review the quarterly results and year-end financial statements of the Group and the Company before recommending them to the Board of Directors for approval, focusing particularly on:
  - a) any changes in or implementation of major accounting policies and practices;
  - b) significant and unusual events or transactions, significant matters highlighted arising from the audit;
  - c) the going concern assumption; and
  - d) compliance with accounting standards and other legal and regulatory requirements.
- 2) to recommend the nomination of a person or persons as the external auditors and to review the audit fee;
- 3) to consider any letter of resignation from the external auditors and relevant questions pertaining to their resignation or dismissal as well as whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- 4) to review and discuss the audit plan with the external auditors, before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
- 5) to review with the external auditors, their evaluation of the Group's system of internal controls;

- 6) to review with the external auditors, their audit report to the Audit Committee and management's response;
- 7) to review the assistance given by employees of the Group to the external auditors;
- 8) to carry out annual assessment on the performance, suitability and independence of the external auditors based on, among others, the following considerations:
  - a) the competence, audit quality and resource capacity of the external auditors in relation to the audit;
  - b) the nature and extent of non-audit services rendered and the appropriateness of the level of fees; and
  - c) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- 9) to review the following in respect of the internal audit function:
  - a) 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 works;
  - b) the internal audit programme, process, results of the internal audit programme and process and where necessary ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - c) any appraisal or assessment of the performance of members of the internal audit function; and
  - d) the major findings of internal investigations and the management's response.
- 10) to discuss the problems and reservations arising from any interim and final audit, and any matter the external and/or internal auditors may wish to discuss;
- 11) to review and monitor any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- 12) to review and verify at the end of each financial year, the options allocated and granted under the Employees Share Option Scheme, if any, are in compliance with the approved allocation criteria;
- 13) to review the Statement on Risk Management and Internal Control, Statement on Corporate Governance and Sustainability Statement prior to inclusion in the Company's Annual Report;
- 14) to review the risk management policies of the Group which addresses key elements of the enterprise-wide risk management framework, risk appetite, strategy, processes and methodology;
- 15) to oversee and monitor the adequacy and effectiveness of the risk management system put in place by the management are in tandem with the changing business circumstances to safeguard shareholders' interests and the Group's assets;
- 16) to review and discuss with the Management and Risk Management Team:
  - a) the guidelines and policies governing the Group's significant processes for risk assessment and risk management;
  - b) the validity of the identified risks and ensuring appropriate actions are taken to mitigate the risks;
  - c) the adequacy of infrastructure, resources and systems that are available for an effective and efficient risk management process; and
  - d) the periodic reports on risk exposure, risk portfolio, composition and risk management activities.
- 17) to report to the Board on the Group's risk exposures, including the review on the risk assessment framework used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risks faced by respective business units/division of the Group;
- 18) to review and advise the Board on the potential risk strategies and, if deemed fit, to recommend to the Board to approve any acquisitions, investment and/or divestments of assets or properties. (but excluding any acquisitions of plant and equipment in the ordinary course of business of the Group);

- 19) to review the identified significant and material economic, environment and social (“EES”) risks and opportunities against existing sustainable business practices and reporting framework and ensuring the effective management of such EES risks and opportunities impacting the principal businesses of the Group;
- 20) to review periodically the Anti-Bribery and Anti-Corruption Policy and the Anti-Bribery and Anti-Corruption Standard Operating Procedures, to ensure that they continue to remain relevant and appropriate; and
- 21) to undertake such other functions as may be authorised by the Board.

## **5.0 CONTINUOUS PROFESSIONAL DEVELOPMENT**

Collectively, the Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Committee including the financial reporting process.

All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.