



## **Mi TECHNOVATION BERHAD**

(Company No. 201701021661 (1235827 – D))

(Incorporated in Malaysia)

# **TERMS OF REFERENCE FOR THE AUDIT & RISK MANAGEMENT COMMITTEE**

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## OBJECTIVE

The Audit Committee of Mi Technovation Berhad was formed by the Board on 29<sup>th</sup> August 2017 and assumed as “Audit & Risk Management Committee” (“Committee”) on 28<sup>th</sup> December 2020. The principal objective of the Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries. In addition, the Committee shall:

- (i) oversee and appraise the quality of the audit conducted by the internal and external auditors;
- (ii) oversee compliance with laws and regulations and observance of a proper code of conduct which is in accordance with Code of Conduct for Director and Code of Conduct and Ethics for Management and Employees; and
- (iii) determine the adequacy of the control environment of the Group.

## COMPOSITION

The Committee shall be appointed by the Board from among their number (pursuant to a resolution of the Board of Directors) and shall consist of not less than three (3) members, all the members must be Independent Non-Executive Directors and at least one of whom shall be:

- (i) a member of the Malaysian Institute of Accountants (“MIA”) or
- (ii) if the Director is not a member of the MIA, the Director must have at least three (3) years of working experience and:
  - the Director must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - the Director must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

No former audit partner of the Group’s external auditors shall be appointed to the Committee unless he/she has observed a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The members of the Committee shall elect a chairman among themselves and no alternate Director of the Board shall be appointed as a member of the Committee.

The Board via its Nomination Committee shall review the terms of office and performance of the Committee and each of its members annually (para 15.20 of MMLR) to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

The Chairman of the board shall not involve in a membership of the Audit & Risk Management Committee.

## **MEETINGS**

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. Where relevant and appropriate, the internal auditor and representatives of the external auditors shall normally be invited to attend meetings. The external auditors or any member of the Committee may request a meeting if they consider one necessary.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Company Secretary shall be responsible, with the concurrence of the Chairman, for preparing and circulating the Agenda and the Notice of Meeting, together with supporting explanatory documentation to members of the Committee prior to each meeting. The minutes of each meeting shall be kept and distributed to members of the Committee and the Board of Directors.

A quorum shall be two (2).

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

## **AUTHORITY**

The Committee is authorized by the Board:

- (i) to investigate any matter within its terms of reference;
- (ii) to have the resources in order to perform its duties as set out in its terms of reference;

- (iii) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (iv) to have direct communication channels to the internal and external auditors;
- (v) to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
- (vi) to meet with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

## DUTIES

The duties of the Committee are:

- (i) nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;
- (ii) review with the external auditors, the nature, scope and plan of the audit before the audit commences and report the same to the Board;
- (iii) review with the external auditors, their audit report and evaluation of the system of internal controls and risk management and report the same to the Board;
- (iv) ensure the proper policies and procedures are established and to assess the suitability, objectivity and independence of external auditors to safeguard the quality and reliability of audited financial statements. Including to obtain written assurance from external auditors confirming they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirement;
- (v) make recommendations to the Board, review the quarterly and year-end financial statements and report the same to the Board, focusing particularly on:
  - any changes in or implementation of major accounting policies;
  - significant matters highlighted including financial reporting issues, significant judgement made by the management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements
- (vi) review and report the same to the Board on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

- (vii) review and report the same to the Board on the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (viii) review the adequacy of the Group's risk profile and risk management framework and assess the resources and knowledge of the key management and employees involved in the risk management process;
- (ix) review the effectiveness of internal control systems and risk management system deployed by the key management to address those risks and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (x) review and further monitor principal risks that may affect the Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (xi) communicate and monitor the risk assessment results to the Board;
- (xii) review related party transactions including recurrent related party transactions and/or conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts and report the same to the Board;

The following actions shall be considered in the event of a COI:

- Requiring declaration of COI as soon as practicable after the relevant facts have come to the knowledge of the Directors, as well as on a periodic and regular basis including at all board meetings;
- Restricting participation of the Directors in any applicable board, committee or general meetings and requiring the Directors to abstain or recuse themselves from deliberation and voting on matters relating to the said COIs;
- Undertaking an assessment on COI of the Directors during the performance appraisal on an annual basis and for new appointments, before the appointment;
- Requiring the Directors to execute a non-disclosure or confidentiality agreement to protect any type of confidential and proprietary information or trade secrets;
- Restricting the Directors from participating in businesses which compete with Mi Group; or
- In extreme circumstances the COI is likely to affect the performance of the Directors, requiring such person to either divest the interest causing the conflict or resign from Mi Group.

- (xiii) overseeing the COI review process, comprehensively COI review encompasses Directors, Key Senior Management personnel, and Legal Representatives within Mi Technovation Berhad;
- (xiv) ensure newly appointed Directors declare conflicts of interest via Conflict of Interest Declaration Form upon the appointment; and the existing Directors declare conflicts of interest twice a year;
- (xv) ensure all Directors to promptly declare any new and potential conflicts of interest that arise or may arise by completing the Conflict of Interest Declaration Form;
- (xvi) maintain and keep under review the whistle-blowing mechanism of the Group which shall be in accordance with Whistleblowing Policy, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality;
- (xvii) Ensure that the results of any audit, reviews of risk assessment, control measures and performance are reporting to all top level management, including the full Board of Directors, and acted upon;
- (xviii) Have the resources which are required to perform its duties, including assigning a competent person or function to be responsible for all anti-corruption compliance matters;
- (xix) Ensure the internal and external trainings in relation to anti-corruption management are developed for Directors, Management and all employees;
- (xx) Undertake a formal and objective annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director, taking into consideration their probity with law and adherence to governance practices including anti-corruption policies and procedures; and
- (xxi) consider and examine such other matters as the Committee considers appropriate or may be authorized by the Board.

## **REPORTING PROCEDURES**

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarizing the Committee's activities during the year in discharge of its duties and responsibilities and the related significant results and findings.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

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