

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

### **1. OBJECTIVES**

- 1.1 The principal objectives of the Audit and Risk Management Committee ("ARMC") are to assist the Board of Directors ("the Board") in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries. In addition, the ARMC shall:
- (a) evaluate the quality of the audits performed by the internal and external auditors;
  - (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
  - (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
  - (d) determine the quality, adequacy and effectiveness of the Group's control environments and quality of the audits.

### **2. COMPOSITION**

- 2.1 The ARMC shall be appointed by the Board from amongst the directors of the Company and shall consist of no fewer than three (3) members. All the ARMC members must be non-executive directors, with a majority of them being independent. No alternate director is to be appointed as a member of the ARMC.
- 2.2 At least one (1) member of the ARMC:
- (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and
    - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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- 2.3 The definition of “independent directors” shall have the meaning given in Chapter 1.01 of the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”).
- 2.4 The Chairman of the ARMC shall be an independent director, appointed from amongst the members of the ARMC. In the absence of the Chairman of ARMC, the remaining members present shall elect one from amongst themselves to chair the meeting.

### **3. MEETINGS**

- 3.1 The ARMC 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. In addition, the Chairman may call for additional meetings at any time at the Chairman discretion.
- 3.2 The quorum for the ARMC meeting shall be the majority of members present who must be independent directors.
- 3.3 Upon the request of the external auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.
- 3.4 Notice of ARMC meeting shall be given to all the ARMC members unless the ARMC waives such requirement.
- 3.5 The Chairman of the ARMC shall engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.
- 3.6 The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the head of internal audit and representatives of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARMC. However, the ARMC shall meet with the external auditors, the internal auditors or both, without other Board members and management present at least twice a year and whenever deemed necessary.
- 3.7 Questions arising at any meeting of the ARMC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the ARMC shall have a second or casting vote.
- 3.8 The Company Secretary shall be the secretary of the ARMC.

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### **4. AUTHORITY**

- 4.1 The ARMC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,
- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the ARMC.
  - (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
  - (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
  - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
  - (e) where the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC shall promptly report such matter to Bursa Securities.

### **5. DUTIES AND RESPONSIBILITIES**

- 5.1 The duties and responsibilities of the ARMC are as follows:
- (i) To review the annual performance assessment, including the suitability, objectivity and independence of the external auditors which takes into consideration the followings:
    - the competence, audit quality and resource capacity of the external auditor in relation to the audit;
    - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
    - 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.

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- (ii) To recommend appointment, re-appointment or removal of the external auditors, and their audit fee.
- (iii) To discuss with the external auditors before the audit commences the nature and scope of the audit, ensure co-ordination where more than one audit firm is involved.
- (iv) To review with the external auditors, their audit plan, their evaluation of the system of internal controls and their audit report.
- (v) To ensure any former key audit partner must have observed a cooling-off period of at least 3 years before one is eligible for appointment as ARMC member.
- (vi) To review the quarterly and annual financial statements before approval by the Board, focusing particularly on:
  - changes in and implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements; and
  - key audit matters that relate to the modified opinion or material uncertainty related to going concern (including steps taken (if any) to address those matters).
- (vii) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- (viii) To review the external auditors' management letter and management's response and the assistance given by the management to the external auditors.
- (ix) To do the following, in relation to the internal audit function:
  - review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

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- review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Pursuant to the Listing Requirements of Bursa Securities, the Company must establish an internal audit function which is independent of the activities it audits and to ensure its internal audit function reports directly to the ARMC.

- (x) To establish policies governing the circumstances under which the contract in relation to the provision of non-audit services can be entered into by the Group with its external auditors and procedures that need to be adhered.
- (xi) To review the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- (xii) To review and recommend the principles, frameworks and policies for managing risks within the Group, for consideration and approval by the Board.
- (xiii) To review any related party transaction and conflict of interest situations that arose, persist or may arise within the Company or 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.
- (xiv) To report its findings on the financial and management performance and other material matters to the Board.
- (xv) To consider the major findings of internal investigations and management's response.
- (xvi) To determine the remit of the internal audit ("IA") function.

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- (xvii) To review the appraisal or assessment of the performance of the IA function and performance of the Head of IA, who is appointed to be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group, and submit the outcome of performance assessment of the Head of IA to the Nomination and Remuneration Committee for determination of reward allocation.
- (xviii) To review the following and report the same to the Board:
  - The findings of any examination, assessment or audit by regulators
  - Any related party transactions and conflict of interest situations that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises question of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts
  - Any letter of resignation from the external auditors or suggestions for their dismissal
  - Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment
- (xix) To report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board
- (xx) To consider any other functions as may be agreed between the ARMC and the Board;
- (xxi) To consider and examine such other matters as the Board and/or the ARMC consider appropriate;
- (xxii) To review and update its Terms of Reference annually and recommending any changes to the Board.

### **6. REPORTING PROCEDURES**

- 6.1 Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARMC. The ARMC Chairman shall report on its proceeding of each meeting to the Board. The ARMC shall make whatever recommendations to the Board on all matters it deems

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appropriate on any area within its remit where action or improvement is needed.

- 6.2 The minutes of the ARMC 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 Revised Terms of Reference of the ARMC was adopted on 12 September 2023.