




DAMANSARA REIT MANAGERS
SDN BERHAD


BOARD AUDIT & RISK COMMITTEE TERMS OF REFERENCE

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1. DEFINITIONS

For the purposes of this term of reference, unless the context clearly indicates otherwise, the following words and phrases shall have the meanings ascribed below:-


Board Committee	The Committee consisting of the Board Members of Damansara REIT Managers Sdn Berhad (“The Board”) and mandated to carry out specified functions, programs, or projects assigned by the Board
DRMSB or the Company	Damansara REIT Managers Sdn Berhad
The Group	Damansara REIT Managers Sdn Berhad and its subsidiaries
LOA	Limit of Authorisation
TOR	Terms of Reference
BARC	Board Audit & Risk Committee of DRMSB
CA	Companies Act 2016
BM	Bursa Malaysia
SC	Securities Commission of Malaysia
MMLR	Main Market Listing Requirements
LOA	Limit of Authority
PP	Procurement Policy

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2. INTRODUCTION

- 2.1 This TOR establishes the objectives, responsibilities and powers of the Board Audit & Risk Committee (BARC) as well as the membership and the authority of the BARC.


- 2.2 The BARC is set up with the primary objective to assist the Directors (the Board) in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company's financial statements, performance of the Company's independent auditors and internal audit function, risk management practices and internal control of the company.

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3. PURPOSE


3.1 The BARC must carry out the following roles and responsibilities:

- i. To ensure openness, integrity and accountability in the Company's activities so as to safeguard the rights and interests of the shareholders;
- ii. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- iii. To improve the Company's business efficiency, the quality of accounting and audit function and strengthening of public's confidence in the Company's reported results;
- iv. To oversee overall risk management and compliance program of the Company;
- v. To maintain a direct line of communication between the Board and the External and Internal Auditors;
- vi. To enhance the independence of the external and internal audit functions; and
- vii. To create a climate of discipline and control, this will reduce the opportunity for fraud.

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4. COMPOSITION AND QUORUM

- 4.1 The BARC must be composed of not fewer than 3 members; all of whom must be non-executive directors.
- 4.2 The members of the BARC must be elected by the Board or the Board Nomination and Remuneration Committee (BNRC).
- 4.3 The Chairperson of BARC and the Chairperson of the Board must not be the same person to ensure separation of duties.
- 4.4 At least one (1) member of the BARC must be a member of the Malaysian Institute of Accountants (“MIA”); or if he is not a member of MIA, he must have at least 3 years of working experience and:
- He/ she must have passed the examinations specified in Part I of the 1st Schedule in the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule in the Accountants Act, 1967; or
- 4.5 No alternate directors shall be appointed to the Committee.
- 4.6 The Committee Members shall collectively have:
- knowledge of the industries in which the Company operates;
 - the ability to read and understand fundamental financial statements, including a company’s balance sheet, income statement of cash flow and key performance indicators; and
 - the ability to understand key business and financial risks and related controls and control processes.
 - to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.
- 4.7 The quorum for the Committee meeting shall be 2/3 of the members.
- 4.8 Any decision arising at the meeting shall be decided by a majority of votes, each Member having one vote and a determination by a majority of Member shall for all purposes be deemed a determination of the Members.
- 4.9 A resolution in writing, signed or approved by letter or electronic means by a majority of the BARC’s members present in Malaysia for the time being entitled to receive notice of a meeting of the BARC, shall be as valid and effectual as if it had been passed at a meeting of the BARC duly convened and held.

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4.10 The Board must review the term of office and performance of the BARC and each of its members annually to determine whether the committee and members have carried out their duties in accordance with the Terms of Reference.

4.11 The BARC shall have no executive powers.

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5. MEETINGS

- 5.1 The Committee shall meet quarterly in a year and as when deemed necessary for the performance of its objectives. The Committee may invite any person to be in attendance at the meeting to assist in its deliberations.
- 5.2 The Committee may invite any persons, including but not limited to other members of the Management; or other executives of the Company, and/ or any party which the Committee deems necessary. Participation of invitees may not be required for the full duration of the Committee meeting.
- 5.3 Meetings shall be conducted face-to-face to enable effective discussion. However, members may attend the meeting remotely via any telecommunication tools. The member participating via such tool shall be counted in the quorum for such meeting. All decision and/or resolution agreed by the member via such tool shall be deemed as effective as a resolution passed at the meeting in person of the members duly convened and held.
- 5.4 The Committee may also from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the Committee duly convened. Approval of the Committee obtained by Circular Resolution must be signed or approved by all members.
- 5.5 The Notice of Meeting shall be issued to the Committee members at least fourteen (14) days prior to the scheduled meeting and the Chairperson of the Committee shall ensure proper agenda is prepared for the meeting.
- 5.6 The agenda and relevant papers for the Committee meeting shall be circulated no later than five (5) days prior to each Committee meeting.
- 5.7 The discussion and conclusions of the Committee meeting shall be minuted, in a clear and accurate manner.
- 5.8 Keeping of the minutes by the Secretary shall comply with the requirements of the relevant laws and regulations.

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6. AUTHORITY

- 6.1 Have the authority to investigate any activity within its TOR;
- 6.2 Have the resources which are required to perform its duties;
- 6.3 Have full and unrestricted access to any employee and information pertaining to the Company. All documents of the Company shall be made accessible to the Committee;
- 6.4 Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity for the Company;
- 6.5 Have the authority to direct the Internal Audit Department (both corporate, subsidiaries, associates, joint ventures, where applicable) in its activities, including approval of appointments of senior executives and budget in these functions; and
- 6.6 Be able to engage independent professional advisors or other advisors and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 6.7 Meet exclusively among itself, whenever necessary.

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7. FUNCTION AND DUTIES

7.1 Within the limits set in the LOA, the committee shall carry out the following responsibilities:-

7.1.1 Financial Statements


- (a) Evaluate and approve acceptance or otherwise of major accounting policies, principles and practices.
- (b) Evaluate and approve the Company's quarterly results and annual financial statements of the Company and the Company before submission to the Board. The review should focus primarily on:
 - any changes in or implementation of major accounting policy changes
 - major judgmental areas, significant and unusual events
 - significant adjustments resulting from audit
 - the going concern assumptions
 - compliance with accounting standards
 - compliance with regulatory and legal requirements
- (c) Review, with the Company's Head of Legal, any legal matter that could have a significant impact on the organisation's financial statements.

7.1.2 Internal Control & Assurance

- (a) Assess the quality and effectiveness of the systems of internal control and the efficiency of the Company's operations, particularly those relating to areas of significant risks. To evaluate the process the Company has in place for assessing and continuously improving internal controls.
- (b) Assess the internal processes for determining and managing key risks other than those that are dealt with by other specific Board committees.
- (c) Review the scope of Internal and External Auditors' review of internal control over the Company.

7.1.3 Internal Audit

- (a) Approve the scope of the Internal Audit functions in the Company and ensure that the Internal Audit functions are adequately resourced and have appropriate standing in the Company. This includes a review of the organisational structure, resource budgets and qualifications of the internal audit functions.

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- (b) Review the adequacy of the Internal Audit plans and the scope of audits and that the Internal Audit Department has the necessary authority, competency and resources to carry out its work.
- (c) Approve the scope and appointment of the Internal Audit functions in the Company, and ensure that the Internal Audit functions are adequately resourced and have appropriate standing.
- (d) Review and approve the Internal Audit reports (including those of the Company) and the management's response and ensure that appropriate action is taken in respect of these reports and the Committee's resolutions. Where actions are not taken within adequate time frame by management, the Committee will report to the Board for its decision.
- (e) Review appraisals or assessments of members of the Internal Audit functions.
- (f) Direct any special investigations to be carried out by the Internal Audit.

7.1.4 External Audit

- (a) Review External Audit plans and scope of work before the audit commences.
- (b) Review and evaluate with management the external auditors, the results of the audit, including any difficulties encountered.
- (c) Discuss problems and reservations arising out of external audits, including assistance given by the employees and any matters the auditors may wish to discuss, in the absence of Management or Group CEO/ Managing Director/ Directors where necessary.
- (d) Review External Auditors and the management's response and ensure that appropriate action is taken in respect of these reports and the Committee's resolutions.
- (e) Review any letter of resignation from the external auditors; and whether there is reason (supported by grounds) to believe that the company's external auditor is not suitable for re-appointment; and
- (f) Nominate and recommend the appointment of External Auditors together with such other functions as may be agreed to by the Committee and the Board, and recommend for approval of the Board the external audit fees, and consider any questions of resignation or dismissal, experience, resources and capability.

7.1.5 Risk Management

- (a) Oversee and recommend appropriate risk management and measurement policies and strategies, including ESG risks and opportunities across the Company;

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- (b) Review, approve and ensure adherence to the Company's risk management framework, policy and strategies.
- (c) Assess and recommend key business risks and review the extent to which key business risks are being managed;
- (d) Review and recommend changes as needed to ensure that the Company has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance and ESG risks;
- (e) Review the Company's risks profile and determine the risks to be escalated to the Board on quarterly basis;
- (f) Review the appropriateness of management's response to key risk areas; and

7.1.6 Compliance

- (a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management's investigation and follow-up of any instances of non-compliance.
- (b) Review the findings of any examinations by regulatory authorities.
- (c) Obtain regular updates from the management and legal counsel regarding compliance matters.
- (d) Review any related party transactions.

7.1.7 Integrity

- (a) Review the Anti-Bribery and Corruption Policy of the Company to ensure that the JLG Group strategy and Anti-Bribery and Corruption Policy are aligned.
- (b) At planned intervals, to receive and to review information about the content and operation of the anti-bribery management system.
- (c) Review any related party transaction and conflict of interests situation that may arise within the company including any transaction, procedure or course of conduct that raises questions of management integrity.
- (d) Requiring that adequate and appropriate resources need for effective operation of anti-bribery management system are allocated and assigned.
- (e) Chairperson of BARC shall be responsible for receiving Whistle-Blowing information and to be discussed with the members for the action to be taken. Each decision made by the BARC on Whistle Blowing information shall subject to the following actions:
 - To proceed with an investigation by the Investigation Team
 - To refer to the enforcement agency

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- To refer to the Human Resource Department or any other Division if the matter is considered as administrative or disciplinary offences
- No further action required, if the information is inadequate or invalid or in contradiction to the Anti-Bribery and Corruption Policy.
- Ensuring the mechanism of the Whistle-Blowing is effective and efficient which aim to provide protection and confidentiality.
- Ensuring timely action are taken in Whistle-Blowing information received including improving the internal control systems where there are shortcomings identified.

7.1.9 Business Continuity Management

- (a) Approve the business continuity framework, strategies and policies;
- (b) Ensure effective implementation of the business continuity framework or approach;
- (c) Ensure that business continuity related matters are reported to the BARC and the Board at least annually;
- (d) Ensure at least an annual testing is conducted and regular updates of business continuity documents and processes by internal or relevant external party; and
- (e) Ensure the business continuity framework complies with relevant regulatory and legal requirements as well as any directives that may be issued by regulatory authorities.


7.1.10 Other Responsibilities

- (a) Review and reassess, with the assistance of the management, the External Auditors and legal counsel, the adequacy of the Terms of Reference of the Committee at least annually.
- (b) Confirm annually that all responsibilities outlined in the Terms of Reference have been carried out.
- (c) Perform other duties as directed by the Board.

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8. REPORTING

- 8.1 The Chairperson of the BARC shall report on each meeting to the Board on the nature and extent of the functions performed by BARC and may make recommendations to the Board as it may think fit.

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9. CHAIRPERSON

The Chairperson of the BARC, shall be appointed by the Board of Directors.


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10. SECRETARY

10.1 The Secretary shall be the Company Secretary as appointed by the Board.


10.2 The Secretary shall be responsible for the following duties:

- (a) To ensure meetings are arranged and held accordingly;
- (b) To assist the Chairperson of BARC in planning the Committee's activities;
- (c) To draw up meeting agendas in consultation with the Chairperson of the Committee as well as maintaining the minutes;
- (d) To ensure a structured communication between the Board and BARC through the Company Secretary; and
- (e) To maintain and hold a record of BARC submissions and papers, materials presented to the Committee, minutes of meetings, and make accessible to the members.

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11. ATTENDANCE

- 11.1 Each individual member is required to attend at least 75% of the BARC meetings held in each financial year.
- 11.2 Other directors' and employees' attendance any particular BARC meeting must be only at the Committee's invitation, specific to the relevant meeting.
- 11.3 The Chairperson may also invite any other officers of JLG Group or external consultants to attend any Committee meetings as the Chairperson deemed fit and proper, to provide detailed explanations or clarifications on any issues dealt by the Committee. Such person however will not be a party to decisions made.

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12. MINUTES OF MEETINGS


- 12.1 The Secretary shall minute the proceedings and resolutions of all meetings of the BARC.
- 12.2 The Secretary shall ascertain, at the beginning of the meeting, the existence of any conflicts of interest and minute them accordingly.
- 12.3 The Minutes of Meeting shall be issued to the Committee members no later than seven (7) business days after the conclusion of the meeting and the Chairperson of the Committee shall ensure proper agenda is prepared for the next meeting.
- 12.4 The minutes of the BARC meeting shall be approved by the Chairperson at its next meeting.
- 12.5 Minutes of meetings shall be submitted to the Board for notification.
- 12.6 Minutes and resolutions of meeting shall be circulated to respective division/ departments/ units for necessary action.

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13. CODE OF CONDUCT

- 13.1 In performing of his/ her duties, a BARC member is expected to possess good character and competence, diligence, capability and soundness of judgment.
- 13.2 Where members or invitees at the BARC meetings are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions and deliberations on the issue where a conflict of interest exists.

(Ref: Anti Bribery and Whistle Blowing Policy, Conflict of Interest Policy, Code of Ethics and Business Conduct)

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14. REVIEW OF TERMS OF REFERENCE

- 14.1 These Terms of Reference may change or be reviewed by the Board from time to time to fulfill such other requirements to align with recommended best practices and proper corporate governance.
- 14.2 The Board or the Board Nomination and Remuneration Committee must review the term of office and performance of the BARC committee and each of its members annually to determine whether the committee and members have carried out their duties in accordance with their Terms of Reference.

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