

CONFIDENTIAL

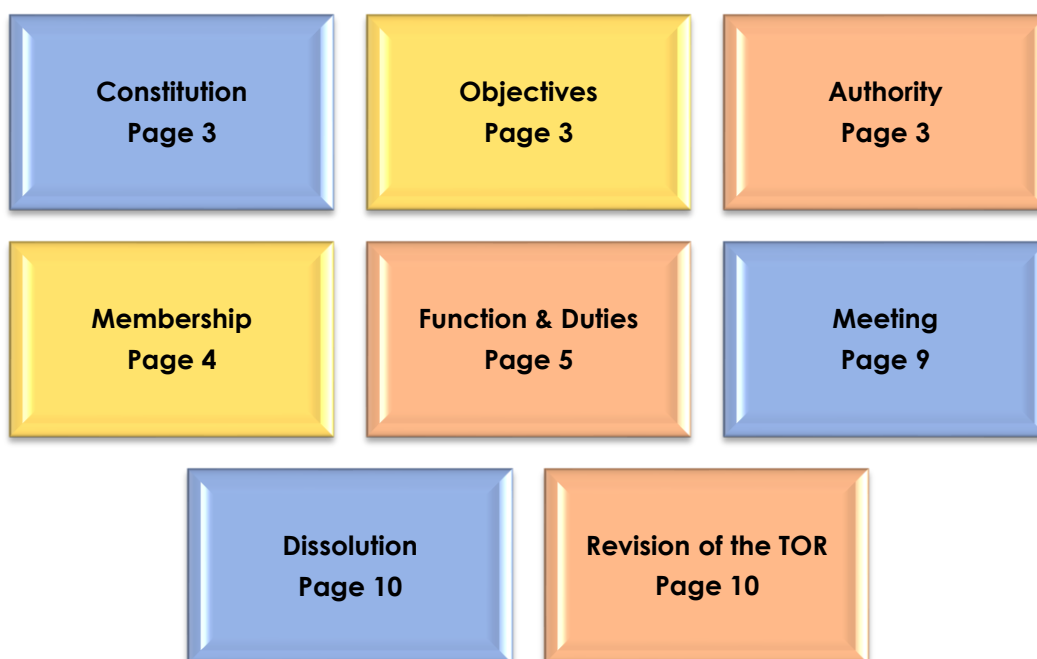


MINETECH RESOURCES BERHAD

**TERMS OF REFERENCE OF
AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)**

30 January 2024

THE CONTENT



1. CONSTITUTION

The ARMC shall be formed by the Board of Directors ("**Board**") and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of ARMC extends to Minetech Resources Berhad ("**Minetech**" and "**the Company**") and all its subsidiaries ("**Group**").

2. OBJECTIVES

The objectives for the formation of ARMC are as follows:

- a. To ensure openness, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the Shareholders;
- b. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- c. To improve the Group's business efficiency, the quality of the accounting and audit function and strengthening of the public's confidence in the Group's reported results;
- d. To maintain, through regularly scheduled meetings, a direct line of communication between the Board, the External Auditors and Internal Auditors;
- e. To enhance the independence of the External Auditors and Internal Audit;
- f. To create a climate of discipline and control to minimise or eliminate fraud;
- g. To review and deliberate on the Group's risks (whether financial and non-financial) which are identified and assessed by the Risk Management Function; and
- h. To report and make the necessary recommendations to the Board to mitigate the risks identified including risks relating to non-compliance of laws, rules, regulations, policies, processes and procedures.

3. AUTHORITY

ARMC has the authority to carry out the functions as stated in its Terms of Reference ("**TOR**") and report to the Board with recommendations.

ARMC shall have the authority to provide objective and independent views on any specific risks and also on the overall effectiveness of:

- i. the internal control environment; and
- ii. the risk management framework.

of the Group.

ARMC wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the costs of the Group:

- a. Have authority to investigate any activity within its TOR;
- b. Have the resources which are required to perform its duties;

- c. Have full and unrestricted access to any employee and information pertaining to the Group.
- d. All documents of the Group shall be made accessible to ARMC and all employees are directed to co-operate with the request made by ARMC;
- e. Have full support of the Internal Audit and Risk Management Function, and any other units/departments/divisions/companies within the Group as it may deem necessary;
- f. Have direct communication channels with the External Auditors, and person(s) carrying out the Internal Audit, or activity for the Group; and
- g. Be able to engage independent professional advisers or other advisers and to secure attendance of other third parties with relevant experience and expertise if it considers necessary.

4. MEMBERSHIP

Members of ARMC shall be appointed by the Board upon recommendation of Nomination and Remuneration Committee ("**NRC**").

ARMC shall comprise at least three (3) members, all of whom shall be Independent Directors.

ARMC shall elect an Independent Director from amongst its members as its Chairman.

If the membership for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new member(s) as may be required to fulfil the minimum requirement.

The appointment of ARMC member terminates when the member ceases to be a Director, or as determined by the Board.

The Chairman of the Board shall not be a member of the ARMC.

At least one (1) member of ARMC must meet the criteria set under the Main Market Listing Requirements ("**Listing Requirements**") as follows:

- a. Must be a member of the Malaysian Institute of Accountants; or
- b. If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
 - (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- c. He/she must fulfil other requirements as prescribed by Bursa Securities Malaysia Berhad ("**Bursa Malaysia**").
- d. No alternate directors shall be appointed to ARMC.
- e. In compliance to the MCCG 2021, the cooling-off period of three (3) years before a former key audit partner of the Group could be appointed as a member of ARMC, shall be

observed. Similar requirement shall be extended to third parties inclusive of professional who have business dealings with the Group.

- f. In the event of any vacancy in ARMC resulting in the non-compliance of the Listing Requirements, the vacancy shall be fulfilled within three (3) months.
- g. ARMC members shall collectively:
 - (i) Have knowledge of the industries in which the Group's operates;
 - (ii) Have the ability to understand key business and financial risks and related controls and control processes; and
 - (iii) All members of ARMC shall also be financially literate, i.e. have the ability to read and understand fundamental financial statements, including a Group's balance sheet, income statement, statement of cash flow and key performance indicators;

5. FUNCTIONS & DUTIES

ARMC shall carry out the following functions and duties:

a. Financial Statements

- (i) Review quarterly results and annual financial statements of the Group together with the relevant announcements prior to the approval by the Board, focusing particularly on the following:
 - any changes in or implementation of major accounting policy and practices;
 - major judgmental areas, significant and unusual events;
 - significant adjustments resulting from audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed
- (ii) Review, with the Group's legal counsel, any legal matter that could have a significant impact on the Group's financial statements (as and when necessary).

b. Internal Controls

- (i) Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks.
- (ii) Evaluate the process of the Group has in place for assessing and continuously improving internal controls.
- (iii) Assess the internal process for determining and managing key risks other than those that are dealt with by other specific Board committees.
- (iv) Review the evaluation by the Internal and External Auditors of the Group's system of internal control and thereafter report the same to the Board.

c. Internal Audit

- (i) Review the adequacy of the scope, functions, competency and resources of the Internal Audit, and whether it has the necessary authority to carry out its work.
- (ii) Review and approve the internal audit plan and results of the internal audit findings and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Auditors and of ARMC and thereafter report the same to the Board.
- (iii) Where actions are not taken within an adequate timeframe by Management, ARMC shall also report the same to the Board for its further action.
- (iv) Consider the major findings of internal audit and Management's responses, monitor the implementation of any recommendations made therein and ensure effective coordination between the Internal and External Auditors.
- (v) Where appropriate, supervise any special project or investigations considered necessary, to be carried out by Internal Auditors, as and when necessary and consider the major findings of the internal investigations and Management's response.
- (vi) Review appraisals or assessments of the performance of Internal Auditors.
- (vii) To discuss problems and reservations arising from the internal audit and on matters that the Internal Auditors may wish to discuss, in absence of the Management and Executive Directors where necessary.
- (viii) Approve any appointment or removal of the Internal Auditors.
- (ix) Ensure the internal audit function is independent of the activities it audits and the head of internal audit / the internal audit service provider (for outsourced internal audit) reports functionally to the ARMC directly and review their performance on an annual basis. The head of internal audit / the internal audit service provider should have the relevant qualifications and be responsible for providing assurance to the ARMC that the internal controls are operating effectively. The head of internal audit / the internal audit service provider shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

d. External Audit

- (i) Recommend nomination of External Auditors, audit fees & any question of resignation or dismissal of External Auditors and report the same to the Board. The ARMC shall take into account the following when considering the appointment or re-appointment of the External Auditors:-
 - (a) the adequacy of the experience and resources of the accounting firm;
 - (b) the persons assigned to the audit;
 - (c) the accounting firm's audit engagements;
 - (d) the size and complexity of the Group being audited;
 - (e) the number and experience of supervisory and professional staff assigned to the particular audit;
 - (f) the performance, objectivity and the independence of the External Auditors based on the following:-

- the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the competence, audit quality and resource capacity of the External Auditors in relation to the audit;
- the information presented in the Annual Transparency Report of the audit firm. If the audit firm is not required to issue an Annual Transparency Report, the ARMC is encouraged to engage the audit firm on matters typically covered in Annual Transparency Report¹ including the audit firm's governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;
- the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee;
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors; and
- obtaining assurance from the External Auditors (written or other modes) 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.

Note

¹ Annual Transparency Report is issued by audit firms registered with the Audit Oversight Board (AOB) where (i) the audit firms have more than 50 public interest entity (PIE) audit clients; and (ii) total market capitalisation of the audit firm's PIE clients above RM10 billion at the end of the calendar year for two (2) consecutive years.

- (ii) Review & discuss with the External Auditors, the audit plan, nature and scope of the audit, and discuss any significant problems that may be foreseen with the External Auditors before the audit commences, and ensure co-ordination where more than one (1) audit firm is involved, and ensure that the audit is carried out effectively and efficiently for the Group.
- (iii) Discuss problems & reservations arising from final audits, including assistance given by employees and any matters the external auditors may wish to discuss, in absence of Management and Executive Directors where necessary.

e. Related Parties Transactions

- (i) Review any related party transaction and conflict of interest situation(s) that may arise within the Group including any transaction, procedure or course that raises questions of management integrity.
- (ii) Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.

f. Compliance

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- (ii) Review the findings of any examinations by regulatory authorities.
- (iii) Obtain regular updates from Management and the Group's legal counsel regarding regulatory compliance matters.
- (iv) Review of the internal controls and policies to ensure compliance with the Institute of Internal Auditor International Standards.
- (v) Review the Company's Annual Report including approving the Statement on Risk Management and Internal Control, the Statement on Corporate Governance and other statements related to strategy, financials and performance for inclusion in the Annual Report and recommend to the Board for approval.

g. Risk Management

- (i) Provide oversight, guidance and direction to the Group's risk management function and processes.
- (ii) Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes for the Board's consideration and approval.
- (iii) Ensure that the Management integrates the necessary risk management processes into all business processes of the Group.
- (iv) Evaluate the effectiveness of the Enterprise Risk Management framework, processes and support system to identify, assess, monitor and manage the Group's key risks.
- (v) Review the risk identification and management process developed by the Management to confirm it is consistent with the Group's strategy and business plan.
- (vi) Review the Management's assessment of risk on a semi-annually basis and subsequently provide updates to the Board.
- (vii) Enquire Management and the independent auditor about the exposure to such risks in relation to significant business, political, financial and control risks.
- (viii) Assess the steps/actions the Management has implemented or wish to implement to manage and mitigate identifiable risk.
- (ix) Deliberate on compliance related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations.
- (x) Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Group.
- (xi) Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices.
- (xii) Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of ARMC.

h. Other Matters

- (i) To report to the Board at least once a year, the activities of ARMC, including the number of meetings held during the year and the details of attendance of each member in respect of the meetings and a summary of the activities of the Internal Audit and Risk Management Function.
- (ii) Where ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements, ARMC must promptly report such matter to Bursa Malaysia.
- (iii) To carry out any other functions that may be mutually agreed by ARMC and the Board.

6. **MEETINGS**

- (i) Meetings of ARMC shall be held at least four (4) times in each financial year, inclusive on a quarterly basis. Additional meetings may be required when necessary.
- (ii) Upon the request of any member of ARMC, the Chairman of ARMC shall convene a meeting of ARMC to consider any matters brought up by the members.
- (iii) The quorum for a meeting of ARMC shall be two (2) members. No business shall be transacted at any meeting of the ARMC unless a quorum is present.
- (iv) In the absence of the Chairman, the members present shall elect amongst the members present to be Chairman of the meeting.
- (v) The meeting of ARMC shall be governed by the provisions contained in the Constitution of the Group in regulating meetings and proceedings of Directors unless otherwise provided for in this TOR.
- (vi) ARMC may request other Directors, members of Management, counsels, representative of the External and Internal Auditors and consultants as applicable to participate in the meetings, as and when necessary, and they shall not have any voting rights.
- (vii) ARMC shall meet the External Auditors and Internal Auditors without the presence of any Executive board members and management **at least once a year**.
- (viii) A Committee member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, ARMC has the right to appoint another director(s) which meets the membership criteria.
- (ix) ARMC meeting agendas shall be the responsibility of ARMC Chairman with input from ARMC members. The Chairman may also ask Management and others to participate in this process.
- (x) Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) days before each meeting, to ARMC members and all those who are required to attend the meeting.
- (xi) Written materials including information requested by ARMC from Management, Internal Auditors and External Auditors shall be received together with the agenda for the meetings or in a separate later addendum prior to the meeting.

- (xii) Any matter to be voted upon shall be decided by a majority of the votes cast on the question.
- (xiii) The Secretary of ARMC shall be the Company Secretary of Minetech or any other person as the ARMC may decide.
- (xiv) The ARMC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of ARMC.
- (xv) Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- (xvi) The minutes of ARMC meeting shall be available to all Board members through the Secretary of Minetech.
- (xvii) The ARMC, through its Chairman, shall report matters that are deliberated at ARMC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.
- (xviii) The ARMC may participate in a meeting of by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- (xix) The ARMC shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by majority of the members of the Committee, shall be as effectual as if it has been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members and may be accepted as sufficiently signed by an ARMC member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an ARMC member.

7. DISSOLUTION

The composition of ARMC shall be dissolved upon recommendation and decision of the Board.

8. REVISION OF THE TOR

- (i) This TOR shall be reviewed annually and any revisions or amendments to this TOR as proposed by the ARMC or any third party, shall first be presented to the Board for its approval.
- (ii) Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.
- (iii) The duly revised or amended TOR shall be disclosed on the Company's website.