

**ICONIC WORLDWIDE BERHAD**  
(196901000067) (8386-P)

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

**1. MEMBERSHIP**

- 1.1 The Audit and Risk Management Committee (“Committee”) shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-
- (a) the Committee must be composed of no fewer than 3 members, all of whom must be independent directors;
  - (b) all members of the Committee shall be non-executive directors and should be financially literate; and
  - (c) Chairman of the Board shall not be a member of the Committee
  - (d) at least one member of the Committee:
    - (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 3 years’ working experience and:
      - (aa) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.
    - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
- 1.3 No alternate director should be appointed as a member of the Committee.
- 1.4 A former key audit partner and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group is required observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- 1.5 In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors shall within three months of that event fill the vacancy.
- 1.6 The terms of office and performance of the Committee and each of its members must be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.
- 1.7 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.

## **2. MEETINGS**

### **2.1 Frequency**

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

### **2.2 Quorum**

2.2.1 To form a quorum the majority of members present must be independent directors.

### **2.3 Secretary**

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

### **2.4 Attendance**

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditors shall normally attend meetings.

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.4.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.

### **2.5 Reporting Procedure**

2.5.1 The minutes of each meeting shall be circulated to all members of the Audit Committee.

2.5.2 The Committee shall report to the Board on any key issues affecting the Company and its subsidiaries.

### **2.6 Meeting Procedure**

2.6.1 The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

2.6.2 The notice of each meeting confirming the date, time, venue and agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Audit Committee at least 5 business days in advance of each scheduled meeting date. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

### **3. RIGHTS**

3.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

### **4. FUNCTIONS**

The Committee shall, amongst others, discharge the following functions:

#### **4.1 Financial Reporting**

- (a) Review the quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, focusing particularly on:
  - i) the going concern assumption;
  - ii) changes in or implementation of major accounting policy changes;
  - iii) significant and unusual events; and
  - iv) compliance with accounting standards and other legal requirements.
- (c) Ensure the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.
- (d) Review the financial reporting process including detection of financial irregularities in the financial statements.
- (e) Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance

#### **4.2 External Auditors**

- a) Review with the external auditors and report the same to the Board:
  - i) the audit plan, its scope and nature;
  - ii) audit report;
  - iii) evaluation of the system of internal control;
  - iv) management letter on internal control issues arising from the audit and management's response; and
  - v) the assistance given by the Company's employees to the external auditors.
- b) Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established by the Committee, including:-

- i) competency, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider the information presented in the Annual Transparency Report of the audit firm, if available;
  - ii) appropriateness of audit fees;
  - iii) approval of non-audit service by the Committee before they rendered by the external auditor and its affiliates, after taking into account the nature of the non-audit services and the appropriateness of the level of fees; and
  - iv) obtain written assurance from the external auditor 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.
- c) Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees, after assessing their independence and capabilities as well as the effectiveness of the external audit process.
- d) Review any letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable; and

#### **4.3 Internal Audit Function**

- a) Review the adequacy of the scope, functions, budget, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and reports directly to the Committee;
- b) Review the internal audit programme, processes, the results of the internal audit assessment and whether or not appropriate action has been taken based on the recommendations of the internal auditors;
- c) Review any appraisal or assessment on the performance of members of the internal audit function; and
- d) Approve any appointment or termination of senior staff members of the in-house internal audit function.

#### **4.4 Risk Management**

- i) Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board;
- ii) Oversee the Group's overall risk management framework and policies;
- iii) Review the risk management framework, policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of the Group, and recommend for approval by the Board;
- iv) Review and assess the risk appetite and risk tolerance for the Group; and

- v) Review the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report, and recommend for approval by the Board;
- 4.5 To monitor any related party transactions and situations where a conflict of interest may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that the Directors report such transactions annually to the shareholders via the annual report.
- 4.6 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- 4.7 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.