

<b>ACO GROUP</b> Corporate Governance	Document No.: TOR-ARMC
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**TERMS OF REFERENCE  
OF THE  
AUDIT AND RISK COMMITTEE**

# ACO GROUP BERHAD

[Company No.: 201901020410 (1329739-A)]  
(Incorporated in Malaysia)

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

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### 1. OBJECTIVES

The principal objectives of the Audit and Risk Management Committee (“Committee”) are to assist the Board of Directors (“the Board”) in discharging its statutory duties and responsibilities relating to the accounting and financial reporting practices of the Company and its subsidiaries. In addition, the Committee shall:

- a) Evaluate the quality of the audits performed by the internal and external auditors;
- b) Determine the quality, adequacy and effectiveness of the Group’s control environments and quality of the audits;
- c) Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- d) Provide assurance that the financial information presented by the management is relevant, reliable and timely.

### 2. COMPOSITION

- a) The Audit and Risk Management Committee (“Committee”) shall be appointed by the Board of Directors (“Board”) from amongst the Directors and shall consist of not less than three (3) members.
- b) All the Committee members must be Non-Executive Directors, with a majority of them, being Independent Directors.

The definition of “independent directors” shall have the meaning given in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

- c) The Committee shall include at least one (1) member of Committee who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years’ working experience and must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967 or 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 a person who fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- d) No alternate directors shall be appointed as a member of the Committee.

- e) The members of the Committee shall elect a Chairperson from among themselves and that person so elected need to be an Independent Non-Executive Director who is not the Chairperson of the Board.
- f) Any former key audit partner of the Company and the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- g) In the event that a member or the Chairperson of the Committee resigns, dies or for any other reason ceases to be a member or Chairperson with the result that the number of members is reduced to below three (3) or there is no Chairperson in the Committee, the Board shall, within three (3) months of that event, appoint such number of new members or Chairperson.

### **3. TERMS OF MEMBERSHIPS**

The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually.

### **4. AUTHORITY**

The Committee is authorised by the Board:

- a) To investigate any activity of the Company and the Group within its terms of reference, and be given the resources and full access to any information/ documentation required from both internal and external auditors as well as all employees.
- b) To obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if necessary.
- c) Have direct communication channels with the internal and external auditors, and person(s) carrying out the relevant functions or activities.
- d) To convene meetings with the internal and external auditors, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- e) To report to Bursa Securities on any matters or issues which breached the rules and regulations of the Listing Requirements.

### **5. FUNCTIONS AND DUTIES**

The functions and duties of the Committee are:-

#### In respect of audit matters

- (i) To consider the appointment of external auditors, audit fees and to review any letter of resignation from external auditors;

- (ii) To assess the performance and suitability of the external auditors and the quality of the audit performed;
- (iii) To review with the external auditors, the audit plan, the adequacy of the scope, and audit report;
- (iv) To review the assistance given by the Company to the internal and/or external auditors;
- (v) To review the quarterly and annual results of the Company and the Group, prior to the approval of the Board, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- (vi) To review the external auditors' evaluation of the Group's system of internal controls;
- (vii) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (viii) To review the external auditors' management letter and management's response;
- (ix) To do the following in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
  - review the internal audit plan and findings of the internal audit processes and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of internal auditor; and
  - take cognizance of the resignation of the internal auditor and to provide the resigning internal auditor an opportunity to submit his/her reason(s) for resigning.
- (x) To consider any related party transactions or conflict of interests that may arise within the Company or Group;
- (xi) To report promptly to the Bursa Securities on matters reported by the Committee to the Board which have not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities;

- (xii) To verify the allocation of options pursuant to Share Issuance Scheme (“SIS”), if any, for eligible employees in compliance with the criteria of the SIS at the end of each financial year; and
- (xiii) To consider other topics as defined by the Board.

In respect of the risk management matters

- (i) To assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group’s risk management framework and activities on an on-going basis;
- (ii) To review the effectiveness of internal control systems deployed by the Group to address those risks;
- (iii) To review and further monitor principal risks that may affect the Group directly or indirectly and if deemed necessary, recommend additional course of action to mitigate such risks and to assess the actual and potential impact of any failing or weakness; and
- (iv) To review disclosures statements relating to management of sustainability, risk management and internal control in Annual Report.

In respect of Conflict of Interest: -

- (i) To review any conflict of interest (“COI”) situations (excluding related party transactions) within the Group involving the Directors and Key Senior Management, as guided by the COI Policy;
- (ii) To report to the Board, any COI disclosures/declaration made, and the measures taken to resolve, eliminate, or mitigate such conflicts; and
- (iii) To include in the ARMC Report (in the Annual Report) a summary of such situations or disclosures reviewed by the Committee and the measures taken.

## **6. ATTENDANCE AT MEETINGS**

- a) The Committee may invite any Board members, Key Senior Management, employees, representative(s) of the internal and/or external auditors to attend the meetings.
- b) The Committee shall meet with the external auditors without Executive Board members present at least twice a year.

## **7. MEETINGS**

- a) The quorum of the Committee Meetings must consists of a majority of members of whom is Independent.
- b) The Committee shall meet not less than four (4) times a year.

- c) In the absence of the Chairperson of Committee, the remaining members present shall elect one from amongst themselves to chair the meeting.
- d) In addition, the Chairperson may call a meeting if a request is made by the Committee member and/or the external auditors if they consider it necessary.
- e) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairperson, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- f) The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- g) The minutes of the Committee shall be made available to the Board.

The Terms of Reference of the Committee was adopted on 22 August 2019. Subsequent review was performed on 28 February 2023 and 24 October 2024.