



## RESERVOIR LINK ENERGY BHD

### TERMS OF REFERENCE AUDIT COMMITTEE

DOCUMENT NO	POLICY	APPROVAL DATE	REVISION
RLEB/TOR-AC-002	TERMS OF REFERENCE – AUDIT COMMITTEE	7/02/2022	0
RLEB/TOR-AC-002	TERMS OF REFERENCE – AUDIT COMMITTEE	23/03/2022	1
RLEB/TOR-AC-002	TERMS OF REFERENCE – AUDIT COMMITTEE	26/08/2022	2

	PREPARED BY	VERIFIED BY	APPROVED BY
NAME	MOKHTAR HAJI ALI	BONG LEONG SUNG	BOARD OF DIRECTORS
DESIGNATION	GENERAL MANAGER –CORPORATE SERVICES	CHIEF FINANCIAL OFFICER	

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## 1. OBJECTIVES

The objective of the Audit Committee (“AC”) is to assist the Board in its oversight responsibilities with regard to our financial reporting process, internal controls, risk management and governance.

## 2. FUNCTIONS

The key functions of the AC are to assist the Board:

- (a) in complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia Securities Berhad (“Bursa Securities”), relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- (b) in presenting a balanced and understandable assessment of the Company’s positions and prospects;
- (c) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company’s auditors. It is to be the Board’s principal agent in assuring the independence of the Company’s external auditors;
- (d) in maintaining a sound system of internal control to safeguard shareholders’ investment and the Company’s assets; and
- (e) in undertaking such additional duties as may be appropriate and necessary to assist the Board.

## 3. COMPOSITION

- a) The Committee is to be appointed by the Board from among their numbers, which shall comprise the following:
  - (i) a minimum of three (3) Members who are non-executive directors and a majority of them being independent directors.
  - (ii) at least one (1) Member of the Committee must be a member of the Malaysian Institute of Accountants (“MIA”) or a person who fulfils the requirements as stated in Paragraph 15.09(1)(c)(ii)&(iii) of the Bursa Securities Listing Requirements;
- b) The Chairman of the Committee must be an independent director;
- c) No alternate director shall be appointed as a Member of the Committee;
- d) All Members should be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process;
- e) The Members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules;

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- f) In the event of any vacancy resulting in non-compliance of the minimum of three (3) Members, the Board shall upon the recommendation of the Joint Remuneration and Nomination Committee, appoint such number of Directors within three (3) months of the event to fill up such vacancies;
- g) Former key audit partners of external auditors must observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee;
- h) The Secretary of the Committee shall be the Company Secretary;
- i) The term of office and performance of the Committee and each of its Members shall be reviewed by the Joint Remuneration and Nomination Committee annually; and
- j) The Chairman of the Board shall not be a member of the Committee.

**4. AUTHORITY & RIGHTS**

- a) The Committee is authorised by the Board to investigate any matter within its terms of reference. It shall have the authority to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee;
- b) The Committee shall have full and unrestricted access to any information pertaining to the Company and the Group;
- c) The Committee shall have direct communication channels with both the external auditors and internal auditors;
- d) The Committee can convene meetings with the external auditors and internal auditors without the attendance of other directors and employees of the Company and the Group;
- e) The Committee shall have the resources that are required to perform its duties; and
- f) The Committee may seek advice from independent parties and other professionals in discharging their duties.

**5. DUTIES AND RESPONSIBILITIES**

The following are the main duties and responsibilities of the Committee collectively, which are not exhaustive and can be expanded if necessary with the Board’s approval:

- a) recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding appointment or re-appointment of external auditors;
- b) review and discuss with the external auditors, audit plan, its scope and nature before the audit commences and report the same to our Board;

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- c) review internal audit findings and the management’s responses or action plans, including the status of the previous audit recommendations;
- d) review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and risk management and report the same to our Board;
- e) assess the suitability and independence of external auditors, including to obtain confirmation from external auditors 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;
- f) review quarterly reports on consolidated financial results and annual financial statements prior to reporting to our Board;
- g) review and report to our Board on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- h) review and report to our Board on the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- i) ensure the internal audit function is independent of the work it audits and to require the head of internal audits to report directly to the Audit Committee;
- j) review the adequacy and effectiveness of risk management and internal control systems deployed by our key management to address those risks and recommend corrective measures undertaken to remedy failures and/or weaknesses;
- k) review any related party transactions, including recurrent related party transactions and conflict of interest situations that may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to our Board; and
- l) consider and examine such other matters as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

## **6. PROCEEDINGS OF MEETING**

- a) The Committee shall meet at least four (4) times in a year although additional meetings may be called at any time with due notice of issues to be discussed, at the discretion of the Chairman of the Committee.
- b) The quorum of meetings of the Committee shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2) Members.

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- c) The Chairman of the Committee shall chair the Committee meetings. In the absence of the Chairman, the Members present shall elect a Chairman for the meeting from among the Members present.
- d) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions vested or exercisable by the Committee.
- e) Meetings may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.
- f) The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.
- g) A resolution in writing signed or approved by electronic mail or other electronic communication, by all Audit Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member. Any such resolution may consist of several documents in like form, each signed by one (1) or more Audit Committee member.
- h) The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- i) Minutes of Committee meetings shall be kept and circulated to each member of the Audit Committee and to the Chairman of the Board and made available on request to other members of the Board.
- j) A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him or her to avoid conflict of interest.
- k) All recommendations and findings of the Committee shall be submitted to the Board for approval.

**7. APPROVAL AND REVISION**

Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

The Terms of Reference is made available for reference in the Company’s website at <https://reservoirlink.com>.

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This Terms of Reference is approved by the Board of Directors of Reservoir Link Energy Bhd on 7 February 2020, amended on 23 March 2022 and 26 August 2022.