



Globaltec Formation Berhad
Terms of Reference of the Audit Committee
Last Updated : 18 October 2023

• **COMPOSITION**

The Committee shall be appointed by the Board from amongst its Directors and consist of no fewer than three (3) members, all of whom shall be non-executive Directors, with the majority being independent Directors, unencumbered by any relationships with senior management and the operating executives, or any other relationship which might, in the opinion of the Board, be considered to be a conflict of interest. At least one member of the Committee:-

- (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years’ working experience and:
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he 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
- (iii) fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

A former audit partner that has audited the Company has to observe a cooling-off period of at least three years, from his last engagement as an audit partner of the Company before being appointed as a member of the Audit Committee.

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director. An alternate Director must not be appointed as a member of the Committee. In the event of any vacancy in the Committee, the Board, through the Nominating Committee if necessary, shall fill the vacancy within three months.

The Board shall review the performance of the Committee and the terms of office of each of its members at least once in every three years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

• **AUTHORITY**

The Committee is authorised by the Board:-

- a) to investigate any matter within its terms of reference;
- b) to request the resources required to perform its duties;
- c) to request and be granted full and unrestricted access to any information it determines as relevant to its activities from any Director, employees of the Company or the Group and all employees are directed to co-operate with any request made by the Committee;
- d) to have direct communication channels with the external auditors and the internal auditors;
- e) to obtain independent professional advice and to engage external party having relevant experience and expertise as it considers necessary to assist the Committee; and
- f) to convene meetings with the external and internal auditors, excluding the attendance of the other Directors and employees of the Group, whenever deemed necessary.

• **ATTENDANCE AND FREQUENCY OF MEETINGS**

The quorum for a meeting is two (2) members of the Committee, provided that the majority of members



Globaltec Formation Berhad
Terms of Reference of the Audit Committee
Last Updated : 18 October 2023

present at the meeting shall be Independent Non- Executive Directors.

The Executive Directors and Group Finance Director are normally invited to attend meetings only for discussion of those matters on the agenda for the meeting which fall within their specific scope of responsibility. Representatives from the Group's internal audit function are normally invited for attendance at each meeting. Representatives of the external auditors are also invited from time to time to brief the Committee on related audit matters.

A minimum of four (4) meetings per year is planned, although additional meetings may be called at any time at the Committee Chairman's discretion.

At least twice a year, if required, the Committee shall meet with the external auditors, the internal auditors or both, without the presence of any executives of the Group.

• **PROCEDURES OF MEETINGS**

- a) The Committee Chairman shall preside at all meetings. In his absence, Committee members present shall elect among themselves an independent Director to be the chairman of the meeting;
- b) The Committee Chairman may call for a meeting upon the request of the internal or external auditors or any Committee Member, or the Company's Group Executive Chairman, in order to consider any matter that should be brought to the attention of the Directors or shareholders;
- c) The Secretary of the Committee shall, with the agreement of the Committee Chairman, draw up the agenda for the meeting and the agenda shall be sent to all members of the Committee and any other persons who may be required to attend;
- d) A minimum seven days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all Committee members;
- e) All decisions are determined by a majority of votes. In case of equality of votes, the Committee Chairman shall have a casting vote; and
- f) A resolution in writing signed by a majority of the Committee members and constituting a quorum shall be effective as a resolution passed at a meeting of the Committee.

• **MINUTES OF MEETINGS**

The Company Secretary shall attend the meetings of the Committee and keep written minutes of all proceedings. Minutes of meetings must be signed by the Chairman of the meeting and are kept at the registered office of the Company.

• **FUNCTIONS**

The Committee shall review, appraise and report to the Board on:-

- a) The discussion with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit and ensures co-ordination of audit where more than one audit firm is involved;
- b) The review with the external auditors, their evaluation of the system of internal controls, risk management (including corruption risk) and the Statement on Risk Management and Internal Control, together with their management letters and Management's response;
- c) The discussion of issues and reservations arising from the external audits, the audit report and any matters the external auditors may wish to discuss (in the absence of Management, where necessary);
- d) The assistance given by the employees of the Group to the external and internal auditors;



Globaltec Formation Berhad
Terms of Reference of the Audit Committee
Last Updated : 18 October 2023

- e) The review of the following in respect of internal audit:-
- 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;
 - The internal audit plan;
 - The major findings of risk management, internal audit investigations and Management's responses, ensuring that appropriate actions are taken on the recommendations of the internal auditors;
 - Co-ordination of external audit with internal audit;
 - Approval of any appointment or termination and appraisal of the performance of the Group Internal Audit function; and
 - Resignations of internal auditors, together with providing the resigning internal auditors an opportunity to submit the reasons for resignation.
- f) The review of the Enterprise Risk Management (including the corruption risk) of the Group;
- g) The review of quarterly reporting to Bursa Malaysia and audited financial statements of the Group before the submission to the Board, focusing particularly on:-
- Changes in or implementation of major accounting policies;
 - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - Compliance with accounting and financial reporting standards and other legal requirements; and
 - Any commentary on the future outlook for the Company and the Group.
- h) The review of any related party transaction and conflict of interest situation that arose, persist or may arise within the Group or the Company, including any transaction, procedure or course of conduct that raises questions of Management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts;
- i) The review of any letter of resignation from the external auditors together with the reasons for such resignation;
- j) The review of the re-appointment of the Group's external auditors, including the examination of the independence of the external auditors and, where appropriate, the reasons (supported by grounds) why it is not suitable to re-appoint the external auditors;
- k) The recommendation for the nomination and appointment of external auditors, as well as for approval of the audit fee;
- l) Review of non-assurance services provided by the external auditors of the Company and its affiliates, to the Group and the related fees, in accordance to the Non-Assurance Services Policy of the Group, to enable the Committee to have oversight over the independence of the external auditors;
- m) Prompt reporting to Bursa Malaysia on any matter reported by the Committee to the Board which has not been satisfactorily resolved, resulting in a breach by the Company of the Listing Requirements of Bursa Malaysia; and
- n) Any other function that may be mutually agreed upon by the Committee and the Board from time to time, which would be beneficial to the Company and the Group and ensure the effective discharge of the Committee's duties and responsibilities.