



KYM HOLDINGS BHD.

AUDIT & RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

**Audit & Risk Management Committee
Terms of Reference**

1. COMPOSITION

- (a) The Committee must be composed of not fewer than 3 members;
- (b) All the Committee members must be non-executive directors, with a majority of them being independent directors;
- (c) At least one member of the Committee -
 - (i) must be member of the Malaysian Institute of Accountants (MIA); or
 - (ii) if he is not a member of MIA, he must have at least 3 years of working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- (a) Any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements, the Company must fill the vacancy within 3 months.

2. CHAIRMAN

The Chairman of the Committee shall be an Independent Non-Executive Director.

3. DUTIES AND RESPONSIBILITIES

3.1 Financial Reporting

- (a) To review with the external auditors-
 - (i) the audit plan;
 - (ii) its evaluation of the system of internal controls;
 - (iii) its audit report;
 - (iv) the assistance given by the employees and Company's officers to the external auditors;
 - (v) the external auditor's management letters and management's response; and
 - (vi) non-audit services undertaken.
- (b) the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements.
- (c) 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).

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3.2 External Auditors

- (a) To consider and recommend the nomination, appointment and re-appointment of external auditors;
- (b) To review any letter of resignation from the Company's external auditors;
- (c) To report to the Board of Directors whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (d) To annually assess the suitability, objectivity and independence of external auditors which shall include, among others, the following:
 - work quality, sufficiency of resources and communication with the Management;
 - non-audit services;
 - to obtain written assurance from the external auditors 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.
- (e) To approve the engagements of the external auditors to provide non-audit services.

3.3 Internal Auditors

- (a) To review the audit plans and areas of audit emphasis;
- (b) To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (c) To review the internal audit programmes, processes, the results of the internal audit programmes, processes or investigations, undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (d) To consider major findings of internal investigations and management's response;
- (e) To review any appraisal or assessment of the performance of members of the internal audit function;
- (f) To approve any appointment or termination of internal audit staff members; and
- (g) To note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

3.4 Risk Management

- (a) To provide Board-level oversight on the implementation of risk management framework, policies and procedures and recommend the appropriate enterprise risk management ("ERM") framework and methodology across the Group's business operations;
- (b) To advise and assist the Board in determining the Group's risk appetites and risk strategies;
- (c) To review and recommend changes where necessary to ensure the Group has in place an effective ERM framework which addresses the environmental, regulatory and legal, governance and operational controls, financial, customers, products and services, suppliers, human capital, reputation, cybersecurity, sustainability risks, and new investment risks;

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- (d) To review and assure that adequate resources and systems are in place to identify, assess and monitor key risks (both financial and non-financial) to safeguard shareholders' investment and the Group's assets;
- (e) To review the risk registers on risk exposure and risk treatments;
- (f) To review and assure that the identified risks are managed in effective and efficient manner; and
- (g) To review such other matters to risk as directed by the Board from time to time.

3.5 Sustainability Matters

- (a) To assist the Board in fulfilling its oversight responsibilities in relation to Group's sustainability strategies, goals, performance targets, and initiatives focusing on environment and social aspect of the Group.
- (b) Review the adequacy and effectiveness of the Company's identification, assessment, and management of sustainability-related risks (including environmental, social, and climate-related risks) within the enterprise risk management (ERM) framework.
- (c) Review and assure the sustainability risks are appropriately integrated into the Company's risk register and addressed through internal control systems.
- (d) Oversee the development, alignment and integration of environmental, social and governance (ESG) strategies, priorities and targets in accordance with the Group's sustainability commitment;
- (e) Review the effectiveness of the Group's sustainability strategies, policies and principles against the priorities and targets as set by the Board.
- (f) Monitor the Company's sustainability key performance and progress against the approved sustainability goals and targets.

3.6 Others

To review any related party transactions, recurrent related party transactions, Statements on Risk Management and Internal Control (SORMIC), and conflict of interest situations that may arise within the Company or Group including any transactions, procedures or courses of conduct that raises questions of management integrity; and to assist and report on such other matters / functions as maybe agreed to by the Committee and the Board of Directors from time to time.

4. MEETINGS

- (a) The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee. At least four (4) meetings shall be convened in a year. The meetings of the Committee 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 via the abovementioned communication channels shall constitute presence in person at such meeting.
- (b) The Head of Finance Department will normally be invited to attend all meetings of the Committee. The internal auditor and external auditors are invited to attend when appropriate. However, the Committee may invite any person to be in attendance to assist

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it in its deliberation.

- (c) Notice of meetings is sent to all members of the Committee and any other persons who may be required to attend.

5. COMMUNICATION TO THE BOARD

- (a) Meeting materials shall be circulated at least 5 business days or within such other reasonable period in advance of the Committee meeting.
- (b) Upon conclusion of the Committee meeting, the minutes will be circulated in a timely manner.
- (c) The approved minutes of the Committee Meeting shall be tabled to the Board for notation and recorded by the Secretary in the Committee's Minutes' Book.
- (d) The Chairman shall report to the Board after each Committee Meeting on significant issues or decisions made within its purview, where applicable.
- (e) The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

6. WRITTEN RESOLUTION

- (a) A resolution in writing, signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- (b) All such resolutions shall be described as "Audit & Risk Management Committee Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Committee's Minutes' Book.
- (c) Any such resolution may consist of several documents in the like form, each signed by 1 or more Committee members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile or any technology or other forms of electronic transmission.

7. SECRETARY

The Company Secretary is the secretary of the Committee and as a reporting procedure, the minutes are circulated to all members of the Board.

8. QUORUM

The quorum for any meeting is two (2) members, and the majority of members present must be independent directors.

9. EVALUATION

The term of office, performance and effectiveness of the Committee as a whole and each of its members shall be reviewed annually to determine whether the Committee and its members have carried out their duties in accordance with the Terms of Reference.

10. REVIEW OF TERMS OF REFERENCE

- (a) The Committee shall recommend any changes to the Terms of Reference periodically in such manner as the Committee deems appropriate to the Board for approval.
- (b) The Terms of Reference shall be assessed, reviewed and updated where necessary in accordance with changes made to the Listing Requirements, Companies Act 2016, Capital Market and Services Act 2007, or any other regulatory requirements.
- (c) All amendments to the Terms of Reference must be approved by the Board.

Last updated on 9 September 2025.