TERMS OF REFERENCE (TOR) FOR
AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

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1. Introduction

The Audit and Risk Management Committee (“ARMC” or “Committee”) is established by the Board of Directors (“Board”) of Mesiniaga Berhad (“Company”) to assist the Board in fulfilling its oversight responsibilities on financial reporting, risk management, internal control, and compliance matters.

The Committee acts as a focal point for communication between the Board, Management, internal auditors, and external auditors.

2. Purpose

The Audit and Risk Management Committee Term of Reference (TOR) governs the operations of the Audit and Risk Management Committee (ARMC). It sets out the ARMC’s role and responsibilities, composition, structure and membership requirements.

3. Composition

(a) The Committee shall consist of at least **three (3) members**, all of whom must be non-executive directors, with a majority being independent directors.

(b) All members must be financially literate, with at least one member possessing a recognised accounting degree or professional accounting qualification.

(c) The Chairperson of the Committee shall be an Independent Non-Executive Director and shall possess a recognised accounting degree or professional accounting qualification.

(d) The terms of a member's appointment are:

i) A member may resign upon reasonable notice in writing to the ARMC Chairman;

ii) A member may, from time to time, be immediately removed by notice in writing under the hand of the ARMC Chairman; and

iii) Ceasing to be a non-executive director of the Board is deemed to be automatic termination of appointment as a member of the ARMC.

4. Meetings

(a) The Committee shall meet **at least four (4) times a year** and as often as necessary to fulfil its responsibilities.

(b) A quorum shall consist of **two (2) members**, one of whom must be an independent director.

(c) Special meetings may be convened as required. The ARMC Chairman will call a meeting of the ARMC if deemed necessary, requested to do so by any member of the ARMC, the external auditors, or the Chairman of the Board.

(d) The ARMC may invite such other people, i.e., staff, the CEO, the CFO, and external parties, to its meetings as necessary (whether on a permanent or ad hoc basis).

(e) The Committee shall meet with the external auditors and internal auditors, separately or jointly, without the presence of Management at least once a year.

(f) Minutes of meetings shall be recorded and tabled at the next Board meeting.

5. Authority

The Committee is empowered to:

(a) Investigate any matter within its terms of reference.

(b) Obtain **independent professional advice** as necessary, at the expense of the Company.

(c) Access **all employees and Company records** relevant to fulfilling its duties.

(d) Recommend the appointment, reappointment, or removal of **external auditors** to the Board.

6. Duties and Responsibilities

6.1 Understanding the Company's business

The ARMC shall ensure it understands the Company's structure, business, and controls to adequately assess the significant risks faced by the Company.

6.2 Financial Reporting

(a) Review the Company's quarterly and annual financial statements before submission to the Board for approval.

(b) Ensure the integrity, accuracy, and compliance of financial reporting with applicable accounting standards and regulatory requirements.

(c) Discuss and conclude on significant financial reporting issues, judgments, and estimates with Management and external auditors.

6.3 Reporting to the Board

(a) The ARMC shall regularly report to the Board on all matters relevant to the ARMC's role and responsibilities.

(b) The ARMC Chairman will report and, as appropriate, make recommendations to the Board after each ARMC meeting on matters dealt with by the ARMC.

(c) As and when appropriate, the ARMC will seek direction and guidance from the Board on audit, risk management and compliance matters.

(d) The ARMC shall ensure that the Board is promptly made aware of audit, financial reporting, internal control, risk management, and compliance matters that may significantly impact the Company.

6.4 Internal Control and Risk Management

(a) Review the adequacy and effectiveness of the Company's internal control system and enterprise-wide risk management framework, including risk appetite, key risk exposures, emerging risks, and mitigation strategies.

(b) Review material risk areas and assess the adequacy and effectiveness of risk management and mitigation strategies.

(c) Oversee the integration of sustainability and environmental, social and governance ("ESG") related risks into the Company's enterprise risk management framework, including reviewing Management reports on material ESG risks and the adequacy of mitigation measures.

6.5 Internal Audit

(a) The Internal Audit function shall report functionally to the ARMC and administratively to the Management to ensure independence and objectivity.

(b) Evaluate the performance and effectiveness of the **internal audit function**.

(c) Determine the appointment, termination or dismissal of members of the internal audit function.

(d) Review significant internal audit findings and adequacy of the Management's response.

6.6 External Audit

(a) Recommend the appointment, reappointment, or removal of external auditors. Review the scope, nature, and results of the external audit, and the independence of the external auditors, including the provision of non-audit services and the related fees, to ensure that auditor independence is not compromised.

(b) Discuss audit findings and ensure corrective actions are implemented.

6.7 Compliance and Ethics

(a) Monitor compliance with legal, regulatory, and corporate governance requirements.

(b) Review whistleblowing procedures and any reported breaches or unethical behaviour and provide oversight on the satisfactory closure on any reported breaches.

6.8 ARMC performance

The Board will evaluate the performance of the ARMC as appropriate and is responsible for reviewing the Company's policies on risk oversight and Management and shall satisfy itself that Management has developed and implemented a sound system of risk management and internal control.

7. Reporting

(a) The Committee reports its activities to the Board after each meeting.

(b) The Committee shall report on its work in the **Annual Report**, including a summary of its activities and how it has discharged its responsibilities.

8. Review of TOR

(a) The ARMC shall review this TOR at least annually or as required by changes in law, regulation, or Board directives.

(b) The Board must approve any proposed changes.

[End of TOR]