



**PLS PLANTATIONS BHD**

Registration No. 198701001365 (160032-K)

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

The terms of reference (“TOR”) of the Audit and Risk Management Committee are as follows:

### **1. Size and Composition**

The Board shall by way of passing a resolution (with the recommendation of the Nomination Committee) appoint members to the Audit and Risk Management Committee. The Committee shall consist at least three (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors and at least one is a member of the Malaysian Institute of Accountants. If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and

- (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- (ii) 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.

All members of the Audit and Risk Management Committee are financially literate. No former key audit partner can be appointed to be a member of Audit and Risk Management Committee unless after a lapse of three (3) years from last audit engagement.

The Chairman shall be an Independent Non-Executive Director elected by the members of the Committee and is not the Chairman of the Board.

In the absence of the Chairman of the Audit and Risk Management Committee, the other members of the Audit and Risk Management Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

In the event of any vacancy in the Audit and Risk Management Committee, within three (3) months of that event, the Board shall appoint new members to make up the minimum number of three (3) members.

No alternate director is to be appointed as a member of the Audit and Risk Management Committee.



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### **2. Meetings**

Meetings shall be held not less than four (4) times in each financial year. The quorum for each meeting shall be two (2) members, provided that majority of the members present at the meeting must be independent directors. The Audit and Risk Management Committee may invite any person to attend the meetings. The Company Secretary or any person appointed by Audit and Risk Management Committee shall be the Secretary of the Audit and Risk Management Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit and Risk Management Committee and of the Board. The Meeting should be conducted separately from the Board Meeting to enable objective and independent discussion.

The Audit and Risk Management Committee shall meet with External Auditors without the presence of any Executive Board members and management at least twice a year and with Internal Auditor at least once a year.

### **3. Authority**

The Audit and Risk Management Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference. It is authorized to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Audit and Risk Management Committee.

### **4. Access**

The Audit and Risk Management Committee shall have unlimited access to all information and documents relevant to its activities, to the External and Internal Auditors, and to Senior Management of the Company and its subsidiaries. The Audit and Risk Management Committee is also authorised to take such independent professional and legal advice as it considers necessary.

The Audit and Risk Management Committee is guided by its Terms of Reference in discharging its functions which is in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the recommendations stipulated in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and relevant best practice. Reference to the Code shall be deemed to include any amendment, re-enactment, or modification thereof from time to time.



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The TOR establishes the scope, authority, duties and responsibilities of the Audit and Risk Management Committee, and is incorporated into the Board Charter which is made available at the Company's website: [www.plsplantations.my](http://www.plsplantations.my). The Board Charter is reviewed to enhance its processes and procedures and ensure alignment with any new requirements and regulations. Whenever is needed, the Audit and Risk Management Committee will review the TOR.

### **FUNCTIONS OF AUDIT AND RISK MANAGEMENT COMMITTEE**

The functions of the Audit and Risk Management Committee shall be:

1. Review the following and such other activities, as authorized by the Board, and report the same to the Board of Directors:
  - a. with the External Auditors, the scope and audit plan, including any changes on the planned scope of the audit plan;
  - b. with the External Auditors, their audit report;
  - c. the competency of the internal audit function and evaluate the authority it requires to carry out all necessary work to ensure the function can be discharged effectively;
  - d. the internal audit programme, processes, the results of the internal audit activities, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - e. the assistance given by the employees of the Company to the External and Internal Auditors;
  - f. the quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:-
    - i. changes in or implementation of major accounting policies;
    - ii. significant and unusual events;
    - iii. going concern of entities within the Group; and
    - iv. compliance with the applicable approved accounting standards and other legal and regulatory requirements;
  - g. any related party transaction and conflict of interest situation including competing business by Directors, Senior Management and legal representatives that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - h. any letter of resignation from the External Auditors of the Company; and

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- i. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.
  - j. The committee do self-assessment on the effectiveness of the Committee and the contribution of each individual committee member.
  - k. oversees risk management framework, setting risk appetite, approving policies, and monitoring key risks to ensure alignment with business needs, reporting directly to the Board for informed decision making, and testing a risk-aware culture across the Company.
2. Review and recommend the nomination of External Auditors, include assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.
  3. Address the appropriateness of audit fees to support a quality audit and approval for non-audit services.
  4. Review and recommend the nomination of Internal Auditors, include any others appointment, removal, scope of work, performance evaluation and budget.

### **SUMMARY OF THE WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee meets on quarterly basis with additional meetings held as and when necessary. The representatives of External Auditors and Internal Auditors, the Company Secretaries, the Head of Group Finance and any other relevant personnel may be invited to attend the meetings, as deemed appropriate by the ARMC, for the purpose of providing input, clarification, and professional advice on matters and papers tabled for deliberations.

The activities of the Audit and Risk Management Committee covered, among others, the following:

#### **1) Financial Reporting**

- a. Reviewed financial statements including unaudited quarterly financial announcements to the Bursa Malaysia Securities Berhad and year end audited financial statements of the Company and the Group and recommend the same for approval by the Board of Directors, upon being satisfied that, inter alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with and release to Bursa Securities.
- b. Reviewed the External Auditors' reports in relation to their audit findings and the accounting issues arising from the audit.
- c. Reviewed audit plan prepared by the External Auditors before the audit commences.
- d. Reviewed audit fees of the External Auditors.

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- e. Reviewed and deliberated the annual assessment on the performance suitability and independence of the external auditors. The aspects reviewed and deliberated by the Audit and Risk Management Committee are summarised as follows:-
  - i. quality of services;
  - ii. sufficiency of resources;
  - iii. communication and interaction; and
  - iv. independence, objectivity and professional skepticism.

### **2) Internal Audit**

- a. Reviewed and approved the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit by the internal audit function;
- b. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings, recommendations and the Management's response thereto;
- c. Reviewed the updated risk profile of the Group and the adequacy and integrity of the internal control systems to manage these risks;
- d. Reviewed and discussed with the Internal Auditors during the Audit and Risk Management Committee Meeting on the performances and issues highlighted in the internal audit function and assessed the effectiveness therein. Follow up on the issues highlighted previously to ensure that appropriate action plans had been carried out by the Management on a timely basis; and
- e. Reviewed the compliance of procedures for Shareholders' Mandate for Recurrent Related Party Transactions.

### **3) Other**

- a. Reviewed the proposed shareholders' circular on Recurrent Related Party Transactions entered by the Group and considered conflicts of interest and/ or potential conflicts of interest, including interest in competing business involving directors, key senior management and legal representative situations that may arise within the Group and measures to resolve, eliminate or mitigate such conflicts; and
- b. Reviewed the Audit and Risk Management Committee Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control prior to the recommendation of their adoption to the Board and inclusion in the Annual Report.