



OPPSTAR BERHAD

(Company No. 202101031391 (1431691-M))
(Incorporated in Malaysia)

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

APPOINTMENT/COMPOSITION

- 1.1 The members of the Audit and Risk Management Committee (“Audit and Risk Management Committee” or “Committee”) shall be appointed by the Board of Directors (“Board”) and the Chairman of the Board shall not be a member of the Committee.
- 1.2 The Committee shall consist of not less than three (3) members, comprises exclusively Non-Executive Directors and financially literate, a majority of whom are Independent Directors.
- 1.3 At least one (1) member of the Committee:
- (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one (1) 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 Bursa Malaysia Securities Berhad.
- 1.4 No Alternate Director shall be appointed as a member of the Committee.
- 1.5 No former partner of the External Audit firm of the Company shall be appointed as a member of the Committee before observing a cooling-off period of at least 3 years.
- 1.6 The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Director.
- 1.7 The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

MEETINGS

- 2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman of

Term of Reference: Audit and Risk Management Committee

the Committee may call a meeting of the Committee if a request is made by any Committee members, the Chairman of the Board/Chief Executive Officer or the Internal or External Auditors if they consider it necessary.

- 2.2 Meeting will be attended by the members of the Committee and the Company Secretary or the representative of the Company Secretary who shall act as the Secretary of the Committee.
- 2.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and External Auditors. The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings.
- 2.4 The quorum of the Committee meeting shall be two (2) members both of whom shall be Independent Directors.
- 2.5 The Chairman of the Committee should engage on a continuous basis with the senior management, such as the Chairman of the Board, the Chief Executive Officer, the Head of Finance, the Head of the Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.
- 2.6 The Committee should meet with the External Auditors without the presence of Executive Board members at least twice a year.
- 2.7 A member of the Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 2.8 Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the meeting shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman shall not have a second or casting vote. All conflicting views shall be submitted to the Board for its final decision. Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.
- 2.9 A circular resolution in writing signed by a majority of the members of the Committee, shall be valid and effectual as if it had been passed at a meeting of the Committee duly

Term of Reference: Audit and Risk Management Committee

convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Committee and shall include signed copies via legible facsimile transmission or other written electronic means.

AUTHORITY

- 3.1 The Committee is authorised by the Board to carry out the duties, functions and responsibilities mentioned in Clause 4 below and the Board and the management shall give all assistance that is necessary to enable the Committee to discharge its duties.
- 3.2 The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:
- (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.
- 3.3 The Head of Internal Audit shall report directly to the Committee.

DUTIES, FUNCTIONS AND RESPONSIBILITIES

The duties, functions and responsibilities of the Committee shall include the following:

- 4.1 Internal Audit
- (a) To review and report to the Board the 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.
 - (b) To review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken by management on the recommendations.

- (c) To review any appraisal or assessment of the performance of members of the internal audit function.
- (d) To approve any appointment or termination of senior staff members of the internal audit function, if the internal audit function is performed in-house.
- (e) To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning, if the internal audit function is performed in-house.
- (f) To ensure the person responsible for the internal audit reports directly to the Committee.

4.2 External Audit

- (a) To review with the External Auditors, the audit report, the nature and scope of their audit plan and report the same to the Board.
- (b) To review with the External Auditors, their audit report and evaluation of accounting policies and systems of internal controls and report the same to the Board.
- (c) To review internal audit findings and the management's responses or action plans, including the status of the previous audit recommendations.
- (d) To review the assistance given by employees of the Group to the External Auditors.
- (e) To review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.
- (f) To make recommendations concerning the appointment of the External Auditors and their remuneration to the Board.
- (g) To review the non-audit fees paid or payable to the External Auditors, or a firm or corporation affiliated to the External Auditors' firm.
- (h) To assess the suitability, objectivity and independence of the External Auditors, taking into consideration: -
 - (i) the competence, audit quality and resource capacity of the External Auditors in relation to the audit;
 - (ii) the nature and extent of the non-audit fees rendered and the appropriateness of the level of fees; and
 - (iii) obtaining 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 term of all relevant profession and regulatory requirements.

4.3 Audit Reports

The reports of the Committee and the External and Internal Auditors and corrective action taken shall be tabled for discussion by the Board.

4.4 Financial Reporting

To review quarterly results and year-end financial statements prior to the approval of the Board, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters addressed; and
- (c) compliance with accounting standards and other legal requirements.

4.5 Related Party Transaction

To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

4.6 Allocation of Options

To review and verify the allocation of options to employees under employees share option scheme.

4.7 Risk Management

- (a) To review with management the primary elements comprising the Company's risk

Term of Reference: Audit and Risk Management Committee

culture, including establishing “a tone from the top” that reflects the Company’s core values and the expectation that employees act with integrity and promptly escalate non-compliance in and outside of the Company; accountability mechanisms designed to ensure that employees at all levels understand the Company’s approach to risk as well as its risk-related goal;

- (b) To review with management the Company’s risk appetite and risk tolerance and assess whether the Company’s strategy is consistent with the agreed-upon risk appetite and tolerance for the Company;
- (c) To maintain and establish a clear framework to hold management accountable for building and maintaining an effective risk appetite framework and providing the Board with regular, periodic reports on the Company’s risk status;
- (d) To review with management the design of the Company’s risk management functions, as well as the qualifications and backgrounds of senior risk personnel and the policies applicable to risk management, to assess whether they are appropriate given the Company’s size and scope of operations;
- (e) To oversee the conduct and review the results of company-wide risk assessments, including the identification and reporting of critical risks;
- (f) To review with management the categories of risk the Company faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks, mitigating measures and action plans to be employed if a given risk materialises;
- (g) To review with management the ways in which risk is measured on an aggregate, company-wide basis, the setting of aggregate and individual risk limits (quantitative and qualitative, as appropriate), the policies and procedures in place to hedge against or mitigate risks and the actions to be taken if risk limits are exceeded;
- (h) To review with management the assumptions and analysis underpinning the determination of the Company’s principal risks and whether adequate procedures are in place to ensure that new or materially changed risks are properly and promptly identified, understood and accounted for in the actions of the Company;
- (i) To review management’s implementation of its risk policies and procedures, to assess whether they are being followed and are effective;
- (j) To provide advice to the Board on risk strategies and coordinate the activities of the various standing board committees for risk oversight;
- (k) To review internal systems of formal and informal communication across divisions and control functions to encourage the prompt and coherent flow of risk-related information within and across business units and, as needed, the prompt escalation of information to senior management (and to the Board or Board Committees as

appropriate). Review reports from management, Independent Auditors, Internal Auditors, legal counsel, regulators, stock analysts and outside experts as considered appropriate regarding risks the Company faces and the Company's risk management function, and consider whether, based on each individual Director's experience, knowledge and expertise, the Board or Committee primarily tasked with carrying out the Board's risk oversight function is sufficiently equipped to oversee all facets of the Company's risk profile—including specialized areas such as cybersecurity—and determine whether subject-specific risk education is advisable for such Directors;

- (l) To review the Company's internal control and risk management framework, strategic, policies, processes, responsibilities and actions and assess whether any changes to be made;
- (m) To solicit feedback on the adequacy and effectiveness of risk management and internal control from the Executive Director, management, Internal Auditors and External Auditors at least annually; and
- (n) To review the Statement on Risk Management and Internal Control in the Company's Annual Report to ensure relevant information as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad.

4.8 Listing Requirements

To report any breach of listing requirements, which have not been satisfactory resolved to Bursa Malaysia Securities Berhad.

4.9 Other Matters

- (a) To ensure the inclusion of corruption risk as one of the risks assessed in the Group's risk register.
- (b) To review the Anti-Bribery & Corruption Policy and Whistleblowing Policy at least once every 3 years and to make recommendations to the Board thereon.
- (c) To consider other topics as defined by the Board.

MINUTES

- 5.1 The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and to the Board members.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Committee shall ensure that an Audit and Risk Management Committee report is prepared at the end of each financial year that complies with subparagraph (6.1) and (6.2) below:

- 6.1 The Audit And Risk Management Committee report shall be clearly set out in the annual report of the Company;
- 6.2 The Audit And Risk Management Committee report shall include the following:
- (a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - (b) the number of Committee meetings held during the financial year end and details of attendance of each member;
 - (c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
 - (d) a summary of the work of the internal audit function.

CONTINUOUS PROFESSIONAL DEVELOPMENT

- 7.1 The Committee members shall undertake continuous professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.