



## **OCR GROUP BERHAD**

(Registration No: 199701025005 (440503-))  
(Incorporated in Malaysia)

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

(REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS ON 30 MAY 2023)

#### **1. COMPOSITION**

The Audit and Risk Management Committee (“the Committee”) shall be appointed by the Board of Directors (“the Board”) from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the Committee shall be Non-Executive Directors. No Alternate Director shall be appointed as a member of the Committee and at least one (1) member of the Committee:-

- a) Shall be a member of the Malaysian Institute Accountants; or
- b) If he is not a member of the Malaysian Institute Accountants, he must have at least three (3) years’ working experience and:-
  - He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967; or
- c) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from among their number, whom shall be an Independent Non-Executive Director. The Chairman of the Board shall not be the Chairman of the Committee.

If a member of the Committee resigns, dies or for any other reason ceases to be a member which results in the number of members to less than three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

The term of office and performance of the members of the Committee shall be reviewed by the Nominating Committee annually to determine whether the members have carried out their duties in accordance with their Terms of Reference.

All members of the Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Company. Should any member of the Committee cease to be a Director of the Company, his membership in the Committee shall automatically cease forthwith.

To safeguard the independence of the Committee, a cooling off period of at least three (3) years is to be observed before an audit partner previously engaged by the Company is appointed as a member of the Committee.

## 2. RIGHTS

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company: –

- Have authority to investigate any matter within its terms of reference;
- It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.;
- The Committee shall have direct communication channels and be able to convene meetings with the external auditors and the internal auditors or both, without the presence of other directors and employees of the Company, whenever deemed necessary;
- The Committee shall be able to obtain independent professional or other advice it deems necessary, the expenses of which will be borne by the Company.

Where the Committee is of the view that a matter reported by it to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), the Committee shall promptly report such matter to the Bursa Malaysia Securities Berhad.

## 3. FUNCTIONS

The functions of the Committee are as follows:

- a) Reviewing the following and report the same to the Board of the Company: –
  - (i) The audit plan, audit report and evaluation of the system of internal control with the external auditors as well as the assistance given by employees of the Group to the external auditors;
  - (ii) The adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (iii) The internal audit plan, any internal audit programme, processes, the results of the internal audit programme, processes, or internal investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

- (iv) Any appraisal of or assessment of the performance of the Group's internal audit function;
  - (v) Any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party;
  - (vi) The quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
    - o Changes in or implementation of major accounting policy changes;
    - o Significant and unusual events;
    - o Compliance with accounting standards and other legal requirements; and
    - o The accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
  - (vii) Any related party transaction and conflict of interest situation that may arise within the company or group including any transaction, procedures or course of conduct that raises questions of management integrity;
  - (viii) Any letter of resignation from the external auditors of the Company;
  - (ix) Whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
  - (x) Any significant audit findings, key audit matters, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;
- b) Review matters which are referred to the Committee as set out in the Whistle-blower Policy;
  - c) Review the adequacy and effectiveness of the risk management process to identify key organisational risks and the systems and processes in place to manage those risks;
  - d) To ensure that the Company is compliant with all aspects of the law, relevant regulations and good practice;
  - e) To ensure that there are effective and efficient procedures for managing, reporting and responding to risks and events;
  - f) Verify the allocation of options pursuant to the Share Issuance Scheme or the allocation of shares pursuant to any incentive plan for employees of the Group at the end of each financial year as being in compliance with the criteria which is disclosed to the employees and make a statement in the Annual Report that such allocation has been verified; and
  - g) Carry out any other functions that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company.

#### **4. MEETINGS OF THE COMMITTEE**

The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Chairman's discretion. Other than in circumstances which the Chairman of the Committee considers inappropriate, the Managing Directors, Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, management and external professional advisers shall attend any particular meetings upon invitation by the Committee. Where necessary, the Committee shall meet with the external auditors without the presence of any Managing Director and members of the management.

In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the Committee may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

#### **5. QUORUM**

The quorum for a meeting of the Committee shall consist of two (2) members.

#### **6. NOTICE OF MEETINGS**

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five (5) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

#### **7. REVISION AND UPDATES**

This Terms of Reference shall be reviewed and updated from time to time to ensure it remains consistent with the Committee's objectives and responsibilities.