



Goodway Integrated Industries Berhad

(Company No. 618972-T)
(Incorporated in Malaysia)

TERMS OF REFERENCE

OF

AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)
(Revised 2016)

1.0 CONSTITUTION

1.1 The ARMC was established by the Board of Directors (the “Board”) of Goodway Integrated Industries Berhad (the “Company”) on 20 May 2004 and was then called the Audit Committee. The name was changed to its existing name on 25 February 2010 to reflect its wider role and responsibilities.

2.0 MEMBERS

2.1 The ARMC shall be appointed by the Board from among its Directors pursuant to a Board Resolution.

2.2 It shall comprise at least three (3) members of whom all must be non-Executive Directors with a majority of them being independent Directors.

2.3 At least one member of the ARMC:-

- must be a member of the Malaysian Institute of Accountants (“MIA”); or
- if he/she is not a member of the MIA, he/she must have at least three (3) years’ working experience and;
 - (a) he/she must have passed the examination specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - (b) he/she 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
- fulfils such other requirements as prescribed or approved by Bursa Malaysia Berhad (“Bursa Securities”).

2.4 No alternate Director may be appointed as a member of the ARMC.

3.0 CHAIRMAN

3.1 The Chairman of the ARMC shall be an independent non-Executive Director nominated by the Board and shall be appointed among the members.

4.0 SECRETARY

4.1 The Company Secretary of the Company shall be the secretary of the ARMC (“the Secretary”).

5.0 OBJECTIVES

- 5.1 To assist in providing the Board with an objective and independent review of the financial performance and the effectiveness of the operational and administrative controls and procedures of the Company and its subsidiaries (the “Group”).
- 5.2 To assist the Board in establishing and maintaining an effective and efficient internal controls system of the Group.
- 5.3 To assess the independence of the Company’s external auditors and to ensure that the auditors carry out their work freely and in an objective manner.
- 5.4 To provide a forum for informal and private discussions between the external auditors, the internal auditors or both, excluding the attendance of the other Directors and personnel of the Group when deemed necessary.
- 5.5 To reinforce the objectivity of the internal audit function.
- 5.6 To oversee the Group’s proposed risk programme and ensure that the risk management framework is consistently adopted throughout the Group.

6.0 AUTHORITY

- 6.1 The Board authorises the ARMC:-
 - (a) To investigate any activity within the ARMC’s term of reference;
 - (b) To oversee the internal audit function; and
 - (c) To establish, where necessary, sub-committee(s) and to delegate its powers to such sub-committee(s) for the purpose of carrying out certain functions on behalf of the ARMC. Such sub-committee(s) shall report directly to the ARMC or any member nominated by the ARMC.

7.0 FUNCTIONS, DUTIES AND RESPONSIBILITIES

- 7.1 The functions, duties and responsibilities of the ARMC are as follows and it will report its findings to the Board:-
 - (a) To review the consolidated quarterly and annually financial statements of the Group and thereafter submit the same for the Board’s adoption, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, where applicable, the going concern assumptions and compliance with the accounting standards and other legal requirements;
 - (b) To assess the internal and external auditors audit plans and reports;

- (c) To resolve any problems, difficulties or disagreements between the Group’s personnel and the external auditors and consider the external auditors’ evaluation of the internal controls systems of the Group;
- (d) To assess and recommend to the Board a firm to be appointed as the Company’s external auditors;
- (e) To review the scope of the internal audit programmes and procedures and the results of the internal audit findings;
- (f) To evaluate the adequacy of the scope, functions, competency and resources of the internal audit functions and ensure that the internal auditors have the necessary authority to carry out the audit;
- (g) To evaluate the adequacy, efficiency and effectiveness of the internal controls and the appropriateness of the accounting policies adopted by the Group;
- (h) To review and assess the effectiveness of the Group’s plans, assumptions, forecasts, projections, including any contingency plans and strategies associated with proposed new business ventures or issues which may impact the overall risk profile;
- (i) To review and confirm that the applicable policies, procedures or manuals for individual subsidiaries that set forth the operational processes are aligned with the Group’s policy and risk management policy;
- (j) To delegate risk management authorities to the Enterprise Risk Management (“ERM”) department and to review its reports;
- (k) To advise the Board on risk policy matters including but not limited to oversight of compliance with the Group’s risk management policy, review and/or recommend changes to risk policies for Board approval;
- (l) To report to the Board from time to time on the Group’s risk appetite and capacity as well as other criteria, which exceeded or triggered the risk tolerance limit;
- (m) To ensure resources including but not limited to budget, training, human resources and professional advice, are adequate and have been allocated to support the Group’s risk management activities;
- (n) To review the basis of allocation of the Group’s ESOS annually, where applicable;
- (o) To review any related party transactions within the Group;
- (p) To review any reports and consider recommendations of the sub-committee(s);
- (q) To oversee any investigations deemed necessary; and
- (r) To carry out such other functions and to consider other matters agreed upon with the Board.

8.0 MEETINGS

- 8.1 The ARMC shall meet not less than four times a year or more frequently as circumstances dictate and the ARMC may invite any of the Management personnel or any other parties it deems necessary to attend the meetings. At least once a year, the ARMC shall meet with the external auditors without the presence of the Management.
- 8.2 The quorum of the meeting shall be two (2) members inclusive of the Chairman.
- 8.3 The Secretary will be responsible, together with the Chairman of the ARMC, for determining the agenda for each ARMC meeting. Unless otherwise agreed, the Secretary shall circulate the notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and the relevant supporting papers, to each member of the ARMC and other attendees, where relevant, at least five (5) working days before the date of the meeting.

9.0 MINUTES AND SIGNATURES BY CHAIRMAN

- 9.1 Every ARMC meeting must be recorded either by the Secretary or any other person approved by the ARMC and the minutes must be signed by the Chairman of the meeting as evidence that the meeting was duly convened and held.

10.0 MATTERS SPECIFICALLY FOR COLLECTIVE DECISION

- 10.1 All decisions of the ARMC shall be based on the decision of majority members.
- 10.2 The ARMC acts primarily as an advisory body to the Board and also makes recommendations to the Board. Nonetheless, the ARMC does not, as of itself, have the power or authority of the Board in dealing with the matters on which it advises except where certain powers are specifically set out in this Terms of Reference (“TOR”) or is otherwise delegated by the Board.

11.0 INFORMATION & REPORTS

- 11.1 Members of the ARMC shall have access to the resources and information necessary, including from the personnel of the Group, which may assist and/or facilitate the ARMC to carry out its function effectively.
- 11.2 The ARMC shall have the power to obtain independent legal or other professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it deems necessary.
- 11.3 The Management is to provide all information and reports necessary timely, to enable the ARMC to carry out its function satisfactorily.

12.0 REVIEW OF THE TOR

12.1 The ARMC shall review this TOR from time to time and recommend to the Board for the necessary amendments it deems appropriate to be made, to ensure that the TOR remains relevant to the Group’s needs, continues to reinforce the strategic objectives of the Group and will reflect changing legal, regulatory and ethical standards.
