



# TOYO VENTURES HOLDINGS BERHAD

202001001322 (1357641-P)

(Incorporated in Malaysia)

## TERMS OF REFERENCE FOR AUDIT AND RISK MANAGEMENT COMMITTEE

### 1. OBJECTIVES

The Audit and Risk Management Committee (“the Committee”) was established to assist the Board of Directors (“the Board”) with the primary objective of providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls, reinforce the independence of the Company’s External Auditors, evaluate the quality of the Internal Auditors and oversee compliance with laws and regulations together with observance of a proper code of conduct.

### 2. COMPOSITION

- (a) The Committee shall be appointed from amongst the Board and shall comprise no fewer than 3 members.
- (b) All members of the Committee must be Non-Executive Director, with a majority of them being Independent Directors
- (c) At least one (1) member of the Committee must be:-
  - (i) a member of the Malaysian Institute of Accountant (“MIA”); or
  - (ii) if he is not a member of MIA, he must have at least three (3) years of working experience and:
    - he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
    - he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- (d) A former key audit partner shall observe a cooling-off period of at least 3 years before appointed a member of the Committee.
- (e) No alternate director shall be appointed as a member of the Committee.
- (f) The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.



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### **3. CHAIRMAN**

- (a) The members of the Committee shall elect a Chairman from amongst their numbers who shall be an Independent Director.
- (b) The Chairman of the Committee shall not be the Chairman of the Board.
- (c) The Chairman of the Board shall not be a member of the Committee.
- (d) In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.
- (e) The roles of the Committee Chairman are as follows: -
  - Planning and conducting of meetings
  - Overseeing the reporting of any potential issues and other issues discussed in its meetings to the Board thereafter
  - Encouraging open discussion amongst its members and other invitees during meetings
  - Maintaining active ongoing dialogue with Management and both Internal and External auditors

### **4. RETIREMENT AND RESIGNATION**

If any member of the Committee retires, re-designates, resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance with paragraphs 2 (a) above, the Board and the members of the Committee shall within three (3) months of the event appoint/elect such new member(s) or Chairman as may be required to fill the vacancy.

### **5. SECRETARY**

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for circulating agenda prior to each meeting and also circulating minutes of the meeting to all members.



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#### **6. AUTHORITY**

The Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

- (a) have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Committee;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- (c) obtain at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- (d) have direct communication channels with the internal and external auditors and person(s) carrying out the internal audit function or activity (if any); and
- (e) where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Committee shall promptly report such matter to Bursa Securities.

#### **7. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be:-

- (a) To review the following, in relation to External Auditor, and report the same to the Board :-
  - To consider the appointment and/or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors;
  - To establish policies to consider the nature and extent of the non-audit services rendered and the appropriateness of the level of the fees;



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- To establish policies to assess the competency, audit quality & resource capacity of the external auditor in relation to the audit;
- To obtain written assurance from external auditor, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory environments;
- To review the following with the external auditor:-
  - the audit plan, its scope and nature;
  - the audit report;
  - the results of their valuation of the accounting policies and systems of internal accounting controls within the Group; and
  - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- To assess the suitability, objectivity and independence of external audit firm on an annual basis;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);
- To review the quarterly reports on consolidated results and year-end financial statements of the Company before submission to the Board, focusing particularly on:-
  - changes in or implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - compliance with applicable accounting standards and other legal requirements;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - major judgement areas



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- (b) To do the following, in relation to the internal audit function: -
- ensure that the person responsible for the internal audit has relevant experience, sufficient standing and authority to discharge his function effectively;
  - review the internal audit plan, processes and results of the internal audit assessment, investigation undertaken and whether or not appropriate action is taken on the recommendation;
  - ensure person responsible for internal audit reports directly to Committee;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function;
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning; and
  - ensure the internal audit has sufficient resources to carry out its role effectively.
- (c) To perform the following in relation to related party transactions and conflict of interest situations:
- i) To review any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
  - ii) To review and assess all disclosure of conflicts of interest by the Directors, Key Senior Management and legal representative(s) appointed by the Group, to evaluate their nature, significance and potential impact on the Group. During the process of evaluating and handling the conflict of interest, the Committee has the authority to seek independent advice or opinions to aid in their evaluation.
  - iii) To review the adequacy of the arrangements within the Group when dealing with any conflict of interest.
  - iv) To review and recommend appropriate measures, such as reassignment, termination or other actions if the disclosed conflict poses a significant risk to the Group.



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- (d) To perform the following in relation to sustainability:
- i) oversee and review the development and implementation of the Company's sustainability vision, strategy, framework, initiatives, policies and practices, and explore ways to incorporate them into the Company's overall operations and business goals;
  - ii) regular review the sustainability framework of the Company which is grounded in the Environmental, Social and Governance (ESG) pillars, to ensure its alignment with evolving local and global sustainability trends and developments, while also confirming its feasibility within the Company's existing resources and capabilities; and
  - iii) to assist the Board with regard to the disclosure in the Sustainability Statement to be included in the Company's Annual Report.
- (e) To report its findings on the financial and management performance and other material matters to the Board;
- (f) To consider the major findings of internal investigations and management's response;
- (g) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any, at the end of the financial year;
- (h) To monitor the Company's compliance with relevant laws, regulations and code of conduct;
- (i) To review the adequacy and effectiveness of risk management, internal control and governance systems;
- (j) To consider and examine such other matters as the Committee considers appropriate;
- (k) To consider other matters as defined by the Board;
- (l) To review with Management:-
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations; and
  - interim financial information.



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- (m) Overseeing the establishment and implementation of a risk management framework;
- (n) Reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

#### **8. INVITEES AT MEETINGS**

The Head of Finance, the Head of Internal Audit and representative of the external auditors may be invited to attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Committee, specific to the relevant meeting. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

#### **9. FREQUENCY OF MEETINGS**

The Chairman shall call for meetings, to be held not less than four (4) times a year. The external auditors may request a meeting if they consider one necessary.

#### **10. PROCEEDINGS OF MEETINGS**

- a) A member may at any time and the Secretary shall on the requisition of a member summon a meeting of the Committee by giving the members not less than seven days written notice. The Committee may meet on a shorter notice and waive notice of any meetings as they deem necessary subject to the consent and agreement of all Committee members.
- b) Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.



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- c) A member of Committee, may participate in a meeting of the Committee by means of a conference telephone, electronic or any communication facilities which allows all persons participating in the meeting and shall be entitled to vote or be counted in a quorum accordingly notwithstanding the fact that he is not physically present at the venue where the meeting is to be held. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

### **11. REPORTING PROCEDURES**

- a) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- b) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's annual report.
- c) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved to the Bursa Securities.

### **12. MINUTES**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the Registered Office or such other place as may be determined by the Committee.

### **13. QUORUM**

The quorum for the Committee meeting is two (2) members of the Committee, and a majority of members present must be independent directors.





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### **14. CIRCULAR RESOLUTION**

A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more of Committee members. Any such document may be accepted as sufficiently signed by the Committee member if transmitted to the Company by electronic or any communication facilities to include a signature of a Committee member.

### **15. CONTINUOUS PROFESSIONAL DEVELOPMENT**

All members of the Committee should undertake continuous professional development to keep abreast of relevant development in accounting and auditing standards, practices & rules.

### **16. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

Any amendments to these terms of reference are to be approved by the Board. These terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee responsibilities.

The written terms of reference will be made available to public on the Company's website.

The Terms of Reference of the Audit and Risk Management Committee was reviewed and adopted by the Board on 20 November 2024.