

LOOB BERHAD

Registration No.: 201901046246 (1355576-V)

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. OBJECTIVES

The Audit and Risk Management Committee ("**ARMC**" or "**Committee**") of Loob Berhad ("**Company**") is established with the following key responsibilities:-

- i) Overseeing the financial reporting process to ensure accurate and timely financial reporting and compliance with applicable financial reporting standards;
- ii) evaluating the internal and external audit processes;
- iii) overseeing the risk management and internal control framework and policies of the Company and its subsidiaries ("**Group**"), including assessing processes related to the Group's risks and control environment;
- iv) overseeing the Group's compliance with applicable laws, rules and regulations and ensuring that an appropriate code of business conduct is in place;
- v) reviewing related party transactions and conflict of interest situations; and
- vi) overseeing the implementation and monitoring of the Group's Whistleblowing Policy and Procedures, ensuring effective administration and enforcement.

2. COMPOSITION

- i. The composition of the ARMC shall be appointed by the Board of Directors of the Company ("**Board**") from among its members and shall comprise no fewer than three (3) members, whereby all members must be Non-Executive Directors, are financially literate and are able to understand matters under the purview of the Committee including the financial reporting process, with a majority of them being Independent Non-Executive Directors, and at least one (1) member of the Committee:
 - a. must be a member of the Malaysian Institute of Accountants; or
 - b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - o he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - o 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
 - c. at least three (3) years post-qualification working experience in accounting or finance; and
 - o a degree/masters/doctorate in accounting or finance; or

- a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
- d. must have at least seven (7) years of experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- e. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**" or "**Exchange**").

The ARMC members shall have a mix of expertise and experience, possess sufficient understanding and knowledge of the business and industry in which the Group operates and have the ability to understand key business and financial risks, as well as related controls and control processes.

- ii. An Alternate Director shall not be appointed as a member of the Committee.
- iii. The former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.) of the Company, if any, shall observe a cooling-off period of at least three (3) years before being eligible to be appointed as a member of the Committee.
- iv. In the event of any vacancy in the ARMC resulting in reduction of the number of members to below three (3) or vacancy of the position of the Chairperson (as defined below) resulting in non-compliance with paragraph 2(i) above and paragraph 3(i) below, the Board shall appoint such number of new members as may be required to fill the vacancy within three (3) months.
- v. All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practice and rules.
- vi. The Nomination and Remuneration Committee shall conduct an annual review of the tenure and performance of the ARMC and its members to assess whether they have fulfilled their obligations as outlined in their Terms of Reference.

3. CHAIRPERSON OF ARMC

- i. The Committee shall elect a chairperson from among its members ("**Chairperson**") who shall be an Independent Non-Executive Director and is not the chairperson of the Board.
- ii. In the event the elected Chairperson is not able to attend a meeting, the remaining members present shall elect one of themselves as chairperson of the meeting. The elected Chairperson shall be an Independent Non-Executive Director.

- iii. All members of the ARMC, including the Chairperson, shall hold office only for so long as they serve as director of the Company, and their appointment shall automatically be terminated if they cease for any cause to be a Director of the Company. Members of the ARMC may relinquish their membership in the ARMC with prior written notice to the Board.

4. MEETINGS

i. Meetings

- a. Meetings shall be held no fewer than four (4) times a year, i.e., on a quarterly basis. However, additional meetings may be called by any member of the Committee or the Chairperson at any time depending on the scope of activities of the Committee and if necessary. In the event, that any issues requiring the Committee's decision arise between meetings, such issues may be resolved through written resolutions of the Committee in lieu of convening a formal meeting. Such written resolution shall be deemed valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, if it is signed or approved by letter, facsimile or any electronic means by a majority of the members of the Committee pursuant to the Constitution of the Company. Any such resolution may consist of several documents in like form, each signed by one or more members.
- b. Other Board members, key senior management, internal and external auditors may be invited to attend meetings.
- c. The Committee will conduct all its meetings separately from Board meetings.
- d. The Chairperson shall ensure that adequate time is allocated for the Committee meeting to ensure due attention is accorded to the matters discussed.
- e. The Committee shall meet with the external auditors without the presence of any executive Board members or management whenever deemed necessary.
- f. For the Committee's meetings except in the case of emergency, notice of at least five (5) business days before the scheduled date shall be given to all the members of the Committee. The members of the ARMC may participate in a meeting by means of conference telephone, conference videophone or any other audio visual or other communications equipment by means of which allows all persons participating in the meeting to hear and speak with each other. Such participation in a meeting shall constitute presence in person at such meeting and shall be counted in a quorum and be entitled to vote.

- g. Upon the request of the external auditors, the Chairperson shall convene a meeting of the ARMC to consider any matter the external auditors believe should be brought to the attention of the ARMC, the Board or the shareholders.
- h. Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting. Matters for decisions that arise at the Committee meeting will be decided by a majority vote. If the votes are equal, the Chairperson of the meeting has a second casting vote. However, the Chairperson will not have a second casting vote where only two (2) directors form the quorum or at which only two (2) directors are competent to vote on the question at issue.
- i. A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration during the meeting, or any matter which may give rise to an actual or perceived conflict of interest situation for the member, shall abstain from discussing, deliberating and voting on such matter.

ii. Quorum

The quorum for the meeting is two (2) members of the Committee, and a majority of members present must be Independent Non-Executive Directors.

iii. Secretary of the Committee

The Company secretary(ies) of the Company shall be the secretary of the Committee ("**Secretary(ies)**"). The Secretary(ies) or assistant company secretary shall be in attendance at each Committee meeting and shall issue and circulate the notice and minutes of the Committee to all members of the Committee.

The Secretary(ies), in consultation with the Chairperson, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the Committee.

iv. Minutes of the Committee Meeting

Every meeting of the Committee shall be minuted either by the Secretary(ies) or any other person approved by the Committee and such minutes shall be confirmed by the Committee at the next succeeding Committee meeting.

The Minutes of each meeting shall be signed by the Chairperson of that meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting shall be evidence of the proceedings that the meeting was duly convened and held.

Minutes of each meeting shall be kept at the registered office and shall be open for inspection by any Committee member or Board member.

The minutes of each meeting shall be distributed to each member of the ARMC and also to the other members of the Board and duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. The Chairperson shall update the Board on the activities undertaken by the Committee at each Board meeting.

5. FUNCTIONS OF THE COMMITTEE

The Committee will undertake the following responsibilities and functions, among others, in fulfilment of the Malaysian Code on Corporate Governance as issued by the Securities Commission Malaysia (“MCCG”) as well as the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), and report on the same to the Board.

The functions of the Committee are as follows:

External Auditors

- i. To consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors.
- ii. To ensure and annually assess the suitability, objectivity and independence of external auditors, taking into consideration:
 - a. the adequacy of the experience, competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - b. the persons assigned to the audit;
 - c. the accounting firm's audit engagements;
 - d. the size and complexity of the Company being audited;
 - e. the number and experience of supervisory and professional staff assigned to the particular audit;
 - f. the annual evaluation on the performance of the external auditors and any required follow-up measures, where required;
 - g. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - h. assurance from the external auditors 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 requirements.
- iii. To appropriately communicate the Committee's insights, views and concerns about relevant transactions and events as well as concerns on matters that may have an effect on the financials or audit of the Company to the external auditors.

- iv. To ensure coordination between the external auditors and the internal auditors.
- v. To review with the external auditors:
 - a. their audit plan, scope and nature of the audit of the Group;
 - b. their evaluation and findings of the system of risk management and internal controls;
 - c. their audit reports on financial statements;
 - d. the assistance given by the employees to the external auditors;
 - e. the management letter and management's response with regard to problems and reservations arising from their audits;
 - f. the coordination of audits where more than one audit firm is involved; and
 - g. any other matters that the external auditors may wish to discuss (in the absence of management where necessary).
- vi. To review the Annual Transparency Report ("**ATR**") of the external auditors, if applicable, or to engage with audit firms (for firms that are not required to issue ATR) on matters typically covered in the ATR including their governance and leadership structure as well as measures undertaken by the audit firm to upload the audit quality and manage risks.
- vii. To review the assistance given by the management and employees of the Group to the external auditors.
- viii. To review any letter of resignation from the external auditors of the Company.
- ix. To review suggestions for the dismissals of external auditors of the Company.
- x. To review whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- xi. To recommend the nomination of a person or persons as external auditors of the Company.

Review of Statements

To ensure that the external auditors review a statement made by the Board with regards to the state of risk management and internal control of the Company and report the results thereof to the Board.

Removal or resignation of external auditors

Where external auditors are removed from office or give notice to the Company of their desire to resign as external auditors of the Company, the Company must forward to the Exchange a copy of any written representations or statement of circumstances connected with the resignation made by the external auditors at the same time as copies of such representations or statement of circumstances are submitted to the Companies Commission of Malaysia pursuant to Section 284 of the Companies Act 2016 (“Act”).

Right to request for a meeting

To ensure that upon request of the external auditors, the Chairperson must convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the Board or the shareholders.

Internal Audit Function

- i. To review and assess the adequacy of the scope, functions, competency, experience and resources of the internal audit functions, ensuring that the internal audit department or internal audit service providers report directly to the Committee and has the necessary authority to carry out its work and report the same to the Board.
- ii. To ensure that the internal auditors are independent and objective, and have the relevant qualifications and be responsible for assuring the Committee that the internal controls are operating effectively.
- iii. To receive reports directly from the persons responsible for the internal audit.
- iv. To appropriately communicate the Committee’s insights, views and concerns about relevant transactions and events as well as concerns on matters that may affect the financials or audit of the Company to the internal auditors.
- v. To ensure coordination between the internal auditors and the external auditors.
- vi. To review the internal audit plan, processes, the results of internal audit assessments or investigations undertaken and whether or not appropriate action is taken on the recommendations made and report the same to the Board.
- vii. To review the adequacy and effectiveness of the Group’s internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by the management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely.
- viii. To review whether the internal audit function is carried out in accordance with a recognised framework.

Committee Report

- i. To ensure that a Committee Report is prepared at the end of each financial year that complies with subparagraphs (ii) and (iii) below.
- ii. To ensure that the Committee Report is set out in the Annual Report of the Company.
- iii. To ensure that the Committee Report includes the following:
 - a. the composition of the Committee, including the name, designation (indicating the Chairperson) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - b. the number of Committee meetings held during the financial year and details of attendance of each Committee 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;
 - d. a summary of the work of the internal audit function; and
 - e. a summary of any conflict of interest or potential conflict of interest situation reviewed by the Committee (exclude a related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.

Financial Reporting

- i. To ensure that the Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters.
- ii. To review the quarterly results and year-end financial statements of the Group before the approval by the Board, focusing particularly on:
 - a. any 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 are addressed
 - c. significant adjustments resulting from audit;
 - d. integrity of financial statements;
 - e. the going concern assumption; and
 - f. compliance with accounting standards and other legal and regulatory requirements.

- iii. Provide advice on whether the financial statements of the Group give a true and fair view of the Group's financial position and performance.
- iv. Ask probing questions to the management of the Group to ascertain whether the financial statements of the Group are consistent with the operational and other information known by the Committee.
- v. Demonstrate an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements.

Risk Management

- i. Assisting the Board to effectively discharge its risk oversight responsibilities by monitoring and overseeing the Group's risk management and processes in identifying, evaluating, monitoring and managing significant risks within the Group.
- ii. Reviewing the risk profiles in respective business units and the Group.
- iii. Identifying and communicating to the Board the key risks faced by the Group and respective business units and major changes and the management action plans to manage the risks.
- iv. Approve risk methodologies for measuring and managing risks arising from the Group's business and operational activities.
- v. Monitor the Group's level of risk appetite, risk tolerance and risk exposure and periodically review the same to ensure that these are aligned with risk strategy and objectives.
- vi. Reviewing and assessing the adequacy and effectiveness of the systems of internal control, anti-corruption, whistle blowing, governance process and accounting control procedures and appropriate systems in place to manage and mitigate risks.
- vii. Reviewing the Group's risk managing policy and implementation of the risk management framework.
- viii. Reviewing the evaluation by the internal and external auditors of the Group's system of internal control and management's responses, and ensure that appropriate action is taken and thereafter report the same to the Board.
- ix. Reviewing the annual Statement on Risk Management and Internal Control to be published in the Annual Report and report the results thereof to the Board.
- x. Review the Enterprise Risk Management ("ERM") Framework document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues and recommend changes as needed to ensure that the Group has in place a risk management policy which addresses the strategic, operational, financial and compliance risks for the Board's approval.

- xi. Where applicable, facilitate the appointment of a dedicated senior management personnel to coordinate the ERM activities within the Group.
- xii. Promote a healthy risk culture Group wide.

Sustainability

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. regularly review the sustainability framework of the Company which is grounded in the Environmental, Social and Governance (ESG), Economics, and IT & Innovation 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 disclosures in the Sustainability Statement to be included in the Company's Annual Report.

Related Party Transactions

To perform the following in relation to related party transactions:

- i. ensure that the Board establishes a comprehensive framework/policy to identify, evaluate, approve and report related party transactions;
- ii. review with the internal auditors their quarterly report from work performed to establish whether recurring related party transactions have been carried out in accordance with the mandate approved by shareholders and on commercial terms no more favourable than those available to non-related third parties; and
- iii. review non-recurring corporate proposals involving related parties to ensure that they are carried out at arm's length, in the best interest of the Group and not detrimental to the interest of minority shareholders and report the same to the Board.

Conflict of Interest Situations

- i. To assess all the disclosed conflicts by the Directors and key senior management, 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.
- ii. To review any 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.

- 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.

Reporting of breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Bursa Securities.

Compliance and Other Matters

- i. Exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblowing Policy of the Group.
- ii. Review procedures on whistleblowing established to address allegations raised by whistleblowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- iii. Report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- iv. Review procedures in place to ensure that the Group is in compliance with the Act, the Listing Requirements and other legislative and reporting requirements.
- v. To verify the allocation of options under a share issuance scheme or the allocation of shares according to any incentive plan, if any, for employees of the Group at the end of each financial year to comply with the criteria which are disclosed to the employees, if any.
- vi. To review and conduct an annual performance evaluation of the internal and external auditors, in respect of each financial year under review, to monitor the performance, suitability, objectivity and independence of the internal and external auditors as well as undertake follow-up measures, where required.
- vii. Prepare the Committee Report at the end of the financial year for inclusion in the Annual Report of the Company pursuant to the Listing Requirements.
- viii. To carry out such other functions or assignments as may be delegated by the Board from time to time or required by the regulatory authority.

6. RIGHTS OF THE COMMITTEE

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company –

- i. have explicit authority to investigate any matter within its Terms of Reference;
- ii. have the resources which are required to perform their duties;
- iii. have full and unrestricted access to any information pertaining to the Company or the Group as well as the personnel of the Company and the Group;
- iv. have direct communication channels with the advisers (if so appointed), external auditors and person(s) carrying out the internal audit function or activity as well as with the management of the Group;
- v. be able to obtain external legal or other independent professional or other advice; and
- vi. be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

7. ADVISER

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it considers this necessary at the expense of the Company.

8. REPORTING RESPONSIBILITIES

- i. The Chairperson shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.
- ii. The Committee shall make whatever recommendations to the Board it deems appropriate, on any area within its Terms of Reference and/or where action or improvement is needed.
- iii. The Committee shall report to the Board on its activities, based on these Terms of Reference.

9. GENERAL MEETINGS

The Chairperson shall attend the general meetings of the Company to respond to any queries or concerns regarding the Committee's functions and responsibilities and provide updates on its activities.

10. DEEMING PROVISION

The provisions under these Terms of Reference have been drafted in a manner to also incorporate the provisions under the Listing Requirements, MCGG and other statutes, regulations and guidelines applicable to the ARMC. In the event the applicable provisions of the Listing Requirements, MCGG and/or relevant governing statutes, regulations and guidelines relating to ARMC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon these Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied Listing Requirements, MCGG, statutes, regulations and guidelines.

11. REVIEW OF THE TERMS OF REFERENCE

- i. The Committee is responsible for periodically reviewing the Terms of Reference and recommending any necessary changes to ensure their continued relevance and viability. Such changes may be necessary in response to updates to the MCGG, Listing Requirements, or other regulatory requirements. The Terms of Reference should also be reviewed and updated if there are changes to the Company's direction or strategies that could impact the Committee's role and ability to meet its objectives. Any recommended changes will be submitted to the Board for approval. Upon the Board's approval, the said amendment shall form part of the Terms of Reference and the Terms of Reference shall be considered duly amended.
- ii. The Terms of Reference will be made available on the Company's website.

This Terms of Reference (Version No. 1) was reviewed and adopted by the Board on 20 February 2025.