



## **GENTING PLANTATIONS BERHAD (34993-X)**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit Committee (“Committee”) was established on 26 July 1994 to serve as a Committee of the Board of Directors of the Company (“Board”). In line with the recommendation of the Malaysian Code on Corporate Governance, the Committee which has been assisting the Board in carrying out, among others, the responsibility of overseeing the Company and its subsidiaries’ risk management framework and policies was renamed as Audit and Risk Management Committee on 29 December 2017.

### **Terms of Reference of Audit and Risk Management Committee**

The Committee is governed by the following terms of reference:

#### **1. Composition**

- (i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all of whom are independent Directors; and at least one 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 years’ working experience and:
    - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (bb) 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) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Chairman shall be an independent Director elected by the members of the Committee.

In compliance with the Malaysian Code of Corporate Governance:-

- the Chairman of the Board shall not be appointed as the Chairman of the Committee.
  - a former key audit partner of the Company shall observe a cooling-off period of at least two years before being appointed as a member of the Committee.
- (ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within three months.
- (iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee and the Board annually to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

## **2. Authority**

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

## **3. Responsibility**

The Committee is to serve as a focal point for communication between non Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the Management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

## **4. Functions**

The functions of the Committee are to:

- (i) review with the external auditors, their audit plan;
- (ii) review with the external auditors, their evaluation of the system of internal controls;
- (iii) review with the external auditors, their audit report and management letter (if any);
- (iv) review the assistance given by the Company's officers to the external auditors;
- (v) review the adequacy of the scope, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and in connection therewith, decide on the appointment and removal; scope of work, performance evaluation; and budget for the internal audit function;
- (vi) review the internal audit plan, processes, the results of the internal audit assessments or investigation undertaken and whether or not appropriate action is taken on the recommendations;
- (vii) review the quarterly results and year-end financial statements, prior to the approval by 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 are addressed; and
  - (c) compliance with accounting standards and other legal requirements;
- (viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal, including but not limited to the annual assessment of the external auditor based on observations, professionalism, technical expertise of the external auditors and the firm's resources and assessment criteria set out in the Group Policy on External Auditors' independence;
- (x) review the risk management framework adopted by the Group and the risk management process employed to help the Board to identify, evaluate and manage key business risks;
- (xi) review key audit matters, if any;

- (xii) review matters referred to the Committee set out in The Whistleblower Policy; and
- (xiii) other functions as may be agreed to by the Committee and the Board.

## **5. Meetings**

- (i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.
- (ii) In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.
- (iii) The meetings and proceedings of the Committee are governed by the provisions of the Constitution of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.
- (iv) The head of finance and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested, if required.
- (v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or Shareholders of the Company.
- (vi) At least twice a year, the Committee shall meet with the external auditors without the presence of any executive Director.
- (vii) Whenever deemed necessary, meetings can be convened with the external auditors, internal auditors or both, excluding the attendance of other directors and employees.

## **6. Secretary and Minutes**

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

These Terms of Reference were revised and adopted by the Board in February 2018.