

# **THRIVEN GLOBAL BERHAD**

(Registration No. 198901005042 (182350-H))

(Incorporated in Malaysia)

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

### **1. PURPOSE**

The purpose of the Audit and Risk Management Committee (“the Committee” or “ARMC”) is to assist the Board in the fulfilment of its corporate governance duties in relation to financial reporting, risk management and internal control, to identify, assess, monitor and manage risk, to oversee, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

### **2. COMPOSITION**

The ARMC shall be appointed by the Board from amongst the Directors and shall comprise not less than three (3) members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. The Board shall within three (3) months of any vacancy occurring in the Committee which results in the non-compliance of Paragraphs 15.09(1) and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) appoint such new member to fill the vacancy as required.

One (1) of the members of the ARMC who is an Independent Director shall be appointed Chairman of the ARMC by its members. In the event of retirement or resignation of the Chairman of the ARMC, the vacancy must be filled within three (3) months. No alternate Director shall be appointed as a member of the Committee.

A former partner of the Company’s external audit firm shall observe a cooling-off period of at least (3) years before being appointed as a member of the Committee.

### **3. MEMBERSHIP**

At least one (1) member of the ARMC:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years’ working experience and:
  - (i) he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

- (ii) he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) must have either one of the following qualifications and at least 3 years' post-qualification experience in accounting or finance:
  - (i) a degree/ master/ doctorate in accounting or finance; or
  - (ii) a member of any professional accountancy organization which has been admitted as a full member of the International Federation of Accountants; or
- (d) must have at least seven (7) years' 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) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Securities.

#### **4. MEETINGS AND MINUTES**

The ARMC shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The quorum for meeting shall be two (2) members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, where the majority of whom shall comprise Independent Directors.

The ARMC meeting shall be chaired by the Chairman of the Committee; or in any event that the Chairman is absent, the members shall elect or nominate an Independent Non-Executive Director amongst the Committee members to chair the meeting.

A notice of meeting shall be sent no later than two (2) business days prior to such meeting. However, meetings of the Committee may be held without formal notice if all members are present and agree to notice not being given, or if those absent consent to waive notice in any manner either before or after the meeting.

An ARMC member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member.

The ARMC may request the Management, any representatives of the external and internal auditors and/or any other persons deemed appropriate to be present at the Committee's meetings.

All resolutions of the Committee shall be adopted by simple majority vote, with each member being entitled to one (1) vote. In cases where votes are tied, the Chairman of

the Committee and/or the meeting shall have a second or casting vote. A Committee member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

As a best practice, the Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

The Company Secretary(ies) and/or his/her assistant shall be the Secretary(ies) to the Committee and shall be entrusted to record all proceedings of meetings. The Company Secretary(ies) shall be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members. The Committee members may inspect the ARMC meeting minutes at the Registered Office or such other places as may be determined by the ARMC.

The ARMC may deal with matters by way of circular resolutions in lieu of convening Committee meeting. A resolution in writing signed by a majority of members shall be as valid and effectual as it has been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

## **5. AUTHORITY**

The ARMC is authorised by the Board:-

- (a) to investigate any matter of the Company and its subsidiaries within its terms of reference;
- (b) to seek any information as may be required from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the ARMC;
- (c) to obtain legal or independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and
- (d) to convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

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 Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

## **6. FUNCTIONS AND RESPONSIBILITIES**

The functions and responsibilities of the ARMC shall be as follows and will cover the Company and its subsidiaries (“the Group”):-

- (a) Consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal.
- (b) Assess and monitor the performance, suitability, objectivity and independence of the external auditors externally. The assessment would consider among others:-
  - (i) The competence, audit quality and resource capacity of the external auditor in relation to the audit;
  - (ii) The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  - (iii) Obtaining writing 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.
- (c) Review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services relative to the external audit fees and safeguard deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from non-audit services provided.

In the event that the non-audit fees paid to the Company’s external auditor or a firm or corporation affiliated to the external auditor’s firm are significant i.e. constitute 50% of the total amount of audit fees paid to the Company’s external auditors, the Company is required to state the details on the nature of non-audit services rendered and tabled it to the ARMC.

- (d) Review the audit plan, scope and nature of audit of the external auditors.
- (e) Review the quarterly and annual financial statements before circulating to the Board for approval, particularly on:-
  - (i) Changes in or implementation of accounting policies and practices;
  - (ii) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
  - (iii) Going concern assumptions; and

- (iv) Compliance with applicable approved Financial Reporting Standards, regulations and other legal requirements.
- (f) Review and assess the adequacy and effectiveness of the internal control systems and accounting control procedures by reviewing the external auditors' management letters and management response.
- (g) Review and assess the adequacy and effectiveness of the Company's Anti-Bribery and Corruption compliance programme by reviewing the policies and procedures in place.
- (h) Discuss with the external auditors on issues arising from their interim and final audits or any other matter that they wish to highlight.
- (i) Review the adequacy of the scopes, functions, competencies and resources of the internal audit function and authority given to the internal auditors to carry out their work.
- (j) Review the internal audit programmes, consider the findings of internal audit and the actions and steps taken by the Management in response to such findings and ensure coordination between the internal and external auditors.
- (k) Review and report to the Board any related party transaction and conflict of interest situation that arose, persist, or may arise within the Company or 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.
- (l) Review and report to the Board any related party transactions entered into by the Company and the Group including the review and monitoring of recurrent related party transactions, to ensure that:
  - All such transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
  - The internal control procedures with regard to such transactions are adequate; and
  - Compliance with the relevant provisions of the Main Market Listing Requirements of Bursa Securities.
- (m) Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.
- (n) Review the process for identifying, evaluating, monitoring and managing significant risks.

- (o) Undertake such other responsibilities as may be delegated by the Board from time to time.
- (p) Report to the Board its activities and findings.
- (q) Provide oversight, direction and counsel to the Company's/Group's risk management framework, policies and process which include the following:-
  - (i) Establish the Company's/Group's Risk Management Framework based on an internationally recognised risk management framework.
  - (ii) Conduct annual review and periodic testing of the Company's/Group's Risk Management Framework. This should include any insights it has gained from the review and any changes made to its Risk Management Framework arising from the review.
  - (iii) Monitor the Company/Group and Divisional level risk exposures and management of the significant financial and non-financial risks identified.
  - (iv) Evaluate new risks identified including the likelihood on the emerging risks happening in near future and consider the need to put in place appropriate controls.
  - (v) Review Company/Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded to, with appropriate actions taken in a timely manner.
  - (vi) Review the status of the implementation of management action plans in mitigating significant risks identified.
  - (vii) Review and recommend the Company's/Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' interest and the Company's/Group's assets.
- (r) Provide oversight, direction and counsel to the Company's/Group's corruption risk management framework, policies and procedures which include the following:-
  - (i) Establish the Company's/Groups' corruption risk management framework based on an internationally recognised risk management framework.
  - (ii) Conduct annual review and periodic testing of the Company's/Group's corruption risk management framework. This should include any insights it has gained from the review and any changes made to its corruption risk management framework arising from the review.

- (iii) Monitor the Company/Group level of corruption risk exposures and management of the significant financial and non-financial risks identified.
- (iv) Evaluate new corruption risks identified including the likelihood on the emerging corruption risks happening in near future and consider the need to put in place appropriate controls.
- (v) Review Company/Group risk profile and ensure that significant corruption risks that are outside tolerable ranges are being responded to, with appropriate actions taken in a timely manner.
- (vi) Review the status of the implementation of management action plans in mitigating significant corruption risks identified.
- (vii) Review and recommend the Company's/Group's level of corruption risk tolerance and actively identify, assess and monitor key corruption risks to safeguard shareholders' interest and the Company's/Group's assets.
- (viii) Ensure all results of any audit, reviews of corruption risk assessment, control measures and performance are reported to the Board and are acted upon.
- (s) Review the risk identification and process to confirm it is consistent with the Company's strategy and business plan.
- (t) Inquire of management / department heads and the external/internal auditor about significant business, political, financial and control risks or exposure to such risk.
- (u) Oversee and monitor the Company's documentation of the material risks that the Company faces and update as events change and risks shift.
- (v) Assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance.
- (w) Oversee and monitor at least annually, and more frequently, if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- (x) Review the following, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
  - (i) Management's tolerance for financial risks;
  - (ii) Management's assessment of significant financial risks facing the Company;

- (iii) The Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
- (iv) To review legal matters which could have a material impact on the Company's public disclosure, including financial statements.

## **7. REVIEW OF PERFORMANCE OF THE ARMC**

The Nomination and Remuneration Committee of the Company shall review the terms of office and performance of the members of ARMC annually to determine whether they have carried out their duties in accordance with its terms of reference.

*(This Terms of Reference for the Audit and Risk Management Committee was approved and adopted by the Board on 28 August 2024.)*

BOARD OF DIRECTORS  
**THRIVEN GLOBAL BERHAD**

28 August 2024