TERMS OF REFERENCE
OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. INTRODUCTION

The Audit Committee was established by the Board of Directors ("the Board") of MMM Group Berhad ("MMM") on 5 May 2010 to act as a Committee of the Board to fulfil its fiduciary responsibilities in line with the recommendation of the Malaysian Code on Corporate Governance. The authority, functions, and duties of the Committee are extended to the subsidiary companies of MMM Group Berhad ("MMM Group"). The Committee was re-named as Audit and Risk Management Committee ("ARMC") on 23 May 2025, with the additional responsibility for the risk management functions of the Group. This document outlines the purpose of the ARMC, its composition, authority, and duties and functions.

2. PURPOSE

The purpose of ARMC is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the preparation of financial statements, financial reporting and the maintenance of a sound system of internal control, risk management, governance, anti-bribery and corruption compliance, and whistleblowing framework.

3. COMPOSITION

(i) The ARMC shall be appointed amongst the Board and shall consist of not less than three (3) members. All ARMC members must be Non-Executive Directors with a majority of them being independent directors. No alternate director shall be appointed as a member of the Committee.

(ii) At least one of the ARMC:

- (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 3 years' working experience and:
  - (aa) he must have passed the examinations specified in Part I of the 1st 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 1st Schedule of the Accountants Act 1967.
- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

(iii) The members of the ARMC shall elect a Chairman from amongst their number who is an independent director. In the event the elected Chairman is not able to attend a meeting, a member of the ARMC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an independent director.

(iv) If the number of members of the ARMC is reduced to below three (3) for reasons of resignation, death or otherwise, the Board must appoint such number of new members as may be required to make up the minimum number of three (3) members within three (3) months.

(v) Any former key audit partner will need to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

(vi) The terms of office and performance of the ARMC and each of its members shall be reviewed by the Nomination Committee annually to determine whether such Committee and its members carried out their duties in accordance with the Terms of Reference.

4. AUTHORITY

The ARMC is granted the authority to investigate any activity with full and unrestricted access to any information of the Company and its subsidiaries, and all employees are directed to co-operate as requested by members of the ARMC.

The ARMC is authorised to obtain outside legal or other independent professional advice at the cost of the Company and to secure the attendance of outsiders with relevant experience and expertise at the meeting of the ARMC, if it considers necessary.

5. RESPONSIBILITY

The ARMC 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 as well as risk management. 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 hereto. 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.

In addition, the ARMC is also to review, monitor and oversee the risk affecting the Company and its subsidiaries, including anti-bribery and corruption compliance, whistleblowing arrangements and related governance controls.

6. FUNCTIONS

The functions of the ARMC are summarised as follows:

(i) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

(ii) To discuss with the external auditors before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(iii) To review with the management and the external auditors the quarterly and year-end financial statements before their submission to the Board, focusing particularly on:
- any changes in or implementation of major accounting policies and practices
- significant unusual events
- significant adjustments arising from the audit
- the going concern assumption
- compliance with accounting standards
- compliance with stock exchange and other legal requirements

(iv) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

(v) To review the internal audit programme, process and the results of the internal audit programme, process or investigation undertaken and whether or not the management on the recommendations of the internal audit takes appropriate action;

(vi) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vii) To review with external auditors, their evaluation of systems of internal controls and audit reports;

(viii) To review the assistance given by the employees to the external auditors;

(ix) To discuss with the external auditors the quality of the Company's financial and accounting personnel and relevant recommendations by the external auditors;

(x) To review the adequacy and effectiveness of the risk management process, including corruption risk assessment processes and maintenance of anti-bribery and corruption risk registers;

(xi) To review the adequacy and integrity of internal controls and the policies and compliance procedures with respect to business practices;

(xii) To direct and where appropriate supervise any special projects or investigation considered necessary;

(xiii) To prepare periodic reports to the Board of Directors summarising the work performed in fulfilling the ARMC's primary responsibilities;

(xiv) To review and assess the performance and independence of the internal auditors;

(xv) To carry out annual review of the performance of the external auditors, including assessment of suitability and independence of external auditors for recommendation to the Board for re-appointment and the audit fee thereof.

(xvi) To review and monitor the extent of non-audit services to be provided by the external auditors and/or its affiliates to ensure that the provision of non-audit services does not impair their independence or objectivity and recommend the non-audit fees for the Board’s approval.

(xvii) To review any related party transaction and conflict of interest situation that may arise within the Company including any transactions, procedures or conduct that raise question of management integrity, and to review the adequacy of policies and procedures governing related party transactions;

(xviii) To assist the Board in identifying, reviewing and assessing the principal risks in the achievement of MMM's objectives and overseeing the implementation of appropriate systems/processes to manage or mitigate these risks;

(xix) To review and approve the annual risk management plan and ensure the adequacy of coverage;

(xx) To review the adequacy and effectiveness of MMM's enterprise risk management framework, risk management process, risk profile and risk appetite to ensure they are relevant and consistent with MMM Group's business strategy and level of operations in safeguarding the Group's assets and profitability;

(xxi) To review the effectiveness of internal control systems deployed by Management to address key risks faced by MMM Group;

(xxii) To review the recommendation of corrective measures undertaken to mitigate such risks/weaknesses and the status of implementation of action plans;

(xxiii) To provide guidance on the overall risk management strategy and directives for implementation to ensure that the principles and requirements of managing risks are consistently adopted throughout MMM Group;

(xxiv) To oversee the Group's Anti-Bribery and Corruption ("ABC") framework and ensure compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures;

(xxv) To review the adequacy, implementation and periodic updating of the Group's Anti-Bribery and Corruption Policy, Whistleblowing Policy, Code of Conduct and related governance policies, including employee awareness and training programmes;

(xxvi) To review the adequacy and effectiveness of the Group's whistleblowing framework, reporting channels, protection mechanisms and procedures for handling complaints and disclosures;

(xxvii) To oversee the adequacy of due diligence procedures relating to customers, vendors, agents, consultants, contractors and other business associates for integrity and anti-bribery compliance purposes;

(xxviii) To review and monitor the implementation status of recommendations arising from internal audit findings relating to governance, risk management, anti-bribery and corruption compliance and whistleblowing matters; and

(xxix) To consider other topics, as defined by the Board.

7. MEETINGS

(i) The quorum for any meeting of the ARMC shall be two (2), the majority of members present must be independent directors.

(ii) The ARMC must meet at least four (4) times a year.

(iii) The Finance Director (if any), the head of internal audit, a representative of the external auditors and other Board members shall have the right of attendance.

(iv) Upon request by the external auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider any matters the external auditors believe should be brought to the attention of the directors or shareholders of the Company.

(v) The members shall cause proper minutes to be made out of the proceeding of all meetings of the ARMC.

(vi) The Secretary of the Company or such persons appointed by the ARMC shall be the Secretary of the Committee.

8. REVIEW OF TERMS OF REFERENCE

The ARMC will review these Terms of Reference on a biennial basis, or as and when necessary, with a view to ensuring the Terms of Reference remain consistent with the ARMC's purpose, authority and responsibilities, applicable laws, Bursa Malaysia Securities Berhad requirements, the Malaysian Code on Corporate Governance and prevailing anti-bribery and corruption compliance requirements.