




**TURIYA BERHAD**  
(Registration No. 198001001793 (55576-A))

# **TURIYA BERHAD AUDIT COMMITTEE TERMS OF REFERENCE**


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	Effective Date	12 August 2013
	Revision Date	10 July 2023

## 1. OBJECTIVES

- 1.1 The principal objectives of the Audit Committee (or the “Committee”) is to assist the Board of Directors in the effective discharge of its responsibilities for corporate governance, financial reporting to shareholders and the public and to monitor the system of internal controls of the Company.
- 1.2 Other objectives of the Audit Committee are to:
- provide greater emphasis on the audit function by increasing the objectivity and independence of the External and Internal Auditors and providing a forum for discussion that is independent of the Management.
  - maintain through regularly scheduled meetings a direct line of communication between the Board and the External Auditors, Internal Auditors and financial management; and
  - strengthen the role of Non-Executive Directors by improving their knowledge and understanding of the Company’s operation.
- 1.3 The Audit Committee will endeavor to adopt certain practices aimed at maintaining appropriate standards of responsibilities, integrity and accountability to all the Company’s shareholders.

## 2. MEMBERSHIP


- 2.1 The Audit Committee shall be appointed by the Directors among their number (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:
- the Audit Committee must be composed of no fewer than three (3) members, where the majority of them should not be:
    - Executive Directors of the Company or any related corporation; or
    - Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the functions of the Audit Committee.
  - all the committees members must be Non-Executive Directors, with majority of them being Independent Directors; and
  - at least one (1) member of the Audit Committee:
    - must be a member of the Malaysian Institute of Accountants (MIA); or
    - if he is not a member of MIA, he must has at least three (3) years’ working experience; and he must has passed the examination specified in Part 1 of the 1st Schedule of the Accountant Act, 1967; or he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967.

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- 2.2 No Alternate Director is appointed as a member of the Audit Committee.
- 2.3 The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
- 2.4 In the event of any vacancy in the Audit Committee resulting in the non-compliance of items 2.1 (a) to (c) above, the vacancy must be filled within three (3) months of that event.
- 2.5 The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.
- 2.6 In the event a former partner of the external audit firm is considered for appointment as a member of the Audit Committee, the said former partner maybe appointed after observing a cooling-off period of at least three years from his external audit role.

### **3. FUNCTIONS OF THE AUDIT COMMITTEE**

- 3.1 The functions of the Audit Committee are as follows:
- (a) review the following and report the same to the Board of Directors:
    - with the External Auditors, the Audit Plan;
    - with the External Auditors, their evaluation of the system of internal controls;
    - with the External Auditors, their Audit Report;
    - the assistance given by the Company's employees to the External Auditors; and
    - 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;
  - (b) to consider the appointment of External Auditors , the audit fee and any questions of resignation or dismissal;
  - (c) to discuss with External Auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
  - (c) to review the quarterly and year-end financial statements of the Company, focusing particularly on:
    - any changes in accounting policies and practices;
    - significant adjustments arising from the audit;
    - review the reasons for the major fluctuations in financial statement balances for the current year compared to prior years;

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- review for any unusual circumstances or situations reflected in the financial statements, including identifying any marginal operations;
  - review the nature of any unusual or significant commitments or contingent liabilities;
  - review of any significant differences between the Annual Report and other reports, such as
  - reports to the regulatory agencies;
  - review for any significant differences in format or disclosure from industry norms;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- (e) to review the External Auditors' Management Letter and Management's response;
- (f) to consider the major findings of internal investigations and Management's response; and
- (g) to do the following where an internal audit function exists:
- review the adequacy of the scope, functions, competency and resources of the internal audit functions, and necessary authority to carry out its work;
  - review the internal audit programme and the results of the internal audit process and where
  - necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - monitor the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed;
  - review the internal Audit Department's audit methodology in assessing and rating risks of
  - auditable areas and to ensure that all high and critical risk areas are audited annually; and
  - being informed of resignations of staff members and provide them the opportunity to submit reasons for resigning.

#### **4. RIGHTS OF THE AUDIT COMMITTEE**

- 4.1 The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:
- (a) have authority to investigate any matter within its Terms of Reference;
  - (b) have the resources which are required to perform its duties;
  - (c) have full and unrestricted access to any information pertaining to the Company;

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- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice;
- (f) be able to convene meetings with External Auditors, the Internal Auditors or both excluding the attendance of other directors and employees of the listed issuer whenever deemed necessary;
- (g) review Turiya Berhad Code of Ethics for Directors, the method of monitoring compliance with the code and the disposition of reported exceptions; and
- (h) review policies to avoid conflicts of interest and review past or proposed transactions between the Company and members of Management.