

**POLYMER LINK HOLDINGS BERHAD**

Company Registration No. 201301011960 (1041798-A)

**TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE****1. MEMBERSHIP**

- 1.1 Upon recommendation of the Nominating Committee, the members of the Audit and Risk Management Committee ("the Committee") shall be appointed by the Board of Directors of Polymer Link Holdings Berhad ("Polymer Link Holdings" or the "Company") ("Board") from amongst its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Director, with a majority of them being Independent Non-Executive Directors.
- 1.2 The Chairman of the Board must not be a member of the Committee.
- 1.3 All members of the Committee should be financially literate and have sufficient understanding of the Company's business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company's reporting process.
- 1.4 At least one (1) member of the Committee:
- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); 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:
    - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) 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; and
  - (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.5 No Alternate Director shall be appointed as a member of the Committee.
- 1.6 A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within Polymer Link Holdings and its group of companies ("the Group") is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- 1.7 The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this Terms of Reference.
- 1.8 Where the members of the Committee for any reason are reduced to less than three (3), the Board shall, based on the recommendation of the Nominating Committee,

within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

- 1.9 All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

## **2. CHAIRMAN**

- 2.1 The members of the Committee shall elect a Chairman of the Committee from amongst themselves, which shall be an Independent Non-Executive Director.
- 2.2 In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.
- 2.3 The Chairman is responsible for ensuring the overall effectiveness and independence of the Committee.

## **3. SECRETARY**

The Company Secretary or in his absence, another person authorised by the Chairman of the Committee shall be the Secretary of the Committee.

## **4. QUORUM AND MEETING PROCEDURES**

- 4.1 The Committee shall meet at least four (4) times each year to fulfil its responsibilities. The Chairman may request for additional meetings as and when he considers necessary.
- 4.2 Meetings of the Committee may be held at two (2) or more venues within or outside Malaysia using any technology that enables all persons to participate for the entire duration of the meeting. If any member is unable to be physically present, he may choose to participate by means of telephone or video conference or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 4.3 The quorum for the meeting shall be two (2) members, who must be Independent Directors.
- 4.4 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or shorter notice where it is unavoidable prior to each meeting to the members of the Committee and to other attendees as necessary.

- 4.5 The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.
- 4.6 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes, where each member shall have one (1) vote. In the event of an equality of votes, the Chairman has the casting vote.
- 4.7 A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.
- 4.8 The Committee shall meet at least once a year with the internal and external auditors without the presence of any executive Board members, management or employees. The Chairman may request for additional meetings if it deems necessary.
- 4.9 The Committee shall convene a meeting of the Committee to meet the external auditors or the internal auditors or both without any executive directors and the employees of the Company present, whenever deemed necessary, to consider matters, which should be brought to the attention of the directors or shareholders.
- 4.10 The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.
- 4.11 Upon the request of the external auditor, the Chairman of the Committee must convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Board or shareholders of the Company.

**5. MINUTES**

- 5.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in the books for that purpose. Minutes of each meeting shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.
- 5.2 Minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.
- 5.3 The minutes of each Committee meeting shall be distributed to the Board members for notation.

**6. CIRCULAR RESOLUTIONS**

- 6.1 A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- 6.2 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said Committee member.

**7. REPORTING**

The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

**8. AUTHORITY**

- 8.1 The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-
- (a) have explicit 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 all information and documents which are required to perform its duties as well as to the internal and external auditors, employees and management of the Group and all of them are directed to cooperate with any request made by the Committee;
  - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities;
  - (e) obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise to attend its meetings, if necessary;
  - (f) be able to convene meetings with the external auditors, the internal auditors or both without the attendance of the executive members of the Company, whenever deemed necessary; and
  - (g) 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 ACE Market Listing

Requirements of Bursa Securities ("Listing Requirements"), the Committee shall promptly report such matter to Bursa Securities.

## **9. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are amongst others as follows:-

### **Financial Reporting**

- 9.1 Review the quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, focusing particularly on:
- (a) changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial reporting issues, significant judgement made by management;
  - (c) compliance with accounting standards, regulatory and other legal requirements;
  - (d) unusual events or transactions and how these matters are addressed;
  - (e) significant adjustment arising from the audit;
  - (f) major judgemental areas;
  - (g) the going concern assumption
- 9.2 Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.
- 9.3 Demonstrate an appropriate level of vigilance and scepticism towards, amongst others, detection of any financial anomalies or irregularities in the financial statements.
- 9.4 Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.
- 9.5 The Chairman together with other members of the Committee should ensure, amongst others, that:
- (a) the Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
  - (b) the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
  - (c) Committee's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and

(d) there is co-ordination between internal and external auditors.

9.6 To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);

9.7 To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities;

9.8 To prepare a report annually as may be required by the Listing Requirements;

### **External Auditors**

9.9 Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process.

9.10 Review the following and report the same to the Board:

- (a) letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable; and
- (b) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.

9.11 Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the Committee to safeguard the quality and reliability of audited financial statements. The policies and procedures must include among others consideration on:

- (a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
- (b) the appropriateness of audit fees to support a quality audit;
- (c) requirement for non-audit service to be approved by the Committee before it is rendered by the external auditor and its affiliates while taking into account the

nature and external of the non-audit services and the appropriateness of the level of fees;

- (d) requirement to obtain written assurance from the external auditor 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; and
- (e) the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

9.12 Review the following with the external auditor and report the same to the Board:

- (a) audit plan, its scope and nature;
- (b) evaluation of the system of internal controls;
- (c) audit report;
- (d) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
- (e) external auditors' management letter and management's response thereto.

#### **Internal Audit**

9.13 In relation to the internal audit function, the responsibilities of the Committee are to:

- (a) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (b) review the internal audit plan, internal audit quality assurance, programme, processes, and the reporting structure;
- (c) review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;
- (d) review the appraisal or assessment of the performance of the Head of Internal Audit on an annual basis;
- (e) review any special audit which the Committee deems necessary;
- (f) approve any appointment or termination of Head of Internal Audit;
- (g) To approve the Internal Audit Charter;
- (h) To prepare periodic reports to the Board summarising the work performed in fulfilling the BAC's primary responsibilities; and

- (i) To determine the remit of and decide on the budget for internal audit function which reports directly to the Committee, to ensure that the internal audit function is effective and is able to function independently.

**Related Party Transactions (“RPT”), Recurrent RPT (“RRPT”) and Conflict of Interest**

- 9.14 To monitor, review and report to the Board any RPT, RRPT and conflict of interest situations that arose, persist or may arise within the Group and where appropriate, make recommendations to the Board for approval that such transactions are at arm’s length and are in the best interest of the Company, including any transaction, procedures or course of conduct that raises question on management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

Such monitoring, reviewing and reporting to the Board shall include, but are not limited to the transactions as outlined in Appendix I.

In addition to other transactions which are RPT, RRPT and any conflict of interest situation that arose, persist or may arise within the Group, the transactions set out in Appendix (I) shall be required to be monitored, reviewed and reported to the Board by the Committee for as long as such parties are related parties to the Group.

**Risk Management and Internal Control**

- 9.15 The functions of the Committee shall include:
- (a) To develop and inculcate a risk awareness culture within the Company (including education and training for all levels of employees);
  - (b) Ensure that an appropriate reporting structure is established to facilitate reporting of risk management and internal control to management and the Board;
  - (c) Oversee the development and review of the Group’s overall risk management and internal control framework and policies;
  - (d) Review the risk management and internal control policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of the Group, and recommend for approval by the Board;
  - (e) Review the regulatory compliance reports and any other reports within the purview of the Committee;
  - (f) Review the significant risks identified and assess the mitigating actions put in place to manage these risks;



- (g) Review the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report, and recommend for approval by the Board;
- (h) Ensure that the key risks (including operational, financial, regulatory compliance, sustainability and reputational risks) are effectively managed in accordance with the Group's risk management policies and strategies;
- (i) Review the adequacy of resources for managing the risk and internal control of the Group;
- (j) Make recommendations to the Board concerning risk appetite and levels of tolerance and monitoring that risks are managed within the levels of tolerances as approved by the Board;
- (k) Oversee the effectiveness of Crisis Management, Business Continuity Management and Assurance; and
- (l) Review and deliberate reports on non-compliance findings by regulatory agencies.

#### **Sustainability Management**

9.16 The functions of the Committee shall include:

- (a) To review and deliberate the Company's sustainability strategy and governance structure and assess the adequacy and effectiveness of resources in delivering the Company's business strategy;
- (b) Oversee climate-related issues, including its progress against target and considering risk and opportunities during the review of policies, business strategies, risk management and expenditure; and
- (c) Review and deliberate any other matters related to Environmental, Social & Governance ("ESG"). Compliance and Sustainability Matters as defined by the Board and Board Committees.

#### **Others**

9.17 Review all financial related reports/statements as required by the Listing Requirements for inclusion in the Annual Report;

9.18 Verify, at the end of each financial year, the allocation options issued and/or Shares granted pursuant to the various incentive or retention schemes implemented by the Group (if any), that the same is in compliance with the respective by laws of the said schemes;

9.19 Obtain regular updates from the management regarding compliance matters;

- 9.20 Review findings, queries or investigation by the regulatory agencies (if any);
- 9.21 Review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, Whistleblowing Policy and Conflict of Interest Policy when necessary and at least once in every three (3) years; and
- 9.22 Carry out any other functions that may be mutually agreed upon by the Committee and the Board as may be required under the Listing Requirements or other regulatory requirements.

## **10. REVIEW OF THE TERMS OF REFERENCE**

- 10.1 Any amendments to the Terms of Reference shall be recommended by the Committee for approval of the Board. The Terms of Reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.
- 10.2 This Term of Reference was reviewed and approved by the Board on 14<sup>th</sup> of February 2025 and is made available for reference on the Company's website at [www.polymerlink.net](http://www.polymerlink.net).