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1 Introduction

- 1.1 An effective Audit Committee (“AC”) can bring transparency, focus and independent judgment needed to oversee the financial reporting process. However, the ultimate responsibility for a company’s financial reporting process rests with the Board of Directors (“Board”).
- 1.2 The AC plays a key role in a company’s governance structure. An independent AC is better positioned to rigorously challenge and ask probing questions on the company’s financial reporting process, internal controls, risk management and governance.
- 1.3 The appropriate level of knowledge, skills, experience and commitment of its members is critical to the AC's ability to discharge its responsibilities effectively. A strong understanding of financial reporting process complemented with a wide range of diverse perspectives can significantly strengthen the quality of AC deliberations.

2 Purpose

The AC assists and supports the Board’s responsibility of overseeing the Group’s operations by providing a means for reviewing the Group’s processes for producing financial data, its internal controls, and policies and procedures to assess the suitability, objectivity and independence of the Group’s external auditor and internal audit function.

3 Membership

- 3.1 The AC shall be appointed by the Board of Directors (“Board”) and shall comprise not less than three (3) members, all of whom shall be Non-Executive Directors and the majority of whom must be independent.
- 3.2 The members of the Committee shall elect the Chairman from among their members who shall be an Independent Director. An alternate director shall not be a member of the Audit Committee.
- 3.3 In the event of any vacancy in the AC resulting in the number of members being reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 3.4 The appointment of a member in the Audit Committee who is a former partner of the external audit firm of the Company will be required to observe a cooling-off period of at least three years.
- 3.5 The Nominating and Remuneration Committee shall review annually the term of office and performance of the AC and each of its members.

4 Authority and Responsibilities

The AC is authorised by the Board to review and recommend any matters within its Terms of Reference with sufficient resources be provided in undertaking its duties. The AC shall,

- a) have access to such information and/or appropriate professional advice, both from within the Company and the Group and externally, as it deems necessary or appropriate in discharging its responsibilities at the cost of the Company.
- b) request other Directors, members of Management, counsels, consultants or any employee as applicable, to participate in AC meetings, as necessary, to carry out the AC's responsibilities.

4.1 The Chairman of AC

- a) The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC.
- b) The Chairman of the AC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the AC that require the Board's approval at the Board Meeting.
- c) The Chairman (or in his absence, an alternative member) of the AC shall attend the General Meetings of the Company and be prepared to answer questions falling within the scope of the AC.
- d) The Chairman of the AC together with other members of the AC should ensure among others that:
 - i. the AC is fully informed about significant matters related to the company's audit and its financial statements and addresses these matters;
 - ii. the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
 - iii. AC's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and
 - iv. there is co-ordination between internal and external auditors.

4.2 Audit

a) Internal Audit

The Company shall establish an internal audit function which is independent of the activities it audits. The internal audit function reports directly to the AC.

b) Appointment of Internal / External Auditor

- i. In assessing the suitability, objectivity and independence of the internal / external auditor, the AC establishes policies and procedures that consider among others,

- the competence, audit quality and resource capacity of the internal / external auditor in relation to the audit;
 - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - obtaining written assurance from the internal / 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.
- ii. The assessment on the suitability, objectivity and independence of the internal / external audit firm should be conducted annually.
- iii. AC to recommend to the Board the appointment, re-appointment and removal of the internal / external auditors, and approve the remuneration and terms of engagement of the internal / external auditors.

c) Removal or Resignation of External Auditors

Where external auditors are removed from office or give notice to the Company of their desire to resign as external auditors of the Company, it shall be first reviewed by the AC before reporting to the Board. The Company must forward to the Exchange a copy of any written representations or statement of circumstances connected with the resignation made by the external auditors at the same time as copies of such representations or statement of circumstances are submitted to the Registrar pursuant to section 284 of the Companies Act 2016.

d) Audit Plan

AC to review with the auditors:

- i. the audit plan, including the nature and scope of the audit before the audit commences
- ii. their evaluation of the system of internal accounting controls
- iii. their audit report
- iv. their management letter and Management's response

e) Audit Effectiveness

- i. To discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary.
- ii. To meet with external auditors and with internal auditors without the presence of Management, at least annually, to discuss problems and concerns they may have.
- iii. To review the assistance and cooperation given by Management and employees of the

Company to the internal auditors and external auditors.

- iv. To review annually the cost effectiveness as well as the independence and objectivity of the internal auditors and external auditors.
- v. To establish policies and procedures for the provision of non-audit services by the external auditors and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the external auditors.
- vi. To review internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
- vii. To review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work.
- viii. To review the appraisal or assessment of the performance of members of the internal audit function.
- ix. To approve any appointment or termination of internal auditors and to be informed of the resignation of any senior members of the internal audit function.
- x. To ensure that the internal audit function is adequately resourced and has appropriate standing within the company and to review and ensure annually the adequacy of the internal audit function.

f) Review of Statements

- i. The Company must ensure that the external auditors review a statement made by the Board, with regard to the state of risk management and internal control of the Company and report the results thereof to the Board.
- ii. The AC should review the quarterly result and year end financial statements of the Company and the Group before submission to the Board. The AC should also 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, whilst ensuring that they are prepared in a timely and accurate manner, focusing in particular on:
 - public announcements of results and dividend payment;
 - changes in or implementation of major accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumption;

- compliance with accounting standards and other legal requirements;
 - compliance with regulatory and statutory requirements; and
 - significant and unusual events.
- iii. The AC should review any formal announcements relating to the Company's financial performance.

4.3 Governance

- a) To review the adequacy of the company's internal controls and risk management.
- b) To review the whistle blowing policy of the company annually.
- c) To review and discuss with the external auditors, any suspected fraud, irregularity, or suspected infringement of any law, rules or regulations which have or is likely to have a material impact on the Company's operating results or financial position and Management's response.
- d) To investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite Director or executive officer to attend its meeting, and reasonable resources to enable it to discharge its function properly.
- e) To review arrangement by which staff of the company may, in a confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.
- f) To review related party transactions (RPT) falling within the scope of the Exchange Listing guidelines 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.

4.4 Employee's Share Option Scheme ("ESOS")

The AC shall review and verify at the end of each financial year on the allocation of options or shares granted to employees pursuant to the employees share option scheme, transactions, procedure or course of conduct that raises questions of management integrity.

4.5 Term of Reference Review

The AC shall review and assess the adequacy of this Terms of Reference on a periodic basis determined by the AC or as and when necessary. Any revision or amendments to the Terms of Reference shall be approved by the Board.

5 Meetings

5.1 Frequency

The AC shall meet at least four (4) times in a financial year, with additional meetings to be convened as and when necessary;

- a) prior to commencement of the annual external audit;
- b) prior to the Board's approval of the quarterly and interim results;
- c) after the completion of the external audit and prior to the Board's approval of the final results.

5.2 Notice and Agenda

- a) Notices and agenda of meetings duly endorsed by the Chairman of AC together with the relevant Board papers shall be distributed at least five (5) working days prior to the AC meetings.
- b) The AC shall have full discretion to invite any Directors, members of Management, counsels, consultants or any employee as applicable to attend its meetings.

5.3 Quorum

- a) The quorum for an AC meeting shall be a minimum of two (2) members.
- b) In the absence of the AC Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

5.4 Meeting Mode

- a) A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the AC.
- b) The AC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting.
 - i. A written resolution in writing signed or approved by a majority of the AC shall be as valid and effectual as if it has been passed by a meeting of the AC duly convened.
 - ii. Approval of the AC on the resolution can be through email and/or other means of electronic communications.
 - iii. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more AC members.

5.5 Voting

- a) All resolutions of the AC shall be adopted by a simple majority vote, each AC member having one vote. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote.
- b) A 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.

5.6 Meeting Minutes

- a) Minutes of meeting shall be action oriented and record the deliberations and decisions of the AC. The minutes shall include compiled AC instructions as Matters Arising for discussion at each AC meeting to ensure proper follow through.
- b) Minutes shall be distributed to AC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- c) The AC shall report to the Board on the proceedings, findings and recommendations of each meeting.

6 Secretary

6.1 The secretary of the AC shall be appointed by the Board.

6.2 The Secretary shall organise and provide assistance at AC meetings and have the following key responsibilities:

- a) draft the schedule of AC activities for the financial year;
- b) ensure meetings are arranged and held accordingly;
- c) assist the Chairman of AC in planning the AC's activities;
- d) draw up meeting agendas in consultation with the AC Chairman and maintain the minutes;
- e) ensure structured communication channels between the AC and the Board;
- f) attend AC meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner;
- g) ensure the presence of a quorum at the meeting; and
- h) ensure AC's recommendations presented to the Board are supported by papers that explain the rationale for the AC's recommendations.