



UEM SUNRISE BERHAD

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TERMS OF REFERENCE OF THE AUDIT COMMITTEE

As at 1 July 2024

AUDIT COMMITTEE

1.0	OBJECTIVES OF THE AUDIT COMMITTEE	1
2.0	COMPOSITION OF THE AUDIT COMMITTEE	1
3.0	SECRETARY	2
4.0	DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE	3
5.0	AUTHORITY OF THE AUDIT COMMITTEE	8
6.0	AUDIT COMMITTEE MEETINGS	8
7.0	AUDIT COMMITTEE REPORT	10
8.0	CHAIRMAN OF THE AUDIT COMMITTEE	11
9.0	AUDIT COMMITTEE MEMBERS	12
10.0	REVISION OF THE TERMS OF REFERENCE	12

AUDIT COMMITTEE

TERMS OF REFERENCE

1.0 OBJECTIVES OF THE AUDIT COMMITTEE

The objectives of the Audit Committee ("the Committee") are to assist the Board of Directors ("the Board") of UEM Sunrise Berhad ("UEM Sunrise" or "the Company") in discharging its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial and non-financial reporting practices of the Company and its subsidiary companies ("Group"). It also reviews the adequacy and integrity of the Group's internal control systems and management information systems, related party transactions and conflict of interest situations that may arise within the Group, including compliance with applicable laws, regulations, rules, directives and guidelines through the internal audit function.

The Committee shall reinforce the independence of the external auditors, assure that they will have free rein in the audit process and provide a line of communication between the Board and the external auditors.

The Committee shall enhance the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is independent of the Management. The quality of the audits conducted by the internal and external auditors of the Company shall be reviewed by the Committee.

The Committee shall encourage high standards of corporate disclosure and transparency. The Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

2.0 COMPOSITION OF THE AUDIT COMMITTEE

2.1 Members

2.1.1 The Audit Committee shall be appointed by the Board from amongst its members, which fulfils the following requirements:

- i. The Committee must comprise at least three (3) directors.
- ii. All members of the Committee must be Non-Executive Directors, a majority of whom must be Independent Directors.

- iii. All members of the Committee must be financially literate and undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
 - iv. At least one member of the Committee must be a member of an accounting association or body or possesses such other qualifications and experience as approved by Bursa Malaysia Securities Berhad.
 - v. The Chairman of the Board shall not be a member of the Committee.
 - vi. No alternate director shall be appointed as a member of the Committee.
 - vii. In the event of any vacancy in the Committee including the Chairman, the Board must fill the vacancy within three (3) months.
- 2.1.2 A former key audit partner in the firm of external auditors is to observe a cooling-off period of at least three (3) years prior to his/her appointment as a member of the Committee.
- 2.1.3 The Committee shall be chaired by an Independent Director. If the Chairman is not determined by the Board, the members of the Committee shall elect a Chairman from among the Independent Directors on the Committee. The Chairman of the Committee shall not be the Chairman of the Board of Directors of the Company.
- 2.1.4 All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- 2.1.5 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary.

2.2 Review and Assessment

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Nominations & Remuneration Committee annually to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference.

3.0 SECRETARY

The Company Secretary of UEM Sunrise and/or his/her representatives shall be the Secretary of the Committee.

4.0 DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The main duties and responsibilities of the Committee shall include but not limited to the following:

Corporate Financial Reporting

- i. Review the quarterly interim results and annual financial statements of the Company and the Group prior to approval by the Board, focusing particularly on:
 - Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed.
 - Any significant changes in accounting policies and practices and its implementation.
 - Compliance with accounting and financial reporting standards and other legal requirements.
 - The going concern assumption.
 - Significant adjustments arising from the audit.
- ii. Review with Management and the external auditors the results of the audit, including any difficulties encountered.
- iii. Review with the external auditors, without the presence of Management on any audit concerns or issues on scope audited, the results of the audit, including required access to information and document for audit and the level of cooperation rendered by Management.
- iv. Review the Audit Committee Report, Statement on Internal Control and Risk Management and Statement on Corporate Governance to be included in or forming part of the annual report and recommend for their approval by the Board.

Anti-corruption compliance function

- i. To oversee the internal audit of adequate procedures and Anti-Bribery Management System ("ABMS") to provide assurance to the Board on the effectiveness including:
 - Existence of policies and procedures
 - Completeness of the implementation addressing corruption risks
 - Creating the results for detection and prevention of corrupt practices and building the level of integrity

- Effectiveness of the monitoring and evaluation process

Internal Controls

- i. Oversee the Company's internal controls structure to assure operational effectiveness and efficiency, reduce the risk of unreliable financial reporting, protect the Company's assets from misappropriation and encourage legal, regulatory and anti-corruption compliance.
- ii. Monitor systems and procedures, with external and internal auditors, which are designed to provide a satisfactory and effective level of internal controls, asset protection and management information.
- iii. Monitor the Group's operations via appropriate internal audit reviews, to ascertain if adequate attention is given to attributes of efficiency, effectiveness and economy.
- iv. Assist the Board in setting appropriate policies on internal control system and ensure that the system is functioning adequately and that its integrity is maintained in managing the risks of the Company and companies within the Group.

Internal Audit

- i. Consider the major findings of internal audit reviews, investigations and Management's response.
- ii. Review the extent to which internal audit recommendations are implemented and the timeliness of responses received.
- iii. Review internal audit performance and effectiveness to ensure consistency with the approved internal audit plans and relevant professional standards.
- iv. Review the adequacy of the scope, functions, experience, competency and resources of the Internal Audit function and that it has appropriate standing and authority within the Group to undertake its activities independently and objectively, including but not limited to the following:
 - Reviewing and approving the Annual Internal Audit Plan and ensuring adequate risk, anti-corruption controls, internal control and governance coverage;
 - Reviewing the results of the internal audit process and where necessary ensuring that appropriate actions are taken on the recommendations of the internal auditors including any advisory support on strategy provided by the internal auditors;

- Reviewing the overall performance and budget of the Internal Audit function;
- Approving any appointment, removal or termination of the party that provides the internal audit function;
- Taking cognisance of resignations of senior internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- Ensuring that the Internal Audit Function is independent of the activities it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit should have the relevant qualifications or experience and be responsible for providing assurance to the Audit Committee that the internal controls are operating effectively. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, anti-corruption, whistleblowing and governance processes within the Company.

External Audit

- i. Review with external auditors, their audit report.
- ii. Recommend to the Board on the appointment and annual re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit. Further, in considering the appointment/re-appointment of the external auditors, to consider among others:
 1. The adequacy of the experience and resources of the accounting firm;
 2. The person assigned to the audit;
 3. The accounting firm's audit engagements;
 4. The size and complexity of UEM Sunrise and Group being audited; and
 5. The number and experience of supervisory and professional staff assigned to the particular audit.

The Audit Committee is to also consider the performance of the external auditors and its independence as below:

1. The external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
2. The external auditor's ability to exercise objective judgement and maintain independence and professionalism in their audit executions in providing feedback to assist the Group in enhancing internal control.

3. The nature of the non-audit services provided by the external auditors or its affiliates and fees paid for such services relative to the audit fee; and
4. Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

In addition to the above, the Committee shall approve 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. For avoidance of doubt, non-audit services include, among other services, services pertaining to:

1. Accounting consultations related to accounting, financial reporting or disclosure matters not otherwise classified as "audit services";
2. Assisting with the interpretation and implementation of new accounting and reporting guidance from rulemaking authorities;
3. Financial audits of employee benefit plans;
4. Agreeing upon expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;
5. Reviewing profit forecast, proforma balance sheet and Accountant's Report in relation to capital market transactions or corporate exercises;
6. Reviewing Interim Audit; and
7. Taxation Services.

All proposals to engage the external auditors and/or its affiliates to provide the above non-audit services are to be submitted by the Chief Financial Officer [in consultation with the Managing Director and/or Chief Executive Officer] to the Committee and the external auditor will submit a statement indicating that the performance of such services is consistent with prevailing rules and regulations on auditor independence.

In the event that the non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (e.g. 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 in the Audit Committee Report.

- iii. Review with the external auditors before the audit commences, the nature and scope of the audit as well as audit plan and ensure co-ordination where more than one audit firm is involved.

- iv. Discuss matters of significance or audit reservations arising from the interim and final audits and any matter the auditors may wish to discuss in the absence of the Management where necessary.
- v. Review the external auditors' management letter and Management's response.
- vi. Review the auditors report with the external auditors to consider the audit opinion and key audit matters contained therein.
- vii. Review with the external auditors the draft statement to be made by the Board with regard to the state of internal control of the Company and its Group, and report the results thereof to the Board.
- viii. Review any letter of resignation from the external auditors and any questions of resignation or dismissal.

Others

- i. Review the assistance and co-operation given by the Company and its Group's officers to the external and internal auditors.
- ii. Ensure there is co-ordination between internal and external auditors.
- iii. Review any related party transaction and conflict of interest situations that arose, persist or may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity (including recurrent related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.
- iv. Examine and commission appropriate investigation on instances and matters, including disclosures from whistle blower that may have compromised the principles of corporate governance and the Group's code of conduct, ethics or anti-corruption policy.
- v. Consider other matters as defined by the Board.

The Committee shall not assume the functions of Management, which remain the responsibility of the Managing Director and/or Chief Executive Officer and other members of the Senior Management.

5.0 AUTHORITY OF THE AUDIT COMMITTEE

In carrying out its duties and responsibilities, the Committee will have the following rights:

- i. Explicit authority to investigate any matter within its terms of reference and to appoint such independent experts or investigator(s), as appropriate, at the Company's cost.
- ii. Access to resources that are required to perform its duties at the Company's cost.
- iii. Full, free and unrestricted access to any information, records, properties and personnel of UEM Sunrise and of any other companies within the Group.
- iv. Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- v. Be able, at the Company's cost, to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee.
- vi. Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- vii. Access to the advice and services of the Company Secretary.

The attendance of any particular Committee meeting by other Directors and employees of the Group shall be at the Committee's invitation and discretion, and must be specific to the relevant meeting.

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 Bursa Malaysia Securities Berhad Listing Requirements, the Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

6.0 AUDIT COMMITTEE MEETINGS

- i. The Committee will meet at least four (4) times in each financial year. Additional meetings may be called at any time, at the discretion of the Committee Chairman.
- ii. The quorum for each meeting shall consist of at least two (2) members, both of whom shall be Independent Directors.

- iii. The meetings shall be chaired by the Chairman of the Committee. In the absence of the Chairman, the members present shall elect an Independent Director from among themselves, as Chairman for the meeting.
- iv. A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the Committee shall seek the Board's approval to appoint on an ad-hoc basis, another candidate(s) who meets the membership criteria.
- v. Recommendations of the Committee are submitted to the Board for approval.
- vi. The Secretary of the Committee and/or his/her representatives shall be in attendance at all Committee meetings and record the proceedings of the meeting thereat.
- vii. Minutes of each meeting shall be kept as part of the statutory record of the Company upon adoption by the Committee.
- viii. A resolution in writing signed and approved by all the Committee members who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be forwarded or otherwise delivered to the Secretary of the Committee without delay and shall be recorded by him/her in the Company's Minute Book. Any such resolution may consist of several documents in like form each signed by one or more Committee members.
- ix. A meeting of the Committee may be held by means of telephone, videoconference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- x. The Managing Director and/or the Chief Executive Officer and/or any employee and/or professional advisors may be invited to attend the meetings where their presence are considered appropriate as determined by the Committee Chairman.
- xi. The internal and/or external auditors have the right to appear and be heard at any meeting of the Committee and are recommended to attend each Committee meeting.

- xii. Upon the request of the auditor(s), the Committee Chairman shall also convene a meeting of the Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- xiii. The Committee shall meet with external auditors without the presence of the Executive Board Members and Management at least twice a year, and whenever deemed necessary.

7.0 AUDIT COMMITTEE REPORT

The Board is required to prepare an Audit Committee Report at the end of each financial year to be included and published in the annual report of the Company. The said report should include the following:

- i. The composition of the Committee including the name, designation (indicating the Chairman) and directorship of the members (whether the Directors are non-executive, independent or otherwise).
- ii. The number of Committee meetings held during the financial year and details of attendance of each Committee member.
- iii. A summary of the work carried out by the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities.
- iv. A summary of the internal audit work and the following information of the Internal Audit function:
 - Whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
 - The number of resources in the Internal Audit department;
 - Name and qualification of the person responsible for internal audit; and
 - Whether the Internal Audit function is carried out in accordance with a recognised framework.
- v. A summary of any conflict of interest or potential conflict of interest situation reviewed by the Committee (excluding a related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.

8.0 CHAIRMAN OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee is responsible for ensuring the overall effectiveness and independence of the Committee.

The following are the main duties and responsibilities of the Committee Chairman:

- i. Help the Committee fulfil the goals it sets by assigning specific tasks to members of the Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
- ii. Engage with the Secretary of the Committee on matters relating to its Terms of Reference and its responsibilities under the rules and regulations to which it is subject to and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act 2016.
- iii. Provide a reasonable time for discussion at the meeting. Organise and present the agenda for Committee meetings based on input from members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage healthy debate on the issue before at hand and bring to the Committee a healthy level of scepticism and independence. The Chairman will report to the Board after each meeting.
- iv. Provide leadership to the Committee, ensure proper flow of information to the Committee and review the adequacy and timing of documentation.
- v. Secure good corporate governance and ensures that members look beyond their Committee function and accept their share of responsibilities of governance materials in support of Management's proposals.
- vi. Manage the processes and workings of the Committee and ensures that the Committee discharges its responsibilities in accordance with the Terms of Reference.
- vii. Ensure that every Committee resolution is put to a vote to ensure that it is the will of the majority that prevails.

- viii. Engage on a continuous basis with Senior Management, such as the Managing Director and/or Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Group.

9.0 AUDIT COMMITTEE MEMBERS

Each Committee member is expected to:

- i. Provide his/her opinion to the fact-finding, analysis and decision-making process of the Committee.
- ii. Consider the views from the other Committee members; make decisions and recommendations in the best interest of the Board and the Company.
- iii. Keep abreast of the latest corporate governance, anti-corruption guidelines and best practices in relation to the Committee and the Board as a whole.
- iv. Practise highest level of integrity; comply to laws and regulations on anti-corruption; effectively manage corruption risks and provide assurance to stakeholders on the effectiveness of the anti-corruption compliance programme.

10.0 REVISION OF THE TERMS OF REFERENCE

- 10.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee, shall first be presented to the Board for approval.
- 10.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference.
- 10.3 The Terms of Reference shall be reviewed periodically and updated as and when necessary.