




UWC BERHAD

(Company No. 1274239-A)
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

	UWC BERHAD	Department: Board	Policy No.: UWC-POL-FIN-026
	(Company No. 1274239-A)		Implemented 29th November 2023
	Title: AUDIT COMMITTEE		Date:

1. OBJECTIVE


The principal objective of the Audit Committee (the “Committee”) is to assist the Board of Directors (“the Board”) on following:

- (a) To independent review and oversee of UWC Berhad (“the Company”) financial reporting process;
- (b) To oversee and appraise the performance and the quality of the audit conducted by internal and external auditors;
- (c) To review the Company’s process for monitoring compliance with laws and regulations; and
- (d) To review the compliance and the effectiveness of Company’s Employee Code of Conduct.

2. Composition

- (a) The Audit Committee of the Company shall be appointed from amongst the Board of Directors and shall comprise not less than three (3) members who fulfils the following requirements:
 - (i) all the audit committee members must be non-executive directors, with all of them being independent directors; and
 - (ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) or fulfils such other requirements as prescribed or approved by Bursa Securities.
- (b) No alternate Director of the Board shall be appointed as a member of the Audit Committee.
- (c) The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director and shall not be the Chairman of the Board.
- (d) In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within three (3) months.


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- (e) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Nomination Committee annually in order to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.
- (f) A former key audit partner involved in the audit works of the Group must observe a cooling-off period of three (3) years before he/she may be appointed as a member of the Audit Committee.

3. Functions and Duties

- (a) In respect of the external audit, to review and report the same to the Board:
 - (i) the audit plan, its scope and nature;
 - (ii) the audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
 - (iii) the results of the External Auditors' evaluation of the accounting policies and systems of internal control and risk management within the Company and its subsidiaries (collectively "the Group"); and
 - (iv) the assistance given by the employees of the Company to the External Auditors;
- (b) To review the quarterly reports on consolidated financial results and annual financial statements prior to submission to the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (iii) the going concern assumption;
 - (iv) integrity of financial statements; and
 - (v) compliance with accounting standards and other legal requirements;

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- (c) To discuss the problems and reservations arising from the audits, and any matter the Internal and External Auditors may wish to discuss (in the absence of Management, where necessary);
- (d) To consider the appointment (or re-appointment as the case may be) of the Internal and External Auditors, the audit fee, the terms of reference of the said appointment/re-appointment, any question on their resignation or dismissal before making a recommendation to the Board, and commits to tender for a new audit firm on a regular basis.

In determining the appointment/re-appointment of the External Auditors, in addition to the suitability factors as set out below:

- (i) the adequacy of the experience and resources of the accounting firm;
- (ii) the persons assigned to the audit;
- (iii) the accounting firm's audit engagements;
- (iv) the size and complexity of the Group being audited; and
- (v) the number and experience of supervisory and professional staff assigned to the particular audit;

to also consider the performance of the External Auditors and its independence such as:

- (i) the auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - (ii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
 - (iii) whether there are procedures 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 length of service tenure of the External Auditors;
- (e) To obtain the confirmation from External Auditors 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;


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- (f) To discuss the contracts and nature for the provision of non-audit services which can be entered into by the Group with the External Auditors or its affiliates and procedures that must be adhered to by the External Auditors. The following contracts cannot be entered into with the External Auditors:

- Management consulting;
- Strategic decision;
- Internal audit; and
- Policy and standard operating procedures documentation.

Any exceptions to the above require the Audit Committee and Board's approval. The Company is required to state the details on the nature of the non-audit services rendered in the Company's annual report in accordance with the MMLR;

- (g) To do the following, in relation to the internal audit function:
- (i) review the adequacy of the scopes, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit plan 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; and
 - (iii) review any appraisal or assessment of the performance of members of the internal audit function, whether in-house or outsourced. Where internal audit function is in-house, approve any appointment or termination of senior staff members and take cognisance of resignations of its staff members, providing them an opportunity to submit reasons for resigning;
- (h) To consider the major findings of internal audit investigations and Management's response or action plan;

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- (i) To ensure the internal audit function is independent of the work it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit should have the relevant qualification 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 risk management, internal control and governance processes within the Company;
- (j) To review any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raise question of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (k) To review the adequacy and effectiveness of risk management and internal control systems deployed by the Key Senior Management to address those risks and recommend corrective measures undertaken to remedy failures and/or weaknesses;
- (l) To submit to the Board a report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial year including details of relevant training attended by the Audit Committee for inclusion into the annual report of the Company;
- (m) To review and assess the adequacy and relevance of its terms of reference annually and recommend any changes it considers necessary to the Board for endorsement; and
- (n) To consider and examine such other matters as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

4. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;

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- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity on a continuous basis in order to be kept informed of matters affecting the Group;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the Internal and External Auditors, without the attendance of the other Directors or employees of the Group, whenever deemed necessary; and
- (g) promptly report to Bursa Securities matters which have not been satisfactorily resolved by the Board resulting in a breach of the MMLR of Bursa Securities.

5. Meetings

- (a) The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members. Additional meetings may be conducted if the need arises.
- (b) A circular resolution in writing signed by the members of the Audit Committee who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Audit Committee and shall include signed copies via legible facsimile transmission or other written electronic means.
- (c) Any member of the Audit Committee may participate in any meeting of the Audit Committee via telephone conferencing, video conferencing or by means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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- (d) The Company Secretary or any other person approved by the Audit Committee shall act as the Secretary of the Audit Committee and shall attend all meetings and minute the proceedings thereof.
- (e) The Chairman shall upon request of the Internal or External Auditors convene a meeting of the Audit Committee to consider any matter the Internal or External Auditors believe should be brought to the attention of the Audit Committee members or shareholders.
- (f) The External Auditors, the Head of Finance and the Head of Internal Audit shall attend any meeting of the Audit Committee at the invitation of the Audit Committee.
- (g) The Audit Committee should meet with the External Auditors without Executive Directors or management representatives present at least twice a year.
- (h) The Chairman of the Audit Committee should engage on a continuous basis with the Chairman of the Board, the Group CEO and COO, Financial Controller, the Head of Internal Audit, the External Auditors and the Company Secretary in order to be kept informed of matters affecting the Company and Group.

6. Disclosure

The Audit Committee is required to prepare a Committee Report at the end of each financial year for inclusion in the Annual Report of the Company. The Committee Report shall include the following information:

- (a) Composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- (b) Number of Audit Committee meetings held during the financial year and details of attendance of each Committee member;
- (c) Summary of the work carried out by the Audit Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities;

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- (d) Summary of the work of the internal audit function; and
- (e) Summary of any conflict of interest ("COI") or potential COI situation reviewed by the Audit Committee (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts.

The Audit Committee shall also assist the Board in making the following additional statements in the Company's Annual Report:

- (a) Statement explaining the Board's responsibility for preparing the annual audited financial statements of the Group; and
- (b) Statement about the state of risk management and internal controls of the Group.

7. Review of the Terms of Reference

The Terms of Reference of the Audit Committee should be reviewed annually and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Audit Committee's duties and responsibilities.