

# RIVERVIEW RUBBER ESTATES, BERHAD

## TERM OF REFERENCE OF THE AUDIT COMMITTEE

### OBJECTIVES

The primary function of these Committees is to assist the Board of Directors in fulfilling the following oversight objectives on the activities of the Company:

- assess the company's process relating to its governance, risk and control environment;
- oversee compliance with applicable laws and regulations and observance of a proper code of conduct and ethics; and
- oversee financial reporting and evaluate the internal and external audit processes, including issues relating to the system of internal control, risk management and governance within the Company.

### COMPOSITION

The Board shall elect and appoint an Audit Committee and a Risk Management Committee comprising at least three (3) Directors. All members shall be Non-Executive Directors, with a majority Independent and should be financially literate.

The Board shall at all times ensure that at least one (1) member:

- must be a member of the Malaysian Institute of Accountants; or
- if not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and;
  - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the of the Accountants Act, 1967; or
- must have at least three (3) years' post qualification experience in accounting or finance;
  - has a degree/masters/doctorate in accounting or finance; or
  - is a member of one (1) of the professional accountancy organizations which has been admitted as a full member of the International Federation of Accountants; or
- must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the Management of the financial affairs of a corporation; or
- fulfils such other requirements as prescribed or approved by the Bursa Malaysia

If a member resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event, appoint new members as may be required to fill the vacancy. The Chairman shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed a member of these Committees.

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### **COMPOSITION (CONT'D.)**

The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once (1) every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

### **QUORUM AND PROCEDURES**

Meetings shall be conducted at least four (4) times annually, with each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

The Chairman shall engage continuously with Senior Management, such as the Principal Officer, Officer In-Charge of Finance, Representatives of the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

In order to form a quorum, the majority of the members present must be Independent Non - Executive Directors. In the absence of the Chairman, the members shall elect a Chairman for the meeting from amongst them.

The Company Secretary shall be appointed Secretary of these Committees ("the Secretary"). The Secretary in conjunction with the Chairman shall draw up the agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to members of these Committees. The Secretary shall be entrusted to record all proceedings and minutes of all meetings of these Committees and the circulation of the minutes to all Board members at each Board Meeting.

The Committees shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

The Principal Officer, Office In-Charge of Finance Representatives of the Internal and External Auditors shall attend meetings upon invitation of the Committees. The Committees may, as when deemed necessary, invite other Board members and Senior Management members to attend the meetings.

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### QUORUM AND PROCEDURES (CONT'D.)

The Audit Committee shall meet at least twice (2) a year with the Internal and External Auditor or both, to discuss any matters with the Committee without the presence of the Senior Management such as the Principal Officer, Officer In-Charge of Finance and employees of the Company.

### AUTHORITY

The Committees are authorised to investigate any matter within its terms of refence and all employees are directed to cooperate with any request made by the Committees.

The Committees shall have full and unrestricted access to any information pertaining to the Company. The Committees shall have direct communication channels with the Internal and External Auditors.

The Committees shall have the resources that are required to perform its duties. The Committees can obtain, at the expense of the Company, outside legal or other independent professional or other advice it considers necessary.

Where the Committees are of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a Breach of the Listing Requirements of Bursa Malaysia, the Committees shall promptly report such matter to Bursa Malaysia.

### RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Committees shall undertake the following responsibilities and duties:

- Review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:
  - changes in or implementation of accounting policies and practices;
  - significant adjustments or unusual events;
  - going concern assumption; and
  - compliance with accounting standards, regulatory and other legal requirements;
- Review with the External Auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review with the External Auditor, the results of the audit and the Management's response thereto, including the status of previous audit recommendations;

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### RESPONSIBILITIES AND DUTIES (CONT'D.)

- Review the assistance given by the Company's employees to the Auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- Review the appointment and performance of the External Auditor, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review with the External Auditor, its evaluations of the system of Internal controls;
- Review the adequacy of the Internal audit scope, functions, competency and resources of the Internal Auditors and that it has necessary authority to carry out its work;
- Review the Internal audit programme, processes and reports to evaluate the findings of Internal audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Auditors;
- Approve any appointment or termination of Internal Auditors and take cognizance of resignations and providing the resigning party an opportunity to submit reasons for resigning;
- Review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question on Management integrity;
- Maintain and keep under review the whistle-blowing mechanism of the Group which shall be in accordance with Whistleblowing Policy, which aims to provide protection and confidentiality;
- Have the resources which are required to perform its duties, including assigning a competent person or function to be responsible for all anti-corruption compliance matters;
- Ensure the internal and external trainings in relation to anti-corruption management are developed for Directors, Management and all employees;
- Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
- Carry out any other activities, as authorised by the Board.

### REVIEW OF TERMS

The Committee will review the Terms of Reference from time to time and make the necessary amendments to ensure that they remain consistent with the Company's objectives, current laws and practices.