

WEGMANS HOLDINGS BERHAD
(Company No.:1219319-D)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

1. OBJECTIVES

The ARMC shall be established to assist the Board in fulfilling its oversight on its corporate governance responsibilities which include but not limited to our financial reporting, annual reporting, internal control structure, risk management policies and strategies, related party transactions and external and internal audit functions.

2. MEMBERSHIP AND COMPOSITION

The following requirements are to be fulfilled by the Board in the appointment of the ARMC from among its members.

- 2.1 The composition of the ARMC shall be no less than three (3) members, and all members of ARMC must be Independent Non-Executive Directors. No alternate director is appointed as a member of ARMC.
- 2.2 The Chairman of the ARMC shall be appointed by the Board from among the independent Non-Executive Directors and shall not be the Chairman of the Board.
- 2.3 at least one (1) member of the ARMC:
- (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) must have at least three (3) years working experience and;
 - (a) must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) must be a member of one of the associations of accountants specified in Part II of the 1 Schedule of the Accountants Act, 1967; or
 - (c) fulfills such other requirements as prescribed or approved by the regulatory authorities.
- 2.4 Subject to any regulatory disqualification, members of the ARMC shall not be removed except by the Board.
- 2.5. In the event of any vacancy in the ARMC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. The Board shall, through the NC review the term of office and performance of the ARMC and each of its members annually.

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3. MEETINGS AND ATTENDANCE

- (a) The quorum for all meetings of the ARMC shall not be less than two (2), a majority of whom shall be Independent Non-Executive Directors. The Chairman shall chair all meetings and in his absence, another Independent Non-Executive Director shall chair it.
- (b) Meetings shall be held not less than four (4) times in a financial year and any additional meetings as the Chairman of the ARMC shall decide;
- (c) Senior executives and other employees of the Company may be invited to attend the meetings, as and when required by the ARMC;
- (d) The external auditors may be invited to attend meetings, as and when necessary, to be determined by the ARMC.
- (e) The ARMC shall meet separately with the internal and external auditors at least twice a year without the attendance of the Management.
- (f) The Company Secretary shall be the secretary of the ARMC and shall provide the necessary administrative and secretarial services for the effective functioning of the ARMC. The draft minutes shall be circulated to the ARMC members for comment and the signed minutes shall be tabled at the subsequent Board Meeting.
- (g) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.

4. AUTHORITY

The Board has empowered the ARMC to:

- (a) investigate any activity within the scope of the ARMC's duties and its terms of reference and shall have full and unrestricted access to any information or documents relevant to the ARMC's activities;
- (b) appoint and obtain independent legal or other relevant consultants or professionals advice;
- (c) communicate directly with the external auditors, internal auditors and all employees of the Company;
- (d) have adequate resources to perform its duties as set out in its terms of reference; and
- (e) make recommendations for improvements of operating performance and management control arising from internal and external audit recommendations.

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5. RESPONSIBILITIES AND DUTIES

The functions of the ARMC have been expanded to include matters specified in the Code 2017 as follows:

- (a) Financial Reporting
Review the annual and quarterly financial results of the Company focusing on, among others, financial disclosures, changes in accounting policies and practices, significant adjustments arising from the audit, any litigation that could materially affect the results, the going concern assumptions, the key audit matters and compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and Listing Requirements.
- (b) Internal Audit
In respect of the internal audit function:
- (i) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its works or the performance and competency of the internal auditors if the internal audit function is outsourced;
 - (ii) to review internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit;
 - (iii) to review internal audit reports, recommendations and Management's responses and assess on the actual and potential impact of any failure or weakness of the internal controls in place. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors are discussed together with the Management Team in a separate forum;
 - (iv) review implementation of the recommendations made by the internal auditors through follow-up internal audit reports to the ARMC;
 - (v) to review the whistle-blowing policy and amendments, if any for adoption by the Board; and
 - (vi) to request and review any special audit which the ARMC deems necessary.
- (c) Risk Management
- (i) to access the resources and knowledge of the Management and employees involved in the risk management process.
 - (ii) to review and monitor principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
 - (iii) to monitor and communicate the risk assessment results to the Board;
 - (iv) to ensure that the risk management policies and procedures of the operating units are aligned to the business strategies and the risk return direction of the Board;

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- (v) review any significant risk that could affect the Group and assess the action taken in managing such risks together with other Board committees, internal auditor, and external auditor, if necessary;
- (vi) to assess the actual and potential impact of any failure or weakness of the internal controls in place; and
- (vii) review such other matters relating to risk as directed by the Board from time to time.

6. EXTERNAL AUDIT

With regards to external auditors:

- (a) to review the quarterly and year-end annual financial statements before submission to the Board and announcements to the Bursa Securities, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant and unusual events;
 - the going concern assumption;
 - key audit matters; and
 - compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Listing Requirements and other legal requirements;
- (b) to convene meeting at least twice a year on any issues from the audit, with the external auditors separately without the presence of the management;
- (c) to review, consider and recommend the appointment, resignation or termination of external auditors and their audit fee to the Board.
- (d) to review the evaluate factors relating to the independence of the external auditors and work closely with the external auditors in establishing procedures in assessing their suitability and independence, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- (e) to review and discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and upon completion of the audit assessment, to present the audit findings and recommendations of the external auditors to our Board for discussion;
- (f) to review with the external auditors the audit plan, their evaluation of the systems of internal accounting controls, their audit report and the assistance given by the Company's officers to the external auditors.

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7. OTHER RESPONSIBILITIES

- (a) to instruct the external and internal auditors that the ARMC expects to be advised if there are any areas that require their special attention including major findings of internal investigations and management's response;
- (b) to report its activities to the Board in such manner and at such times as it deems appropriate and report to Bursa Securities where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;
- (c) to review any related party transactions that may arise within the Company in complying with the Listing Requirements including transactions, procedures or courses of conduct that may raise questions on our management's integrity;
- (d) to review any allocation of share options or share issues pursuant to employees' share issuance schemes granted to eligible directors and employees in the Company and its subsidiaries;
- (e) to review Company's procedures for detecting fraud and whistle-blowing policy and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters; and
- (f) to consider and examine any other matters as the ARMC considers appropriate or as instructed by the Board.