



TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

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1.	Introduction	<p>This document contains the terms of reference for the Audit Committee (“AC”) (“Terms of Reference”), a sub-committee established by CTOS Digital Berhad’s (“the Company”) Board of Directors (“the Board”). It is intended to outline the respective roles, responsibilities and authority of the AC in its effective discharge of responsibilities in relation to the functions set out herein.</p> <p>The AC is subject to the provisions of the Company’s Board Charter and Terms of Reference, the Credit Reporting Agencies Act 2010 (“CRAA 2010”), the Companies Act 2016 (“CA 2016”), the Malaysian Code on Corporate Governance (“MCCG”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”), the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries of the Securities Commission Malaysia and all other applicable laws and/or regulatory requirements as amended or updated from time to time.</p>
2.	Objectives	<p>In meeting its responsibilities, the AC will report to the Board and take reasonable steps in its oversight of the following key areas:</p> <ul style="list-style-type: none"> (i) To oversee financial reporting process to ensure accurate and timely financial reporting and compliance with applicable financial reporting standards; (ii) To evaluate the internal and external audit processes; (iii) To oversee the internal control framework and policies of the Company and its subsidiaries (“Group”), and assessing the processes related to the Group’s risks and control environment; (iv) To review related party transactions and conflict of interest situations; and (v) To oversee the implementation and monitoring of the Whistleblowing Policy and Procedures for the Group, and ensuring effective administration thereof; and (vi) To ensure the sustainability and Environmental, Social and Governance (“ESG”) factors are effectively integrated into the Company’s financial reporting and audit process.

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3.	Authority and Powers of the AC	<p>In carrying out its duties, the AC shall, at the cost of the Company:</p> <ul style="list-style-type: none"> (i) Have authority to carry out its responsibilities and investigate any matter as set out herein and other matters that may be delegated by the Board from time to time; (ii) Have full, free and unrestricted access to the Group's documents, records, properties, personnel and other resources; (iii) Have full and unrestricted access to any information regarding the Company or Group; (iv) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function; (v) Be able to obtain independent, professional advice and to secure attendance of other third parties with relevant experience and expertise if it considers necessary; (vi) Convene meetings with the external auditors, person(s) carrying out the internal audit function and any other professional advisors, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary; and (vii) Where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the AC shall promptly report such matter to Bursa Securities.
4.	Composition of the AC	<p>4.1 The AC shall comprise of at least three (3) Directors appointed by the Board, who are non-executive Directors and a majority of whom shall be Independent Directors. All members of the AC shall be financially literate and at least one member shall:</p> <ul style="list-style-type: none"> (i) Be a member of the Malaysian Institute of Accountants; or (ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years of working experience and: <ul style="list-style-type: none"> (a) He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

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		<p>(b) He/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or</p> <p>(iii) Fulfills such other requirements as prescribed or approved by Bursa Securities.</p> <p>4.2 The appointment terminates when a member ceases to be a Director. No alternate Director can be appointed as a member of the AC.</p> <p>4.3 If a former key audit partner is recommended for appointment as a member, he/she must observe a cooling-off period of at least three (3) years before his/her appointment.</p> <p>4.4 All members of the AC shall be financially literate and are able to understand matters under the purview of the AC. AC members are highly recommended to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, such as:</p> <ul style="list-style-type: none"> (i) Cybersecurity; and (ii) Regulatory compliance. <p>4.5 Members of the AC shall elect one of its members who is an Independent Director as Chairman. The Chairman of the AC should not be the Chairman of the Board.</p> <p>4.6 If a member of the AC retires, re-designates, resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board and the members of the AC shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members.</p>
5.	Duties and Responsibilities of the AC	<p>5.1 Financial Reporting</p> <p>a) The duties and responsibilities of the AC with regard to financial reporting include a review of the quarterly reports on consolidated results and yearly financial statements of the Company, focusing in particular on:</p> <ul style="list-style-type: none"> (i) Any change(s) in accounting policies and practices, and the implementation of such changes; (ii) Significant matters highlighted including financial reporting issues, significant judgments

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		<p>made by management, significant and unusual events or transactions, and how these matters are addressed;</p> <ul style="list-style-type: none"> (iii) Significant adjustments arising from the audit; (iv) Litigation that could affect the results materially; (v) The going concern assumption; (vi) Compliance with accounting standards, other legal requirements and regulatory requirements; (vii) Corporate disclosure policies and procedures of the Company (as they pertain to accounting, audit and financial matters); (viii) Whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance. (ix) Demonstrating an appropriate level of vigilance and skepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements. (x) The quality and adequacy of sustainability and ESG disclosure included in financial statements and quarterly reports, ensuring the provision of transparent and relevant information on ESG risks, opportunities, and performance metrics as required by applicable standards; and (xi) Making appropriate recommendations relating to financial, audit and compliance findings to the Board for approval, where necessary. <p>b) Where sustainability issues overlap with financial matters under the remit of the Risk and Sustainability Committee, the AC will ensure appropriate reporting and coordination, upholding clear communication to maintain accountability and transparency within the governance structure.</p> <p>5.2 Internal Controls</p> <ul style="list-style-type: none"> a) The duties and responsibilities of the AC with regard to its internal controls function shall include the following: <ul style="list-style-type: none"> i) To oversight on the overall adequacy and effectiveness of the system of internal control including information technology controls to prevent data breaches and cybersecurity

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		<p>threats, the Company's financial, audit and accounting organisations and personnel and the Company's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and other consultants, where required and discussions with key senior management;</p> <p>ii) To oversight of sustainability reporting by ensuring the effective identification, management and reporting of material sustainability matters (i.e. risks and opportunities) affecting the economic, environmental and social aspects of the Group's businesses towards achievement of sustainability goals across the Group;</p> <p>iii) To review the annual Statement on Risk Management and Internal Control relating to internal control matters to be published in the Company's Integrated Annual Report; and</p> <p>iv) To review the employees' code of business practice, vendors' code of business practice, the whistle-blowing policy and the outcome of any defalcation cases investigated.</p> <p>5.3 Internal Audit</p> <p>a) The duties of the AC with regard to its internal audit responsibilities include the following:</p> <p>i) To mandate the internal audit department or internal audit service providers to report directly to the AC;</p> <p>ii) To review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;</p> <p>iii) To review, challenge and approve:</p> <p>a) the Internal Audit Charter, which defines the purpose, authority, scope and responsibilities of the internal audit function within the Company;</p> <p>b) internal audit annual budget;</p> <p>c) audit plan and audit methodology;</p> <p>to the extent applicable and ensure adequacy of scope, robustness in the audit planning process</p>

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		<p>and sufficient resources in place to implement the audit plan independently and objectively, and that internal audit function has the necessary authority to carry out its work;</p> <p>iv) To review internal audit reports, discuss major findings and deficiencies in internal controls and ensure that appropriate and prompt remedial action is taken by the management on lapses in internal controls or procedures that are identified by internal audit;</p> <p>v) To review the results of internal and/or external assessments performed on the internal audit function;</p> <p>vi) To review any difficulties encountered in the course of audit or compliance work, including any restrictions on the scope of activities or access to required information;</p> <p>vii) To approve any appointment or termination of internal audit service provider or the Group Head Internal Auditor and his/her deputy, if any;</p> <p>viii) To review and consult the Group CEO the remuneration package, annual increment as well as appraisal or assessment of performance of the Group Head Internal Auditor;</p> <p>ix) To take cognisance of resignations of Group Head Internal Auditor and his/her deputy and provide him/her an opportunity to submit his reasons for resigning;</p> <p>x) To direct and review any special investigations to be carried out by internal audit as and when necessary and consider the major findings of the internal investigations and management's response as well as remedial actions taken by the management;</p> <p>xi) To review the AC Report to be published in the Company's Integrated Annual Report;</p> <p>xii) To establish direct communication channels with the internal auditors and able to meet with the internal auditors without the presence of management;</p> <p>xiii) To note disagreements between the Group Head Internal Auditor and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify</p>

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		<p>any impact the disagreements may have on the audit process or findings; and</p> <p>xiv) To review the year end assurance report on sustainability.</p> <p>5.4 External Audit</p> <p>a) The duties of the AC with regard to its external audit responsibilities include the following:</p> <ul style="list-style-type: none"> i) To consider and make recommendations to the Board in relation to the nomination and re-appointment of the external auditors, audit fees, resignation or dismissal of the external auditors, by reviewing the engagement, compensation, performance, qualifications and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services; ii) To monitor the effectiveness of the external auditors' performance and their independence and objectivity; iii) To discuss with the external auditors before the audit commences, the nature and scope of the audit, the audit plan, and ensure co-ordination where more than one audit firm is involved; iv) To review major findings raised by the external auditors including the external auditors' management letter and management's responses, including the status of the previous audit recommendations; v) To discuss audit findings arising from the interim and final audits, and any matter the external auditors may wish to discuss (in absence of management or executive directors, at least twice a year or where necessary); vi) To provide a direct line of communication between the Board and the external auditors; vii) To review the extent of assistance and co-operation extended by the Company's employees to the external auditors, including any difficulties or disputes with Management encountered during the audit; viii) To review and monitor the provision of non-audit services by the external auditors. This includes

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		<p>reviewing and approving the appointment of external auditors for carrying out non-audit services, in line with Guidance 9.3 of the MCCG;</p> <p>ix) To require Company's external auditors to submit on a periodic basis to the AC a formal written statement delineating all relationships between the External Auditors and the Company, consistent with International Standard on Auditing ("ISA") 260, "Communication with Those Charged with Governance" modified as appropriate based on the Malaysian guidelines for auditors independence, and to obtain confirmation from them that they are and have been, independent throughout the conduct of the audit engagement; and</p> <p>x) To review external audit scope to ensure it considers material sustainability and ESG factors relevant to financial reporting, providing assurance on ESG-related disclosure as required by applicable regulations and standards.</p> <p>5.5 Related Party Transaction and Conflict of Interest</p> <p>a) To review any related party transactions and conflict of interest situations that arose, persist or may arise within the Company or Group and where appropriate, make recommendations to the board for approval that such transactions are at arm's length and are in the best interest of the Company, including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts; and</p> <p>b) To review the process used to procure the shareholders' mandate for recurrent related party transactions.</p> <p>5.6 Whistleblowing</p> <p>a) The AC shall exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and Procedures for the Group.</p> <p>b) The AC shall report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are</p>

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		<p>of sufficient importance to warrant the attention of the Board.</p> <p>5.7 Other Responsibilities</p> <ul style="list-style-type: none"> a) To review and assess the adequacy of this Terms of Reference (where necessary), with the assistance of Management, the external auditors and legal counsel. b) To perform any other duties as may be mutually agreed by the AC and the Board from time to time.
6.	Meetings	<p>6.1 The AC shall meet at least four (4) times a year and at such other times as the Chairman shall decide. Additional meetings may be held as and when required or upon the request of the External Auditors to consider matters that the External Auditors believe should be brought to the attention of the Directors and/or shareholders;</p> <p>6.2 The quorum for an AC meeting shall be at least two (2) members, one of whom shall be a member of the Malaysian Institute of Accountants ("MIA"), and the majority of whom shall be independent Director. In the absence of the Chairman, any member of the AC who is a member of the MIA shall chair the meeting.</p> <p>6.3 The notice of AC meetings and meeting materials shall be circulated at least seven (7) days before each meeting to members of the AC. Notice of meetings shall be given in writing and shall be served to the AC either personally or by email, fax, post or courier to the address provided by the AC member. Additionally:</p> <ul style="list-style-type: none"> i) If circumstances warrant a special AC meeting to be held, a shorter notice is allowed to be circulated to members of the AC, with the consent of the AC members; and ii) If circumstances require meeting materials to be circulated less than (7) days before each meeting, such circulation will require the approval of the Chairman; <p>6.4 The AC meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the AC members to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all AC members prior to or at the meeting. The AC members shall be deemed to be present in person at</p>

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		<p>the meeting and shall be entitled to vote and be counted in a quorum accordingly;</p> <p>6.5 Each member of the AC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the AC. In the event of an equality of votes, the Chairman of the AC shall be entitled to a second or casting vote;</p> <p>6.6 An AC member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the AC member;</p> <p>6.7 The external auditors shall appear before the AC when required to do so;</p> <p>6.8 The Group Chief Executive Officer / Chief Executive Officer and the Chief Financial Officer have to attend AC meetings to assist in the deliberations and resolution of matters raised;</p> <p>6.9 The relevant Heads of Department, risk management and internal audit function of the Company shall attend the meetings to assist in the deliberations and resolution of matters raised, when required. However, at least once a year, the AC shall meet with either the internal auditors or external auditors without the presence of management;</p> <p>6.10 In addition to the availability of detailed AC meeting minutes to all Board members, the AC shall also present a summary report of significant matters at each Board meeting; and</p> <p>6.11 The AC may request other Board members and any other officer or employee to attend an AC meeting to assist in the deliberation and resolution of matters raised.</p>
7.	Role and Responsibilities of the AC Chairman	<p>The AC Chairman's main role and responsibilities include, but are not limited to the following:</p> <p>7.1 To preside over all AC meetings and ensuring the effective discharge of the AC's duties and responsibilities.</p> <p>7.2 To ensure that all members are enabled and encouraged to play their full role as an AC member and making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at the AC meetings.</p>

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		7.3 To report on material issues, which have been deliberated at AC meetings to the Board.
8.	Role and Responsibilities of the AC Secretary	<p>8.1 The Company Secretary or his/her nominee shall be the Secretary of the AC.</p> <p>8.2 The role and responsibilities of the AC Secretary is primarily to ensure that the minutes of each AC meeting shall be kept and distributed to all members of the AC and make the same available to Board members who are not members of the AC. The AC Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.</p> <p>8.3 The Secretary of the AC shall be entrusted to record all proceedings and minutes of all meetings of the AC.</p>
9.	Written Resolution	The AC may deal with matters by way of written resolution. A resolution in writing signed by all members of the AC, shall be as valid and effectual as if it had been passed by a meeting of the AC duly called and constituted. The decision shall be presented at the next subsequent AC meeting, for noting and minutes. The written resolution by electronic means allowed under the Constitution of the Company shall apply to the written resolution of the AC.
10.	Committee Evaluation	<p>The AC will annually complete a self-evaluation of the AC's own performance and effectiveness to ensure that its respective functions and responsibilities as set out herein are met. The review shall specifically include consideration of the following:</p> <ul style="list-style-type: none"> i) Frequency and timeliness of the AC meetings; ii) Adequacy and quality of information provided to the AC; iii) Effectiveness of the AC in carrying out the duties as set out herein; and iv) Contribution of individual AC members.
11.	Revision of the Terms of Reference	The AC shall review and re-assess the adequacy of the Terms of Reference of AC on a periodic basis, and where necessary, obtain the assistance of management, the Company's external auditors and external legal counsels, and recommend the proposed changes to the Board for approval.

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12.	Miscellaneous	<p>12.1 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the AC has the responsibility to promptly report such matter to Bursa Securities.</p> <p>12.2 The provisions under this TOR have been drafted in a manner to also incorporate the provisions under the MMLR and other statutes, regulations and guidelines applicable to the AC. In the event the applicable provisions of the MMLR and/or relevant governing statutes, regulations and guidelines relating to AC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this TOR shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, statutes, regulations and guidelines.</p>

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