



**WASCO BERHAD**  
**(Formerly known as**  
**Wah Seong Corporation Berhad)**  
Registration No.: 199901020946 (495846-A)

## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **i. Composition**

The Board shall elect and appoint Audit Committee (“AC”) Members from amongst their members, comprising no fewer than three (3) Directors, all of whom must be non-executive directors, with a majority of them being independent non-executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the AC shall be:

- a member of the Malaysian Institute of Accountants (“MIA”); or
- if he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-
  - he or she must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - he or she must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- fulfils such other requirements as may be prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) from time to time.

If a member of the AC resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3) or do not fulfil the requirements prescribed by Bursa Securities, the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the AC shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the AC.

The Chairman of the Board does not serve on the AC to ensure check and balance as well as objective review by the Board. The Chairman of the Board shall not participate by way of invitation in the AC meetings.

If the former key audit partner is proposed to be appointed as an Independent Director, he or she is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

#### **ii. Quorum and Committee’s procedures**

Meetings shall be conducted at least five (5) times annually, or more frequently as circumstances dictate.

The AC will meet the external auditors at least twice (2) a year without the presence of any executive Board members and Management.

In order to form a quorum for the meeting, the majority of the members present physically and/or virtually must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Group Company Secretary shall be appointed Secretary of the AC (“the Secretary”). The Secretary, in collaboration with the Chairman, shall draw up an agenda and the notice of meeting, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the AC. The minutes shall be recorded by the Secretary and circulated to members of the AC and thereafter to be tabled to the Board.

In the event the Secretary is unable to attend any of the meetings, an assistant or deputy Secretary(s) may be appointed for that specific meeting.

The Secretary shall be the custodian of the minutes and records of the AC.

The AC may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the AC’s activities during the year and the related significant results and findings.

The AC shall meet at least annually with the Management, and at least once every year with the Head of Internal Audit in separate sessions to discuss any matters without the presence of any executive member of the Board.

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

**iii. AC Members**

The existing AC Members are as per Appendix I attached.

**iv. Majority Decision**

The decision and/or voting at meetings of the AC shall be by a simple majority of the members present.

Any decision or recommendation made by the AC shall be escalated to the Board for review and ultimate approval.

**v. Authority**

The AC is authorised to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group.

The AC shall have full and unlimited access to any information pertaining to the Group.

The AC shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

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

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 Main Market Listing Requirements (“MMLR”) of Bursa Securities, the AC shall promptly report such matter to the Bursa Securities.

**vi. Responsibilities and duties**

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

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- Review with the external auditors, the audit scope and plan, including any subsequent changes to the audit scope and plan, the audit report and the evaluation of the system of internal controls.
- Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant or unusual matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- Review the Internal Audit Charter and the adequacy of the internal audit scope and plan, as well as the functions, competency and resources of the Group Internal Audit Department and whether it has the necessary authority to carry out its work.
- Review the internal and external audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified.
- Review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations.
- Review major audit findings and the Management’s response during the year with Management, internal and external auditors, including the status of previous audit recommendations.
- Review the assistance given by the Group’s officers to both the internal and external 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 independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- All non-audit services to be undertaken by the external auditors will have to be tabled or referred to the AC for approval.
- Approve all decisions regarding the appointment or removal of the Head, Group Internal Audit.

- Review the adequacy and integrity of internal control systems, including risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
- Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- Review procedures in place to ensure that the Group is in compliance with the relevant legislative and reporting requirements.
- Review any related party transaction and conflict of interest situation that arise, persist or may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the AC's primary responsibilities.
- Review the allocation of options pursuant to Wasco Berhad Group's Employees Share Option Scheme ("Wasco Berhad Group ESOS").
- Appropriately communicate its insights, views and concerns about relevant transactions and events to internal and external auditors.
- Appropriately communicate on matters that may have an effect on the financial or audit of the Company to the external auditor.
- Ensure co-ordination between the internal and external auditors.
- Ensure that the Board prepares an AC report at the end of each financial year in accordance with the MMLR of Bursa Securities.
- Review any letter of resignation from the external auditors of the Company.
- Review whether there is any reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
- Review the statement on whether the Sustainability Statement has been subjected to internal review by the internal auditor or independent assurance performed in accordance with recognised assurance standards ("**Statement of Assurance**") in order to strengthen the credibility of the Sustainability Statement for disclosure in compliance with the MMLR of Bursa Securities.
- Any other activities, as authorized by the Board.

#### **vii. Dealings with External Auditors**

- In assessing the suitability, objectivity and independence of the external auditors, the following should be considered:-
  - the competence, audit quality and resource capacity of the external auditor in relation to the audit;
  - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  - obtaining written assurance from the external auditors confirming 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 requirement.

- The assessment on the suitability, objectivity and independence of the external audit firm should be conducted annually.
- **Procedures to assess the suitability, objectivity and independence of the external audit firm**
  - ✓ The AC shall conduct an annual evaluation of the external auditors' assessments and performance based on the following criteria:-
    1. Calibre of external auditors;
    2. Quality processes/ performance;
    3. Audit team;
    4. Independence and objectivity;
    5. Audit scope and planning;
    6. Audit fees; and
    7. Audit communications.
  - ✓ The AC during the assessment of the external auditors shall also consider information presented in the Annual Transparency Report of the external auditors. If the external auditors are not required to issue an Annual Transparency Report, the AC would consider engaging the external auditors on matters typically covered in an Annual Transparency Report including the external auditors' governance and leadership structure as well as measures undertaken by the external auditors to uphold audit quality and manage risks.
  - ✓ The AC to obtain written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in compliance with all relevant professional and regulatory requirements.
  - ✓ The AC to obtain confirmation from the external auditors whether there is/are recent/ current litigation case(s) against the audit firm.

**viii. Financial Literacy**

- Collectively, the AC possess a wide range of necessary skills in discharging its duties and are financially literate and are able to understand matters under the purview of the AC including the financial reporting process.

**ix. Conflict of Interest**

The Conflict of Interest Policy was established on 27 February 2024 to ensure that actual, potential and perceived conflicts of interest (“COI”) are identified and managed effectively, and to provide guidance on dealing with COI situations as they arise and protect the Group’s interest, while assisting the directors and employees to perform with high integrity and ethical standards.

The AC would review the actual, potential and/or perceived COI declared by the Directors and Key Senior Management to determine the COI disclosed and the measure(s) required to be taken to resolve, eliminate or mitigate the conflicts (if any) before the details of the COI are reported to the Board.

The terms of the Conflict of Interest Policy are reviewed and updated from time to time to ensure that they are relevant and in line with the requirements of all relevant acts, rules and guidelines currently in force. The Conflict of Interest Policy is available on the Company’s website as [www.wascoenergy.com](http://www.wascoenergy.com).

(Revised on 27 February 2024)

**AC Members**

The existing AC members shall comprise of the following persons:-

	<u>Designation</u>	<u>Directorship</u>
Datin Wan Daneena Liza Binti Wan Abdul Rahman	Chairman	Independent Non-Executive Director
Halim Bin Haji Din	Member	Non-Independent Non-Executive Director
Tan Sri Saw Choo Boon	Member	Senior Independent Non-Executive Director