

THRIVEN GLOBAL BERHAD
(Company No. 182350-H)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. CONSTITUTION

The Audit Committee was established pursuant to a resolution of the Board of Directors ("the Board") passed on 10 April 1997. The Board had at its meeting held on 30 May 2017 resolved to set up an Audit and Risk Management Committee ("the Committee" or "ARMC") in line with the Malaysia Code of Corporate Governance and Internal Audit Function's recommendation, in place of the Audit Committee.

2. PURPOSE

The purpose of ARMC is to assist the Board in the fulfilment of its corporate governance duties in relation to financial reporting, risk management and internal control, to identify, assess, monitor and manage risk, to oversee, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

3. COMPOSITION

The ARMC shall be appointed by the Board from amongst the Directors of the Company. The ARMC shall comprise not less than three (3) members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. The Board shall within three (3) months of a vacancy occurring in the Committee which results in the number of members being reduced to below three (3), appoint such of new members as may be required to make up the minimum number of three (3) members. At least one member of the ARMC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

One (1) of the members of the ARMC who is an Independent Director shall be appointed Chairman of the ARMC by the members of the ARMC. In the event of retirement or resignation of the Chairman of the ARMC, the vacancy must be filled within three (3) months. No alternate Director shall be appointed as a member of the Committee.

4. MEETINGS AND MINUTES

The ARMC shall meet at least four (4) times a year. The quorum for meeting shall be two (2) members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, where the majority of whom shall comprise Independent Directors.

The ARMC meeting shall be chaired by the Chairman of the Committee and in any event that the Chairman is absence, the members shall elect a Chairman (Independent Director) from amongst them to chair the meeting.

A notice of meeting shall be sent no later than two (2) business days prior to such meeting. However, meetings of the Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner either before or after the meeting.

The ARMC may request any member of the management, representatives of the external and internal auditors and/or any other person deemed appropriate to be present at meetings of the ARMC.

All resolutions of the Committee shall be adopted by simple majority vote, each member having one (1) vote. In cases where votes are tied, the Chairman of the Committee shall have a second or casting vote. A Committee members is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

The Company Secretary(ies) and/or his/her assistant shall be the Secretary(ies) to the Committee and shall be entrusted to record all proceedings of meetings. The Company Secretary(ies) shall be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members. The Committee Members may inspect the minutes of the Committee at the Registered Office or such other place may be determined by the ARMC.

The ARMC may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing signed by majority members shall be as valid and effectual as it has been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

5. AUTHORITY

The ARMC is authorised by the Board:-

- (a) to investigate any activity of the Company and its subsidiaries within its terms of reference;
- (b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the ARMC;
- (c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and
- (d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the ARMC shall be as follows and will cover the Company and its subsidiaries:-

- (a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
- (b) to review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from non-audit services provided.

In the event that the non-audit fees paid to the Company's external auditor or a firm or corporation affiliated to the external auditors' firm are significant i.e. constitute 50% of the total amount of audit fees paid to the Company's external auditors, the Company is required to state the details on the nature of non-audit services rendered and tabled these to the ARMC.

- (c) to review with the external auditors their audit plan, scope and nature of audit;
- (d) to review the quarterly and annual financial statements before submission to the Board, particularly on :-
 - i. Changes in or implementation of accounting policies and practices;
 - ii. Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
 - iii. Going concern assumptions; and
 - iv. Compliance with applicable approved Financial Reporting Standards, regulatory and other legal requirements;
- (e) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;
- (f) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;
- (g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (h) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure coordination between the internal and external auditors;
- (i) to review related party transactions entered into by the Company and the Group and to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;
- (j) to review the process for identifying, evaluating, monitoring and managing significant risks;
- (k) to undertake such other responsibilities as may be delegated by the Board from time to time;
- (l) to report to the Board its activities and findings;

- (m) provide oversight, direction and counsel to the Company's/Group's risk management framework, policies and process which include the following:-
 - i. Establish the Company's/Group's Risk Management Framework based on an internationally recognised risk management framework.
 - ii. Conduct annual review and periodic testing of the Company's/Group's Risk Management Framework. This should include any insights it has gained from the review and any changes made to its Risk Management Framework arising from the review.
 - iii. Monitor the Company/Group and Divisional level risk exposures and management of the significant financial and non-financial risks identified.
 - iv. Evaluate new risks identified including the likelihood of the emerging risks happening in near future and consider the need to put in place appropriate controls.
 - v. Review Company/Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded to, with appropriate actions taken in a timely manner.
 - vi. Review the status of the implementation of management action plans in mitigating significant risks identified.
 - vii. Review and recommend the Company's/Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' interest and the Company's/Group's assets.
- (n) review the risk identification and process to confirm it is consistent with the Company's strategy and business plan;
- (o) inquire of management / department heads and the external/internal auditor about significant business, political, financial and control risks or exposure to such risk;
- (p) oversee and monitor the Company's documentation of the material risks that the Company faces and update as events change and risks shift;
- (q) assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance;
- (r) oversee and monitor at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
- (s) review the following, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - i. management's tolerance for financial risks;
 - ii. management's assessment of significant financial risks facing the Company;
 - iii. the Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - iv. to review legal matters which could have a material impact on the Company's public disclosure, including financial statements.

7. REVIEW OF PERFORMANCE OF THE ARMC

The Board of Directors of the Company must via the Nomination Committee review the terms of office and performance of the Committee members annually to determine whether the Committee members have carried out their duties in accordance with its terms of reference.