



WASIYYAH SHOPPE BERHAD

TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE

6 November 2019

1. CONSTITUTION

The ARC shall be formed by the Board and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of the ARC extends to the Company and all its subsidiaries as well as joint ventures and associate companies where management responsibility is vested on the Company.

2. OBJECTIVES

The objectives for the formation of the ARC are as follows:

- To ensure openness, integrity and accountability in the Company's activities so as to safeguard rights and interests of the Shareholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Company's business efficiency, quality of accounting and audit function and strengthening of public's confidence in the Company's reported results;
- To maintain, through regularly scheduled meetings, a direct line of communication between the Board, the External Auditors and Internal Auditors;
- To enhance independence of the External Auditors and Internal Audit Function;
- To create a climate of discipline and control to minimize or eliminate fraud;
- To review and to deliberate on the Company's risks (whether financial and non-financial) which are identified and assessed by the Risk Management Function; and
- To report and to make necessary recommendations to the Board to mitigate identified risks including risks relating to non-compliance of laws, rules, regulations, policies, processes and procedures.

3. AUTHORITY

The ARC has the authority to execute functions as stated in its Terms of Reference and report to the Board with recommendations.

The ARC shall have authority to provide objective and independent views on any specific risks and also on overall effectiveness of internal control environment & risk management framework of the Company.

The ARC wherever necessary and reasonable for performance of its duties, shall in accordance with same procedures adopted by the Board and at costs of the Company:

- Have authority to investigate any activity within its Term of Reference;
- Have resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Company.

All documents of the Company shall be made accessible to the ARC and all employees are directed to co-operate with the request made by the ARC;

- Have full support of the Internal Audit Function and Risk Management Function, and any other units/departments/divisions/companies/associates within the Company as it may deem necessary;
- Have direct communication channels with the external auditors and person(s) executing internal audit function or activity for the Company; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of other 3rd parties with relevant experience and expertise if it considers necessary.

4. MEMBERSHIP

Members of the ARC shall be appointed by the Board.

The ARC shall comprise at least 3 members, all of whom shall be Independent Non-Executive Directors.

The ARC shall elect amongst its members as its Chairman.

If the membership for any reason falls below three (3) members, the Board shall, within 3 months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The appointment of ARC member terminates when the member ceases to be a Director, or as determined by the Board.

At least 1 member of the ARC must meet the criteria set as follows:

- Must be a member of the Malaysian Institute of Accountants; or
- If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years' working experience and:

- a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- b) (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- No alternate directors shall be appointed to the ARC.
- In compliance to the MCCG2017, the cooling-off period of 2 years before a former key audit partner of the Company could be appointed as a member of the ARC, shall be observed.
- Similar requirement shall be extended to 3rd parties inclusive of professional who have business dealings with the Company.
- The ARC members shall collectively:
 - Have knowledge of the industries in which the Company's operates;
 - Have the ability to understand key business and financial risks and related controls and control processes; and
 - All members of the ARC shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company's balance sheet, income statement, statement of cash flow and key performance indicators.

5. FUNCTIONS & DUTIES

The ARC shall execute the following functions and duties:

a. Financial Statements

- Review month & quarterly financial results and annual financial statements of the Company prior to the approval by the Board, focusing particularly on the following:
 - any changes in or implementation of major accounting policy changes;
 - major judgmental areas, significant and unusual events;
 - significant adjustments resulting from audit;
 - Going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- Review, with the Company's Counsel, on any legal matter that could have a significant impact on the Company's financial statements (as and when necessary).

b. Internal Control

- Assess quality and effectiveness of system of internal control and efficiency of the Company's operations, particularly those relating to areas of significant risks.
- Evaluate process the Company has in place for assessing and continuously improving internal control.
- Assess internal process for determining and managing key risks other than those that are dealt with by other specific Board Committees.
- Review evaluation by internal and external auditors of the Company's internal control system and thereafter report the same to the Board.
- Review External Audit reports and Management's response and ensure that appropriate action is taken in respect of these reports and ARC's resolution.

c. Internal Audit

- Approve Internal Audit Charter and review adequacy of scope, function, competency and resources of Internal Audit Function, and whether it has necessary authority to execute its work.
- Review internal audit program and results of internal audit process and, where necessary, ensure that appropriate actions are taken on recommendations of the Internal Audit Function and of the ARC and thereafter report the same to the Board.
Where actions are not taken within an adequate timeframe by the Management, the ARC shall also report the same to the Board for its further action.
- Consider major findings of internal audit and management's responses, monitor implementation of any recommendations made therein and ensure effective coordination between the internal and external auditors.
- Where appropriate, supervise any special project or investigation considered necessary, to be executed by Internal Audit Function, as and when necessary and consider the major findings of the internal investigations and Management's response.
- Approve any appointment or termination of key members of Internal Audit Function.
- Review appraisals or assessments of performance of Internal Audit Function.
- Take cognizance of resignations of member of Internal Audit Function and provide the resigning member an opportunity to submit his reasons for resigning.

d. External Audit

- Recommend nomination of external auditors, audit fees & any question of resignation or dismissal of external auditors and report the same to the Board.
- Review & discuss with the external auditors, before the audit commences, the nature and scope of the audit, and discuss any significant problems that may be foreseen with the external auditors before the audit commences, and ensure that the audit is executed effectively and efficiently for the Company;
- Discuss problems & reservations arising from interim & final audits, including assistance given by employees and any matters the auditors may wish to discuss, in absence of Management or Executive Directors where necessary; and
- Review the external auditor's management letter and management's response including the status of the previous audit recommendations.

e. Related Parties Transactions

Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course that raises questions of management integrity.

f. Compliance

- Review effectiveness of system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory authorities.
- Obtain regular updates from Management and the Company's legal counsel regarding regulatory compliance matters.
- Review and consider 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 questions of management integrity.

g. Risk Management

- Provide oversight, guidance & direction to the risk management functions and processes.
- Recommend the Company's risk management policies, strategies & risk tolerance levels, & any proposed changes for the Board's consideration and approval.
- Ensure that the Management integrates the necessary risk management processes into all business processes of the Company.

- Evaluate effectiveness of the Risk Management framework, processes and supports system to identify, assess, monitor and manage the Company's key risks.
- Review risk identification and management process developed by the Management to confirm it is consistent with the Company's strategy and business plan.
- Review the Management's assessment of risk on a frequent basis and to provide updates to the Board.
- Enquire Management and the independent auditor about exposure to such risks in relation to significant business, political, financial and control risks.
- Assess steps/actions the Management has implemented or wish to implement to manage and mitigate identifiable risk, including the use of hedging and insurance.
- Deliberate on compliance related matters of the Company and review the effectiveness of systems for monitoring compliance with laws and regulations.
- Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Company.
- Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices.
- Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the ARC.

h. Other Matters

- To review periodic reports from the Management, the external auditors and the internal auditors to assess impact of significant regulatory changes and accounting or reporting developments proposed by accounting and other bodies, or any significant matter that may have a bearing on the annual examination.
- To discuss problems and reservations arising from the internal audit, interim and final audits, and on matters that the internal and external auditors may wish to discuss, in absence of the Management where necessary.
- To report to the Board at least once a year, the activities of the ARC, including number of meetings held during the year and details of attendance of each member in respect of the meetings and a summary of the activities of the internal audit function & risk management function.

- Where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of laws & regulations, the ARC must promptly report such matter to the relevant authority.
- To execute any other functions that may be mutually agreed by the ARC and the Board.

6. MEETING

- Meetings of the ARC shall be held at least once in every financial year of the Company.
- Upon the request of any member of the ARC, the Chairman of the ARC shall convene a meeting of the ARC to consider any matters brought up by the members.
- The quorum for a meeting of the ARC shall be 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.
- In absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be chairman of the meeting.
- The meeting of the ARC shall be governed by the provisions contained in the Memorandum and Articles of Association of the Company in regulating meetings and proceedings of Directors unless otherwise provided for in this Terms of Reference.
- The meetings of the ARC shall be attended by the Chief Executive Officer, at invitation, which in his absence, shall be replaced by the Chief Financial Officer and shall be attended by Head of Internal Audit and a representative of the External Auditors (as and when necessary).
- Other Directors and employees who attend any particular ARC meeting shall attend only at the ARC's invitation, specific to the relevant agenda of meeting and they shall not have any voting rights.
- The ARC may request other Directors, members of Management, counsels and consultants as applicable to participate in the meetings, as and when necessary.
- The ARC shall meet the External Auditors without the presence of Executive Director at least once a year.
- A Committee 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 member.

- Where this cause insufficient directors to make up a quorum, the ARC has the right to appoint another director(s) which meets the membership criteria.
- Meeting agendas shall be the responsibility of the ARC Chairman with input from the ARC members.
- The Chairman may also ask Management and others to participate in process of drafting the agenda.
- Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least seven (7) working days before each meeting, to the ARC members and all those who are required to attend the meeting.
- In order to allow sufficient time for members to consider and better deliberate on matters that are tabled to the ARC, the papers, relevant information and agenda items are to be circulated at least 3 (three) working days before each meeting to the members of the meeting.
- Written materials including information requested by the ARC from the Management, internal auditors (from the Company) and external auditors shall be received together with the agenda for the meetings or in a separate later addendum prior to the meeting.
- Any matter to be voted upon shall be decided by a majority of the votes cast on the question.
- The Secretary of the ARC shall be the Secretary of the Company or any other person as the Committee may decide.
- The ARC shall cause minutes to be duly entered in the books provided for purpose of all resolutions and proceedings of all meetings of the ARC.
- Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- The minutes of the ARC meeting shall be available to all Board members through the Secretary of the Company.
- The ARC, through its Chairman, shall report matters that are deliberated at ARC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.

7. DISSOLUTION

The composition of ARC shall be dissolved upon recommendation and decision of the Board.

TERMS OF REFERENCE FOR TRUST & INVESTMENT COMMITTEE

1. INTRODUCTION

The primary purpose of the Committee is to recommend to the Board and review all significant investments made and to be made by the Company, as well as related to the trust activities.

It includes and is not limited to merger & acquisitions, new partnerships, divestments and large capital expenditure projects.

2. AUTHORITY

- Establish, review and recommend to the Board the overall investment policies, guidelines and portfolio requirements of the Company.
- Recommend to the Board the fund-raising activities of the Company.
- Recommend to the Board the new investments and disposals of significant value for the Board's approval, as per the LOA.
- To approve use of funds for investments, mergers & acquisitions and other related matters, as per the LOA.
- The Committee may seek advice or obtain independent professional assistance from any person or firm who has the relevant experience and required expertise, if the Committee so requires, to assist the Committee with its deliberation.

3. MEMBERSHIP

- The Committee shall consist at least three (3) members with 1 (one) independent non-executive director, which shall be a chairman, all of whom shall be duly appointed by the Board.
- The Board may also appoint any other persons with relevant qualifications and experience as the Board thinks appropriate to be a member of the Committee.
- In event the number of the committee members is reduced to less than three (3) due to any reason whatsoever, the Board will appoint a new member within three (3) months thereof.
- The Company Secretary shall be the Secretary of the Committee, and shall have the following responsibilities:
 - Ensure meetings are arranged and held accordingly;
 - Assist the Chairman in planning the Committee's activities;

- Draw up meeting agendas in consultation with the Chairman;
- maintain the minutes;
- Ensure structured communication between the Board and the Committee; and
- Ensure the Committee recommendations presented to the Board are supported by papers, including Report of the Committee or minutes that explains the rationale for the Committee's recommendations.

4. MEETING

- The Committee shall meet as and when the circumstances dictate.
- At least two (2) members must be present during each meeting to form a quorum necessary to transact any business of the Committee.
- If the Chairman of the Committee is not present at the Meeting, the members present shall elect a Chairman from among themselves.
- Agenda of Meeting will be distributed to the Committee members at least seven (7) days prior to the scheduled meeting and the Chairman of the Committee shall ensure that a proper agenda is prepared for the meeting.
- The Secretary will distribute minutes of meeting to all members of the Committee.
- The minutes of meeting shall be tabled to Board for information.
- The minutes of meeting and conclusions of the Committee meeting should be minute and the minutes shall be kept in the Minutes Register by the Company Secretary of the Company.
- Reproduction of any part of the minutes of meetings can only be through / by the Secretary.
- The Committee may invite any persons, including but not limited to other members of the Board and key management personnel, to attend any of its meetings as the Committee deem fit and necessary,
- Any matter to be voted upon shall be decided by a majority of the votes cast on the question.

5. FUNCTIONS & DUTIES

- The main function of the Committee is to assist the Board of Directors in performing its duties and discharging its responsibilities in evaluating the Company's investment proposals.
- The scope and functions of the Committee are defined below:
 - To review and to propose annual business plans and budgets for recommendation to the Board.
 - To evaluate proposals on new investments and divestments of as per LOA to ensure consistency with the Company's strategy and returns in excess of a hurdle rate adjusted for risk and performance premium.
 - To review financial investment portfolios of the Company, which includes and is not limited to existing and new merger & acquisitions, new partnerships, divestments and large capital expenditure projects, which shall be in accordance to LOA.
 - To oversee current and future capital and financial resource requirements.
 - To review the fund-raising activities of the Company.
 - To conduct annual performance evaluation of the Company's investment activities.
 - To review and to recommend to the Board of Directors the foreign exchange and hedging policies and procedures.
 - To implement other necessary duties as mutually agreed by the Committee and the Board of Directors or any other authorities which is empowered by law or regulated by any Government Authority.

6. DISSOLUTION

The composition of the Committee shall be dissolved upon recommendation and decision of the Board.

TERMS OF REFERENCE FOR INDEPENDENT SHARIAH PANEL

1. INTRODUCTION

Independent Shariah Panel ("ISP") plays a critical role in ensuring comprehensive compliance with Shariah rules and principles at all times and in all aspects of the Company's business operations and activities.

The ISP shall be formed by the Board and the panel members shall be appointed by the Board.

2. AUTHORITY

The ISP has the authority to execute functions as stated in its Terms of Reference and report to the Board with recommendations.

The authorities are as follows:

- Authority to decide on Shariah related matters by taking into consideration of the published rulings by regulators and other relevant authorities;
- Authority to decide on Shariah related matters without undue influence that would hamper the ISP from exercising objective judgment in deliberating issues brought before them;
- Authority to ensure that decision made by the ISP in relation to Shariah are duly observed and implemented by the Company;
- Decisions made by the ISP in related to shariah should not be set aside or modified without its consent;
- Access to accurate, timely and complete information from the management including but not limited to all relevant records, transactions, or manuals as required by them in performing their duties; and
- If the information provided is insufficient, the ISP may request for additional information which shall be duly provided by the Company.

3. MEMBERSHIP

- Chairman and members of the ISP shall be appointed by the Board, which not consist of the members of the Board.
- The composition of ISP shall be changed upon recommendation and decision of Board.

4. Experts from relevant backgrounds such as finance and law, which could support the depth and breadth of deliberations, may also be appointed as a member of ISP.

5. MEETING

- The ISP meetings shall be held at a minimum of 3 meetings in a year.
- The quorum for a meeting of the ISP shall be more than 50% of 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.
- In absence of the Chairman, the members present shall elect from amongst the members present to be chairman of the meeting.
- Agenda for the meeting shall be circulated at least seven (7) working days before each meeting, to the ISP members and all those who are required to attend the meeting.
- In order to allow sufficient time for members to consider and better deliberate on matters that are tabled to the ISP, the papers, relevant information and agenda items are to be circulated at least 3 (three) working days before each meeting to the members of the meeting.

6. FUNCTIONS & DUTIES

The primary duties and responsibilities of the ISP are to:

- a. Perform an oversight role on Shariah matters related to the Company's business operations and activities including oversight requirements;
- b. Advise the Board and Management on Shariah related matters in order for the Company to comply with Shariah rules and principles at all times.
- c. ISP members are responsible and accountable for all Shariah decisions, opinions and views provided by them.
- d. Endorse Shariah related policies and guidelines.
- e. Approve products and services to ensure compliance with Shariah rules and principles which include:
 - i. validating the terms and conditions contained in the forms, contracts, agreements or legal documents used in executing the transactions; and
 - ii. validating the product manuals, marketing advertisements, sales illustrations and brochures used to describe the product and services.

- f. Assess work executed by Shariah review and Shariah audit which forms part of the ISP duties in providing assessment of Shariah compliance.
 - g. Advise related parties such as clients, legal counsels, auditors or consultants on Shariah matters upon request.
 - h. Provide written Shariah opinions in circumstances where the Company submits application for new product approval.
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