

**PEOPLElogy Berhad**  
(Registration No. 202301050253 (1544167-M))  
(Incorporated in Malaysia under the Companies Act, 2016)

**IN RELATION TO THE**

**TERMS OF REFERENCE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE**  
**(Amendment for (i) Adoption and**  
**(ii) Board of Director's Approval on 22 January 2025)**

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*Terms of Reference for the Audit and Risk Management Committee*

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These terms of reference (“**TOR**”) set out the matters concerning the governance of the Audit and Risk Management Committee (“**ARMC**”). The ARMC was established by the Board of Directors (“**Board**”) of PEOPLElogy Berhad (“**the Company**” or “**PEOPLElogy**”) on 9 September 2024.

## **1. Objective**

The primary objective of the ARMC is to establish documented, formal and transparent procedures to assist the Board in fulfilling its fiduciary and oversight responsibilities relating to corporate accounting, financial reporting practices, internal control, audit process, risk management, related party transactions and the process of monitoring compliance with laws and regulations. The ARMC maintains open lines of communication between the Board, the internal auditors and the external auditors for the exchange of views and information, as well as to provide assurance on the integrity of the financial information presented by the key senior management of the Company and its subsidiary (collectively referred to as “**Group**”) (“**Management**”) and are relevant, reliable, of high quality (accurate and credible) and presented in a timely manner.

## **2. Duties and Responsibilities of the ARMC**

The ARMC primary responsibility would be to monitor and oversee the following –

### **2.1 Financial and Regulatory Reporting**

2.1.1 To review with the external auditors, the quarterly and year-end financial statements, before approval by the Board, focusing particularly on:

- (a) any changes in or implementation or adoption of new accounting policies and practices;
- (b) any significant or material adjustments with financial impact arising from the audit;
- (c) any changes in the presentation of the financial statements;
- (d) any significant auditing and financial reporting issues or matters, material audit adjustments, material fluctuations in balances;
- (e) significant judgment and estimates made by Management, significant or unusual events or transactions highlighted by the external auditors, and how these matters are addressed;
- (f) the appropriateness of Management’s selection of accounting policies and disclosures in compliance with approved accounting standards and other regulatory requirements;
- (g) whether the financial statements are consistent with operational and other information known;
- (h) whether significant audit findings, reservations, difficulties encountered, or material weaknesses reported any contingent liabilities and commitments have been properly disclosed;
- (i) whether the going concern assumption used in the preparation of the financial statements is appropriate;
- (j) whether the financial statements are in compliance with accounting standards and other legal requirements;
- (k) whether the financial statements taken as a whole provide a true and fair

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- view of the financial position and performance of the Group and Company;
- (l) litigation that could affect the results materially;
- (m) proposed dividend by the Management; and
- (n) whether there are any qualifications in the auditors' report that must be discussed and properly acted upon

- 2.1.2 To monitor the integrity of the financial statements of the Group;
- 2.1.3 To ensure compliance with regulatory requirements;
- 2.1.4 To ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function;
- 2.1.5 To propose best practices in the financial statements and the Annual Reports of the Group, to be in line with the recommendations set out in MCCG and other applicable rules and regulations;
- 2.1.6 To report its findings on the financial and management performance, and other significant matters to the Board, and if appropriate, recommend to the Board the issuance of the quarterly and year-end financial statements and the ARMC report which would include a summary of the work of the ARMC in the discharge of its functions and duties for that financial year and how it has met its responsibilities to Bursa Securities.
- 2.1.7 To discuss problems and issues encountered during the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of Management, where necessary).

**2.2 External Auditors**

- 2.2.1 To consider the appointment or re-appointment of the external auditors, the level of audit fees and any questions regarding resignation or dismissal. If applicable and whether there is reason or supported by grounds to believe that the external auditor is not suitable for re-appointment.
- 2.2.2 review and report to the Board letter of resignation or suggestions for their dismissal, including copy of any written representations or statement of circumstances in relation with the resignation.
- 2.2.3 To monitor and annually assess the effectiveness, suitability, objectivity and independence of the external auditors, taking into consideration the following:
  - (a) The external auditor's ability to meet deadlines in providing the services and responding to issues in a timely manner as contemplated in the audit plan;
  - (b) the competence, audit quality and resource capacity of the external auditors in relation to the audit;
  - (c) the Annual Transparency Report ("**ATR**") of the external auditors, if applicable, or to engage with audit firms (for firms that are not required to issue ATR) on

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- matters in relation to their governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;
- (d) the appropriateness of audit fees to support a quality audit;
  - (e) the nature and extent of non-audit services rendered and the level of fees paid for such services relative to audit fees. In this connection, the ARMC shall review and approve all proposed non-audit services, including proposed fees, prior to work commencement. In the event that the non-audit fees paid to the external auditors, or firm or corporation affiliated to the external auditors are significant (e.g constitute 50% of the total amount of audit fees paid to the external auditors) the Company shall state the details on the nature of the non-audit services in the ARMC Report. ARMC shall be advised of significant use of external auditors in performing non-audit services within the Group;
  - (f) the conduct of and independence demonstrated by the external auditors throughout the audit engagement. In this connection, the ARMC shall obtain written confirmation from the external auditors that they are, and have been, independent in accordance with all relevant professional and regulatory requirements; and
  - (g) the conduct of an annual evaluation on the performance of the external auditors and undertaking follow-up measures, where necessary.
- 2.2.4 To discuss with the external auditors before the audit commences, their audit plan, the nature and scope of their audit and their co-ordination with component auditors where more than 1 audit firm is involved in the audit of the Group's financial statements.
- 2.2.5 To review the external auditors' audit report, management letter and Management's response to their suggestions for improvements.
- 2.2.6 To ensure that assistance and full access to all information and documents and records required by the external auditors is given by Management and employees.
- 2.2.7 To review with the external auditors their evaluation of the system of internal controls and their audit report of any deficiencies in internal control and management's response thereto.
- 2.2.8 Review with the external auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.
- 2.2.9 To review the policies and procedures to assess the suitability, objectivity and independence of the external auditors as and when necessary.

## **2.3 Internal Audit**

- 2.3.1 To perform the following in relation to the internal audit function –
- (a) 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;
  - (b) review the annual internal audit plan, which is risk-based, the processes and the results of all internal audit assignments (including any special investigations) undertaken and ensure that appropriate actions are taken based on the recommendations;
  - (c) review the budget and ensure sufficient resources are allocated to the internal audit function;
  - (d) ensure that the internal audit function is independent of the activities it audits and that the head of internal audit reports, functionally, to the ARMC directly. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to ARMC that the internal controls are operating effectively;
  - (e) appraise the performance and effectiveness of the internal audit function on an annual basis. The internal auditors will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Group;
  - (f) approve any appointment or termination of senior staff members of the internal audit function;
  - (g) ensure that the staff members who are responsible for internal audit have the relevant experience, sufficient standing and authority to enable them to discharge their functions effectively; and
  - (h) take note of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 2.3.2 To review the internal audit report which includes a summary of the work of the internal audit function in the Annual Report.
- 2.3.3 To review with the internal auditors on the external auditors' report of deficiencies in internal control and management's response thereto and report the same to the Board.
- 2.3.4 To review any special audit or to determine the remit of the internal audit function which the ARMC deems necessary.

## **2.4 Risk Management and Internal Control**

To perform the following in relation to risk management and internal controls:

- (a) review the adequacy and effectiveness of existing risk management strategies, internal control, anti-corruption, whistle-blowing and governance processes implemented within the Group and Management's efforts to embed the same in all aspects of the Group's activities;

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- (b) review and assess the effectiveness and adequacy of existing internal control systems, risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are integrated into all core business processes;
- (c) Reviewing the Management's periodic reports on the Group's risk profile, risk exposure, risk tolerance, risk portfolio composition and the Group's risk management activities and plans to ensure that all business risks, as identified from time to time, are well managed and mitigated;
- (d) perform annual assessment of the Company and Group's risk management systems and internal control for the purpose of disclosure in the Annual Report;
- (e) Assess the adequacy of the business recovery or disaster recovery procedures;
- (f) Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (g) review annually the implementation of the Anti-Corruption Compliance Program, including the effectiveness of the Group's Anti-Bribery and Anti-Corruption policy; and
- (h) Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

## 2.5 **Related Party Transactions**

To perform the following in relation to related party transactions –

- (a) Review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favorable to the related parties than those generally available to the public, and to ensure that the Board reports such transactions annually to shareholders via the Annual Report;
- (b) Review conflicts or potential conflict of interests situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of Management's integrity;
- (c) ensure that the Group has adequate and comprehensive processes and framework for the purposes of identifying, evaluating, approving, reporting, monitoring and tracking related party transactions and conflict of interest situations;
- (d) Report to Bursa Securities, if there is any related party transaction which exceeded the shareholders' mandate and provide full reasoning and detailed explanations. Related party transaction and conflict or potential conflict of interests situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (e) review with the internal auditors their quarterly report, from work performed, to establish whether recurring related party transactions have been carried out in accordance with the mandate approved by shareholders and on commercial terms no more favorable than those available to non-related third parties; and
- (f) review non-recurring corporate proposals involving related parties to ensure that they are in the best interest of the Group and not detrimental to the interest of minority shareholders.

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**2.6 Other Matters**

- 2.6.1 Prepare the ARMC Report at the end of the financial year for inclusion in the Annual Report pursuant to Bursa Securities' Ace Market Listing Requirements.
- 2.6.2 Undertake such other assignments as requested by the Board from time to time or as the ARMC considers appropriate.

**3. Composition of the ARMC**

- 3.1 The ARMC shall be appointed by the Board from among their number which fulfils the following requirements as pursuant to Rule 15.09 of the ACE Market Listing Requirements ("AMLR").
- 3.2 The ARMC shall comprise no fewer than three (3) members, all of whom shall be Independent Non-Executive Directors.  
  
In this respect, the Board adopts the definition of "independent director" as set out in the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any practice notes issued thereto.
- 3.3 All members of the ARMC shall be financially literate and be able to understand matters under the purview of the ARMC including the financial reporting process.
- 3.4 At least one (1) member of the ARMC shall:
  - 3.4.1 be a member of the Malaysian Institute of Accountants ("MIA"); or
  - 3.4.2 if he is not a member of MIA, he must have at least three (3) years of working experience and:
    - (a) must have passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
    - (c) fulfil such other requirements as prescribed or approved by Bursa Securities from time to time.
- 3.5 The Chairman of the Board shall not be appointed as a member of the ARMC.
- 3.6 No alternate Director shall be appointed as a member of the ARMC.
- 3.7 No former partner of the external audit firm of the Company shall be appointed as a member of the ARMC before first observing a cooling-off period of at least three (3) years.
- 3.8 The term of office and performance of the ARMC and each of its members shall be reviewed by the Nomination Committee annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

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- 3.9 In the event of any vacancy resulting in the number of members of the ARMC falling below three (3), the vacancy must be filled within three (3) months of that event.

Therefore, a member who wishes to retire or resign should provide written notice of three (3) months to the Group so that a replacement may be appointed before he leaves.

- 3.10 All members of the ARMC, including the Chairman, shall hold office only for so long as they serve as Directors of the Company. Members of the ARMC may relinquish their membership in the ARMC with prior written notice to the Secretary.

**4. Role of the Chairman of the ARMC**

- 4.1 The Chairman of the ARMC (“**Chairman**”) shall be elected from amongst the ARMC members as approved by the Board.

- 4.2 The Chairman is responsible for ensuring the overall effectiveness and independence of the ARMC. In particular, he is responsible for:

4.2.1 planning and conducting meetings;

4.2.2 overseeing the reporting to the Board;

4.2.3 encouraging open discussion during meetings; and

4.2.4 developing and maintaining active on-going dialogue with the Managing Director, Chief Executive Officer, the Chief Financial Officer (“CFO”) or the Group Finance Head (“GFH”), Management and the external and internal auditors.

- 4.3 The Chairman together with other ARMC members should ensure, amongst others, that:

4.3.1 the ARMC is fully informed about significant matters related to the Company’s audit and its financial statements and address these matters;

4.3.2 the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to the internal and external auditors;

4.3.3 the ARMC’s concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors; and

4.3.4 there is co-ordination between internal and external auditors.

## **5. Authority**

- 5.1 The ARMC is authorized by the Board and at the expense of the Group to perform the following:
- 5.1.1 secure the resources in order to perform its duties as set out in this terms of reference;
  - 5.1.2 investigate any matter within its terms of reference, including possible fraud, illegal acts or suspected violation of the Code of Conduct involving senior Management personnel or members of the Board. All employees shall be directed to co-operate as requested by the ARMC;
  - 5.1.3 have free, full and unrestricted access to any employee of the Group and all information and documents which are required to perform its duties;
  - 5.1.4 where necessary, to obtain external legal or other independent professional advice; and
  - 5.1.5 convene meetings with the external auditors and internal auditors without the attendance of other directors or employees of the Group.
- 5.2 The ARMC shall report to the Board on matters considered and its recommendations thereon.

## **6. Reporting to the Board**

- 6.1 The ARMC is responsible for making recommendations to the Board for consideration and adoption, but it has no executive power to implement the recommendations on behalf of the Board.
- 6.2 Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Ace Market Listing Requirements, the ARMC has the responsibility of promptly reporting such matter to Bursa Securities.

## **7. Secretary and Minutes of Meetings**

- 7.1 The Company Secretary of the Company shall be the Secretary of the ARMC.
- 7.2 The Secretary shall be responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to ARMC members prior to each meeting.
- 7.3 The Secretary shall issue and circulate the notice of ARMC meetings confirming the venue, time and date at least seven (7) clear days before each meeting to the ARMC members and all those who are required to attend the meeting. Notice can be sent by post, hand, facsimile, electronic mail or by any means of telecommunication in a permanent written form.

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- 7.4 The Secretary must ensure that all discussion and decision of the ARMC are duly recorded. The minutes shall be action oriented and shall include compiled instructions as Matters Arising for discussion at each meeting to ensure proper follow through.
- 7.5 The Secretary shall be responsible for preparing and circulating the minutes of the ARMC meetings promptly to the ARMC members and table the same to the Board for notation.
- 7.6 Copies of minutes of each meeting shall be distributed to all members of the Board, the MD, CEO and CFO/GFH to ensure that proper key action is taken.
- 7.7 Minutes of ARMC meetings shall be kept at the registered office.
- 7.8 The Chairman shall orally report on the proceedings of each ARMC meeting at the first Board meeting following the ARMC Meeting.

**8. Meetings**

- 8.1 The ARMC shall meet four (4) times annually, or more frequently, if deemed necessary.
- 8.2 In the absence of the Chairman, the ARMC members present shall elect a chairman for the meeting from amongst themselves.
- 8.3 Meeting papers on non-financial related matters, including minutes of the previous meeting and agenda items are to be circulated at least five (5) clear days before each meeting to the ARMC members. Materials on financial related matters will be circulated at least three (3) clear days before each meeting to the ARMC members.
- 8.4 The other Board members, internal auditors, MD, CEO, CFO/GFH and other management or employees shall attend meetings at the invitation of the ARMC.
- 8.5 At least once a year and whenever necessary, the ARMC shall meet with the external auditors and internal auditors without the presence of Non- Independent Directors or Management personnel.
- 8.6 Upon the request of external auditors, the Chairman shall convene a meeting of the ARMC to consider any matter the external auditors believe should be brought to the attention of the ARMC.
- 8.7 ARMC members may participate in meetings by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting

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8.8 A resolution in writing, signed or approved by majority of the members of the ARMC, shall be as effectual as if 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 or more ARMC members. Such resolution may be approved by letter, electronic mail or other electronic communication

**9. Quorum**

The quorum in respect of a meeting of the ARMC shall be a majority of INEDs present. Two (2) INEDs personally present at a meeting shall constitute a quorum. The ARMC at which a quorum is present is considered to be competent for the exercise of its authorities, powers and discretions vested upon it.

A member of ARMC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

All decisions at such meeting shall be decided on a show of hands or any other forms of indication to be agreed on a majority of votes of the members present, and in the case of an equality of votes, the Chairman of the ARMC has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote. In the case of an equality of votes, where two (2) members form a quorum, the meeting shall stand adjourned at another day, time and place when at least three (3) or more members may be present to decide on the issue.

**10. General Meetings**

The Chairman of the ARMC shall attend all general meetings to answer questions raised by shareholders on the activities of the ARMC.

**11. Continuous Professional Development**

The ARMC members shall undertake continuous professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

**12. Review of Terms of Reference**

These terms of reference will be reviewed and updated as and when necessary amongst other reasons to fulfill such other requirements as prescribed by the Bursa Malaysia Securities Berhad and/or to align with recommended best practices and proper corporate governance.

Any changes to these terms of reference will be subject to the approval of the Board of Directors. Last amendment and approved by the Board on 22 January 2025.