

**PERDANA PETROLEUM BERHAD**  
**Registration No. 199501042909 (372113-A)**  
(Incorporated in Malaysia)

**TERM OF REFERENCE OF AUDIT & RISK MANAGEMENT COMMITTEE**

The Audit & Risk Management Committee (the “Committee”) is a committee appointed by the Board of Directors. The Committee does not have executive powers.

**1. Membership**

The Committee comprises at least three (3) members of the Board of Directors of which at least two-thirds (2/3) of the Committee members are Independent Directors. The members choose their chair from the Independent composition of the Committee.

The Committee members are appointed by the Board of Directors, which in its opinion would exercise independent judgement based on the structure and composition of the Committee.

The Secretary to the Board of Directors shall also be secretary of this Committee.

No former key audit partner of the Group shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years after his/her retirement/resignation from the audit firm.

**2. Quorum and Procedures of Meetings**

The Committee meets at least four times a year during the finalisation of the financial results of the Company and the Group for the quarterly announcements to Bursa Malaysia Securities Berhad (“Bursa Securities”). The principal focus of any other meeting(s) will be on management control and internal audit.

At the request of the Chair, the Managing Director and/or Executive Director(s) and other executives will be in attendance at Committee meetings or for selected agenda items. The representatives of the external auditors and outsourced internal auditors may also be invited to attend the meetings.

The Committee has the authority to convene meetings with the external auditors and/or the internal auditors without the presence of other Directors and employees of the Company, whenever deemed necessary.

The quorum for the Committee shall be two (2) members who must be Independent Directors.

**3. Reporting Line**

The Committee reports directly to the Board of Directors.

#### **4. Responsibilities**

The Committee is responsible for the following:

- To examine the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of accounting and internal control systems;
- To examine and review the adequacy and effectiveness of management and operations;
- To review the financial statements and other published financial statements and information;
- To monitor relationships with external auditors, to ensure that there are no restrictions on the scope of the statutory audit; to make recommendations on the auditors' appointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors;
- To review and recommend for Board's approval of the provision non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the External Auditors;
- To review arrangements established by management for compliance with regulatory and financial reporting requirements;
- To approve the appointment or termination of the outsourced internal audit service provider;
- 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; to receive and review reports from the outsourced Internal Audit service provider; and on occasion to commission audit engagements to be conducted on the Committee's behalf;
- To perform any other duties as required by Bursa Securities or any other regulatory bodies;
- To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raise questions of conflict;
- To review and recommend the Group's risk management framework and its implementation;
- To review the report of the risk management working group and assess the adequacy and effectiveness of risk management systems instituted in the Company and the Group;
- To approve the appointment or termination of members of the risk management working group;
- To oversee the implementation of whistleblowing policy and procedures of the Group; and
- To perform any other duties as deemed appropriate or as authorised by the Board.

The purview of the Committee extends to all the operations within the Company and the Group.

## **5. Authority**

The Committee shall, when empowered by the Board and at the expense of the Company, be authorized:

- to investigate any matter within its terms of reference;
- to seek any information it requires from the external auditors, person(s) carrying out the internal audit function or activity and any employees and all employees are directed to cooperate with any request made by the Committee;
- to have full and unrestricted access to any information and documents/resources which are required to perform its duties;
- to obtain independent professional or any other advice if it considers necessary; and
- to have direct communication channels and/or conduct meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities Main Market Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Last review dated 23 Nov 2021

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