

	STRATUS GLOBAL HOLDINGS BERHAD	DOC. NO.	SGH-002-TORAC
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This Terms of Reference sets out the matters concerning the governance of the Audit Committee (“AC”).

1.0 Purpose

- 1.1 The purpose of the AC is to assist the Board of Directors (“Board”) in fulfilling its fiduciary duties as well as following oversight objectives on the activities of Stratus Global Holdings Berhad (the “Company” or “STRATUS”) and its subsidiaries (collectively, the “Group”) in respect of the following:
 - a) Oversee financial reporting;
 - b) Assess the risks and control environment;
 - c) Evaluate the internal and external audit system, processes and outcomes;
 - d) Review conflict of interest situations and related party transactions; and
 - e) Undertake any such other functions as may be determined by the Board from time to time.
- 1.2 In the exercise of its functions, it is understood that the AC is generally not delegated with decision-making powers but shall report its recommendations to the Board for decision except otherwise stated in authoritative promulgations. The existence of the AC does not diminish the Board’s ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the AC.

2.0 Powers and Authority

- 2.1 The AC shall have the authority to deliberate and approve matters within its primary duties and responsibilities as set out in this Terms of Reference.
- 2.2 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the AC shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedure and at the expense of the Group, such as:
 - a) To investigate any matter within its Terms of Reference;
 - b) Have full and unrestricted access to information, records, properties and employees of the Group;
 - c) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
 - d) To obtain knowledgeable and experience professional and independent advice from external advisors at the Group expense , as and when necessary for the performance of its duties; and
 - e) To convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

3.0 Composition of the AC

3.1 Size

- 3.1.1 The AC shall have at least three (3) members.

3.2 Membership

- 3.2.1 Members of the AC must be Non-Executive Directors, with majority being Independent Directors.
- 3.2.2 At least one member of the AC:

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- a) Must be a member of the Malaysia Institute of Accountants (“MIA”); or
- b) If he is not a member of the MIA, he must have at least three (3) years’ working experience and:
 - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- c) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3.2.3 There shall not be any Alternate Director appointed as a member of the AC.

3.3 Chairman of the AC

- 3.3.1 The AC Chairman shall be an Independent Non-Executive Director appointed by the Board and is not the Chairman of the Board.
- 3.3.2 In the absence of the AC Chairman, an alternate Chairman shall chair the meeting, of whom should be an Independent Director.

3.4 Secretary of the AC

- 3.4.1 The Secretary of the AC shall be the Company Secretary.

4.0 Appointment of Members

- 4.1 The Nomination Committee (“NC”) shall recommend the appointment of AC members to the Board.
 - 4.2 Members shall be appointed based on their ability to devote time, skills and experience relevant to their duties of the AC. Collectively, the AC should possess a wide range of necessary skills to discharge its duties. All AC members should be financially literate and able to understand matters under the purview of the AC including the financial reporting process.
 - 4.3 All appointed members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
 - 4.4 Former key audit partners^(a) or former employees of the external audit firm shall observe at least a three-year cooling-off period or such other period stipulated under the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants, whichever is longer) prior to being entitled for appointment to the AC.
- (a) *The engagement partner and the partner responsible for the engagement quality control review as well as other audit partners, if any, on the engagement team who make decisions or judgments on significant matters with respect to the audit of the Company’s financial statements on which the auditor will express an opinion.*
- 4.5 The members serving the AC shall be changed at appropriate intervals, if deemed necessary. In order to ensure that the entire AC is not replaced at any one time, such change of members shall be done on a progressive basis.
 - 4.6 In the event of any vacancy in the AC, which results in fewer than three (3) AC members with a majority of Independent Directors and/or absence of an MIA member or equivalent and/or the absence of an Independent Chairman, the vacancy must be filled within three (3) months.
 - 4.7 Members of the AC may relinquish their membership in the AC with prior written notice to the Company Secretary. The office of a member shall become vacant upon the member’s resignation/ retirement/ removal or disqualification as a Director of the Company.

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5.0 Duties of the AC Chairman

5.1 The key duties of the AC Chairman shall include the following:

- a) Ensure the overall effectiveness and independence of the AC;
- b) Plan and conduct the AC meetings;
- c) Ensure that the AC meetings are run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the AC focusing on quality of financial accounting, corporate reporting and effective internal controls;
- d) Promotes formal and informal communication amongst AC members and Finance Director (or their equivalent designated personnel);
- e) Ensure the AC is able to identify any conflict of interests or potential conflict of interests that arose, persist or may arise within the Group, and conduct the necessary assessment and inquiry when warranted, as part of the process in the review of conflict of interests matter;
- f) Encourage open discussion during meetings;
- g) Oversee reporting to the Board; and
- h) Act as the key contact between the AC members and members of the Board and maintain active ongoing dialogue with Management and both internal and external auditors.

5.2 The AC Chairman together with other AC members shall also ensure, amongst others, the following:

- a) AC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
- b) AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- c) AC's concerns on matters that may have an effect on the financials or audit of the Group are communicated to the external auditors; and
- d) There is co-ordination between internal and external auditors.

6.0 Duties and Responsibilities of the AC

6.1 Oversee financial reporting

- 6.1.1 Evaluate and monitor the financial reporting process and provide assurance that the financial information provided by Management is relevant, reliable and timely.
- 6.1.2 Review and report the same to the Board the quarterly and year-end financial statements, before the approval by the Board, focusing particularly on changes in implementation of major accounting policies, significant and unusual events and adjustments, and compliance with applicable financial reporting standards and other legal requirements.
- 6.1.3 Review major audit findings and Management's response during the year with Management, external auditors and internal auditor.

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6.2 Assess the risks and control environment

- 6.2.1 Review the sufficiency and effectiveness of the Group's overall risk management framework, risk appetite and major risk exposures.
- 6.2.2 Assess the effectiveness of the system of internal controls i.e. the risks, control environment and compliance requirements based on the results of the external and internal audits.

6.3 Evaluate the processes and outcomes of external audit function

- 6.3.1 Along with the external auditors, review and report the same to the Board, the audit plan in particular the adequacy of existing external audit arrangements with emphasis on the scope and ensure coordination where more than one audit firm is involved.
- 6.3.2 Along with the external auditors, review and report the same to the Board, the evaluation of the system of internal controls, audit report, problems and reservations arising from the interim and final audits, the management letter and management's response and the adequacy of assistance given by the Group's employees. The AC shall also ensure that the recommendations given by the external auditors regarding major management and weaknesses are implemented.
- 6.3.3 Recommend to the Board the nomination and appointment of the external auditors, the auditors' remuneration and any matters pertaining to resignation or dismissal of the external auditors.
- 6.3.4 Ensure the proper policies and procedures are established and to assess the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are and have been independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.
- 6.3.5 Ensure that the external auditors review a statement made by the Board with regards to the state of risk management and internal controls of the Group and reports the results thereof to the Board.
- 6.3.6 Set policy on non-audit services which may be provided by the external auditors.
- 6.3.7 Recommend to the Board on the extent and nature of non-audit services (when the non-audit service fee exceeds 50% of the audit service fee) that can be carried out by the external auditors and ensure adequacy of checks and balances on the provision of such non-audit services, in which non-audit fees exceed 50% of the audit fees shall be specifically disclosed and justified to the Board

6.4 Evaluate the processes and outcomes of internal audit function

- 6.4.1 Ensures the internal audit function is effective and able to function independently.
- 6.4.2 Review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- 6.4.3 Approve the internal audit plan and review the internal audit findings, and actions taken by Management in response to audit findings.
- 6.4.4 Review the effectiveness of the internal audit function and make recommendations necessary for the improvement of the internal audit function.
- 6.4.5 Review any appraisal or assessment of the performance of members of the internal audit function.
- 6.4.6 Recommend to the Board the external advisors to be engaged when the internal audit function lacks expertise needed to perform specialised audit. In such instance, recommend the fees payable, ensure clear establishment of the terms and scope of engagement, and reporting requirements.

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6.4.7 Review and ensure that the internal audit plan includes periodic independent compliance testing of key regulatory areas.

6.4.8 The Board should disclose:

- a) Whether the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- b) The number of resources in the internal audit function;
- c) Name and qualification of the person responsible for the internal audit; and
- d) Whether the internal audit function is carried out in accordance with a recognised framework.

6.5 Review conflict of interest situations and related party transactions

6.5.1 Review related party transactions and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

6.5.2 Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes annually.

6.6 Other responsibilities and safeguards

6.6.1 Consider any concerns raised by external auditors in respect of breach or non-performance of any requirement or rules that may materially affect the financial position of the Group.

6.6.2 Review the Group's Whistleblowing Policies and Procedures and monitor the responses to the Group's whistleblowing line and other mechanisms used to raise concerns. The AC shall also oversee actions following breaches of Code of Conduct and Ethics or allegations of misconduct.

6.6.3 Review the major findings of internal investigations and Management's response and recommend the rectifications needed.

6.6.4 Review and recommend to the Board for approval, the Audit Committee Report, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

6.6.5 Review and direct fraud investigations and obtain external legal/forensic resources, where needed.

6.6.6 Review whistleblowing outcomes, ensure protection of whistleblowers and review any significant frauds and remediation actions. The AC shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the AC in such manner, as the AC deem fit and necessary.

7.0 Audit

7.1 Internal Audit

7.1.1 The Group shall establish an internal audit function which is independent of the activities it audits. The internal audit function reports directly to the AC.

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7.2 Appointment and removal of external auditors

- 7.2.1 The AC is responsible to recommend to the Board the appointment or re-appointment and removal of the external auditors for the concurrence prior to being tabled as a resolution for the approval of shareholders at the Annual General Meeting (“AGM”).
- 7.2.2 Should there be a need to fill a casual vacancy or should the AC determine a need to change external auditors, the AC shall follow the following procedures for the selection and appointment of the new external auditors:
- Identify and invite a suitable number of audit firms to submit proposals of engagement for consideration;
 - Assess and review the proposals (including proposed fees) and shortlist suitable audit firms;
 - Meet and interview representatives of the shortlisted firms; and
 - Select a suitable firm and recommend to the Board for appointment.
- 7.2.3 The AC may delegate or seek the assistance of the Finance Director (or their equivalent designated personnel) to perform items 7.2.2(a) to 7.2.2(c) above.

7.3 Assessment of internal/ external auditors

- 7.3.1 The AC shall conduct an annual assessment of the suitability, objectivity and independence of both the internal and external auditors, with reference to the Policy on the Suitability and Independence of External Auditors and other relevant guidelines or policies of the Company

8.0 Reporting and Disclosure

- 8.1 The AC shall oversee the preparation of the Audit Committee Report. The AC must disclose how it has met its responsibilities in discharging its functions and duties for the financial year and disclose a summary of any conflict of interest or potential conflict of interest situation that it has reviewed (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts.
- 8.2 The AC shall promptly report to Bursa Malaysia Securities Berhad any matters reported by the AC to the Board which have not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.

9.0 Meetings

9.1 Frequency and calling of meetings

- 9.1.1 The AC shall meet at least four (4) times a year or as frequently as the circumstance dictates.
- 9.1.2 Additional meetings shall be scheduled as considered necessary by the AC. The AC Chairman may convene an AC meeting if requested to do so by any AC member or the Management.
- 9.1.3 The AC shall meet with the external auditors at least twice a year, without the presence of Executive Directors and key management.
- 9.1.4 Upon the request of the external auditors, the AC Chairman must convene an AC meeting to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

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- 9.1.5 To ensure critical issues are highlighted to all the Board members in a timely manner, where possible, the AC meetings are convened before the Board meetings. The issues raised at the AC meetings will be further deliberated at Board level if necessary.

9.2 Notice of Meetings

- 9.2.1 The AC meeting agenda shall be developed by the AC Chairman and the Company Secretary in consultation with the AC members and Management.
- 9.2.2 Unless otherwise agreed by the AC members and whenever necessary, the notice of each meeting confirming the venue, date and time together with the brief agenda of the meeting shall be circulated to all AC members and any other persons who may be required to attend the meeting within at least 5 business days prior to the meeting.
- 9.2.3 The AC Chairman together with the Company Secretary shall ensure that sufficient information such as the agenda and accompanying meeting materials for each meeting are circulated within a reasonable period prior to the AC meeting to AC members and all those who are invited to attend the meeting.

9.3 Quorum and participation

- 9.3.1 The quorum for the AC meetings shall be a minimum of two (2) members and the majority of members present shall be Independent Directors.
- 9.3.2 In the absence of the AC Chairman, the other AC members shall amongst themselves elect a Chairman who must be an independent director to chair the meetings. The Chairman of the Board shall not chair the AC meetings.
- 9.3.3 The AC may invite other Directors and employees to be present to assist in resolving and clarifying matters raised. The Finance Director (or their equivalent designated personnel) shall normally attend the meetings.
- 9.3.4 The AC shall ensure that other Directors and employees attend any particular AC meeting only at the AC's invitation, specific to the relevant meeting.
- 9.3.5 The meetings may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means.
- 9.3.6 In appropriate circumstances, the AC may deal with matters by way of circular resolution in lieu of convening a formal meeting. An Audit Committee's Circular Resolution in writing signed or approved by letter, telex or facsimile by a majority of members (of whom at least two must be an independent Director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

9.4 Voting

- 9.4.1 A matter put to vote at the AC meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman has the casting vote.
- 9.4.2 A member of the AC who has interest in a contract or proposed contract or transaction or arrangement or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in decisions.

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9.5 Minutes of Meetings

- 9.5.1 The Company Secretary shall also be responsible for keeping minutes of the meetings and circulate them in a timely manner to members of the AC and to the other members of the Board where issues can be further deliberated where necessary. The minutes of meetings shall be open to the inspection of any member of the AC or any member of the Board.
- 9.5.2 The minutes of the meetings shall be signed by the Chairman at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 9.5.3 All AC members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the AC, which includes any dissenting comments made and if any AC members had abstained from voting or deliberating on a particular matter.
- 9.5.4 The minutes of AC meeting shall be tabled and presented to the Board during the subsequent Board meeting to keep them informed and updated on the key issues deliberated by the AC.

10.0 Performance Evaluation

- 10.1 On annual basis, the Board via the NC shall evaluate the effectiveness of the AC (including skills mix and contribution of members) and the term of office. The assessment shall be facilitated using self and peer rating by the AC and the NC shall discuss the outcome of the assessment with the AC.

11.0 Review and Amendments of Terms of Reference

- 11.1 This Terms of Reference will be reviewed periodically at least once every 3 years or as and when required and updated in accordance with the needs of the Group and any new legislative promulgations that may have an impact in discharging the Board's responsibilities.
- 11.2 Any revision or amendment to this Terms of Reference, as proposed by the AC or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference.
- 11.3 The duly revised or amended Terms of Reference shall be disclosed on the Group's website.

Reviewed and approved by the Board on 26 November 2025.