



IRIS GROUP BERHAD

Registration No. 202501015184 (1616599-X)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. OBJECTIVE

The Audit Committee (“AC”) is established to support and assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries as well as having an oversight of the Group’s financial results, system of internal control and conflict of interest. The Committees are authorised by the Board to deal with and to deliberate on matters delegated by the Board under clearly defined terms of reference. Both the MCCG and Paragraphs 15.11 and 15.12 of the AMLR set out the need for written terms of reference and minimum functions of the AC.

2. COMPOSITION

- 2.1 The AC shall comprise at least three (3) Non-Executive Directors, consisting solely of Independent Directors.
- 2.2 The AC will elect an Independent Director from amongst them as its Chairman. The Chairman of the Committee should not be the Chairman of the Board.
- 2.3 No Alternate Director shall be appointed as a member of the Committee.
- 2.4 The AC shall include at least one person:
 - a) who is a member of the Malaysian Institute of Accountants; or
 - b) who must have at least three (3) years’ working experience; and
 - (i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) is a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Bursa Securities;
 - a) either one of the following qualifications and at least 3 years’ post qualification experience in accounting or finance:
 - i. a degree/masters/doctorate in accounting or finance; or
 - ii. a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
 - b) at least 7 years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 2.5 If the Chairman or any Committee member resigns or otherwise ceases to serve, resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months, elect an independent Chairman or appoint new members.

- 2.6 The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.
- 2.7 The AC has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

3. FREQUENCY AND NOTICE OF MEETINGS

- 3.1 The AC shall meet on a quarterly basis to carry its function, and additional meetings may be called as and when necessary.
- 3.2 A quorum shall consists of Independent Directors and shall not be less than two (2).
- 3.3 The complete and accurate meeting materials are distributed seven (7) days in advance to the meeting to ensure the respective Board and Board Committees members have sufficient time to review and to analyse the meeting materials as well as seek any clarification that they may need from the Management.
- 3.4 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

4. RIGHTS AND AUTHORITY

- 4.1 Have full and unrestricted access to information, records and documents relevant to its activities.
- 4.2 Have direct communication channels with the External and Internal Auditors.
- 4.3 Ability to convene meetings with internal and/or external auditors, whenever deemed necessary, excluding the attendance of other Directors and employees of the Company.

5. ROLES AND RESPONSIBILITIES

The AC meets on a quarterly basis to carry its functions. In fulfilling its primary objectives, the AC will need to undertake inter-alia the following roles and responsibilities:-

- 5.1 Financial Reporting
 - i. review the unaudited quarterly interim financial report of the Group before recommending it to the Board for approval and authorization for the release of the Group's unaudited quarterly interim financial report announcement to Bursa Securities Berhad;

- ii. review the audited financial statement before recommending it to the Board for approval;
- iii. review and discuss significant matters raised by External Auditors, including financial reporting issues and significant areas of judgement and estimations made by the Management, in accordance with the requirements set out in the Malaysian Financial Reporting Standards; and
- iv. discuss and deliberate significant changes and impact of new or proposed changes in accounting standards and regulatory requirements that would affect the Group and the Company.

5.2 External Audit

- i. review with the External Auditors their Audit Planning Memorandum, which outlined the scope and timeline of the audit, risk assessment and audit approach and communication of key audit matters, prior to the commencement of the audit;
- ii. review the External Auditors' audit fees and recommended to the Board for approval;
- iii. review the External Auditors their AC Memorandum;
- iv. assess the independence, objectivity and suitability of the External Auditors; and
- v. to meet with the External Auditors at least twice, without the presence of Executive Directors and the Management, to review and discuss key issues and audit matters.

5.3 Internal Audit

- i. review the internal audit plan as proposed by the outsourced Internal Auditors for the Group and the Company to ensure the adequacy of the scope and coverage of the work;
- ii. review the internal audit reports presented by the Internal Auditors;
- iii. review the progress of the implementation of corrective action plans agreed by the Management on all significant audit issues;
- iv. review the status of outstanding audit recommendations as presented by the Internal Auditors; and
- v. ensure the independence and objectivity from the Internal Auditors that the audit personnel are free from any relationship or conflicts of interest with the Group during the audit for the financial year under review.

5.4 Annual Report

Review the AC Report, Corporate Governance Overview Statement, Sustainability Statement and recommended to the Board for inclusion in the Annual Report.

5.5 Corporate Governance

Review and assess the adequacy and effectiveness of the Group's policies, propose enhancement to address key issues and strengthen governance and recommend these changes to the Board for approval either periodically or as and when required.

5.6 Related party Transaction and Conflict of Interest

Review any 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.

5.7 Investigation

Review matters referred to the committee set out in the Whistleblowing Policy.

5.8 Any other such functions as may be delegated by the Board from time to time.

If the AC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the AC has the responsibility for reporting such matters to the relevant authority. The AC shall have the discretion to undertake such action independently from the Board.

6. INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors are independent of the activities or operations of the Group. The Internal Auditors are empowered to audit the Group's business units, review the units' compliance with internal control procedures and to assist the AC and the Management in maintaining a sound system of internal controls. The AC has full access to the Internal Auditors for internal audit purposes.

7. REVIEW OF THE TERMS OF REFERENCE

AC shall review its terms of reference when necessary to ensure compliance to applicable laws and regulations.

Approved by the Board on 6 January 2026.