

AUDIT & RISK MANAGEMENT

COMMITTEE

1. OBJECTIVE

The objective of the ARMC shall be:-

- (a) To review the financial condition of the Company and its subsidiaries, the internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action regularly; and
- (b) To oversee the Senior Management's activities in managing the key risk areas of the Company's related activities and to ensure that the risk management process is in place and functioning effectively.

2. RESPONSIBILITIES AND DUTIES

The roles and responsibilities of ARMC are as follows:

2.1 External Auditors

- (a) Recommend to the Board on the appointment of External Auditors, the fee and other matters pertaining to the resignation or termination or change of External Auditors;
- (b) Review with external auditors:-
 - (i) their audit plan;
 - (ii) their evaluation of the system of internal control;
 - (iii) their audit report;
 - (iv) their management letter and management's response; and
 - (v) the assistance given by the management and staff to the external auditors.
- (c) Review the quarterly result and the year-end financial statement prior to their submission to the Board for its approval;
- (d) For the review of the year-end financial statement presentation to ARMC will be conducted by the external auditor, focusing particularly on the following:-
 - (i) Any changes in or implementation of major accounting policy changes;
 - (ii) Adequacy of allowances against contingencies, bad and doubtful debts;
 - (iii) Significant and unusual events; and
 - (iv) Compliance with accounting standards and other legal requirements.
- (e) Ensure that the accounts are prepared in a timely manner and the prompt publication of annual accounts;
- (f) Discuss any problem and reservations arising from the interim and final audits, any matter the external auditors may wish to discuss (in the absence of management where necessary);

- (g) Preparation of an ARMC report at the end of each financial year, which will be published in the Company's Annual Report as follows:-
- (i) The composition of the ARMC, including name, designation and directorship of the members and whether the director is independent or otherwise;
 - (ii) The terms of reference of the ARMC;
 - (iii) The number of ARMC meetings held in the financial year and details of attendance of each member; and
 - (iv) A summary of the activities of the ARMC in the discharge of its functions and duties for the financial year.

2.2 Internal Auditors

Carry out the following with regard to the internal audit function:-

- (a) Review the adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) Review and approve internal audit plan;
- (c) Review audit reports and recommend action to be taken by Management on audit findings or recommendations;
- (d) ARMC should satisfy itself that the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness;
- (e) Review the effectiveness of internal control process and should ensure that the audit issues and concerns are appropriately and timely address; and
- (f) In circumstances where the internal audit is not or not sufficiently proficient in specialised areas, external experts may be engaged to carry out the review. In such situation, ARMC should ensure that the terms and scope of the engagement, the working arrangement with the internal auditors and reporting requirements are clearly established.

2.3 Risk Management

- (a) Recommend appropriate risk management policies, procedures and process in key risk areas such as strategic risk, investment risk, financial risk and operational risk, where applicable;
- (b) Reviewing the adequacy of risk management strategies, policies and risk tolerance level of GMVB, and the extent to which these are operating effectively;
- (c) Provide oversight and strategic direction of all risks associated with GMVB's activities for the management;
- (d) Promoting an integrated approach to evaluate and monitor inter-related risks;
- (e) Ensuring that the infrastructure, resources and systems are in place to identify, measure, monitor and control risks;

- (f) Reviewing management's periodic information on risk exposures and risk management activities; and
- (g) Review and endorse contingency plans for critical and worst case scenarios and address related issues.

2.4 Others

- (a) Receive and consider reports relating to the perpetration and prevention of fraud;
- (b) Review the Company's compliance with the related government's regulations;
- (c) Review any related party transactions and conflict of interest situation that may arise in the Company including any transaction, procedure or conduct that raises questions of management integrity; and
- (d) The ARMC shall update the Board on the issues and concerns discussed during their meetings including those raised by external auditors and where appropriate, make the necessary recommendation to the Board.

3. ARMC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2015, ARMC held 5 meetings. A record of the attendance of ARMC Members is as follows:

| DIRECTORS | NO. OF MEETINGS ATTENDED |
|---|--------------------------|
| Taufiq Ahmad @ Ahmad Mustapha bin Ghazali (Chairman) | 3/5 |
| Dato' Ir Abdul Rahim bin Abu Bakar <i>(Resigned w.e.f 3 June 2016)</i> | 5/5 |
| Rosli bin Abdullah <i>(Resigned w.e.f 8 March 2016)</i> | 5/5 |
| YBhg Dato' Capt. Haji Ahmad bin Othman <i>(Appointed on 29 September 2015)</i> | 1/1* |

* Reflects the number of meetings attended during the time the Director held office.