

## **Altern Energy Limited**

### **Terms of Reference of Audit Committee**

#### **1. Preamble**

Pursuant to the Listed Companies (Code of Corporate Governance Regulations 2019), the Board of Directors ("Board") of the Company hereby forms an Audit Committee to assist the Board in carrying out its responsibilities.

#### **2. Term of Office**

The Audit Committee Members shall be appointed for a period of three years, and are to be nominated by the Board of Directors (BOD).

The BOD shall review the terms of office and performance of the Audit Committee and each of its members at least once in every three years to determine whether the Audit Committee and its Members have carried out their duties in accordance with their terms of reference.

#### **3. Composition of Member**

The BOD shall establish the Audit Committee of at least three members comprising of Non-Executive Directors and at least one Independent Director.

#### **4. Chairman of the Committee**

Chairman of the Audit Committee shall be an Independent Director, who shall not be chairman of the Board.

#### **5. Secretary**

- a) The Secretary of the Audit Committee shall be appointed by the Board and shall be responsible for drawing up the Agenda with the concurrence of the Chairman of the Committee.
- b) The Secretary of the Audit Committee shall also be responsible for preparation and keeping the minutes of the meeting of the Audit Committee for circulation amongst the Members and to follow up outstanding matters.

#### **6. Terms of Reference**

The BOD shall determine and establish the Terms of Reference of the Audit Committee.

The objective of the Audit Committee is to assist the BOD in discharging their statutory and operational duties and responsibilities relating to business performance.

The Terms of Reference of the Audit Committee are:

- a) determination of appropriate measures to safeguard the company's assets;

- b) review of preliminary announcements of results prior to external communication and publication;
- c) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- d) review of management letter issued by external auditors and management's response thereto;
- e) ensuring coordination between the internal and external auditors of the company;
- f) review of the scope and extent of Internal audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- g) To ensure that the organization's core and operating values, policies and procedures are complied;
- h) To evaluate the adequacy and reliability of financial and operational information available for Management decisions;
- i) To initiate the special Management audit as per requirement and directives from the BOD;
- j) Oversee compliance with local laws, regulations and observance of a proper code of conduct and identify significant violations thereof;
- k) To determine the quality, adequacy and effectiveness of the internal control environment;
- l) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- m) Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- n) review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on:
  - (i) major judgmental areas;
  - (ii) significant adjustments resulting from the audit;
  - (iii) going concern assumption;
  - (iv) any changes in accounting policies and practices;
  - (v) compliance with applicable accounting standards;
  - (vi) compliance with these Regulations and other statutory and regulatory requirements; and
  - (vii) all related party transactions;
- o) review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- p) instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- q) determination of compliance with relevant statutory requirements;
- r) monitoring compliance with these Regulations and identification of significant violations thereof;
- s) review of a1Tangement for staff and management to report to audit committee

- in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- t) recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons
  - u) consideration of any other issue or matter as may be assigned by the Board.

## **7. Authority**

The Audit Committee shall be empowered by the BOD in accordance with a procedure to be determined by the BOD and the Audit Committee:

- a) Be authorized to investigate any activity within its terms of reference. Employees shall be directed to extend full co-operation and facilitate the Audit Committee in accomplishing its task.
- b) Have unrestricted access to all information, documents and resources required to fulfill the duties and responsibilities and to approach the internal and external Auditors and senior Management of the Company.
- c) May obtain at the expense of the Company any independent professional or operational advice from outsiders to seek the experience and expertise, if it considers necessary.
- d) Be able to convene meeting with the external Auditors, whenever deemed necessary.
- e) Be able to make reports if necessary to the relevant Authorities if a breach of the system and policies are observed at any level of Management.
- f) Be authorized to reprimand or suggest disciplinary action to the Management against any employee for his/her irregularities causing inefficiency or loss to the Company.

## **8. Internal Audit Functions**

Altern Energy Limited shall establish an independent Internal Audit Department to be headed by a qualified and sufficiently experienced person from the audit background, or the Internal Audit function wholly or partially may be outsourced to the professional service firm or be performed by the Internal Audit staff of the Holding Company.

## **9. Reporting**

The Head of Internal Audit shall report to the Audit Committee with respect to all functional and professional duties and responsibilities. The day-to-day matters shall be looked after by the Chairman.

## **10. Retirement and Resignation**

If any member of the Audit Committee resigns or vacates his office and ceases to be a member with the result that the number of the Audit Committee Members is reduced below three (3) then the BOD shall appoint the replacement within three (3) months after the vacancy, for the balance unexpired term.

## **11. Meetings**

- a) The Audit Committee meeting shall be conducted at least four (4) times during one fiscal year and shall be held prior to the approval of each interim and annual results by BOD. Meetings may be held more frequently as circumstances may require.
- b) The Chairman of the Audit Committee may call meeting at any time at his/her sole discretion.
- c) Meetings shall be presided by the Chairman of the Committee.
- d) In the absence of Chairman, the members present at the meeting will choose one of their number to preside that Audit Committee meeting.

## **12. Participants of the Audit Committee**

In addition to the Audit Committee Members, the Chairman can call any concerned employee or responsible person from any Department of the Company for explanation or clarification.

Each meeting of the Audit Committee shall be conducted by the following executives:

1. Audit Committee Members
2. Head of Internal Audit
3. CEO
4. CFO
5. External Auditor

## **13. External Auditors**

The Audit Committee shall recommend to the BOD for appointment of External Auditors of the Company after satisfactory review of the Audit Firm's profile and its professional quality report from ICAP (if available).

The BOD shall recommend appointment of the External Auditors to shareholders through AGM for their final approval as per recommendation of the Audit Committee.

#### **14. Meeting with External Auditors/Internal Auditors**

- a) The External Auditors can join the Audit Committee meeting at least two (2) times during one fiscal year.
- b) There should be at least one meeting of the Audit Committee in a year with the External Auditors without presence of CFO and Head of Internal Audit to discuss and review matters relating to systems, procedures, operational and functional performance of the Company, as a whole.
- c) There will be at least one meeting of the Audit Committee in a year with the Head of Internal Audit and other members of the internal audit function without the presence of CFO and the external auditors.

#### **15. Quorum**

The quorum for the Audit Committee meeting shall be with presence of at least two (2) members of the Committee.

#### **16. Amendment in Terms of Reference**

The Audit Committee can suggest and recommend any change (if required) for effectiveness or the BOD can ask and authorize to amend the Terms of Reference as and when required.