



## **GROUP INTERNAL AUDIT**

### **INTERNAL AUDIT CHARTER**

The Cahya Mata Sarawak Berhad (“Cahya Mata”)’s Internal Audit Charter (“Charter”) is endorsed by the Group Audit Committee (“GAC”) and approved by the Board of Directors (“Board”) of Cahya Mata. The Group Internal Audit Department (“GIAD”) will revise and update the Charter periodically to reflect current best practices.

#### **1.0 PREAMBLE**

This Charter establishes the purpose, authority and responsibilities of the internal audit function for Cahya Mata. This Charter has been prepared in order to support Cahya Mata in ensuring it has in place an effective internal audit function that meets the standards of The Institute of Internal Auditors (“The IIA”).

#### **2.0 PURPOSE**

The purpose of Cahya Mata’s GIAD is to strengthen Cahya Mata’s ability to create, protect, and sustain value by providing the GAC and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Cahya Mata’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Cahya Mata’s internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA’s Global Internal Audit Standards (“the Standards”), which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the GAC.
- Internal auditors are free from undue influence and committed to making objective assessments.

## **2.1 Commitment to Adhering to the Global Internal Audit Standards**

Cahya Mata's internal audit function will adhere to the mandatory elements of The IIA's International Professional Practices Framework, which are the Standards and Topical Requirements. The Group Internal Auditor ("GIA") will report periodically to the GAC and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

## **3.0 MANDATE**

### **3.1 Authority**

The Cahya Mata's GAC grants the internal audit function the mandate to provide the GAC and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the GAC. Such authority allows for unrestricted access to the GAC.

The GAC authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Cahya Mata and other specialised services from within or outside Cahya Mata to complete internal audit services.

### **3.2 Independence, Organisational Position, and Reporting Relationships**

The GIA will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "*Mandate*" section). The GIA will report functionally to the GAC and administratively (for example, day-to-day operations) to the Group Managing Director ("GMD"). This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the GAC, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The GIA will confirm to the GAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the GIA will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The GIA will disclose to the GAC any

interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### **3.3 Changes to the Mandate and Charter**

Circumstances may justify a follow-up discussion between the GIA, GAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the GIA, GAC, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

## **4.0 GROUP AUDIT COMMITTEE OVERSIGHT**

To establish, maintain, and ensure that Cahya Mata's internal audit function has sufficient authority to fulfill its duties, the GAC will:

- Discuss with the GIA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the GIA has unrestricted access to and communicates and interacts directly with the GAC, including in private meetings without senior management present.
- Discuss with the GIA and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the GIA and senior management about the "essential conditions," described in the Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with the GIA to consider changes affecting the organisation, such as the employment of a new GIA or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter periodically.
- Approve the risk-based internal audit plan.
- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a GIA, as described in the Standards.
- Authorise the appointment and removal of the GIA.
- Approve the remuneration of the GIA.
- Review the GIA's performance.
- Receive communications from the GIA about the internal audit function including its performance relative to its plan.

- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the GIA to determine whether scope or resource limitations are inappropriate.

## **5.0 GROUP INTERNAL AUDITOR ROLES AND RESPONSIBILITIES**

### **5.1 Ethics and Professionalism**

The GIA will ensure that internal auditors:

- Conform with the Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### **5.2 Objectivity**

The GIA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the GIA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Cahya Mata or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Cahya Mata employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the GIA, GAC, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### **5.3 Managing the Internal Audit Function**

The GIA has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the GAC and senior management. Discuss the plan with the GAC and senior management and submit the plan to the GAC for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the GAC and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Cahya Mata's business, risks, operations, programs, systems, and controls.
- Communicate with the GAC and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the GAC and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Cahya Mata and communicate to the GAC and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Cahya Mata's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Standards. Any such conflicts will be resolved or documented and communicated to the GAC and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the GIA cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the GAC.

## **5.4 Communication with the GAC and Senior Management**

The GIA will report periodically to the GAC and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the GAC.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Cahya Mata's risk appetite.

## **5.5 Quality Assurance and Improvement Programme**

The GIA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the GIA will communicate with the GAC and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Cahya Mata; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

## **6.0 SCOPE AND TYPES OF INTERNAL AUDIT SERVICES**

The scope of internal audit services covers the entire breadth of the organisation, including all Cahya Mata's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the GAC and management on the adequacy and effectiveness of governance, risk management, and control processes for Cahya Mata.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Cahya Mata's strategic objectives are appropriately identified and managed.
- The actions of Cahya Mata's officers, directors, management, employees, and contractors or other relevant parties comply with Cahya Mata's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Cahya Mata.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Revised Group Internal Audit Charter was approved by the Board on 26 November 2024.