



**TRANSOCEAN HOLDINGS BHD.
(Company No. 36747-U)**

REVISED TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. COMPOSITION

- 1.1 The Audit and Risk Management Committee ("Committee") members shall be appointed by the Board of Directors ("Board") from among their number and shall consist of not less than three (3) non-executive directors. All the Committee members must be non-executive directors, with a majority of them being independent directors.

The definition of "independent directors" shall have the meaning given in Chapter 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

- 1.2 All members of the Committee shall be financially literate and at least one (1) member:
- i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
 - iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.3 The Board shall not appoint an alternate Director as a member of the Committee.
- 1.4 The members of the Committee shall select a Chairman from among their numbers who shall be an Independent Non-Executive Director. In the absence of the Chairman, the remaining members present shall amongst themselves elect a Chairman who must be independent director to chair the meeting.
- 1.5 If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appointment such number of new member as may be required to make up the minimum number of three (3) members.
- 1.6 The term of office and performance of Committee and each of its members should be reviewed by the Nomination Committee annually.

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2. AUTHORITY

- 2.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board to obtain external, legal or other independent professional advice on any matter within its terms of reference and to secure the attendance of such external advisors with relevant experience and expertise if it considers necessary.
- 2.3 The Committee is authorised to convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and employees, whenever deemed necessary.
- 2.4 The Committee is authorised to have direct communication channels with the external auditors and persons carrying out the internal audit function or activity (if any).
- 2.5 Where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

3. DUTIES AND RESPONSIBILITIES

- 3.1 To review the following and report the same to the Board of Directors of the Company:-
- i) with the external auditor, the audit plan;
 - ii) with the external auditor, his evaluation of the system of internal controls;
 - iii) with the external auditor, his audit report;
 - iv) the assistance given by the officers of the Company to the external auditor;
 - v) the external auditor's management letter and management's response;
 - vi) to do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process, and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning

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- vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particulars on:-
 - any changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting, significant judgements made by management, significant adjustments arising from the audit;
 - the going concern assumption;
 - significant and unusual events or transaction and how these matters are addressed;
 - compliance with accounting standards and other legal requirements
 - key audit matters that relate to the modified opinion or material uncertainty related to going concern (including steps taken (if any) to address those matters)
 - viii) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 3.2 To review the cost effectiveness, independence and objectivity of the external auditors and recommend for the appointment/re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal of external auditors.
- 3.3 To establish policies governing the circumstances under which the contract in relation to the provision of non-audit services can be entered into by the Group with its external auditors and procedures that need to be adhered.
- 3.4 To review the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- 3.5 To undertake the following risk management activities:-
- to determine the overall risk management processes;
 - to establish effectiveness of risk management process;
 - to ensure that risk management processes are integrated into all core business processes;
 - to establish risk reporting mechanism; and
 - to act as steering committee for the group wide risk management programme.
- 3.6 To consider and examine such other matters as the Board and/or the Committee considers appropriate.

4. MEETINGS

- 4.1 The Chairman of the Committee shall engage on a continuous basis with senior management such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

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- 4.2 The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. In order to form a quorum, the majority of members present must be independent directors.
- 4.3 As part of its duty to foster open communication, the Group Financial Controller, a representative of the Internal Auditors and a representative of the External Auditors (if required) will normally attend the meetings. Other Board members and the Group General Manager may attend meetings upon invitation of the Committee. However, the Committee shall meet with the external auditors without executive Board members present, at least twice a year and whenever necessary.
- 4.4 Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.
- 4.5 The Company Secretary(ies) shall be the secretary of the Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

This Revised Terms of Reference of the Audit and Risk Management Committee was adopted by the Board of Directors on 22 November 2016.