SOUTHERN STEEL BERHAD

TERMS OF REFERENCE OF
BOARD AUDIT & RISK MANAGEMENT COMMITTEE

- To consider and recommend the nomination, appointment and/or re-appointment of a person or persons as external auditor(s), and to consider any resignation or dismissal of the external auditors.

- To review the suitability, performance, independence and objectivity of the external auditors and their services, including non-audit services.

- To review the external audit and non-audit fees.

- To review, with the external auditors, the audit scope and plan.

- To review, with the external auditors, the audit report and audit findings and the management's response thereto.

- To review the assistance given by the Group's officers to the external auditors.

- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.

- To review the adequacy of the internal audit scope and plan, functions, competency and resources.

- To review and assess the performance of members of the Internal Audit Department.

- To review the report and findings of the Internal Audit Department including any findings of internal investigations and the management's response thereto.

- To review the adequacy and integrity of internal control systems, including risk management and management information system.

- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.

- To review related party transactions that may arise within the Company or the Group, where any one of the percentage ratios (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) of a related party transaction triggers the requirement of announcement to Bursa Malaysia Securities Berhad.

- To review any conflict of interest or potential conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that may raise questions of management integrity, and the measures taken or to be taken to resolve, eliminate, or mitigate such conflicts.

- To review any significant disagreement between the Head of Internal Audit and any member(s) of the senior management team where such disagreement may have adverse impact on the audit process or findings, and to recommend resolutions of such disagreement if they remain unresolved within a reasonable period of time.

- Other functions as may be agreed to by the BARMC and the Board.