



MILUX CORPORATION BERHAD
[Registration No. 199401027937 (313619-W)]
(Incorporated in Malaysia)

INTERNAL AUDIT CHARTER

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Part A - INTRODUCTION

Internal Auditing is an independent objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Milux Corporation Berhad (“Milux” or “the Company”). It assists Milux in accomplishing Milux’s vision and mission by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company’s risk management, control, and governance processes.

Part B - ROLE

The internal audit function is established by the Audit and Risk Committee (“ARC”) of Milux. The internal audit activity’s responsibilities are defined by the ARC as part of their oversight role. The internal audit function which can either be performed in-house or outsourced, must be premised on the requirements of an “independent and objective” function, thereby providing the Board of Milux (through ARC) an independent objective assurance on the effectiveness of the Group’s risk management on internal controls, processes established by the Group and good corporate governance.

Part C - PROFESSIONALISM

The Internal Auditors will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered by the Internal Auditors to guide operations.

Part D - AUTHORITY

The Internal Auditors, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of Milux’s records, physical properties, and personnel pertinent to carrying out any engagement. All employees of Milux are requested to assist the Internal Auditors in fulfilling its roles and responsibilities. The Internal Auditors will also have free and unrestricted access to the ARC.

The Internal Auditors shall be independent of the activities they audit.

The Internal Auditors is given the mandate to review, analyse, investigate, evaluate, comment and report on any aspect of the Group’s operations.

It shall have full, free and unrestricted access to all Companies, Departments, Company’s operating policies, plans, strategies, records, properties and personnel relevant to the performance of the audit scope of work documented in the Internal Audit Plan approved by the ARC.

The Internal Auditors shall have the authority to obtain the necessary assistance of personnel in the various Departments where the audit is being carried out.

The Head of Department of the Group are responsible for providing the Internal Auditors with relevant and timely access to all records, personnel and physical properties and for making sure that appropriate actions are taken to address audit recommendations.

Part E - ORGANISATION

The Internal Auditors will report functionally to the ARC.

The ARC will approve the internal audit charter and the risk-based internal audit plan. The ARC will also approve all decisions regarding the performance evaluation, appointment, re-appointment or removal of the Internal Auditors as well as their fees. The Internal Auditors will communicate and interact directly with the ARC, including in executive sessions and between ARC meetings as appropriate.

Part F - INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the Company, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgement.

The Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined, and must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

Objectivity need not be adversely affected by the recommendation of controls to be applied in developing systems and procedures under its review nor lending its technical assistance to the management in systematic analysis of operations or activities.

The Internal Auditors confirm to the ARC, at least annually, the organisational independence of the internal audit activity.

Part G - RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve Milux's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify measure,

classify, and report such information.

- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on Milux Group.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of Milux's risk management processes.
- Evaluating the quality of performance of internal auditors and the degree of coordination with the external auditors.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for Milux.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the ARC.
- Evaluating specific operations at the request of the ARC or management, as appropriate.

Part H - INTERNAL AUDIT PLAN

At least annually, the Internal Auditors will submit to senior management and the ARC an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next calendar year. The Internal Auditors will communicate the impact of resource limitations and significant interim changes to senior management and the ARC.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the ARC. Any significant deviation from the approved internal audit plan will be communicated to senior management and the ARC through periodic activity reports.

Part I - REPORTING AND MONITORING

A written report will be prepared and issued by the Internal Auditors following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the ARC.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter by Management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Part J - PERIODIC ASSESSMENT

The Internal Auditors will periodically report to senior management and the ARC on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the ARC.

In addition, the Internal Auditors will communicate to senior management and the ARC on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years.

Part K - OVERSIGHT FUNCTIONS OF THE ARC IN RELATION TO INTERNAL AUDIT FUNCTIONS

The oversight functions of the ARC are as follows:-

- Review the adequacy of the scope, functions 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 action is taken on the recommendations of the internal audit function;
- Approve any appointments or termination of the Internal Auditors;
- Inform itself of resignations of internal auditors and provide the resigning Internal Auditor an opportunity to submit his reasons for resigning.

Part L - REVIEW OF INTERNAL AUDIT CHARTER

This Internal Audit Charter will be reviewed biennially or as and when required to ensure its effectiveness.

This Internal Audit Charter was reviewed and approved by the Board of Directors on 28 November 2023