

## **AUDIT COMMITTEE (AC) TERMS OF REFERENCE**

### **1.0 Purpose**

- 1.1 The primary purpose of the Audit Committee (AC) is to assist the Board of Directors to:
- i. Provide oversight on the financial reporting process, the system of internal control, and audit process.
  - ii. Ensure the adequacy of controls in the processes and procedures undertaken are in accordance with applicable laws, rules and regulations.
  - iii. Oversee the implementation, monitoring and administration of the Whistleblower System.

### **2.0 Composition**

- 2.1 The AC shall comprise at least three (3) members with a majority of them being Independent Non-Executive Directors.
- 2.2 The Chairman shall be an Independent Director and shall be appointed by the Board. The Chairman of the AC shall not be the Chairman of the Board.
- 2.3 At least one member is a member of the Malaysian Institute of Accountants and fulfils the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR).
- 2.4 No alternate director shall be a member of the AC.
- 2.5 In the event a key audit partner is appointed as a member of the AC, to ensure he/she observed the cooling-off period of at least two (2) years.
- 2.6 In the event of any vacancy in the AC, resulting in non-compliance with the MMLR15.09(1), the Board shall fill up the vacancy within three (3) months from the date of the vacancy.

### **3.0 Meetings**

- 3.1 The quorum for AC meetings shall be two (2), and the majority of the members present must be independent directors.
- 3.2 Meetings shall be held at least four (4) times a year or more frequently if required.
- 3.3 The AC may regulate its meeting procedure on calling of meetings, notice to be given on meetings, voting and proceedings of meetings, the keeping of minutes and custody, production and inspection of such minutes.
- 3.4 The AC may consider convening meetings based on requests by AC members, management, external auditors or internal auditors.

3.5 The AC shall convene meetings with the external and internal auditors or both, without the presence of other directors and employees, at least twice a year and whenever deemed necessary.

#### **4.0 Circular Resolutions**

4.1 A resolution may be submitted by way of Circular Resolution.

4.2 A resolution in writing or copies thereof signed or approved by telex or facsimile or email or other forms of visible communication by all members for the time being entitled to receive notice of a meeting shall be as valid and effectual as it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

4.3 Circular Resolutions shall be forwarded and delivered to the Company Secretary without delay. They shall be presented in the next AC meeting for notation and be recorded by the Company Secretary in the minutes.

#### **5.0 Authority**

5.1 The AC is empowered by the MMC Board and has the authority to:

- i. Investigate any matters within its terms of reference.
- ii. Have the resources which are required to perform its duties.
- iii. Have full, free and unrestricted access to any information, records, properties and personnel of the Company.
- iv. Communicate directly with the external auditors and internal auditors on relevant matters.
- v. Obtain independent professional or other advice, if necessary.
- vi. Report to Bursa Malaysia on matters reported by it to the Board which are not satisfactorily resolved resulting in a breach of listing requirements of Bursa Malaysia

#### **6.0 Duties and Responsibilities**

6.1 The duties of the AC, amongst others, are to review the matters in their duties and responsibilities and report back to the Board on the matters deliberated and actions taken:

6.2 External Auditor

In respect of the external auditor, to carry out the following:

- i. Consider the appointment of external auditors and their audit fees by reviewing:
  - a. the adequacy of the experience and resources of the accounting firm
  - b. the persons assigned to the audit

- c. the accounting firm's audit engagements.
  - d. the size and complexity of the listed issuer's group being audited.
  - e. the number and experience of supervisory and professional staff assigned to the particular audit.
- ii. Review the external auditor's audit plan, independence, evaluation of the systems of internal control, audit report and assistance given to the external auditor by management.
  - iii. Discuss the resignation or removal of the external auditor and ensure that the Exchange/Registrar of Companies is informed in writing on the representations or explanations of the resignation/removal.
  - iv. Ensure the external auditor review the statement about the state of internal control of the listed issuer as a Group.

### 6.3 Quarterly results and Financial Statements

Review quarterly results and the year-end financial statement relating to changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements.

### 6.4 Internal Audit

In respect of the Internal Audit function, to perform the following:

- i. Establish an internal audit function which is independent of the activities that it audits.
- ii. Ensure that the internal audit function reports directly to the AC.
- iii. Approve the appointment, termination and performance appraisal of the Chief Internal Auditor.
- iv. Appraise and review the performance of the internal audit function.
- v. Review the internal audit plan, reports and whether or not appropriate action is taken on the recommendations in internal audit reports.
- vi. 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.

### 6.5 Others

The other responsibilities of the AC are as follows:

- i. Review related party transaction (RPT) system, RPTs and conflicts of interest situations that arise within the Company and the Group.

- ii. Oversight of the whistleblowing system and review investigation reports arising from whistleblowing and ensure that appropriate actions are taken to address reports on Improper Conducts.
- iii. Review the yearly Audit Committee Report for incorporation into the Annual Report and recommend it to the Board for approval.
- iv. Carry out other functions that are mutually agreed upon by the AC and Board.