

## Terms of Reference for the Audit Committee

(Revised – April 2022)

### **Composition**

The Committee shall be appointed by the Board from among their members and shall consist of not less than three (3) members. All the audit committee members must be non-executive directors with a majority of them being Independent Directors.

At least one of the members of the Committee:

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a member of the MIA, he must have at least 3 years' working experience and:
  - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - (bb) 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; or
- (iii) he must fulfill such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Committee.

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the number of the members being reduced to below three (3), the Company must fill the vacancy within three (3) months.

A member of the Audit Committee so appointed, shall observe a cooling-off period of at least three (3) years, if he/she was a former audit partner of the Company.

The terms of office and performance of each member shall be reviewed at least once every three years by the Board.

### **Meetings**

Meetings shall be held not less than 4 times a year although additional meetings may be called at any time, as the Committee deems necessary.

The quorum for a meeting shall be two (2) members, and if only two (2) members present both of them must be Independent Directors. If the number of members present for the meeting is more than two (2), the majority of members present must be Independent Directors.

The Secretary of the Committee shall be the Company Secretary.

The Committee may require the members of management, the Chief Financial Officer or Financial Controller or Finance Manager or representative of the Finance Department, the Internal Auditors, and representatives of the External Auditors to attend any of its meetings if they deem necessary.

Other Board members may attend meetings upon the invitation of the Committee.

In the absence of the Chairman of the Committee, members present shall elect a Chairman for the meeting from amongst the Independent Directors.

A committee member shall be deemed to be present at a meeting of the Committee if he participates by instantaneous telecommunication device and all members of the Committee participating in the meeting of the Committee are able to hear each other and recognize each other's voice, and for this purpose, participation constitutes prima facie proof of recognition. For the purposes of recording attendance, the Chairman or Secretary of the Committee shall mark on the attendance sheet that the committee member was present and participating by instantaneous telecommunication device.

A committee member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting and a committee member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the committee meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the committee meeting to leave the meeting.

Minutes of the proceedings at a committee meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the committee meeting.

Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.

A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a Meeting of the Committee duly called and constituted.

### **Minutes**

All minutes of meetings shall be circulated to every member of the Board. The minutes of each meeting shall be kept and distributed to each member. The Chairman of the Committee shall report on each meeting to the Board.

### **Authority**

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

1. have authority to investigate any matters within its terms of reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interest, or abuse by a significant or controlling shareholder;
2. have resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company;
4. (i) have direct communication channels with the external auditors;  
(ii) have direct authority over the internal audit function of which is independent from management and operations;
5. be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company.

### **Purpose of the Committee**

The purpose of the Committee are as follows:

1. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Company and its subsidiaries.
2. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.
3. To avail to the external and internal auditors a private and confidential audience at any time they desire and to request such audience through the Chairman of the Committee, with or without the prior knowledge of Management.
4. To act upon the Board's request to investigate and report on any issue of concern with regard to the management of the Company.
5. To ensure compliance with any such changes/amendments/updates/insertions of the listing requirements and any other applicable laws and regulations, arising thereof from time to time.
6. To render support to the Board in terms of the sustainability system of the Company.

### **Functions and Duties**

The functions and duties of the Committee are as follows:

1. (i) To consider and recommend the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work and assistance given by the Company's officers to the external auditors.  
(ii) To assess and monitor the performance, suitability, objectivity and independence of the external auditor annually. The assessment is to be based on established policies and procedures that consider among others:-
  - The competence, audit quality and resource capacity of the external auditor in relation to the audit;
  - The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and

- Obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (iii) Where the external auditors are removed from office or give notice to the Company of their desire to resign as external auditors, the Committee shall ensure that the Company immediately notify Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and forward to Bursa Malaysia a copy of any written representations or written explanations of the resignation made by the external auditors at the same time as copies of such representations or explanations are submitted to the Registrar of Companies pursuant to section 284 of the Companies Act 2016, within seven (7) days from the submission of the written representation or his notice of resignation.
2. (i) To discuss with the external auditors before the audit commences the nature, scope and any significant problems that may be foreseen in the audit, ensure adequate tests to verify the accounts and procedures of the Company and ensure co-ordination where more than one audit firm is involved; and
- (ii) To ensure and confirm that the management has placed no restriction on the scope of the audit.
3. To review the quarterly announcements to the Bursa Malaysia and the annual financial statements before submission to the Board, focusing particularly on:-
- any changes in accounting policies and practice;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumptions;
  - compliance with the accounting standards;
  - compliance with stock exchange and legal requirements;
  - assess the quality and effectiveness of the internal control system and the efficiency of the Company operations;
  - any significant transactions which are not a normal part of the Group’s business;
  - the quality and effectiveness of the entire accounting and internal control system; and
  - the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.
4. To consider and recommend the appointment or termination of the internal auditors, the fee and inquire into the staffing and competence of the internal auditors in performing their work.
5. To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of the management where necessary).

6. For the internal audit functions, to:-

- (a) Review the adequacy of the competency of the internal audit function including the scope and resources of the internal audit functions and ensuring that the internal auditors have the necessary authority to carry out their work;
- (b) Review internal audit program;
- (c) Ensure co-ordination of external audit with internal audit;
- (d) Consider major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (e) If the internal audit function is outsourced:-

To consider and recommend the appointment or termination of the internal auditors, the fee and inquire into the staffing and competence of the internal auditors in performing their work.

- (f) If the internal audit function is performed in-house, to
  - (i) To review any appraisal or assessment of the performance of the staff of the internal audit function;
  - (ii) To approve any appointment or termination of senior staff member of the internal audit function; and
  - (iii) To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason of resignation.

7. To review the external auditors' management letter and management's response;

8. To report to Bursa Malaysia on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia;

9. To consider:-

- any related party transactions that may arise within the Company or the Group and to ensure that Directors report such transactions annually to shareholders via the annual report, and
- in respect of the recurrent related party transactions of a revenue or trading nature which are subject of a shareholders' mandate, prescribe guidelines and review procedures to ascertain that such transactions are in compliance with the terms of the shareholders' mandate.

10. To review any significant transactions which are not part of the Company's businesses.

11. Such other responsibilities as may be agreed to between the Audit Committee and the Board of Directors.