

**TERMS OF REFERENCE**  
**MAHB BOARD AUDIT COMMITTEE (BAC)**

**1. CONSTITUTION**

1.1 The authority and functions of the BAC extend to MAHB and all its subsidiaries, joint ventures and associates within the Group (“MAHB Group”).

**2. OBJECTIVES**

2.1 The objectives of BAC are as follows:

2.1.1 To assist the Board of Directors (“MAHB Board”):

- i) in fulfilling its fiduciary responsibilities relating to the company’s accounting policies, financial reporting practices, business ethics policies and financial position and performance; and
- ii) assessing the MAHB Group’s processes relating to internal controls, risk management and governance.

2.1.2 To ensure transparency, integrity and accountability in the MAHB Group’s activities to safeguard the rights and interest of the Shareholders.

2.1.3 To maintain, through regularly scheduled meetings, a direct line of communication between the MAHB Board and the External and Internal Auditors.

2.1.4 To enhance the independence of the External and Internal Audit functions.

**3. MEMBERSHIP**

3.1 The members of BAC shall be appointed by the MAHB Board amongst its members and:

3.1.1 all members shall be Non-Executive Directors and comprise of at least three (3) members.

3.1.2 a majority of the members must be Independent Directors.

3.1.3 at least one (1) member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

- 3.2 If for any reason the membership falls below three (3) members, the MAHB Board shall within three (3) months of the event or any period deemed appropriate by the MAHB Board, appoint such number of new member or members as may be required to fulfil the minimum requirement.
- 3.3 No alternate Director is to be appointed as a member of BAC.
- 3.4 The Chairman of the BAC shall be an independent Non-Executive Director appointed by the MAHB Board and shall not be the Chairman of the MAHB Board.
- 3.5 A cooling-off period of three (3) years is required before any former partner of the External Auditors can be appointed as a member of the BAC.

#### **4. AUTHORITY**

- 4.1 BAC shall have the following authority as empowered by the MAHB Board:-
  - 4.1.1 To have authority to investigate any matter within its terms of reference;
  - 4.1.2 To have the resources required to perform its duties;
  - 4.1.3 To have full and unrestricted access to any information, records, properties and personnel within the MAHB Group;
  - 4.1.4 To have direct communication channels with the External Auditors and Internal Auditors;
  - 4.1.5 To obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary; and
  - 4.1.6 To convene private session(s) with the External Auditors without the presence of the Management of the MAHB Group, at least once on an annual basis. The purpose of this session is to facilitate open communication between the auditors and the BAC, and to provide the BAC with an opportunity to discuss any issues or reservations arising out of audits or other matters, excluding the attendance of executive management.

#### **5. FUNCTION AND DUTIES**

The functions and duties of BAC shall be to:

##### **5.1 Financial Statements and Performance**

- 5.1.1 Review the quarterly results and year-end financial statements of the MAHB Group prior to submission to the MAHB Board, focusing particularly on:
- i) changes in or implementation of major accounting policy and practices;
  - ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - iii) the going concern assumption; and
  - iv) compliance with accounting standards, the Main Market Listing Requirements of BMSB and other legal requirements.
- 5.1.2 Review and monitor the financial position and performance of the MAHB Group on a quarterly basis.

## **5.2 External Auditors**

- 5.2.1 Recommend to the MAHB Board the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal.
- 5.2.2 Evaluate and approve the External Auditors and its affiliates appointment for non-audit works/assignments prior to the rendering of services while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees.
- 5.2.3 Discuss with the External Auditors before the audit commences the nature and scope of the audit, the annual audit plan and ensure coordination where more than one firm is involved.
- 5.2.4 Discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of management where necessary.
- 5.2.5 Review the External Auditors' Management Letter and management's response.
- 5.2.6 Annual evaluation of the External Auditors' performance to ensure continued independence, objectivity and quality of audits.

## **5.3 Internal Auditors**

- 5.3.1 Oversee the Internal Audit functions by:
- i) Reviewing and approving the Internal Audit Charter of Internal Audit Division in the MAHB Group;

- ii) Reviewing and approving the Risk-based Internal Audit Plan and its enhancement, scope, functions, competency and resources and that it has the necessary authority to carry out its work and have appropriate standing in the MAHB Group;
  - iii) Being informed of the report and results of the internal audit process and where necessary ensure that appropriate action is taken on its recommendations;
  - iv) Evaluating and approving the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Head of Internal Audit;
  - v) Reviewing and approving the remuneration structure for Head of Internal Audit; and
  - vi) Being informed of the appointment and resignation of Internal Audit management staff and providing them the opportunity to submit reasons for resigning.
- 5.3.2 Direct any special investigations to be carried out by the Internal Audit.
- 5.3.3 Consider the major findings of internal investigations and management's response.

#### **5.4 Related Party Transactions & Conflict of Interests**

- 5.4.1 Review and approve any related party transaction and conflict of interests situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

#### **5.5 Governance and Whistleblowing**

- 5.5.1 Promptly report to BMSB on matters reported by it to the MAHB Board that have not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of the BMSB.
- 5.5.2 As an oversight of the whistleblowing programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee.
- 5.5.3 All matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 (including but not limited to that dealt with/by WIC) shall be reported to BAC via Corporate Integrity Division (CID).
- 5.5.4 Oversee the CID functions by reviewing the adequacy of the plan, scope, functions, competency and resources and that it has the

necessary authority to carry out its work and have appropriate standing in the MAHB Group.

## **5.6 BAC Report**

5.6.1 The BAC shall prepare an annual report that provides a comprehensive narrative of its activities for the year, including the composition, meeting attendance, frequency, and discharging of responsibilities. Prior to inclusion in the annual report, the report shall be reviewed by the MAHB Board to ensure regulatory compliance, including compliance with the Bursa Malaysia Listing Requirements and the Malaysian Code on Corporate Governance, and to provide transparency and accountability to stakeholders.

## **5.7 Other Matters**

5.7.1 Review the efficiency of the MAHB Group's operations particularly those relating to areas of significant risks.

5.7.2 Assess the internal process for determining and managing key risks. Review the Statement of Risk Management and Internal Control which was supported by an independent review by the External Auditors, prior to submission to the MAHB Board.

5.7.3 Shall conduct a biennial review of the Terms of Reference to ensure it remains relevant and effective.

5.7.4 Carry out other duties as directed by the MAHB Board.

## **6. SECRETARIAT**

6.1 The Company Secretary of MAHB shall act as the Secretary of BAC. In the absence of the Company Secretary, the staff of the Company Secretarial Division who is a qualified/licensed secretary attending the meeting on behalf of the Company Secretary shall assume the functions of the Secretary of BAC.

## **7. QUORUM AND PROCEEDINGS OF MEETINGS**

7.1 Meetings shall be held at least six (6) times per annum. Notice, agenda and meeting materials for each meeting shall be circulated to the members at least five (5) business days before the meeting.

7.2 Upon the request of any member of BAC, the Head of Internal Audit or the External Auditors, the Chairman of BAC shall convene a special meeting to consider any matters.

7.3 The required quorum for the meeting shall be at least three (3) members, of which two (2) members shall be Independent Directors. At any meetings, there must be a majority of independent members. If within half an hour from the

time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and as such other time and place as the members may determine.

- 7.4 The meetings of the BAC shall be attended by the Head of Internal Audit. The Management of MAHB shall be represented by the Managing Director/Group Chief Executive Officer or his authorized representatives, at the invitation of the BAC and shall excuse themselves when so directed by the BAC.
- 7.5 BAC may request other members of management, Internal Auditors and External Auditors to participate in the BAC meetings, as and when necessary.
- 7.6 A meeting could only be convened with the presence of the Chairman. In the absence of the Chairman, the members present shall elect one of their members to chair the said meeting.
- 7.7 A member may participate in the meeting by means of telephone conferencing, video conferencing or any communication equipment and he/she shall be deemed to be present in person and counted in a quorum of the meeting.
- 7.8 All resolutions and questions arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman shall have a second or casting vote.
- 7.9 A member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

## **8. CIRCULAR RESOLUTION**

- 8.1 Recommendation and approval from BAC may be sought by way of a circular resolution upon approval by the Chairman. The circular resolution shall be valid and effective as if it had been passed by a meeting duly convened. The circular resolution must be signed or approved unanimously by all members.
- 8.2 Any such circular resolution may consist of several documents in like form each signed by one or more of the members either in electronic form or written document and shall be valid and effective as if it had been passed at a meeting duly convened.

## **9. REPORTING**

- 9.1 The confirmed minutes of the meetings of BAC shall be tabled at the next Board of Directors' Meeting of MAHB for information and/or further deliberation.
- 9.2 BAC, through its Chairman, shall report formally to the MAHB Board after each meeting on all matters within its duties and responsibilities.