



# **Board Audit Committee Terms of Reference**

**Revised on 12 November 2024**

## **1.0 PURPOSE**

1.1 The Board Audit Committee (“BAC”) is responsible to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, internal and external audit functions and internal control system and review of audit results.

## **2.0 COMPOSITION**

2.1 Upon recommendation of the Board Nomination & Remuneration Committee, the BAC shall be appointed by the Board amongst its non-executive directors and shall consist of not less than three (3) members, with the majority comprising Independent Directors. The Chairman of the Board shall not be a member of the BAC.

2.2 At least one (1) member of the BAC:

2.2.1 must be a member of the Malaysian Institute of Accountants (“MIA”); or

2.2.2 if not a member of the MIA, he/she must have at least three (3) years working experience; and

a) passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or

b) be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

2.2.3 fulfils such other requirements as prescribed and/or approved by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

2.3 In the event of any vacancy in the BAC where membership falls below three (3), the vacancy must be filled within three (3) months or within such extension period approved by Bursa Malaysia.

2.4 No Alternate Director of the Board can be appointed as a member of the BAC. The appointment of a Committee member shall automatically be terminated if the member ceases to be a director for any reason whatsoever or as determined by the Board.

2.5 If a member is unable to attend any meeting, the Committee Chairman/Elected Chairman of the BAC may invite another Independent Non-Executive Director (“INED”) of the Company to attend the meeting and such invited INED shall have the rights and authorities of a BAC member.

2.6 Any former partner of MHB’s external audit firm and its affiliates shall observe a cooling-off period of at least three (3) years before being appointed as a member of the BAC. For purposes of the foregoing, a former partner includes those providing advisory services, tax consulting etc.

### **3.0 CHAIRMAN**

3.1 The Board shall appoint a Chairman of the BAC from among the BAC members who must be an INED.

3.2 Should the Chairman be absent from any meeting, one (1) of the members who is an INED shall be elected as Chairman (“Elected Chairman”) by the BAC members present at the meeting.

### **4.0 SECRETARY**

4.1 The Secretary to the BAC shall be the Company Secretary(ies) of MHB.

4.2 The Secretary shall prepare the agenda of the BAC meeting in consultation with the Managing Director & Chief Executive Officer (“MD & CEO”) and the Chairman of the Committee.

### **5.0 MEETINGS**

#### **5.1 Frequency of Meeting**

5.1.1. The BAC shall hold meetings every quarter and additional meetings may be held as and when required.

5.1.2. The BAC shall sit with the external auditors at least twice a year without the presence of any executive member of the Board and Management. The external auditors may request a meeting if they consider it necessary.

5.1.3. The MD & CEO, the Chief Financial Officer and the Chief Internal Audit shall normally attend the meetings. Attendance of other Directors, employees or other attendees at any BAC meeting shall be at the discretion of the BAC Chairman/Elected Chairman, specific to the relevant meeting.

## 5.2 **Quorum**

5.2.1 The quorum for each meeting shall be two (2) members who shall both be Independent Directors.

## 5.3 **Meeting Proceeding and Minutes**

5.3.1. The notice and agenda of each meeting shall be sent by the Secretary of the Committee to all members of the BAC and any other persons that may be required to attend.

5.3.2. Each member of the BAC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the BAC. In the event of an equality of votes, the Chairman of the BAC shall be entitled to a second or casting vote.

5.3.3. The proceedings of the BAC meetings shall be recorded and maintained by the Secretary of the Committee or a person appointed by the BAC. Minutes of each meeting shall be distributed to each member of the BAC and be tabled to the Board for information. The BAC shall report and may make such recommendations to the Board on matters within the powers vested in it by the Board, as it may think fit.

5.3.4. 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.

## **6.0 CIRCULAR RESOLUTIONS**

6.1 A resolution in writing signed by all BAC members who are eligible to vote shall be as valid as if it were passed at a properly held meeting. These resolutions are called "Board Board Audit Committee's Circular Resolutions" and can be made up of several documents in the like form. The signed resolutions must be promptly sent to the Secretary, who will record them in the Company's minutes book. A BAC resolution in writing, signed and transmitted by facsimile or any electronic means shall be deemed to be original.

## **7.0 AUTHORITY**

7.1 The BAC is empowered by the Board with the following authority to execute any matters within its terms of reference ("TOR") at the cost to be borne by MHB:

7.1.1 Full and unrestricted access to resources and information which are required to perform its functions. This includes authority to seek information from any employees of the Group. Employees subjected to such request may be directed by the BAC to co-operate with the request;

7.1.2 Right to obtain independent professional advice or other advice. The BAC may also invite external independent professionals to its meetings if it deems necessary;

7.1.3 Direct communication channels with the external auditors and person(s) carrying out the internal audit functions and activities;

7.1.4 Right to convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and representatives of Management of the Group, if necessary;

7.1.5 Right to review its TOR and to recommend amendments, revisions and updates thereto, where necessary in line with changes to the relevant laws, the prevailing corporate governance best practices or other regulatory requirements, to the Board for approval; and

- 7.1.6 Where the BAC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Malaysia, the BAC must promptly report such matter to Bursa Malaysia.

## **8.0 FUNCTIONS**

The BAC's functions are to review, evaluate, report and make appropriate recommendations to the Board on the following matters:

### **In Relation to External Auditors:**

- 8.1 Appointment and re-appointment of external auditors, the audit fees payable to the external auditors and any questions of resignation and dismissal;
- 8.2 Establishment of policies and procedures to assess the performance, suitability, objectivity and independence of external auditors that considers, among others:
- 8.2.1 the competency, audit quality and resource capacity of the external auditor in relation to the audit;
  - 8.2.2 the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and
  - 8.2.3 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.
  - 8.2.4 The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually.
- 8.3 Review with the external auditors the nature and scope of the audit plan, the system of internal control and the audit report, including the external auditors' management letter and the Management's response; and

- 8.4 Assistance and co-operation rendered by the Group's employees to the external auditors.

**In relation to the Group Internal Auditors:**

- 8.5 Adequacy of GIA's scope, functions, resources, its appropriate competency and authority within the Group;
- 8.6 Recommend to the Board the appointment, transfer or dismissal (including termination and removal) of Chief Internal Audit, in consultation with Management of MHB. The BAC shall also be informed of any resignation of the Head of GIA, who shall be provided with the opportunity to submit his/her reason of resignation to the BAC;
- 8.7 GIA's annual internal audit plan, budget, processes and findings/reports generated by GIA and whether appropriate action is taken on the recommendations of GIA;
- 8.8 Effectiveness and performance of the GIA on an annual basis;
- 8.9 Issuance of guidance and instructions for further actions to be taken by the Management; and
- 8.10 Performance evaluation and remuneration of the Chief Internal Audit, in consultation with the MD & CEO.

**In relation to Internal Control:**

- 8.11 Adequacy and effectiveness of the Group's internal control system to provide reasonable assurance that:
- 8.11.1 the assets of the Group are safeguarded against loss from unauthorised use or disposition and to give a proper account of the assets; and

8.11.2 all transactions are properly authorised and that the transactions are recorded as necessary to enable the preparation of a true and fair view of the financial statements of the Company.

**In relation to Anti-Corruption and Whistleblowing:**

8.12 Ensure the adequacy and effectiveness of the Whistleblowing Policy, whistleblowing management process and actions thereon, and the quarterly Whistleblowing Reports.

8.13 Review the Anti-Bribery Management System (“ABMS”) to ensure its relevance, adequacy and effectiveness and to align with relevant laws, regulations, and best practices.

8.14 Ensure that the whistleblowing and anti-corruption policies and procedures are reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years.

**Financial Review:**

8.15 The quarterly results and annual financial statements, focusing particularly on:

8.15.1 any changes in or implementation of accounting policy and practices;

8.15.2 significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and

8.15.3 compliance with accounting standards and other legal requirements.

8.16 Ensure the adequacy and effectiveness of the Group’s accounting policies and procedures.



**Related Party Transactions & Conflict of Interest:**

- 8.17 Review and endorse any related party transaction and any situation of conflict of interest that arose, persist or may arise within the Group including any transaction, procedure or course of action that raises questions of Management's integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.

**General Duties:**

- 8.18 Review and recommend relevant statements relating to audit and governance matters for inclusion in the Company's Integrated Annual Report, for the Board's approval.
- 8.19 Undertake such other functions as may be determined by the Board from time to time.

