



**TERMS OF REFERENCE
OF THE AUDIT COMMITTEE**

1. Purpose

The Audit Committee (“the Committee or “AC”), is responsible for assisting the Board in discharging its responsibilities for monitoring the integrity of the Company’s financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

2. Scope of Authority

- a) The AC is a Committee of the Board of TDM Berhad (“TDMB”) from which it derives its authority and to which it regularly reports. The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.
- b) The authority and scope of coverage of the Committee is over TDM Group, which includes Subsidiary Companies, Associate companies and other companies with which TDMB have management control, influence or interest.
- c) The Committee has full access to and co-operation from management and full discretion to invite any directors, executive, officer and third-party service provider to attend its meetings.
- d) The Committee shall have full, free and unrestricted access to relevant records and information of the TDM Group’s industry, its properties and personnel in carrying out its duties and responsibilities.
- e) The Committee is authorised to audit, review and investigate any matter within its Terms of Reference.
- f) The Committee is authorised to seek independent professional advice in any matters within its Terms of Reference at the expense of the Company, in carrying out its duties.
- g) The Committee is authorised to have access to the advice and services of the Company Secretary.
- h) The Committee is authorised to have the resources which are required to perform its duties.
- i) The Committee is authorised to have direct communication channels with the external auditor and Internal Auditors.
- j) The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.
- k) The Committee is required to promptly report its recommendations to the Board for its consideration, decision and implementation.

- l) To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements.
- m) To delegate any of its duties as is appropriate to such persons or person as it thinks fit.
- n) The Committee is authorised to convene meetings with external auditors, excluding the attendance of the Executive Directors and employees of the Group, whenever deemed necessary.

3. Membership

- a) The members, including the Chairman of the Committee, shall be appointed by the Board on the recommendation of the Nomination & Remuneration Committee.
- b) The Committee shall comprise at least three (3) members, a majority of whom shall be Independent Directors as defined in the Main Market Listing Requirements (the “Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). All members of the audit committee shall be Non-Executive Directors.
- c) If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph (b) above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.
- d) No Alternate Director shall be appointed as a member of the Committee.
- e) At least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years’ working experience and
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he/she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirement as prescribed by the Bursa Securities.
- f) Any former key audit partner must have observed a cooling-off period of at least three (3) years before one is eligible for appointment as a member of the Audit Committee.

4. Chairman

- a) The members of an Audit Committee must elect a Chairman among themselves who is an Independent Director.
- b) A vacancy resulting in the non-compliance with the requirement on the election of an independent Chairman of the AC, it must be filled within three (3) months.
- c) The Chairman of the AC shall not be the Chairman of the Board.
- d) The Committee Chair has a casting vote.

5. Tenure of Office

- a) The members shall be formally appointed and/or terminated by the Board. However, members of the Committee may relinquish their membership in the Committee with prior written notice to the Board.
- b) The Nomination & Remuneration Committee (“NOMREM”) of the Company shall review the term of office and performance of the AC and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- c) The Board on the recommendation of the NOMREM shall appoint members of the Committee. Each independent member of the Committee shall serve for a period of up to a maximum of nine (9) years and may be extended if approved by the shareholders of the Company in a general meeting that the affected member continues to exercise independent and objective judgment.

6. Duties and Responsibilities

The Committee undertakes amongst others, the following responsibilities and duties:-

6.1 In relation to External Auditors

- a) To consider and recommend the appointment, re-appointment, dismissal or resignation of the external auditors, terms of engagement and independence by reference to the external audit firm’s compliance with regulations, ethical guidance on partner rotation. This would include an annual review of the effectiveness of the external auditors, the qualifications, expertise and the adequacy of resources provided by the External Auditors.
- b) To directly oversee the process for selecting the External Auditor and to make appropriate recommendations, through the Board, to shareholders to consider at the Annual General Meeting concerning the re-appointment of the Auditor.

- c) The Committee will review and consider any proposed resignation or dismissal of the external auditors and whether there is reason to believe that the External Auditors are not suitable for re-appointment together with the Committee's recommendations.
- d) To review with the external auditors the adequacy and effectiveness of the internal control system and risk management processes to the extent performed as part of the external audit.
- e) To review and discuss with the External Auditors, their plans for and the scope and cost effectiveness of their annual audit and other examinations prior to the commencement of such activities.
- f) To review the assistance given by the Group's employees to the External Auditors and ensure coordination where more than one audit firm is involved and between External and Internal Auditors.
- g) To review the External Auditors' report of their annual audit, their accompanying management reports and responses by management, their report of the reviews of the Group's interim financial report and the problems and reservations arising, including any significant audit adjustments.
- h) The scope may also include the reports on results of such other examinations outside the course of the External Auditors normal audit procedures that they may undertake from time to time.
- i) To develop, review and monitor the policies and procedures to assess the suitability, objectivity and independence of External Auditors, including obtaining a written assurance from the External Auditors confirming their independency throughout the conduct of the audit engagement and to conduct an annual assessment of External Auditors.
- j) To resolve disagreements between management and the External Auditor regarding financial reporting.
- k) To develop, review and monitor the policies governing the circumstances under which contracts for the provisions of non-audit services can be entered into and the procedures that must be followed by the External Auditors.
- l) To meet with the External Auditor (including at least once a year without the presence of the Executive Director(s) and management), to discuss any issues arising from the audit.

6.2 In relation to Internal Auditors

- a) To consider and recommend the appointment, re-appointment, dismissal or resignation of the external auditors, terms of engagement and independence by reference to the external audit firm's compliance with regulations, ethical guidance on partner rotation. This would include an annual review of the effectiveness of the external auditors, the qualifications, expertise and the adequacy of resources provided by the External Auditors.
- b) The Committee shall recommend to the Board the authority and areas of responsibility of the internal audit function. For this purpose, the Committee must approve the Internal Audit Charter.
- c) To review the Internal Audit plans for the adequacy and scope of the ongoing audit activities including the authority and the adequacy of competency and resources of the internal audit team to carry out its function effectively.
- d) To review with the head of internal audit their reports, key findings, and recommendations, management's response to the recommendations and that appropriate action is taken on their recommendations.
- e) To recommend to the Board the appointment and termination of the Head of Internal Audit.
- f) To recommend to the Board the annual budget for the Internal Audit function.
- g) To conduct the performance evaluation of the Internal Audit function annually.

6.3 In relation to Financial Reporting

- a) To review quarterly and year-end consolidated financial statements and financial announcements of the Company, before submission to the Board, focusing particularly on: -
 - compliance with applicable financial reporting standards;
 - changes in major accounting policies and practices;
 - compliance with the Listing Requirements of Bursa Securities and other statutory requirements;
 - significant adjustments arising from the audit;
 - going concern issues of any entity within the Group;
 - significant judgmental and subjective issues affecting the audit; and

- significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
- b) To assist the Board in the preparation of the Audit Committee Report for inclusion in the annual report of the Company.

6.4 Related Party Transactions

- a) To review any Related Party Transactions (“RPT”) and conflict of interest situations and where appropriate, make recommendations to the board for approval that such transactions are at arm’s length and are in the best interest of the Group or Company and ensure that they are conducted on the Group’s normal commercial terms and the internal procedures relating to such transactions are sufficient and in compliance with the Listing Requirements of Bursa Securities.
- b) To review the process used to procure the shareholders’ mandate for Recurrent Related Party Transactions (“RRPT”).
- c) To review the Circular to Shareholders on RPT and/or RRPT.

6.5 Internal Control and Risk Management

- a) To review and assess the adequacy and effectiveness of the Group’s systems for internal control and governance systems relating to the accounting and reporting practices of the Company.
- b) Jointly review with the Board Risk & Compliance Committee (“BRCC”), the Statement on Risk Management and Internal Control in the Group’s annual report to ensure that relevant information as prescribed in the Main Market Listing Requirement of Bursa Securities are disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks

6.6 Others

- a) To review the Statement on Corporate Governance prior to their inclusion in the Company’s Annual Report.
- b) To review such other matters in relation to the accounting, auditing and financial reporting practices and procedures as the Committee may deem desirable and to carry out such other responsibilities, functions or assignments as may be agreed to by the Committee and the Board.

7. Secretary

The Company Secretary(ies) shall be the Secretary(ies) of the Committee. The Secretary(ies) shall in his/her absence, nominate a minute secretary to record the proceedings of the meeting of the Committee.

8. Meeting

8.1 Notice of Meeting

- a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of AC.
- b) The Company Secretary with the concurrence of the Chairman, draws up and circulates the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting of at least five (5) days before the meeting.

However, shorter notice may be issued due to the urgency of the matters that need deliberation by the Committee.

- c) Upon the request of the External Auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the External Auditor believes should be brought to the attention of the Directors or shareholders.

8.2 Frequency of Meetings

The Committee shall meet not less than four (4) times a year and at such other times as the Chairman shall decide.

8.3 Quorum

- a) The quorum shall be three (3) members provided that the majority of members present are Independent Directors.
- b) In the absence of the Committee Chairman, the remaining members present shall elect one (1) of themselves to chair the meeting.
- c) All or any of the members of the Committee may participate in a meeting either in person or by means of a teleconference, video conference or any other means of electronic communication, equipment, capable of recording and recognising the participation of the members and allows all persons participating in the meeting to communicate with one another. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

8.4 Attendance at Meeting

- a) The Group Chief Executive Officer, Chief Financial Officer and the Group Head of Internal Audit of the Group shall attend the meetings to assist in the deliberations and resolution of matters raised. The External Auditors will be present at certain meetings to report to the AC on their activities and other specific issues.
- b) Other Board members, members of the Management or any other person(s) may attend the Committee meeting on the invitation of the Committee.
- c) The AC shall meet with the External Auditors without the presence of the Executive Directors (if any) and management at least once in a financial year. The External Auditor has the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

8.5 Minimum Attendance

Each individual member of the Committee is required to attend at least 50% of the Committee meetings held in each financial year.

8.6 Decision making

- a) All decision shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.
- b) The Committee may also decide by way of the Committee's written resolutions. A resolution in writing signed or approved by majority of members who may at the time be present in Malaysia, being not less than three (3) members provided that the majority of members signed or approved are Independent Directors which is sufficient to form a quorum shall be valid and effectual as if it has been passed at a meeting of the AC duly called and constituted. All such resolutions shall be described as "Audit Committee Written Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book and submitted for confirmation at a meeting of the next Committee Meeting, following the receipt thereof by the Secretary.

Any such resolution may consist of several documents or counterparts in like form, each signed or approved by one (1) or more Members and may be accepted as sufficiently signed by a member if transmitted to the Company by facsimile or other forms of Electronic Communications purporting to include a signature or the written approval of the member.

- c) An AC 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.

8.7 Minutes of Meeting

- a) The Secretary shall minute the proceeding and resolutions of all Committee meetings including the names of those present and in attendance.
- b) The minutes of each Committee meeting shall be circulated to the Committee's members for approval and adoption at the next Committee meeting and presented to the Board for its notation.
- c) The original copy of the minutes of the Committee meeting shall be kept under the custody of the Company Secretary.
- d) Any inspection of the minutes of the meeting and request for the extract minutes by the Regulator, Auditors or Employee should have prior approval from the Head of Secretarial/ Company Secretary.

9. Reporting

- a) The AC, through its Chairperson, shall report a summary of significant matters to the Board after each meeting.
- b) The Chairman of the Committee shall attend the Annual General Meeting and shall answer questions, through the Chairman of the Board, on the Committee's activities and responsibilities.
- c) The Committee shall produce an AC Report which will form part of the Company's Annual Report.

10. Continuing Education

All members of the AC should undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

11. Assessment

The Committee shall conduct an assessment to monitor their overall effectiveness in meeting their responsibilities at least annually and report the results of the self-assessment to the Board s.

12. Revision of the Terms of Reference (“TOR”)

The TOR shall be reviewed at least once every three (3) years or as and when necessary.

Any revision or amendment to the TOR, as proposed by the AC shall be presented to the Board for its approval.

Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

Approved by the Board on 30 March 2023