



**GAMUDA BERHAD**

(Company No. 29579-T)

## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **Membership**

The Audit Committee (Committee) shall be appointed by the Board of Directors (Board) from amongst its members and shall consist of not less than three members, all of whom must be Non-executive Directors with a majority of them being Independent Directors. The members of Committee must elect a chairman from among themselves who is an Independent Director. An Alternate Director cannot be appointed as a member of the Committee.

At least one member of the Committee:

- i. must be a member of the Malaysian Institute of Accountants (MIA); or
- ii. if he is not a member of MIA, the member must have at least three years' working experience and:
  - a. must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - b. must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- iii. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (Bursa Malaysia).

In the event of any vacancy in the Committee resulting in non-compliance with Bursa Malaysia's Main Market Listing Requirements (Listing Requirements) in respect of composition of the Committee and / or the election of an independent chairman, the Board must fill the vacancy within three months.

The Nomination Committee must review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

#### **Meetings and Minutes**

##### *Meetings*

Meetings shall be held not less than four times a year and the Finance Director, Head of Internal Audit and representatives of the External Auditors will be invited to assist the Committee. Other Board members and Senior Management may attend meetings upon the invitation of the Committee. At least twice a year, the Committee shall meet with the External Auditors without any executive officer of the Group being present. Additional meetings may be held upon request by any Committee member, the Management, Internal or External Auditors.

### *Quorum*

A quorum shall consist of a majority of Independent Directors and shall not be less than two.

### *Secretary*

The Company Secretary shall act as secretary of the Committee.

### *Reporting Procedure*

The minutes of each meeting shall be distributed to the Committee members and to all Board members. Key issues discussed are reported by the Chairman of the Committee to the Board.

## **Authority and Duties**

### *Authority*

In carrying out their duties and responsibilities, the Committee shall:

- i. have the authority to investigate any matter within its terms of reference;
- ii. have the resources which are required to perform its duties;
- iii. have full and unrestricted access to any information pertaining to the Group;
- iv. have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
- v. be able to obtain independent professional or other advice it deems necessary; and
- vi. 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, whenever deemed necessary.

### *Duties*

The duties of the Committee shall include a review of the following:

- i. the effectiveness of management information system and other systems of internal control within the Company and the Group;
- ii. the Management's compliance with laws, regulations, established policies, plans and procedures;
- iii. with the assistance of the Management, the quarterly financial results and year-end financial statements prior to deliberation and approval by the Board, focusing particularly on:

- a. changes in major accounting policies;
  - b. significant matters highlighted including financial reporting issues, significant judgement made by Management, significant and unusual events or transactions and how these matters are addressed;
  - c. the going concern assumption;
  - d. compliance with accounting standards and other legal requirements;
- iv. the independence and objectivity of the External Auditors and their services;
  - v. together with the External Auditors, the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
  - vi. the selection, remuneration and resignation or dismissal of the External Auditors;
  - vii. the assistance given by the employees of the Company to the External Auditors;
  - viii. significant audit findings and reservations arising from the interim and final audits reported by the External Auditors together with their Management Letter and Management's response, where applicable;
  - ix. the adequacy of the scope, function, competency and resources of the Internal Audit function and whether or not it has the necessary authority to carry out its duties;
  - x. the Internal Audit programme, processes and results of the audit work, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;
  - xi. any appraisal or assessment of the performance of members of the Internal Audit function;
  - xii. the appointment or termination of senior staff members of the Internal Audit function and take cognizance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
  - xiii. any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of Management's integrity;
  - xiv. the allocation of options during the year under the Company's Employees Share Option Scheme (ESOS) to verify whether it is in accordance with the criteria determined by the ESOS Committee and in compliance with the ESOS by-laws;
  - xv. matters conveyed to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements are promptly reported to Bursa Securities; and
  - xvi. any other matters as may be directed by the Board from time to time.