

## **CHARTER OF THE AUDIT COMMITTEE**

### **Purpose**

The Audit Committee is a standing committee of the Board of Directors whose primary functions are to assist the Board of Directors with its oversight role with respect to:

1. The integrity of financial statements and information provided to shareholders and others.
2. The Company's compliance with applicable financial and regulatory requirements.
3. The adequacy and effectiveness of the internal control environment implemented and maintained by management.
4. The qualifications, independence and performance of the External Auditor who is accountable to the Audit Committee, the Board of Directors and the shareholders.

### **Membership**

The Audit Committee comprises not less than three non-executive directors, including the Chairman of the Committee, approved for appointment by the Board of Directors.

The majority of the members of the Audit Committee shall be independent directors as defined in the Bank Negara Malaysia Guidelines for Audit Committees and Internal Audit Department and the Chairman of the Committee shall be an independent director. No member of the Audit Committee shall be employed in an executive position with the Company or its related corporations or have a relationship which in the opinion of the Board of Directors will interfere with the exercise of independent judgement in carrying out the functions of the Committee.

The members of the Audit Committee shall be financially literate. In the Board of Director's judgment, a member of the Audit Committee is financially literate if, after seeking and receiving any explanations or information from senior financial management of the Company that the member requires, the member is able to read and understand the consolidated financial statement of the Company to the extent sufficient to be able to intelligently ask, and to evaluate the answers to, probing questions about the material aspects of those financial statements.

The Audit Committee membership is reviewed annually by the Remuneration and Nomination Committee to ensure the Audit Committee as a whole includes members with the experience and expertise required to fulfil the Committee's mandate and that the financial literacy requirement is met.

Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors following the receipt of a written notice of removal or replacement of the member from the relevant Shareholder of the Company who nominated the member of the Audit Committee.

### **Structure and Operations**

A meeting of the Committee may be called at any time by the Non-Executive Chairman of the Board or by the Audit Committee Chairman. In addition, the Audit Committee Chairman shall call a meeting of the Committee if requested to do so by any member of the Committee, the Management or the Internal or External Auditors. The Committee meets as frequently as necessary, as but not less than four times a year. The quorum at any meeting of the Committee shall be at least two thirds of the members with independent directors forming the majority and the meetings must be constituted so that the requirements of the Islamic Financial Services Act 2013 and the relevant Guidelines and Regulations issued by Bank Negara Malaysia are met.

All decisions at meetings of the Audit Committee shall be decided by a simple majority with the exception of the following matters which shall be decided unanimously:

- The appointment or change of the External Auditors or Company Secretary of the Company; and
- The adoption of the financial statements of the Company

The Company Secretary shall act as Secretary of the Audit Committee.

In absence of a meeting, issues shall be resolved by way of circular resolutions. The circular resolutions may consist of several documents in the same form, each executed by one or more of the members of the Committee. Any such resolutions may be transmitted by the members of the Committee via facsimile transmission or email to the Secretary.

The Chairman of the Audit Committee is consulted in advance in connection with the appointment, reassignment, replacement and dismissal of the Head of Internal Audit. The Chairman of the Audit Committee is consulted annually on the performance assessment and compensation awarded to the Head of Internal Audit.

The Audit Committee is responsible for the appointment of the External Auditor having particular regard to the External Auditor's objectivity, performance and independence.

The Audit Committee is to ensure on an on-going basis that the internal audit department has adequate and competent resources, given the size and complexity of the insurer's operations. The Audit Committee shall approve the appointment, remuneration, performance evaluation, removal and redeployment of the Head of Internal Audit and senior officers of the internal audit functions and be informed of any resignation of the internal audit staff and reasons thereof and provide resigning staff with an opportunity to submit reasons for their resignation.

The Committee holds a private session at each regularly scheduled meeting with the Head of Internal Audit and at least twice a year with the representative of the External Auditor and these individuals have unrestricted access to Committee members at any time during the financial year.

The Audit Committee, in consultation with the Non-Executive Chairman of the Board, may engage any special advisors it deems necessary to provide independence advice, at the expense of the Company.

On an annual basis, the Committee will review the Charter and where necessary, recommend changes to the Board of Directors for approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee.

## **Duties and Responsibilities of the Audit Committee**

### **Financial Reporting**

1. Reviews with management and the External Auditor and makes recommendations to the Board of Directors on the approval of:
  - a) the interim unaudited financial statements including the notes thereto; and
  - b) the annual audited financial statements including the notes thereto.
2. In conducting its review of the annual financial statements:
  - a) discusses with the External Auditor any significant changes that were required in the external audit plan, any significant issues raised with management during the course of the audit or review, including any restrictions on the scope of activities or access to information; and those matters that are required to be discussed under the International Standards on Auditing (ISA);
  - b) receives a report from management of their review of financial statements;
  - c) assures itself that the External Auditor is satisfied that the accounting estimates and judgements made by management, and management's selection of accounting principles, reflect an appropriate application of generally accepted accounting principles;

- d) seeks assurances from the External Auditor that the financial statements, including the notes thereto, fairly present the financial position, results of operations and cash flows of the Company;
- e) discusses with the Appointed Actuary the parts of the annual audited consolidated financial statements prepared by the officer;
- f) reviews with management and the External Auditor the Company's principal accounting practices and policies; and
- g) considers emerging industry, regulatory and accounting standards and the possible impact on the Company's principal accounting practices and policies.

### **External Auditor**

- 3. Reviews the independence of the External Auditor, including the requirements relating to such independence of the laws governing the Company and the applicable financial legislative and regulatory requirements.
- 4. Assesses the performance of the External Auditor and recommends to the Board the appointment or, if so determined by the Committee, the replacement of the External Auditor, subject to the approval of the shareholders.
- 5. Determines, reviews and approves the services to be performed by the External Auditor and the fees to be paid to the External Auditor for audit, audit-related and other services permitted by law.
- 6. Reviews with the External Auditor and management the overall scope of the annual audit plan, quality control procedures and the resources that the External Auditor will devote to the audit.
- 7. Reviews with the External Auditor any regulatory investigations that pertain to the External Auditor.
- 8. Investigates reasons for any request made by management to dismiss the External Auditor, or any resignation by the External Auditor. The results of the investigation should be disclosed to the Board together with the recommendations on the proposed actions to be taken.

### **Internal Control and Audit**

- 9. Requires management to implement and maintain appropriate internal control procedures, and reviews, evaluates and approves the procedures.
- 10. Reviews management's reports on the effectiveness of the Company's disclosure controls and procedures and its internal control over financial reporting.
- 11. Reviews with management and the Head of Internal Audit:
  - a) The overall scope of the annual internal audit plan, including the extent of coordination and reliance placed on it in with the External Auditor's audit plan, and the adequacy of the resources available to the Head of Internal Audit; and
  - b) The effectiveness of the internal control procedures.
- 12. Ensuring that management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
- 13. Noting significant disagreements between the Head of Internal Audit and the rest of the management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.
- 14. Review third-party opinions on the design and effectiveness of the Company's internal control framework.

**Governance**

15. Reviews and approves changes to the statement of mandate, responsibility and authority of Internal Audit.
16. Ensures that the Head of Internal Audit has adequate authority, independence and resources to perform the Internal Audit mandate.
17. Ensures that an independent review of the Internal Audit function is conducted as needed.
18. Discusses with the External Auditor if necessary, on the impact of the finance and control-related aspect of the material transactions that are being proposed by the Company.
19. Reviews, and discusses with the External Auditor and Appointed Actuary on such reports and regulatory returns of the Company as may be specified by law.
20. Reviews matters within its mandate that are addressed in the regular examination and similar reports received from regulatory authorities including management's responses and recommendations.
21. Discusses the qualifications for and determines whether a member of the Committee is a financial expert and in conjunction with the Remuneration and Nomination Committee ensures the on-going financial literacy of Committee members.
22. Reviews, update and monitor any related-party transactions and conflicts of interest situations that may arise within the Company including any transaction, procedure or conduct that raises questions of management integrity.

**Other**

23. Performs such other duties and exercises such other powers as may, from time to time, be assigned to or vested in the Committee by the Board, and such other functions as may be required of an audit committee by law and regulations.