



**BINA DARULAMAN BERHAD**

**(Company No. 332945-X)**

**(Incorporated in Malaysia)**

**TERM OF REFERENCE OF  
BOARD AUDIT COMMITTEE**

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**DATE REVISED & ADOPTED BY THE COMPANY** : 17.03.2019

**VERSION** : 3.0

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### ABBREVIATIONS

The terms and expressions used in this Term of Reference (“TOR”) shall apply to this TOR of Board Audit Committee unless otherwise stated. The following abbreviations are used to this TOR:-

TOR	:	Term of Reference
BAC	:	Board Audit Committee
ID	:	Independent Directors
LR	:	Listing Requirements
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
GCEO	:	Group Chief Executive Officer
COO	:	Chief Operating Officer
CFO	:	Chief Financial Officer

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### 1.0 **Membership:**

- a) The BAC shall be appointed by the Board of Directors from amongst the Non-executive Directors and must be composed of not fewer than three (3) members, with all of them being Independent Directors. The members of the BAC must elect a Chairman among themselves and not necessary senior in position. An alternate director shall not be appointed as a member of the BAC.
- b) At least one member of the BAC:-
- i. Must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - ii. If he is not a member of MIA, he must have at least 3 years’ working experience and:-
    - He must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
    - He 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. Fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”).
- c) In the event of any vacancy in the BAC resulting in non-compliance with LR on the composition of BAC, the Board of Directors must fill the vacancy within three (3) months or any extension granted by the Exchange.
- d) The Board of Directors must review the term of office and performance of the BAC of its members at least once every three (3) years to determine whether the BAC has carried out its duties in accordance with its TOR.

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### 2.0 **Meetings and Minutes**

- a) Meetings shall be held at least four (4) times a year with the attendance of the GCEO, COO, CFO, Company Secretary and Head of Group Corporate Assurance. Other Board members and Senior Management may attend meetings at the invitation of the BAC.
- b) At least twice (2) a year, the BAC shall meet with the external auditors and internal auditors without any Executive Board or Officer of the Group being present.
- c) Additional meetings may be held upon request by any BAC member, the Management, Internal or External Auditors.
- d) The minutes shall be circulated to the BAC members and to all other members of the Board. As for the management, the Company Secretary will only furnish the extract minutes upon request by the management who is privy to the subject matter of the minutes. The Chairman of the BAC engages on a continuous basis with senior management such as the GCEO, COO, CFO, Company Secretary, Group Financial Officer, Head of Group Corporate Assurance and the external auditors in order to keep abreast of matter and issues affecting the Group.
- e) Key issues discussed are reported by the Chairman of the BAC to the Board.

### 3.0 **Chairman of the Board Audit Committee**

The members of BAC must elect a Chairman among themselves who is an independent director.

### 4.0 **Secretary:**

The Company Secretary shall act as secretary of BAC. The Secretary of the BAC shall provide the necessary administrative and secretarial services for the effective functioning of the BAC.

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### 5.0 Quorum

In order to form a quorum in respect of a meeting of BAC, the majority of members present must be independent directors and shall not be less than two (2).

### 6.0 Voting

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.

### 7.0 Authority

In view of its duties and functions, the BAC has the following authority, as empowered by the Board, at cost of the Company, to:-

- i. Investigate any matters within the scope of the BAC's duties and its terms of reference;
- ii. Obtain external independent legal or other professional advice as necessary;
- iii. Secure full, free and unrestricted access to any information, records, properties and personnel of the company and any other companies within the Group;
- iv. Communicate directly with the External Auditors, Internal Auditors and all employees of the Group;
- v. Be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Board of Directors, Senior Management and employees, where necessary; and
- vi. Report to the Exchange matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

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### 8.0 Functions of the audit committee

The following are the main duties and responsibilities of the Audit Committee collectively:-

1. Review the following and report the same to the board of directors of the listed issuer;
  - a) With the external auditor, the audit plan;
  - b) With the external auditor, his evaluation of the system of internal controls;
  - c) With the external auditor, his audit report;
  - d) The assistance given by the employees of the listed issuer to the external auditor;
  - e) The adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - f) The internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
  - g) The quarterly results and year-end financial statements, before the approval by the board of directors, focusing particularly on-
    - i. Changes in or implementation of major accounting policy changes;
    - 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; and
    - iii. Compliance with accounting standards and other legal requirements;
  - h) any related party transaction and conflict of interests situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - i) any letter of resignation from the external auditors of the listed issuer; and
  - j) whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment;

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- k) recommend the nomination of a firm as external auditors;
  - l) to discuss problems and reservations arising from the interim and final audits, and any matters the external and internal auditor may wish to discuss (in the absence of management where necessary);
  - m) to discuss the impact of any proposed changes in accounting principles on future financial statements;
  - n) to review the assistance given by the employees of the company and the Group to the External Auditors; and
  - o) to review with the External Auditors, their evaluation of system of internal controls, their management letter and management responses;
2. To do the following, in relation to the internal audit function:-
- Review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its duties;
  - To consider the major findings or internal investigations and managements' responses;
  - Review the internal audit plan, programme and results of the internal audit process and ensure appropriate actions are taken on the recommendations of the internal audit function;
  - Approve any appointment, replacement 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.
3. To monitor any related party transactions and situation where a conflict of interest may arise within the company or Group, including any transaction procedure or course of conduct that raises questions of management integrity and ensure that



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the Directors report such transaction annually to the shareholders in the Annual Report;

4. To review all prospective financial information provided to the regulators and/or the public;
5. To report promptly to the Exchange on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in a breach of LR; and
6. To consider other topics defined by the Board of Directors from time to time.

### **9.0 Attendance of other directors and employees**

In view of good governance practice, the Chairman of the BAC must ensure that other directors and employees attend any particular audit committees meeting only at the audit committee's invitation, specific to the relevant meeting.

A proper invitation must be issued by the Secretary or Head of Group Corporate Assurance.

### **10.0 Personal Data Notice**

Any person who has provided personal data to BDB should read and aware of the relevant notification in relation to PDPA 2010 available in BDB's website at [www.bdb.com.my](http://www.bdb.com.my).

### **11.0 Compliance**

The TOR is served as guidance and subject to Companies Act 2016 and Listing Requirements (LR). As a key role in company's governance structure, BAC shall be further guided by Board Charter, Board Code of Conduct and Ethics and Whistleblowing Policy.