



**TUNE INSURANCE MALAYSIA
BERHAD**

REGISTRATION NO.: 197601004719 (30686-K)

**TERMS OF REFERENCE FOR
AUDIT COMMITTEE**

As at 19 May 2023

TUNE INSURANCE MALAYSIA BERHAD REGISTRATION NO.: 197601004719 (30686-K)	19 May 2023
Terms of Reference for Audit Committee	Page 2 of 9

CONTENTS

NO.	SUBJECT	PAGE
1.	Objectives/ Principles	3
2.	Composition of Members	3 & 4
3.	The Chairman	4
4.	Roles, Responsibilities and Powers	4 - 6
5.	Meetings and Minutes of the AC	6 & 7
6.	Resolutions by Circulation	7 & 8
7.	Meeting using Communication Technology	8
8.	Authority	8
9.	Internal Audit Department	8 & 9
10.	Review of the Terms of Reference	9

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1. OBJECTIVES/ PRINCIPLES

The principal objective of the Audit Committee ("**AC**") is to assist and support the Board of Directors ("**the Board**") in fulfilling its legal responsibilities relating to the financial and accounting records and controls and the reporting practices of the Company.

In addition, the AC shall:

- (a) Oversee and appraise the quality of the audits conducted both by the Company's Internal and External Auditors;
- (b) Maintain an open line of communication and consultation between the Board, the Internal Auditor, the External Auditors and Management;
- (c) Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting controls and the integrity of its financial information;
- (d) Determine the adequacy of the Company's control environment;
- (e) Review and evaluate any related party transactions and conflict of interest situations; *BNM CGP (A1)-9&11*
- (f) Review the accuracy and adequacy of the Directors' Report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements; and *BNM CGP (A1)-10*
- (g) Support the Board in ensuring that there is a reliable and transparent financial reporting process within the Company. *BNM CGP (A1)-6*

2. COMPOSITION OF MEMBERS

- (i) The AC shall comprise at least three (3) members appointed by the Board based on recommendation by the Nomination Committee. The AC must comprise Non-Executive Directors, with a majority being Independent Directors. *BNM CGP-12.3(a),(b) & 12.5*
- (ii) The AC must comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the AC. *BNM CGP-12.3(d)*
- (iii) The Board shall review the term of office and performance of the AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with the terms of reference. The appointment terminates when a member ceases to be a Director.
- (iv) If a member of the AC resigns, dies or for any reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board shall fill the vacancy, within three (3) months.
- (v) All members of the AC shall be financially literate, able to understand matters under the purview of the AC, including the financial reporting process and at least one (1) member shall be a member of a recognised professional accounting body. *MCCG-Practice 9.5*

- (vi) The AC has a policy that requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

MCCG-Practice 9.2

- (vii) The Chairman of the AC is not the Chairman of the Board.

BNM CGP-12.4
MCCG-Practice 9.1

3. THE CHAIRMAN

The Chairman of the AC shall be an Independent Director appointed by the Board, based on the recommendation of the Nomination Committee. The Chairman of the AC should assume, amongst others, the following responsibilities:

- (i) planning and conducting the AC meetings;
- (ii) overseeing reporting to the Board;
- (iii) encouraging open discussion during AC meetings; and
- (iv) developing and maintaining an active ongoing dialogue with Senior Management and with both the Internal and External Auditors.

If at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the members present may choose one (1) of their members to be Chairman of the meeting.

Article 109 of the
Constitution of the
Company

4. ROLES, RESPONSIBILITIES AND POWERS

The AC's roles, responsibilities and powers include the following:

- (a) To consider and recommend to the Board the appointment or reappointment of the External Auditors, the audit fees and to consider any questions of resignation or dismissal of the External Auditors.
- (b) To assess the suitability, objectivity and independence of the External Auditors including by approving the provision of non-audit services by the External Auditors, to safeguard the quality and reliability of audited financial statements.
- (c) To review annually the External Auditors' audit plans, scope of their audits and their audit reports.
- (d) To review with External Auditors, the audited financial statements of the Company before the financial statements are presented to the Board for approval and to discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of the Management where necessary).
- (e) To review the External Auditors' management letter and management's corresponding response in evaluating the Company's and the Group's system of internal controls and to ensure that the Senior Management takes necessary corrective actions to address external audit findings and recommendations in a timely manner.

BNM CGP (A1)-8a

BNM CGP (A1)-8b
MCCG-Practice 9.3

BNM CGP (A1)-8e

- (f) To monitor and assess the effectiveness of the external audit, including by meeting with the External Auditors without the presence of Senior Management at least annually. *BNM CGP (A1)-8c*
- (g) To maintain regular, timely, open and honest communication with the External Auditors, and requiring the External Auditors to report to the AC on significant matters. *BNM CGP (A1)-8d*
- (h) To do the following, in relation to the internal audit function:
- (i) approve the Internal Audit Charter which defines the independence, authority, scope and responsibility of the internal audit function in the Company;
 - (ii) review and appraise annually, the performance and remuneration of the Head of Internal Audit and be consulted in his/her appointment and removal;
 - (iii) review and approve the Annual Audit Plan and Manpower Budget of the Internal Audit Department and ensure that the department has adequate and competent resources and that the goals and objectives of the internal audit function commensurate with corporate goals;
 - (iv) review the scope, approach and results of internal audit procedures via the audit reports, to ensure compliance with internal auditing standards, company policies, laws and other regulatory requirements;
 - (v) review the adequacy of the audit scope, procedures and frequency, as well as the competency and resources of the internal audit function, and ensure that it has the necessary independence and authority to carry out its work which should be performed professionally and with impartiality and proficiency; *BNM CGP (A1)-7a*
 - (vi) review the key audit reports and ensuring that the Senior Management takes necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other issues identified by the internal audit and other control functions; *BNM CGP (A1)-7b*
 - (vii) noting significant disagreements between the Head of Internal Audit and the Senior Management team, if any, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process on the internal controls; *BNM CGP (A1)-7c*
 - (viii) establishing a mechanism to assess the performance and effectiveness of the internal audit function: *BNM CGP (A1)-7d*
 - review any appraisal or assessment of the performance of the internal audit function;
 - approve any appointment or termination of the Head of internal audit function; and
 - take cognisance of resignations of internal audit staff and provide such staff an opportunity to submit reasons for the resignation;

- (ix) ensure that internal audits are conducted on the Anti-Bribery and Corruption System ("ABCS") on an annual basis and in this regard has the responsibilities to:
- receive and review audit reports on the ABCS and ensure that Senior Management takes 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;
 - present audit matters relating to the ABCS to the Board; and
 - consider engaging a qualified and independent third party to perform an external audit on the ABCS as and when deem necessary.
- (i) Review and monitor the adequacy and integrity of the Company's system of internal controls and management information systems, including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines as well as to review third-party opinions on the design and effectiveness of the Company's internal control framework, when required. *BNM CGP (A1)-12*
- (j) To consider and evaluate any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity as well as to monitor compliance with the Board's conflicts of interest policy. *BNM CG (A1)-9&11*
- (k) Review the interim and final financial reports including the preliminary and final announcements to the authorities, of the results of the Company, focusing particularly on:
- any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal and regulatory requirements.

The above functions are in addition to such other functions as may be agreed to from time to time by the AC and the Board.

5. MEETINGS AND MINUTES OF THE AC

- (a) The AC shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.
- (b) The quorum for an AC meeting shall be at least two-thirds of the members with Independent Directors forming the majority.
- (c) Notwithstanding paragraph 5(a) above, upon the request of any member of the AC, the Management, or the Internal or External Auditors, the Chairman shall convene a meeting of the AC to consider the matters brought to its attention.

- (d) The External Auditors have the right to appear and be heard at any meeting of the AC and shall appear before the AC when required to do so.
- (e) The AC may invite any person and/or employee of the Company whom the AC thinks fit and proper to attend its meeting to assist in its deliberations of matters raised.
- (f) The Internal Auditor shall be in attendance at all meetings of the AC to present and discuss the audit reports of findings and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made.
- (g) The Company Secretary shall act as Secretary of the AC and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings to the AC members prior to each meeting.
- (h) The Secretary of the AC shall circulate the notice of meeting prior to the AC meeting. Reasonable time should be given for AC members and other attendees as appropriate, to consider all relevant papers and materials prior to the AC meeting.
- (i) The Secretary shall be entrusted to record all proceedings of all meetings of the AC and to circulate the minutes to the AC members and members of the Board. The minutes of the meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. The Secretary shall be responsible for keeping the minutes and to produce the minutes for inspection when necessary.
- (j) In addition to the availability of detailed minutes of the AC meetings to all Board members, the AC Chairman will report a summary of significant matters and resolutions at each Board meeting.
- (k) Proposals and matters tabled for deliberations at the AC meeting shall be decided by a simple majority of the members present. In the event of equality of votes provided more than two (2) members present in persons are competent to vote on the question at issue but not otherwise, the Chairman of the AC shall have a second or casting vote. A member of the AC shall abstain from discussion or deliberation and voting on matters in which the member has, directly and indirectly, an interest.

*Articles 110 & 117 of
the Constitution of
the Company*

6. RESOLUTIONS BY CIRCULATION

A signed or an approved resolution in writing transmitted by facsimile, electronic mail or other form of electronic means by a simple majority of the AC members entitled to receive notice of a meeting of the AC, shall be valid and effectual as if it had been passed at a meeting of the AC duly convened and held.

*Article 113 of the
Constitution of the
Company*

Where any urgent matter requiring the approval of the AC arises and it is not possible to convene a meeting, the Secretary may obtain such approval

by means of a circular resolution. The following conditions must be fulfilled before a decision of the AC is deemed to be obtained:

- (a) The issues must be clearly set out in the circular and/or supplementary documents and forwarded to all members of the AC;
- (b) A simple majority of members of the AC must sign the circular resolution;
- (c) Any decision obtained by circular resolution shall be reported by the Secretary at the next AC meeting and be recorded in the minutes thereof.

All such resolutions shall be described as "Audit Committee's Written Resolutions" and may consist of several documents in the like form each signed by one (1) or more AC members. The signed resolution shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

7. MEETING USING COMMUNICATION TECHNOLOGY

The AC may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear, be heard and/or to participate, and in addition for the AC members, to vote, without the need for the meeting participants to be physically present in the meeting, from more than one venue within or outside Malaysia. The AC members participating in any such meeting shall be counted in the quorum for such meeting.

8. AUTHORITY

- (a) The AC shall have free and unrestricted access to:
 - (i) all information, records and documents relevant to its activities;
 - (ii) both the Internal and External Auditors; and
 - (iii) Senior Management and employees of the Company.
- (b) The AC shall be authorised to engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.
- (c) Any fraud or irregularities discovered by the Management shall immediately be referred to the Internal Audit Department for investigation and subsequently reported to the AC in respect of the findings and recommendations.

9. INTERNAL AUDIT DEPARTMENT

- (a) The Head of Internal Audit shall have unrestricted access to the AC members and report to the AC whose scope of responsibility includes overseeing the development and the establishment of the philosophy and culture of the internal audit functions.

TUNE INSURANCE MALAYSIA BERHAD REGISTRATION NO.: 197601004719 (30686-K)	19 May 2023
Terms of Reference for Audit Committee	Page 9 of 9

- (b) In respect of routine administrative matters, the Head of Internal Audit shall report to the Company's Chief Executive Officer.

10. REVIEW OF THE TERMS OF REFERENCE

The AC shall review its terms of reference periodically and recommend any changes it considers fit or necessary.

Notes:

BNM CGP (A1) refers to the Appendix 1 of Bank Negara Malaysia's Corporate Governance Policy issued on 3 August 2016.
MCCG refers to the Malaysian Code on Corporate Governance of the Securities Commission published in April 2021.