



# **MISC BERHAD**

## **Board Audit Committee**

### **Terms of Reference**

**REVISED ON 1 SEPTEMBER 2025**

## **1. ESTABLISHMENT**

- 1.1 The Board Audit Committee was established on 28 June 1993, and was renamed as the Board Audit & Risk Committee ("BARC") on 12 February 2018. On 1 January 2021, the BARC was further renamed as the Board Audit Committee ("BAC" or the "Committee") pursuant to the establishment of the then standalone Board Governance & Risk Committee (now known as Board Sustainability & Risk Committee).

## **2. COMPOSITION**

- 2.1 The Committee members shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members (including the Chairman):
- i) All members must be Non-Executive Directors, with a majority being Independent Directors.
  - ii) The Chairman of the Board shall not be a member of the Committee.
  - iii) No Alternate Director can be appointed as a member of the Committee.
  - iv) All members should be financially literate, competent and are able to understand matters under the purview of the Committee including the financial reporting process.
  - v) At least one (1) member of the Committee:
    - (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
    - (b) if not a member of the MIA, he/she must have at least three (3) years' working experience and;
      - (i) passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
      - (ii) be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    - (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").
- 2.2 In the event of any vacancy in the Committee where membership falls below three (3), the vacancy must be filled within three (3) months or within such extension period approved by Bursa Malaysia.



- 2.3 Any former partner of MISC Berhad's ("MISC" or "Company") external audit firm and its affiliates shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee. For purposes of the foregoing, a former partner includes those providing advisory services, tax consulting, etc.
- 2.4 Membership in the Committee shall automatically cease upon resignation, retirement or vacation from office by any means as a Director of the Company.
- 2.5 Any member may be removed from office by the affirmed vote of a majority of the Board.

### **3. CHAIRMAN**

- 3.1 The Board shall appoint a Chairman of the Committee from among the Board members who are Independent Directors.

### **4. SECRETARY**

- 4.1 The Company Secretary of MISC or any other person appointed by the Committee shall be the Secretary to the Committee.

### **5. MEETINGS AND CIRCULAR RESOLUTIONS**

- 5.1 The Committee shall meet not less than four (4) times in a year and additional meetings may be held as and when required. The meeting of the Committee may be conducted face-to-face or by means of audio, or audio and visual, communication by which all members participating can simultaneously hear each other throughout the meeting, or by a combination of both methods.
- 5.2 The Committee must sit with the external auditors at least twice a year without the presence of any executive member of the Board.
- 5.3 The quorum for each meeting shall be two (2) members, who shall both be Independent Directors.



- 5.4 Should the Chairman be absent from any meeting, one of the members who is an Independent Director shall be elected as Chairman of the meeting.
- 5.5 Any question arising at any meeting of the Committee shall be determined by a majority of the votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote. Where the meeting is attended by only two (2) members sufficient to constitute a quorum or which only two (2) members present are competent to vote on the question at issue, the Chairman shall not have a casting vote.
- 5.6 The proceedings of the Committee meetings shall be recorded and maintained by the Secretary to the Committee.
- 5.7 The Chairman of the Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- 5.8 The Committee may request other Directors, Management, other employees, consultants, advisers and/or other attendees to attend and participate in the Committee meetings, as necessary, provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the Committee unless he or she is a member of the Committee.
- 5.9 Subject to clause 5.10, a resolution in writing of the Committee signed or approved by all Committee members, shall be valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents, including facsimile or other means of communication, in similar form and each document shall be signed or assented by one (1) or more members.
- 5.10 Each individual Committee member shall excuse himself/herself from the meeting and shall abstain from deliberation and decision of any resolution which will or may give rise to an actual, potential or perceived conflict. However, the Committee may resolve that the disclosed conflict should not disqualify the interested Committee member from participating in any deliberation and/or voting thereon.

## **6. AUTHORITY**

The Committee is empowered by the Board with the following authority to execute any matters within its terms of reference ("TOR") at the cost to be borne by MISC:-

- 6.1 Full and unrestricted access to resources and information which are required to perform its duties. This includes authority to investigate and/or seek information from any employees of the Group. Employees subjected to such request may be directed by the Committee to co-operate with the request;
- 6.2 Direct communication channels with the external auditors and internal auditors;
- 6.3 Right to obtain independent professional advice or other advice;
- 6.4 Right to convene meetings with the external auditors, the internal auditors or both, without the presence of other Directors and representatives of Management of the MISC Group, where necessary; and
- 6.5 Where the BAC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia, the BAC must promptly report such matter to Bursa Malaysia.

## **7. FUNCTIONS**

The Committee's functions are to review, evaluate, report and make appropriate recommendations to the Board and/or approve (where mentioned) on the following matters:-

### **In Relation to External Auditors:-**

- 7.1 Appointment and re-appointment of the external auditors, the audit fee and any questions of resignation and dismissal.
- 7.2 Formulation of policies and procedures to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of audited financial statements, that consider, among others:-

- i) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
- ii) the appropriateness of audit fees to support a quality audit;
- iii) information presented in the Annual Transparency Report of the audit firm, including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
- iv) the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and
- v) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The assessment of the performance, suitability, objectivity and independence of the external auditors should be conducted annually.

- 7.3 Review with the external auditors the nature and scope of the audit plan, ensuring coordination where more than one audit firm is involved, the evaluation of the system of internal control and the audit report, including the external auditors' management letter and Management's response.
- 7.4 Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors.
- 7.5 Audit approach and assistance and cooperation rendered by the Group's employees to the external auditors.
- 7.6 Approve the requirement for non-audit services before they are rendered by the external auditor and its affiliates.

**In Relation to the Group Internal Audit (“GIA”):-**

- 7.7 Review the adequacy of GIA’s scope, functions, resources, its appropriate competency and authority within the Group.
- 7.8 Approve GIA’s annual internal audit plan, budget, processes and audit reports/findings generated by the GIA, and whether appropriate action is taken on the recommendations of GIA.
- 7.9 Approve GIA’s performance objectives annually.
- 7.10 Issuance of guidance and instructions for further actions to be taken by Management.
- 7.11 Approve the External Quality Assurance Review (EQAR) implementation and action plans.
- 7.12 Direct and where appropriate, supervise any special project and/or investigation and to consider the major findings of internal investigations and management response. The coverage shall extend to the auditable entities as defined in the MISC Internal Audit (“IA”) Charter.
- 7.13 Meet periodically with the Head of GIA, including private meetings without senior management’s presence.
- 7.14 Acknowledge the actual or potential impairments to MISC GIA’s independence when approving the roles and responsibilities for the Head of GIA that are beyond the scope of internal auditing and establish appropriate safeguards.
- 7.15 Approve the MISC IA Charter.
- 7.16 Approve the Head of GIA’s roles and responsibilities and identify the necessary qualification, experience and competencies.
- 7.17 Authorise the appointment, transfer or dismissal (including termination and removal) of the Head of GIA, in consultation with the Management of MISC. The Committee



shall be informed of any resignation of the Head of GIA, who shall be provided with the opportunity to submit his/her reason for resignation to the Committee.

- 7.18 Provide feedback to senior management on the Head of GIA's performance evaluation.

**In Relation to Internal Control:-**

- 7.19 Adequacy and effectiveness of the Group's internal control system to provide reasonable assurance that:-

- i) the assets of the Group are safeguarded against loss from unauthorised use or disposition and to give a proper account of the assets; and
- ii) all transactions are properly authorised and that the transactions are recorded as necessary to enable the preparation of a true and fair view of the financial statements of the Company.

**In relation to Whistleblowing:-**

- 7.20 Adequacy and effectiveness of MISC's Whistleblowing Policy, whistleblowing management process and actions thereon.

**In relation to Financial Reporting:-**

- 7.21 Quarterly and annual financial statements, focusing particularly on:-

- i) any changes in or implementation of accounting policies and practices;
- 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;
- iii) the going concern assumption; and
- iv) compliance with accounting standards and other legal requirements.



- 7.22 Ensure adequacy and effectiveness of the Group's accounting policies and procedures.

**Others:-**

- 7.23 Review and endorse any related party transaction and review any situation of conflict of interest that arose, persist or may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts. The review of conflict of interest shall include that of Directors and Senior Management of MISC Group.
- 7.24 Review the disclosures required to be made in the Company's integrated annual report in relation to matters required by the relevant laws and prevailing corporate governance best practices, including the Statement on Risk Management and Internal Control.
- 7.25 Ensure coordination between the internal and external auditors, discuss problems and reservations arising from the internal and external audits, and matters the internal and external auditors may wish to discuss (in the absence of Management where necessary).
- 7.26 Any other function and/or any other relevant matters as may be determined by the Board.

**8. REVIEW OF TOR**

- 8.1 The Committee may from time-to-time recommend to the Board to revise or amend its TOR provided always that the said revisions or amendments are in compliance with applicable laws, the prevailing corporate governance best practices or other regulatory requirements.