

ALLIANZ MALAYSIA BERHAD 197201000819 (12428-W)

AUDIT COMMITTEE - TERMS OF REFERENCE

Version 8.0

1.0 OBJECTIVE(S)

The Audit Committee (“AC”) is charged with the responsibilities of assisting the respective Boards of Allianz Malaysia Berhad (“AMB” or “Company”) and its subsidiaries (“AMB Group” or “Group”) in its oversight, amongst others, as follows:-

- support the Board in ensuring that there is a reliable and transparent financial reporting process;
- monitor and evaluate the performance and effectiveness of the external and internal audit functions;
- assess the internal control environment; and
- review and report to the Board of conflict of interest situations and related party transactions.

2.0 COMPOSITION

2.1 The members of the AC are as follows:-

- (a) Peter Ho Kok Wai (Chairman - Independent Non-Executive Director)
- (b) Goh Ching Yin (Independent Non-Executive Director)
- (c) Gerard Lim Kim meng (Independent Non-Executive Director)

2.2 The AC should consist of a minimum of three (3) members, exclusively Non-Executive Directors with majority being independent, and shall act as the AC for AMB Group.

2.3 The Chairman of the AC must be an Independent Director.

2.4 The Chairman of the Board must not chair the AC.

2.5 The Company Secretary should act as the Secretary of the AC.

2.6 The permanent invitees to the meetings of the AC are the following personnel from respective companies within the AMB Group:-

- Chief Executive Officers;
- Chief Financial Officer/Head of Finance; and
- Head of Internal Audit Department.

2.7 No alternate Director shall be appointed as a member of the AC.

2.8 The composition of the AC and any changes thereof must be approved by the Board after taking into consideration the recommendations of the Nomination and Remuneration Committee of AMB Board (“NRC”).

- 2.9 In determining the appropriate size and composition of the AC, the Board should in particular, take into consideration the necessary mix of skills, knowledge and experience required for the AC to effectively discharge its responsibilities.
- 2.10 Collectively, the AC should have a wide range of necessary skills to undertake its duties and responsibilities. Ideally, all AC members should be able to understand the financial reporting process and be financially literate. At least one (1) member of the AC:-
- (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfils any of the following requirements or the requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") including any amendment that may be made from time to time by Bursa Securities:-
 - (i) a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or
 - (iii) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 2.11 A former key audit partner of the AMB Group's shall not be appointed as a member of AC unless a cooling-off period of two (2) years has been observed prior to his/her appointment.
- 2.12 If for any reason the number of AC members at any point in time is reduced to below three (3), the Board should fill the vacancy/vacancies within three (3) months.
- 2.13 The term of office and performance of the AC and each of its members must be reviewed annually by the NRC to determine whether the AC and members have carried out their duties in accordance with the terms of reference.

3.0 DUTIES AND RESPONSIBILITIES

The AC's duties and responsibilities should include the following and shall applicable to the Group:-

- 3.1 The AC oversees the effectiveness of the internal audit function of the financial institution. At a minimum, this must include:-

- (a) reviewing and approving the internal audit plan including, amongst other, audit scope, procedures and frequency;
- (b) reviewing the results of the internal audit assessment or investigation undertaken or key audit reports and ensuring that senior 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;
- (c) noting significant disagreements between the Chief Internal Auditor/Head of Internal Audit Department and the rest of the senior 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;
- (d) establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- (e) ensuring the internal audit function is independent of the activities it audits and that the internal audit function reports directly to the AC;
- (f) reviewing the effectiveness of the internal control system;
- (g) establishing an appropriate mechanism to address and managing situations where there is a threat to the objectivity of the internal audit function;
- (h) ensuring the adequacy of the scope, budget, competency and resources of the internal audit functions and has the necessary authority to carry out its work; and
- (i) reviewing the appointment, performance evaluation, transfer, succession planning and removal of the Head of Internal Audit.

3.2 The AC should:-

- (a) review and making recommendations to the Board on the appointment/re-appointment, removal and remuneration of the external auditors;
- (b) monitoring and assessing the independence of the external auditors including by approving the provision of non-audit services by the external auditors;
- (c) monitoring and assessing the effectiveness of the external auditors, including by meeting with the external auditors without the presence of Management at least annually;
- (d) maintaining regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters; and
- (e) ensuring that Management is taking necessary corrective actions in a timely

manner to address external audit findings and recommendations.

- 3.3 The AC should review the following and report the same to the respective Boards of AMB Group:-
- (a) with the external auditors, the audit plan;
 - (b) with the external auditors, their evaluation of the system of internal controls;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of AMB Group to the external auditors;
 - (e) any letter of resignation from the external auditors; and
 - (f) whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.
- 3.4 The AC should review the accuracy and adequacy of:-
- (a) the Management Discussion and Analysis, Chairman's Statement;
 - (b) interim financial reports including quarterly results and year-end financial statements, 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 transaction, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (c) the corporate governance disclosure made in the Directors' Report and the Annual Report pursuant to the requirements of Bank Negara Malaysia ("BNM") and Main Market Listing Requirements of Bursa Securities ("MMLR"); and
 - (d) the Statement on Risk Management and Internal Control.
- 3.5 The AC should review and provide advice on whether the financial statements taken as a whole provide a true and fair view of AMB Group's financial position and performance;
- 3.6 The AC should review internal control issues identified by auditors and regulatory authorities on Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") and evaluate the adequacy and effectiveness of the internal controls for the Group's AML/CFT measures.
- 3.7 The AC should review findings and reports of whistleblowing and fraud cases from the Integrity Committee and approve the pertinent recommended action including the closure of the cases in respect thereto, if deem fit;

3.8 The AC should review and report to the Board on all related party transactions (including recurrent related party transactions) and conflicts of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity.

3.9 The AC shall also be responsible for any other functions as may be determined by the Board and reflected in its terms of reference.

4.0 REPORTING TO THE BNM/BURSA SECURITIES

4.1 Where the AC is of the view that a matter reported by it to the Board had not been satisfactorily resolved resulting in a breach of the MMLR, the AC must promptly report such matter to the Bursa Securities.

5.0 AUTHORITY

5.1 The AC should have the authority to investigate any matter within its terms of reference and should have full and unrestricted access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Group.

5.2 The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC.

5.3 The Chairman of the AC together with other members of the AC should ensure, among others, that–

- (a) the AC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
- (b) the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- (c) the AC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and
- (d) there is co-ordination between internal and external auditors.

5.4 The AC should be kept regularly updated on audit matters and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by Management or the internal audit function. Fraud and irregularities discovered by Management should be referred to the Integrity Committee or internal audit function, where applicable, for investigation.

5.5 The AC should have access to copies of audit reports (including interim financial audits) on a timely basis and should be kept regularly informed of corrective actions arising from internal and external audit findings.

- 5.6 The AC should have adequate resources to perform its duties and discharge its responsibilities and should be authorised to obtain independent professional advice as considered necessary.
- 5.7 The AC should have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity.
- 5.8 The AC must be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and the employees of the Group, whenever deemed necessary.
- 5.9 The Chairman of the AC should engage on a continuous basis with Management, the Head of Internal Audit Department and the external auditors in order to be kept informed of matters affecting the Group.

6.0 MEETINGS, QUORUM AND VOTING

6.1 Meeting

- 6.1.1 The AC should meet at a minimum of four (4) times a year.
- 6.1.2 The Chairman of the AC may call for additional meetings of the AC if the needs arise.
- 6.1.3 While the AC may invite any person to be in attendance to assist it in its deliberations (e.g. relevant officers concerned in the management of the Group, the external auditors and the internal auditor), the AC should ensure that it meets exclusively when necessary.
- 6.1.4 In the absence of the Chairman at the Meeting, the members present at the Meeting shall elect one among themselves to be Chairman of the Meeting.
- 6.1.5 The Chairman with the assistance of the Company Secretary should be responsible for drawing up the agenda and circulating it, supported by explanatory documentation, to AC members at least seven (5) business days before the meeting. Urgent matters may be tabled for the AC's deliberation under a supplemental agenda provided the consent of the Chairman is obtained.
- 6.1.6 The Secretary should also be responsible for keeping the minutes of meetings of the AC, their timely circulation to AC members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 6.1.7 The Chairman of the AC should report to the Board on the deliberations of the AC on a regular basis. In addition, the Chairman should also present a summary of all significant matters and resolutions made by the AC at Board meetings.
- 6.1.8 In between the AC meetings, a resolution in writing signed by a majority of the AC members for the time being, shall be as valid and effectual as if it had been passed at a meeting of the AC. Any such resolution may be transmitted by the members of the

AC via facsimile transmission or email to the Secretary. The resolution passed by way of circular resolution is practiced sparingly by the AC.

6.2 Quorum

6.2.1 The quorum of AC meetings should be at least two thirds of the members with Independent Directors forming the majority.

6.3 Voting

6.3.1 Every AC member shall have a right to speak and vote on any matter tabled at the meeting. The Secretary and any person present by invitation shall be entitled to speak but shall not have any voting right.

6.3.2 All matters that are to be decided upon and approved by the AC shall be put to vote and passed by a majority of vote and in case of any equality of votes, the Chairman of the meeting shall have a casting vote.

6.3.3 Member who has a direct or deemed interest in the subject matter presented at the meeting shall abstain from deliberation and voting on the said subject matter.