

GROMUTUAL

GROMUTUAL BERHAD 200301022614 (625034-X)

AUDIT COMMITTEE

TERMS OF REFERENCE

1. AUTHORITY

The Committee is to be financial literate and shall in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to carry out the following :

- (a) Have authority to investigate any activity within the Committee's terms of reference;
- (b) Have the authority to review and approve the appointment or reappointment and replacement of the head or the firm of internal audit function who report to the Committee ;
- (c) Have full and unrestricted access to any information pertaining to the Company or the Group;
- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) Have resources which are reasonably required to enable it to perform its duties including to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
- (f) Convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary but at least twice a year; and
- (g) Require a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee.

2. DUTIES

- (a) assess the suitability, objectivity and independence and any matters concerning the appointment, re-appointment and dismissal of the external auditors. The assessment should consider information presented in the Annual Transparency Report of the audit firm and the audit fee and recommend its proposal to the Board for approval;
- (b) review the external audit plan, the nature and scope of the audit presented by the external auditors before the commencement of the audit;
- (c) consider the external auditors' audit report, their findings, areas of concern arising from the audit;
- (d) meet the external auditors at least twice a year in the absence of management to discuss any other matters the external auditors may wish to bring to the Audit Committee;
- (e) consider the quarterly and annual financial statements and any financial information for publication, focusing particularly on :
 - Changes in implementation of major accounting policy changes;
 - Significant and unusual events; and
 - Compliance with accounting standards and legal requirements;
- (f) review the external auditors' management letter and management's responses and actions taken to resolve the issue;
- (g) consider all proposals by management and review the suitability and independence regarding the appointment, transfer or dismissal of the internal auditors and recommend to the Board for approval;
- (h) review the adequacy of the competency and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;

2. DUTIES (con't)

- (i) review the audit plan and work programme of internal audit;
- (j) review the internal auditors' report, their findings of internal audit work and management's response;
- (k) review the process and any evaluations on risk management and internal controls by the internal auditors and authorise the commission investigation to be conducted by the internal auditors as it deems fit;
- (l) review the Audit Committee report and Statement on Internal Audit function and the cost incurred for the internal audit function in respect of the financial year;
- (m) review any related party transactions that they are conducted in the best interest of the Company and conflict of interest situations that may arise within the Company or the Group;
- (n) assist the Board to review the following for publication in Company's annual report and or uploaded to the website of the Company and the Group :
 - (i) Statement on corporate governance as the Company has applied the principles set out in the Malaysian Code on Corporate Governance 2021, having considered the practices and guidance stated under each principle and apply or explain an alternative to meet the intended outcome, if any;
 - (ii) Statement on the Board's responsibility for preparing the annual audited financial statements; and
 - (iii) Statement on risk management and internal control of the Group;
 - (iv) The policies and procedures for whistle blowing and anti-corruption.
- (o) report to the Bursa Securities on any matter reported by it to the Board which have not been satisfactorily resolved that resulted in breach of the related listing requirement; and
- (p) Review any other matter as directed by the Board.

3. QUORUM FOR MEETINGS

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

4. ATTENDANCE AT MEETINGS

- (a) Finance Consultant, Accounts Manager and the Company Secretary shall normally attend meetings. The Managing Director, Deputy Managing Director cum Chief Executive Officer and Internal Auditor may be invited to attend the meeting;
- (b) Representatives of the external auditors shall attend the meeting to consider the final audited financial statement and such other meetings determined by the Committee; and
- (c) Non-member directors shall not attend unless specifically invited to by the Committee.

5. FREQUENCY OF MEETINGS

The Chairman of the Audit Committee shall call for meetings which will be held not less than four (4) times a year. The external auditors may request a meeting with the Audit Committee anytime if they consider necessary.

6. REPORTING PROCEDURES

- (a) the Company Secretary shall be the Secretary of the Committee. She shall record attendance of all members and invitees and minutes down the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board; and
- (b) the books containing the minutes of the proceedings of meetings of the Committee are kept in the registered office of the Company and are available for inspection.