



TUNE PROTECT GROUP BERHAD

REGISTRATION NO. 201101020320 (948454-K)

TERMS OF REFERENCE FOR AUDIT COMMITTEE

As at 25 May 2023

TUNE PROTECT GROUP BERHAD REGISTRATION NO. 201101020320 (948454-K)	25 May 2023
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1. APPLICABLE LAWS/ GUIDELINES

Including but not limited to:

- (a) Financial Services Act 2013 ("**FSA**");
- (b) Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**");
- (c) Capital Markets and Services Act 2007 of Securities Commission;
- (d) Companies Act, 2016 ("**CA**");
- (e) Malaysian Anti-Corruption Commission Act 2009;
- (f) Malaysian Code on Corporate Governance issued by the Securities Commission in 2012 ("**MCCG**");
- (g) Corporate Governance Policy issued by Bank Negara Malaysia ("**BNM**") ("**CGP**"); and
- (h) the provisions of the Constitution of Tune Protect Group Berhad ("**TPG**" or "**the Company**").

2. OBJECTIVES/ PRINCIPLES

The principal objective of the Audit Committee ("**AC**" or "**the Committee**") is to assist and support the Board of Directors ("**Board**") in discharging its statutory duties and responsibilities and in ensuring that there are reliable and transparent financial reporting processes in the Company.

BNM CGP (A1)-6

In addition, the AC shall:

- (a) Evaluate the quality of the audit conducted by the internal and external auditors;
- (b) Provide assurance that the financial information presented by the Management is relevant, reliable and timely;
- (c) Assess whether the financial reporting of TPG and its subsidiaries ("**the Group**") and the Company present a true and fair view of the Group's and the Company's financial position and performance;
- (d) Oversee compliance with laws, regulations and observance of a proper code of conduct;
- (e) Determine the adequacy of the Company's control environment;
- (f) Review and evaluate any related party transactions and conflict of interest situations; and
- (g) Review the accuracy and adequacy of the Chairperson's statement in the Directors' Report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

BNM CGP (A1)-9&11

BNM CGP (A1)-10

3. 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 exclusively, with a majority being Independent Directors. *BNM CGP-12.3(a)&(b)
BNM CGP-12.5
LR-15.09(1)(a)&(b)*
- (ii) The AC must comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the Committee. *BNM CGP-12.3(d)*
- (iii) The appointment to the AC terminates when a member ceases to be a Director.
- (iv) No alternate Director can be appointed as a member of the AC. *LR-15.09(2)*
- (v) If the Chairperson or 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. *LR-15.19*
- (vi) The term of office and performance of the AC and each of its members shall be reviewed by the Nomination Committee annually to determine whether the AC and members have carried out their duties in accordance with the Terms of Reference. *LR-15.20*
- (vii) 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 member shall: *MCCG-Practice 9.5
LR-15.09(1)(c)*
- (a) be a member of the Malaysian Institute of Accountants ("MIA"); or
 - (b) if he/she is not a member of the MIA, he/she must have at least 3 years' working experience and:
 - he/she must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - he/she must be a member of one of the association 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 Securities.
- (viii) A former key audit partner is 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*
- (ix) The Chairperson of the AC is not the Chairperson of the Board. *BNM CGP-12.4
MCCG-Practice 9.1*

4. THE CHAIRPERSON

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

BNM CGP-12.3(c)
LR-15.10

- (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 Chairperson is not present within fifteen (15) minutes after the time appointed for holding the same, the members present may choose one (1) of their members to be the Chairperson of the meeting.

Article 143 of the Constitution

5. ROLES, RESPONSIBILITIES AND POWERS

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

- (a) To consider and recommend to the Board the appointment, reappointment or removal of the External Auditor, the audit fees and to consider any questions of resignation or dismissal of the External Auditor;
- (b) To assess the suitability, objectivity and independence of the External Auditor including the provision of non-audit services by the External Auditor;
- (c) To review annually the External Auditor's audit plans, scope of their audits and their audit reports, including the External Auditor's evaluation of the system of internal controls;
- (d) To provide a line of communication between the Board and the External Auditor;
- (e) To review the quarterly and year-end financial statements of the Group and the Company before the approval by the Board, focusing particularly on:
 - (i) any changes in or implementation of major accounting policies and practices;
 - (ii) significant adjustments arising from the audit;
 - (iii) litigation that could affect the results materially;
 - (iv) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - (v) the going concern assumption;
 - (vi) compliance with approved accounting standards and other legal requirements; and
 - (vii) ensuring the timely release of such financial statements;

BNM CGP (A1)-8a
LR-15.12(1)(i)
LR-15.12(1)(j)
LR-15.12(2)

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

LR-15.12(1)(a)
LR-15.12(1)(b)
LR-15.12(1)(c)

LR-15.12(1)(g)

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|-------|---|---|
| (f) | To discuss problems and reservations arising from the interim and final audits, and any other matters the External Auditor may wish to discuss (in the absence of Management where necessary) including the level of assistance given by the employees to the External Auditor; | <i>LR-15.12(1)(d)</i> |
| (g) | To review the External Auditor's 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; | <i>LR-15.12(1)(b)</i>
<i>BNM CGP (A1)-8e</i> |
| (h) | To monitor and assess the effectiveness of the external audit, including by meeting with the External Auditor without the presence of Senior Management at least annually; | <i>BNM CGP (A1)-8c</i> |
| (i) | To maintain regular, timely, open and honest communication with the External Auditor, and requiring the External Auditor to report to the AC on significant matters; | <i>BNM CGP (A1)-8d</i> |
| (j) | To do the following, in relation to the internal audit function: | |
| (i) | mandate the internal audit function to report directly to the AC; | <i>LR-15.27(b)</i> |
| (ii) | review the adequacy of the scope, functions, frequency, 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; | <i>BNM CGP (A1)-7a</i>
<i>LR-15.12(1)(e)</i> |
| (iii) | review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function; | <i>LR-15.12(1)(f)</i> |
| (iv) | review the key audit reports and ensuring that 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; | <i>BNM CGP (A1)-7b</i> |
| (v) | 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 or on the internal controls; and | <i>BNM CGP (A1)-7c</i> |
| (vi) | establishing a mechanism to assess the performance and effectiveness of the internal audit function: | <i>BNM CGP (A1)-7d</i> |
| | <ul style="list-style-type: none"> • review any appraisal or assessment of the performance of the internal audit function; • approve any appointment or termination of senior staff members of the internal audit function; and | |

- take cognisance of resignations of internal audit staff and provide such staff an opportunity to submit reasons for the resignation;
- (k) 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*
- (l) To ensure that internal audits are conducted on the Anti-Bribery and Corruption System ("ABCS") on an annual basis and in this regard have the responsibility to:
 - (i) receive and review the audit reports on the ABCS and ensure 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 problems identified by the internal audit and other control functions;
 - (ii) present audit matters relating to the ABCS to the Board of Directors; and
 - (iii) consider engaging a qualified and independent third party to perform an external audit on the ABCS as and when deem necessary.
- (m) To consider, evaluate and update the Board any related party transactions or conflict of interest situations that may arise within the Company or the 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 CGP (A1)-9&11
LR-15.12(1)(h)*
- (n) To consider the major findings of internal investigations and Management's responses; and
- (o) To review the Company's procedures for detecting bribery/corruption, fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters (in compliance with provisions made in the CA).

In carrying out its duties, the AC shall, at the cost of the Company:

LR-15.17

- (i) have authority to investigate any matter within its Terms of Reference;
- (ii) have adequate resources in order to perform its duties as set out in Terms of Reference;
- (iii) have full, free and unrestricted access to the Group and the Company's records, properties, personnel and other resources;
- (iv) have full and unrestricted access to any information regarding the Group and the Company;
- (v) have direct communication channels with the External Auditor and person(s) carrying out the internal audit function;

- (vi) be able to obtain external legal or other independent professional or other advice or other necessary resources to perform its duties; and
- (vii) convene meetings with the External Auditor, Internal Auditor or both, without the presence of other Directors and employees of the Company, whenever deemed necessary.

6. MEETINGS AND MINUTES OF THE COMMITTEE

- (a) The AC shall meet at least four (4) times a year and such additional meetings as the Chairperson shall decide. Notwithstanding this, upon the request of any member of the Board, the AC, the Internal or External Auditors or the regulatory authorities, the Chairperson shall convene a meeting of the AC to consider the matters to be brought to its attention. *LR-15.24*
- (b) The quorum for an AC meeting shall be the majority of members present must be Independent Directors. *LR-15.18*
- (c) The External Auditor has the right to appear and be heard at any meeting of the AC and shall appear before the AC when required to do so.
- (d) The Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit of the Company shall normally be invited to attend the meetings to assist in the deliberations of matters raised. The AC may also invite the Chairperson of the Board, the other Directors, TPG Management, any other external professionals and/or employees of the Company whom the AC thinks fit and proper to attend its meetings. *LR-15.13*
- (e) The Company Secretary shall act as Secretary of the AC and shall be responsible, with the concurrence of the Chairperson, for drawing up and circulating the agenda and the notice of meetings to the AC members prior to each meeting.
- (f) 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 to other attendees as appropriate, to consider all relevant papers and materials prior to the AC meeting. *LR-15.14(b)*
- (g) In addition to the availability of detailed minutes of the AC meetings to all Board members, the AC Chairperson will report a summary of significant matters and resolutions at each Board meeting.
- (h) Proposals and matters tabled for deliberations and decisions at the AC meeting shall be decided by a simple majority of votes of the members present. In the event of equality of votes, the Chairperson of the Committee shall have a second or casting vote. *LR-15.14(c)*
Article 144 of the
Constitution
- (i) The Secretary of the AC shall be entrusted to record all proceedings of all meetings of the AC and to circulate the minutes to the AC members. The minutes of the meeting shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting. The minutes of *LR-15.14(d)&(e)*

the AC meeting, when approved by the AC and signed by the Chairperson of the AC, shall be circulated to the Board. The Secretary shall be responsible for keeping the minutes and to produce the minutes for inspection when necessary.

7. 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 148 of the
Constitution*

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 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.

8. 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.

*Article 147 of the
Constitution*

9. COMMUNICATION TO THE BOARD

- (i) The minutes of each AC meeting shall be tabled to the Board for notation.
- (ii) The AC shall prepare a report at the end of each financial year concerning its activities in compliance with these Terms of Reference for tabling to the Board and for inclusion in the Company's Annual Report.
- (iii) The AC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

LR-15.15(1)

10. REPORTING OF BREACHES TO MMLR OF BURSA SECURITIES OR FSA

LR-15.16

Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the MMLR or the FSA, the AC must promptly report such matter to Bursa Securities or BNM, whichever is relevant.

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11. REVIEW OF THE TERMS OF REFERENCE

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

Note:

1. BNM CGP(A1) refers to the Appendix 1 of the BNM CGP.