YINSON HOLDINGS BERHAD

Audit Committee

TERMS OF REFERENCE

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Revision Details

Rev. No.	Section	Details
01	All	Terms of Reference created
02	All	Adoption of New Version Terms of Reference
03	4, 5, 8, 10 & 11	▪ Combined Risk Management with Audit Committee ▪ Insertion of additional duties and responsibilities pertaining to Risk Management ▪ New insertion
04	5, 8 & 10	▪ Segregation of Risk Management from Audit Committee ▪ Deletion of duties and responsibilities pertaining to Risk Management ▪ New insertion
05	2, 3, 5 & 10	▪ Insertion of new sections – Ownership, Abbreviations & Definitions ▪ Insertion of additional role of AC Chairman. ▪ Insertion of the following additional duties and responsibilities of AC: - Reviews the appropriateness and adequacy of the delegation of authority limit. - reviewing and approving the internal audit charter.
06	4.2, 10	▪ Revision to cooling-off period of former key audit partner ▪ Insertion of additional duties and responsibilities of AC

1 OBJECTIVE

1.1 This Terms of Reference defines the scope of responsibilities, duties and authority of the Audit Committee ("AC" or "Committee"), established by the board of directors of Yinson Holdings Berhad ("Board"). It serves as a guidance to the AC in discharging their statutory and fiduciary responsibilities, duties and authority pertaining to plans, policies and practices in relation to risk management and internal control, financial reporting, internal and external audit functions of Yinson Holdings Berhad ("Company") and its subsidiaries ("Group"), within the authority delegated by the Board, for the effective functioning of the Board in managing and monitoring the Group.

1.2 This Terms of Reference is guided by the best practices in the Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia, Corporate Governance Guide – Third Edition issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), Bursa Securities Main Market Listing Requirements ("Listing Requirements") and other statutory and regulatory requirements.

2 OWNERSHIP

2.1 Approver: Board of Directors, Yinson Holdings Berhad.

2.2 Checker: Corporate Secretary

3 ABBREVIATIONS & DEFINITIONS

3.1 The Definitions below are relevant for this document.

"AC" or "Committee"	Audit Committee
"Board"	Board of Directors of Yinson Holdings Berhad
"Company"	Yinson Holdings Berhad
"Group"	Yinson Holdings Berhad and its subsidiaries
"Bursa Securities"	Bursa Malaysia Securities Berhad
"Listing Requirement"	Main Market Listing Requirements

4 COMPOSITION

4.1 The AC shall be appointed by the Board from amongst the Directors and consist no fewer than three (3) members, all of whom shall be Independent Non-Executive Directors and financially literate. The member of the AC shall elect a chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the AC.

4.2 At least one (1) member of the AC meet the following criteria set under the Listing Requirements:

4.2.1 Must be a member of the Malaysian Institute of Accountants; or

4.2.2 If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and;

- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- he 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

4.1.3 fulfils the following requirements, as prescribed or approved by Bursa Securities:

- at least three (3) years' post qualification experience in accounting or finance with either one of the following qualifications:
  - a degree/masters/doctorate in accounting or finance and; or
  - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
- at least seven (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.

4.2 Any former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of AC.

4.3 In the event of any vacancy in the AC resulting in non-compliance of Listing Requirements, the Board shall ensure that the vacancy is filled within three (3) months.

4.4 The Nominating and Remuneration Committee of the Company shall review the term of office and performance of AC and each of its members annually, to determine whether the AC and its members have carried out duties in accordance with its terms of reference.

4.5 The AC members shall perform self and peer evaluation annually, to assess and ensure fit and proper of AC members.

5 CHAIRMAN

5.1 The AC Chairman must be an Independent Director and shall be appointed and/or dismissed by the Board. The chairman of the Board shall not be the AC Chairman.

5.2 The responsibilities of the AC Chairman, among others, are as follows:

5.2.1 Governing the processes of the AC and outlines the procedures and guidelines in relation to its audit role;

5.2.2 Planning and ensuring AC meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the AC, prior to be approved by the AC;

5.2.3 Overseeing reporting to the Board on all matters within its duties and responsibilities;

5.2.4 Encouraging open discussion during meetings and take reasonable steps in ensuring adequate flow of relevant information to the AC, management, internal and external auditors including but not limited to the followings:

- The AC is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
- The AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;

- The AC's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors; and
- The co-ordination between internal and external auditors.

5.2.5 Develop and maintain active on-going dialogue with management and both internal and external auditors;

5.2.6 Assessing the performance of individual AC members on annual basis, to facilitate the evaluation of AC's performance by the Nominating and Remuneration Committee of the Company;

5.2.7 Taking reasonable steps to advise the Board on the AC's recommendations on matters falling within the scope of the AC's responsibilities;

5.2.8 Reviewing the minutes of meetings of the AC for circulation to and approval of AC, and sign the approved minutes;

5.2.9 Present at the annual general meeting of the Company to answer questions on the AC's activities and on matters that are within the scope of the AC's responsibilities; and

5.2.10 Act under delegation of the AC.

6 COMMITTEE SECRETARY

6.1 The Company Secretary or Corporate Secretary shall be the Secretary of the Committee.

6.2 The Committee Secretary shall be responsible for drawing up the notice and agenda of meetings in consultation with the AC Chairman and circulating it, supported by explanatory documentation to members of the AC prior to each meeting.

6.3 The Committee Secretary shall also prepare the written minutes of the AC meetings and distribute to each member for confirmation. The minutes of AC meetings shall be kept at the registered office of the Company under the custody of the Committee Secretary.

7 MEETINGS

7.1 The AC shall hold at least four (4) regular meetings per year or such additional meetings as the AC Chairman shall decide in order to fulfil its duties and if requested to do so by any AC member. The AC may also invite any Board members, officer or employee of the Group to be in attendance to assist in its deliberations. The AC shall meet with the external auditors and internal auditors without any executive Board member and Management present at least twice a year and whenever deemed necessary.

7.2 The meeting agenda and relevant papers shall be provided to AC members at least seven (7) days in advance of each meeting.

7.3 In the absence of the AC Chairman, the AC members may elect from among themselves the chairman for the meeting who shall be an Independent Director.

7.4 The meetings of the AC shall be transparent, with all proceedings recorded and decisions documented. The Board shall be kept aware of the AC's activities by way of the AC minutes and/or AC papers, being circulated.

7.5 The meeting of the AC may be conducted via face-to-face or by means of a telephone conference, video conference or any communication technology, which allows all members of the AC participating in the meeting to communicate simultaneously with each other, or other appropriate means as determined by the AC.

8 QUORUM

8.1 The AC meetings shall have a quorum of two (2) members who are Independent Directors.

9 AUTHORITY

9.1 In carrying out its duties and responsibilities, the AC will have the following rights:

9.1.1 Have explicit authority to investigate any matter within its terms of reference;

9.1.2 Have the resources which are required to perform its duties;

9.1.3 Have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;

9.1.4 To receive from management an overview of the risks, policies, procedures and controls surrounding the integrity of financial reporting;

9.1.5 Have direct communication channels with external auditors and internal auditors as well as employees of the Group;

9.1.6 Be able to obtain independent professional or other advice through the assistance of the Company Secretary, to invite outsiders with relevant experience to attend AC meetings (if required) and to brief the AC thereof;

9.1.7 The attendance of any particular AC meeting by other Directors and employees of the Company shall be at the invitation and discretion of AC and must be specific to the relevant meeting;

9.1.8 Be able to convene meetings with external auditors or internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and

9.1.9 Be able to make relevant reports when necessary to Bursa Securities or relevant authority if a breach of the Listing Requirements occurs.

10 DUTIES AND RESPONSIBILITIES

10.1 The following are the main duties and responsibilities of the AC collectively. These are not exhaustive and can be augmented if necessary by the overall Board approval:

10.1.1 <u>Risk Management & Internal Control</u>

- Reviews the adequacy and effectiveness of the risk management, Group's internal control system and management information system;
- Reviews the extent of compliance with established internal policies, standards, plans, procedures, laws and regulations;
- Reviews the appropriateness and adequacy of the delegation of authority limit; and
- Recommends to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors.

10.1.2 Financial Reporting

- Reviews the quarterly interim results and annual financial statements of the Group, before recommending to the board for deliberation, focusing particularly on:
  - changes in or implementations of major accounting policies and practices;
  - significant adjustments arising from the audit and unusual events;
  - compliance with the applicable approved accounting standards, other statutory and legal requirements;
  - the going concern assumption;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - compliance with accounting standards and other legal requirements; and
  - whether finance function is carried out by the right personnel, and its functions are equipped with adequate resources and the right infrastructure to support the financial reporting process.
- Reviews any related party transaction and conflict of interest situation that may arise within the Company or the Group with its related parties including any transaction, procedure or course of conduct that raises questions of management integrity;

10.1.3 Internal Audit

- Oversees the internal audit function by:
  - reviewing and approving the internal audit charter;
  - reviewing and approving the internal audit budget;
  - reviewing the adequacy of the scope, competency and the resources of the internal audit function and that it has the necessary authority to carry out its work;
  - developing the scope of the internal audit function, which includes the following:
    a. person responsible for internal audit should report directly to the AC and have relevant experience, sufficient standing and authority;
    b. internal audit should have sufficient resources and is able to access information to enable it to carry out its role effectively;
    c. personnel assigned to undertake internal audit should have the necessary competency, experience and resources to carry out the function effectively; and
    d. internal auditors should execute internal audit plan, undertake root-cause analysis to provide proactive strategic advice, suggest meaningful business improvements and provide advisory support on strategy.
  - reviewing the internal audit plan, processes, the results of the internal audit assessments, investigations undertaken and whether appropriate action is taken on the recommendations;

- reviewing and evaluating factors related to the independence of internal auditors and assist them in preserving their independence;
- reviewing appraisal or assessing the performance of members of the internal audit function;
- taking reasonable steps to ensure internal auditors continuously keep abreast with developments in the profession, relevant industry and regulations; and
- approving any appointment or termination of senior members of the internal audit/internal auditors.

- Considers major findings of internal investigations and management's response to identify and monitor the areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Company.
- Brings an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes.

10.1.4 External Audit

- Discusses with the external auditor before the audit commences, the nature and scope of the audit, annual audit plan and ensure co-ordination where more than one audit firm are involved;
- Assesses the performance and effectiveness of the external auditors and make recommendations to the Board on their appointment and removal focusing particularly on:
  - the adequacy of the experience and resources of the accounting firm;
  - the number and experience of supervisory and professional staff assigned to the particular audit;
  - the accounting firm's audit engagements; and
  - the size and complexity of the Group being audited;
- Reviews and monitor the suitability and independence of the external auditors and their services, including non-audit services;
- Undertakes an annual review/assessment of the suitability, objectivity and independence of the external auditors, include, among others, the following:
  - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
  - the nature and extent of the non-audit services rendered and the appropriateness of the level of audit and non-audit fees; and
  - 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.
- Reviews issues and reservations arising from the interim and final audits, whether appropriate action is taken on the recommendations of the auditors and any matter the auditor wish to discuss in the absence of the executive directors or management where necessary;

- Reviews the external auditor's management letter, management's response and audit report; and
- Reviews with the external auditors the Statement on Risk Management and Internal Control of the Group for inclusion in the annual report.

10.1.5 Other Responsibilities

- Undertakes continuous professional development to keep AC members abreast of relevant developments particularly, in accounting and auditing standards, practices and rules;
- Prepares annual AC report to the Board for inclusion in the annual report;
- Reviews the assistance and co-operation given by the Company and its Groups' officers to the external and internal auditors;
- Reviews with the internal and external auditors their evaluations of the systems and standards of internal control and any comments they may have with respect to improving control;
- Avails to the external and internal auditors a private, confidential audience at any time they desire and requested it through the AC Chairman, with or without the prior knowledge of the management;
- Verifies the criteria for the allocation of shares to the eligible employees and/or vested in a grantee under the Employees' Share Scheme and ensure the same is disclosed to the eligible employees and/or grantee at the end of each financial year in accordance with the Listing Requirements;
- Reviews the code of ethics of Company's business, the method of monitoring compliance with the aforesaid code and the disposition of reported exceptions;
- Reports to the Board if there is any breach of the Listing Requirements and recommends corrective measures;
- Reports to Bursa Securities or relevant authority if there is any breach of the Listing Requirements, which the Company has failed to satisfactorily correct after due notice; and
- Performs any other function that may be assigned by the Board when deemed necessary and appropriate.

10.2 The AC makes recommendations to the Board for its consideration and implementation, but it has no executive powers to implement such recommendations on behalf of the Board.

11 CIRCULAR RESOLUTIONS / EXTRACTS OF MINUTES OF MEETING

11.1 A resolution in writing signed by a simple majority of all AC members present in Malaysia and for the time being entitled to receive notice of a meeting of AC shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened. Any such resolution shall be described as "Audit Committee's Written Resolutions" and may consist of several documents substantially the same, each signed by one or more AC members and shall constitute one (1) document in those terms. The expressions "in writing", "written" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram or other forms of electronic communications.

11.2 A document purporting to be a copy of resolution of the AC or an extract from the minutes of a meeting of the AC which is certified by any one of the AC members and the Committee Secretary shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the AC.

11.3 Each individual AC member shall abstain from deliberation and decision of any resolution which involving his own interest.

12. COMMITTEE'S DISCLOSURES IN ANNUAL REPORT / WEBSITE

12.1 The Committee is to assist the Board to prepare a report on AC at the end of each financial year that must include the following:

12.1.1 the composition of the AC, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);

12.1.2 the number of AC meetings held during the financial year and details of attendance of each AC member;

12.1.3 a summary of work of the AC in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities;

12.1.4 a summary of the work of the internal audit function;

12.1.5 a statement on whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;

12.1.6 the number of resources in the internal audit department;

12.1.7 the name and qualification of the person responsible for internal audit; and

12.1.8 a statement on whether the internal audit function is carried out in accordance with a recognised framework.

12.2 This Terms of Reference must be made available on the Company's website.

13. COMMITTEE ETHICS AND PROCEDURES

13.1 All members shall safeguard all internal committee communications and treat them as strictly private and confidential, and for the use of Committee members only.

13.2 The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently amongst the members of the Board in discharging its responsibilities and adhere to the Code of Ethics/ Conduct of the Company.

14. REVIEW AND REVISION OF THE TERMS OF REFERENCE

14.1 This Terms of Reference will be reviewed periodically or as and when required by the AC and recommendation be made to the Board for approval on any revision.