
TERMS OF REFERENCE OF AUDIT COMMITTEE

Committee Members

- Dato' Othman Abdullah (Chairman)
- Encik Mahadzir Azizan
- Encik Zakaria Ismail

Primary Objective

The primary objective of the Audit Committee is to provide an independent oversight of Takaful Malaysia's financial reporting and internal control system and ensuring checks and balances within Takaful Malaysia.

Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

- to review with the external auditor and report to the Board, the audit scope and plan, including any changes to the planned scope of the audit plan and evaluation of the system of internal control.
- to review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
- to review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified and reported to the Board.
- to review the major audit findings and Management's response during the year with Management, external auditors and internal auditors, including the status of previous audit recommendations.
- to review the assistance given by the Group's employees to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- to review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- to review the appointment, performance, audit fees and any question regarding the resignation or dismissal of external auditors before making recommendations to the Board.

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- to review whether there is a reason (supported by grounds) to believe that the Company's external auditors is not suitable for the re-appointment.
 - to review the Internal Audit Charter, budget and staffing of the Internal Audit Division.
 - to review any appraisal or assessment of the performance of members of the internal audit function.
 - to approve any appointment or termination of senior staff members of the internal audit function.
 - to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 - to review internal controls, including the scope of the internal audit governance, procedures, findings, and recommend action to be taken by Management. The internal audit reports should not be subject to the clearance of the Chief Executive Officer/Group Managing Director or Executive Directors.
 - to direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation report on any major defalcation, frauds and thefts.
 - to review the quarterly and year end financial statements, before the approval by the Board, focusing particularly on:
 - changes in or implementation of major accounting policy and practice;
 - significant adjustments and unusual events arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards, Bursa Malaysia and other legal requirements.
 - to review the Chairman's statement and corporate governance disclosures made in the Directors' Report.
 - to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of Management where necessary).
 - to ensure that the accounts are prepared in a timely and accurate manner for regulatory, management and general reporting purposes, with regular reviews carried out on the adequacy of provisions made.
 - to ensure prompt publication of annual financial statements/ report.
 - to review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question of management integrity.
 - to ensure that supervisory issues raised by Bank Negara Malaysia are resolved in

a timely manner.

- to ensure that a former key audit partner shall observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
- to perform any other functions as may be agreed by the Board.

Composition

- The Audit Committee shall consist of at least three members, all of whom must be Non-Executive Directors with majority of them shall be Independent Directors and must be chaired by an Independent Non-Executive Director.
- At least one member must be a member of the Malaysian Institute of Accountants; or have at least three year's working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or fulfils such other requirements as prescribed by Bursa Malaysia.

Frequency of Meetings

- Regularly as and when required, at a minimum once every quarter.

Dated this 25th day of January 2018