

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

1. TERMS OF REFERENCE

The Board Audit Committee is governed by its own terms of reference. A summary of the latest Board Audit Committee's Terms of Reference, which was approved by the Board on 17 October 2016, is as below:

1.1 MEETINGS

The Board Audit Committee shall meet at least four times a year. In addition, the Board Audit Committee shall meet with the external auditors at least twice a year in the absence of the Management.

1.2 DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Board Audit Committee shall be:

1.2.1 Internal Audit

- a. To approve the Internal Audit Charter, defining the authority, accountability and role given by the Management to the internal auditors in order to carry out their work.
- b. To approve the annual audit plan prepared by the internal auditors.
- c. To evaluate the internal control system through reviews of the internal audit reports that highlight any weaknesses in accounting, organisational or operational controls and rectifications carried out by the Management.
- d. To evaluate the effectiveness and efficiency of the Internal Audit Department through periodic meetings.
- e. To evaluate the annual performance of the internal auditors based on the implementation of the annual audit plan and other assessments as decided by the Board Audit Committee from time to time.

- f. To consider the implementation of a quality assurance review of the internal audit function by qualified independent reviewers at least once every five years.
- g. To report the findings from quality assurance review to the Board.
- h. To supervise and direct special projects or investigations deemed necessary or as instructed by the Board.

1.2.2 Risk Management

To provide an independent opinion and reasonable assurance on the adequacy and effectiveness of risk management except for risk management activities related to investment decision-making.

1.2.3 External Audit

- a. To evaluate the internal control system through reviews of the external audit reports that highlight any weaknesses in accounting, organisational or operational controls and rectifications carried out by the Management.
- b. To review and consider the need for a special management audit by external auditors, the findings of which are to be reported to the Board.

1.2.4 Audit Reports

- a. To review and analyse all audit findings and queries raised by internal and external auditors.
- b. To determine the schedule of periodic reports from the Management, and internal and external auditors, taking into consideration the impact of significant changes, improvements on accounting treatments and reporting requirements as proposed by the accounting bodies and/or any other significant issues through an annual review.

1.2.5 **Financial Reports**

To evaluate and endorse the Quarterly and Annual Financial Reports to the Board, focusing particularly on:

- a. Changes in or implementation of new accounting policies and practices;
- b. Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
- c. Compliance with the applicable approved accounting standards in Malaysia and other legal regulatory requirements.

1.2.6 **Policies**

- a. To review the effectiveness and adequacy of the EPF's accounting policies, financial management and procedures through discussions between the internal and external auditors together with the respective executives/Management.
- b. To review and endorse to the Board the effectiveness and adequacy of any significant changes in the EPF's Information Security Policies.

1.2.7 **Related Party Transactions**

To review, evaluate and report to the Board any related party transaction or conflict of interest which might arise in the EPF or its subsidiaries or joint venture companies where the EPF has control over business management, procedures and conduct which may jeopardise the Management's integrity.

1.2.8 **Other Matters**

- a. To evaluate the effectiveness and adequacy of the Fraud Control Management Plan.

- b. To prepare and establish reporting schedules to the Board summarising the Board Audit Committee's performance in discharging its responsibilities.
- c. To carry out any other functions as requested by the Board from time to time.

Note: This Board Audit Committee's Terms Of Reference is a translated copy of the Bahasa Malaysia version.