

## **IGB BERHAD**

### **AUDIT COMMITTEE CHARTER**

#### **1.0 PURPOSE**

- 1.1 The purpose of the Audit Committee Charter is to assist the board of directors in fulfilling its oversight responsibilities for the financial accounting and reporting process, the system of internal control, the external audit process, related party transactions, conflict of interest situations, annual reporting and IGB Group's process for monitoring compliance with laws and regulations and the code of conduct.

#### **2.0 AUTHORITY**

- 2.1 The Audit Committee ("AC") has the authority to conduct or authorize any audits, reviews or investigations into any matters within its scope of responsibility. It is empowered to:
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
  - Pre-approve all audit and non-audit services.
  - Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
  - Resolve any disagreements between management and the auditor regarding financial reporting.
  - Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties.
  - Meet with the organization's officers, external auditors, or outside counsel as necessary.

#### **3.0 COMPOSITION**

- 3.1 The AC will consist of not less than 3 members, all of whom must be independent non-executive members of the board of directors.
- 3.2 Each AC member must be both independent and financially literate.
- 3.3 The board of directors or its nomination committee will appoint the AC members and the AC chair.

#### **4.0 MEETINGS**

- 4.1 The AC shall meet at least four times a year, with authority to convene additional meetings as circumstances require. All AC members are expected to attend each meeting in person or via teleconference or videoconference.
- 4.2 The AC will invite members of management, auditors, or others to attend meetings and to provide pertinent information, as necessary.
- 4.3 The AC will hold private meetings with internal and external auditors without the presence of the executive management at least once a year.

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- 4.4 The AC may hold separate executive sessions with Executive Management, Group Chief Financial Officer, Head of Group Internal Audit, Head of Group Strategy, Risk and Sustainability or with such other persons from time to time as the AC members deem appropriate.
- 4.5 Meeting agendas will be prepared and provided in advance to AC members, along with appropriate briefing materials.
- 4.6 Minutes will be prepared by the Company Secretary for all AC meetings except for private meetings. The approved minutes of AC meeting shall be forwarded to the board of directors for their information.

## **5.0 RESPONSIBILITIES**

The AC will carry out the following responsibilities:

### **5.1 Financial reporting**

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the AC under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to AC members.
- Obtain assurance from the Group Chief Executive Officer and Group Chief Financial Officer that adequate processes and controls are in place for an effective and efficient process in preparation of the financial statements.

### **5.2 Internal Controls**

- Consider the effectiveness of the internal controls system, including financial, operational, information technology, risk management, sustainability and those controls designed to detect material fraud.
- Understand the scope of internal and external auditors' review of internal control over financial reporting and operations, and obtain reports on significant findings and recommendations, together with management's responses.

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**5.3 Internal Audit**

- Review with management and the Head of Group Internal Audit the charter, mandate, activities, staffing, resources, and organizational structure of the internal audit function;
- Have final authority to review and approve the annual audit plan and all major changes to the plan.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Group Internal Audit.
- Review all reports issued by the internal audit function and consider the audit recommendations and management's action plans to address issues highlighted.
- On a regular basis, meet with the Head of Group Internal Audit separately to discuss any matters that the committee or internal auditors believe should be discussed privately.
- Review the effectiveness of the internal audit function in providing assurance in the governance, risk management and internal controls processes, including compliance with The Institute of Internal Auditors' *Global Internal Audit Standards*<sup>TM</sup>.
- Review the performance of the Head of Group Internal Audit and concur with the annual compensation and salary adjustment.

**5.4 External Audit**

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit;
- Review the performance of the external auditors and exercise final approval on their appointment or discharge;
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the IGB Group, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet with the external auditors separately to discuss any matters that the committee or auditors believe should be discussed privately.

**5.5 Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- Review the findings of any examinations by regulatory agencies and any audit observations;
- Review the process for communicating the code of conduct to the IGB Group's personnel and for monitoring compliance therewith;
- Obtain regular updates from management and IGB Group's legal counsel regarding compliance matters including anti-bribery and corruption matters.
- Review related party transactions and conflict of interest disclosures and ensure adequate processes and controls are in place to resolve, mitigate or eliminate any conflicts that may arise.

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**5.6 Reporting**

- Regularly report to the board of directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication among the internal auditors, the external auditors, and the board of directors.
- Report annually to the shareholders, describing the AC's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports issued that relate to the AC's responsibilities.

**5.7 Other Responsibilities**

- Perform other activities related to this charter as requested by the board of directors.
- Institute and oversee special investigations as needed.
- Review the investigations into issues raised through the whistleblowing channel and ensure appropriate actions have been taken where necessary.
- Review and assess the adequacy of the AC Charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the audit committee's and individual members' performance on an annual basis.

**This Audit Committee charter has been approved by the Board on 29 November 2024.**