DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

(Revised on 18 August 2026)

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1.0 OBJECTIVE

1.1 The Board Audit Committee ("BAC") is established to assist the Board of Directors ("the Board") of DRB-HICOM Berhad ("DRB-HICOM" or "Company") in fulfilling its oversight responsibilities. The objective is to assist the Board of DRB-HICOM on its statutory and fiduciary responsibilities by ensuring the Company and its subsidiary companies ("the Group") are complying with regulatory requirements on the following matters:-

(i) Effectiveness of risk management processes, system of controls, and governance procedures.

(ii) Adequacy of the Group's administrative, operational, and financial controls in ensuring compliance with the prescribed procedures, code of conduct, and applicable legal and regulatory requirements.

(iii) To provide direction to strengthen the independence, effectiveness, and coordination of the external and internal audit functions.

2.0 COMPOSITION

The Board shall appoint members of the BAC from among its Directors of the Company:-

2.1 The BAC shall consist of no fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors. No alternate Director shall be appointed as a member of the BAC; and subject to any regulatory disqualification, BAC members may only be removed by the Board.

2.2 Members of the BAC shall elect the Chairman from among themselves, who is an Independent Non-Executive Director and shall not be the Chairman of the Board of Directors of the Group.

2.3 All members of the BAC shall be financially literate and have sufficient understanding of the Company, and at least one member of the BAC,

(i) Must be a member of the Malaysian Institute of Accountants ("MIA"); or

(ii) If he/she is not a member of the MIA, he/she must have at least three (3) years working experience, and:

(a) Must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

(iii) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

2.4 In the event of any vacancy in the BAC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. The Board Nomination & Remuneration Committee ("BNRC") must review the term of office and performance of the BAC and each of its members annually to determine whether the BAC and its members have carried out their duties in accordance with the Terms of Reference and subsequently endorsed by the Board.

2.5 If a former audit partner of the Company's external audit firm and/or the affiliate firms (including those providing advisory services, tax consulting, etc.) is recommended for appointment as a member of the BAC, he/she must observe a cooling-off period of at least three (3) years before his/her appointment.

3.0 MEETINGS

Meeting Intervals

3.1 The BAC shall meet at least four (4) times or more per annum as deemed fit by the BAC. The Group Managing Director ("GMD"), Group Chief Operating Officers, Group Chief Financial Officer, and Chief Internal Audit Officer shall be invited to attend the meeting, while other members of the Management may attend meetings upon invitation by the BAC.

Attendance

3.2 The quorum for all meetings of the BAC shall not be less than two (2) members, both of whom must be Independent Non-Executive Directors. The Chairman shall chair all meetings, and, in his/her absence, another Independent Non-Executive Director shall chair the meeting.

3.3 The external auditors are invited to attend the BAC meetings, as and when necessary. If there are matters that require the BAC or Director's attention, the external auditors may request a meeting to be organised with the BAC Chairman.

3.4 The BAC shall meet separately with the external auditors and internal auditors at least twice a year or whenever deemed necessary, without the presence of Management of the Group.

3.5 The Company Secretary shall be the Secretary of the BAC and shall provide the necessary administrative and secretarial services for the effective functioning of the BAC. The draft Minutes shall be circulated to the BAC members for comment, and the final Minutes shall be tabled at the subsequent BAC meeting for confirmation and signature by the BAC Chairman.

Notice and Agenda

3.6 Meetings of the Committee shall be arranged by the Secretary at the request of the BAC Chairman or any other BAC member.

3.7 The Committee shall regulate its own detailed procedures, in particular, the calling of meeting, the notice to be given for meetings, the voting and proceedings of meetings, the keeping of minutes and the custody, production and inspection of minutes.

3.8 Minutes of each meeting shall be distributed to each member of the Committee. Meeting minutes shall be confirmed at the next BAC meeting and be made available upon request from the Secretary.

Voting

3.9 All deliberations and resolutions of the BAC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the BAC shall have a second or casting vote.

3.10 A BAC member shall declare and excuse himself/herself from a meeting during discussions or deliberations of any matter that gives rise to an actual or perceived conflict-of-interest situation for the members. Where this causes insufficient Directors to make up a quorum, BAC members have the right to appoint another one or more Director(s), who meet the membership criteria.

Meeting Mode

3.11 A meeting shall be conducted face-to-face to enable effective discussion, however, meetings may also be convened via online video-conferencing or tele-conferencing or other appropriate means as determined by the BAC Chairman.

4.0 AUTHORITY

The Board has empowered the BAC to:

4.1 Investigate any activity within the scope of the BAC's Terms of Reference and shall have full and unrestricted access to any information or documents relevant to the BAC's activities;

4.2 Obtain independent legal or other professional advice as necessary, including securing the attendance of outsiders with relevant experience and expertise, if considered necessary;

4.3 Communicate directly with the external auditors, internal auditors, and all employees of the Group without the attendance of any executive, and if appropriate, the Group Secretary, whenever deemed necessary;

4.4 Have adequate resources to perform its duties as set out in its Terms of Reference;

4.5 Have immediate access to reports on fraud or irregularities from the Group Internal Audit Division;

4.6 Oversee implementation and monitoring of the Whistleblowing Policy, as required by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia;

4.7 Review and recommend to the Board the findings/observations on results of any examination, assessment or audit by regulators and authorities;

4.8 Make recommendations for improvement in operational performance and management controls arising from internal and external audit recommendations; and

4.9 The BAC may periodically revise its Terms of Reference, provided that the said revisions or amendments, are in line with changes to the relevant laws, directives, prevailing corporate governance, best practices, and other regulatory requirements, and thereafter shall be recommended to the Board for approval.

5.0 DUTIES AND RESPONSIBILITIES

The functions of the BAC are as follows:-

5.1 Risk Management and Internal Control

Ensure that the Management has put in place an adequate system of internal controls to safeguard shareholders' interests and the Company's assets.

5.2 Financial Reporting

Review the annual and quarterly financial results of the Group focusing on, amongst others, financial disclosures, changes in accounting policies and practices, and compliance with the Malaysian Accounting Standards Board's ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the MMLR of Bursa Malaysia.

5.3 Internal Audit

In respect of the internal audit function,

(i) To review and approve the Internal Audit Charter, which defines the independent purpose, authority, scope, and responsibility of the internal audit function in the Company;

(ii) To review the adequacy of the scope, functions, competency, and resources of the Group Internal Audit Division and to assess whether it has the necessary authority to carry out its responsibilities with regard to the annual audit plan;

(iii) To review and approve the annual internal audit plan, processes, results of the internal audit assessments, investigation(s) undertaken, and where necessary, to review and monitor that appropriate action is taken based on the recommendations of the Group Internal Audit Division;

(iv) To provide consultation to the Board Nomination & Remuneration Committee for its recommendation regarding the appointment, removal, remuneration, and performance evaluation of the Chief Internal Audit Officer, before submitting to the Board of Directors of DRB-HICOM for approval;

(v) To review and recommend on the accuracy and adequacy of Directors' Statement of Risk Management and Internal Controls, as well as the Board Audit Committee Report, to be published in the Annual Report;

(vi) To review and recommend any amendment to the whistleblowing policies and procedures periodically or at least once every two (2) years to assess their effectiveness, and to present to the Board for approval.

(vii) To be updated on issues pertaining to any investigation reports prepared by GIAD.

5.4 External Auditors

With regards to external auditors,

(i) To review and recommend the nomination, appointment or re-appointment of the external auditors, audit fee payable, and any matter regarding resignation or dismissal/removal of external auditors;

(ii) To recommend to the Board whether there are reasons to believe, supported by grounds, that the external auditors are not suitable for re-appointment;

(iii) To discuss with the external auditors, prior to commencement of the Company's audit, the nature and scope of audit and to monitor coordination where more than one audit firm is involved;

(iv) To review the audit plan with the external auditors, their evaluation of the systems of internal controls, their audit report, and the assistance given by the Company's officers to the external auditors;

(v) To review the quarterly and year-end audited annual financial statements to be announced to the Bursa Malaysia, before submission to the Board for approval, focusing particularly on:-

a) any change in accounting policies and practices;
b) significant adjustments arising from the audit;
c) significant and unusual events;
d) going concern assumption; and
e) compliance with MASB's Approved Accounting Standards in Malaysia for Entities Other than Private Entities, MMLR of Bursa Malaysia, and other legal requirements.

(vi) To keep under review the effectiveness of internal control systems, and the internal and/or external auditors' evaluation of these systems, and in particular, to review the external auditor's Management Letter and Management's response; and

(vii) To annually review the suitability, objectivity, and independence of the external auditors and to establish appropriate policies and procedures for this purpose.

6.0 OTHER RESPONSIBILITIES

Other responsibilities of the BAC include:-

6.1 To convey to the external auditors and internal auditors that the BAC expects to be advised if there were any areas that require their special attention, including major findings of internal investigations and the Management's response;

6.2 To report its activities to the Board in such manner and at such times, as it deems appropriate, and to report to Bursa Malaysia, where a matter reported to the Board has not been satisfactorily resolved, resulting in a breach of the MMLR of Bursa Malaysia;

6.3 To review related party transactions ("RPT") and recurrent related party transactions ("RRPT") as well as conflict-of-interest ("COI") or potential COI situations that arose, persists or may arise within the Company or Group including any transaction, procedures or course of conduct that raises questions on the Management's integrity and measures taken to resolve, eliminate or mitigate COI situations in complying with the MMLR of Bursa Malaysia. The review of the COI shall include Directors and Key Leadership Team of Group and its subsidiaries;

6.4 To disclose in the Board Audit Committee Report (to be published in the Annual Report) any COI or potential COI situations within the Company or Group that have been reviewed, excluding RPT and RRPT, and measures taken to resolve, eliminate or mitigate such conflicts;

6.5 To review any allocation of share options pursuant to Employees' Share Option Scheme ("ESOS") granted to employees in the Group; and

6.6 To consider and review any other matters as the BAC considers appropriate or as instructed by the Board and any other matters requiring the BAC's approval or recommendation under the Limits of Authority of the Company.