

## AUDIT COMMITTEE'S TERMS OF REFERENCE

### Structure of the Audit Committee

The Audit Committee is a committee appointed by the Board and shall comprise at least 3 directors. All members should be non-executive directors with the majority of the members to be independent non-executive directors. At least one should be a member of an accounting association or body. The Chairman of the Committee shall be an independent non-executive director and be elected from amongst their members. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in non-compliance with the Listing Requirements, the Board of Directors shall within 3 months of that event appoint such new member(s) as may be required to comply with the Listing Requirements.

### Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from the Management and any employee. The Management and employees are directed to co-operate with any request made by the Committee. The Committee may convene meetings with external auditors or internal auditors without the presence of management if deemed necessary.

The Committee is authorised by the Board to obtain independent legal and professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this to be necessary.

### Functions

- i. To review the effectiveness of the Company's risk management, internal controls and governance systems, including overseeing the Company's identification of risks and ensure proper action is taken to address or mitigate the risks;
- ii. To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
- iii. To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iv. To consider if the annual financial statements are in compliance with applicable accounting standards in accordance with Malaysian Financial approved Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act;
- v. To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - significant matters highlighted, significant judgments made by management, significant and unusual events or transactions, and how each of the foregoing matters were addressed;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;

**LAFARGE MALAYSIA BERHAD (1877-T)  
AUDIT COMMITTEE'S TERMS OF REFERENCE**

- v. 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);
- vi. To review the external auditors' evaluation of the system of internal control, management letter and management's response;
- vii. To do the following in relation to the internal audit function-
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointment or termination of senior staff members of the internal audit function; and
  - Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- viii. To consider any related-party transactions and conflict of interest situation that may arise within the company or group;
- ix. To consider the major findings of internal investigations and management's response;
- x. To consider other topics as defined by the Board; and
- xi. To meet with external auditors at least twice in a financial year without the presence of management to discuss any issues or reservations arising from the audits and any other matter the external auditor may wish to discuss.



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