ECOSYS (MALAYSIA) BERHAD
(Registration No. 202301024280 (1518203-H)

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

1. PURPOSE

The purpose of this terms of reference are:-

(a) to ensure that internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively;
(b) to assure the shareholders of the Company that the Directors of the Company have complied with Malaysian financial reporting standards and the required disclosure policies developed and administered by Bursa Malaysia Securities Berhad ("Bursa Securities");
(c) to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and to adopt best practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to all the Company's shareholders; and
(d) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities and yet ensure that audit findings are brought to the highest level for consideration.

2. MEMBERSHIP

(a) The Committee shall be appointed by the Board from amongst the Directors of the Company and shall be composed exclusively of Independent Non-Executive Directors of no fewer than three members.
(b) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 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 said Schedule or alternatively a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.
(c) No alternate Director shall be appointed as a member of the Committee.
(d) The members of the Committee shall elect from among their number a Chairman who is non-executive and independent, as defined above.
(e) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.
(f) The Committee has a policy that requires a former key audit partner who was part of Page 2 of 5 the engagement team who made key decisions or judgements on significant matters with respect of the audit of the financial statements of the group, to observe a cooling-off period of at least two years before being appointed as a member of the Committee.
(g) The Nomination and Remuneration Committee shall review the term of office of the Committee members annually.

3. AUTHORITY

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

(a) investigate any activity within the Committee's terms of reference;
(b) have resources which are reasonably required to enable it to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company or the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
(f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.
(g) The ARMC shall have the authority to make decision on matters which fall within the purpose and responsibilities of the ARMC;
(h) The ARMC shall also have the authority to seek information and have unrestricted access to information pertaining to the Group and the Management, to fulfil its primary purpose and responsibilities
(i) The attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the invitation and discretion of ARMC and must be specific to the relevant meeting; and
(j) Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the Board.

4. DUTIES & FUNCTIONS

(i) to ensure openness, integrity and accountability in our Group's activities so as to safeguard the rights and interests of our shareholders;

(ii) to review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(iii) to provide assistance to our Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;

(iv) to improve our Group's business efficiency, the quality of accounting and audit function and strengthening of public's confidence in our reported results;

(v) to maintain a direct line of communication between our Board and the external and internal auditors;

(vi) to enhance the independence of our external and internal auditors;

(vii) to create a climate of discipline and control, this will reduce the opportunity for fraud;

(viii) to monitor and review matters relating to related party transactions entered into by our Group and any conflict of interests situations that may arise within our Group;

(ix) to recommend our Board regarding the appointment of the external auditors, to consider their independence, the adequacy of experience, audit fee and any issue regarding resignation or dismissal; and

(x) to obtain advice from independent parties and other professionals, where necessary, in discharging their duties.

(xi) to oversee and recommend the risk management framework and policies of our Group;

(xii) to advise our Board on setting appropriate policies on internal control and seek assurance that our systems are adequate and functioning effectively to address the risks;

(xiii) to determine our level of risk tolerance and actively identify, assess and monitor key business risks to safeguard our shareholders' investments and our assets; and

(xiv) to ensure that our Board conducts an annual review and periodic testing of our internal control and risk management.

(xv) Establishment of an internal audit function (whether inhouse or outsourced) which is independent of the activities it audits and in relation thereto:-

- ensure that the head of the internal audit function or outsourced internal auditor reports directly to the ARMC;
- review the adequacy of the scope, functions, competency, and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- review the internal audit plan, processes, the results of the internal audit assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function and the Continuing Professional Education attended by them;
- approve any appointment or termination of senior staff members of the internal audit function and remuneration or fee of internal audit function;
- inform itself of changes in personnel of the internal audit staff members and make available the opportunity for resigning staff members to submit his reasons for resigning;
- conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the company to ensure internal audits are carried out in accordance with recognized framework;
- if internal audit function is outsourced, to consider and recommend the appointment or termination of the internal auditors, the fee and ensure adequate resources are avalaible including staffing and competence of the internal auditors in performing their work;
- to consider the major findings of any internal investigations and management's response;
- to meet with the Internal Auditors at least once a year without the presence of management to exchange opinions and for the Internal Auditors to convey any of their concerns;
- review the reporting information of the contents and operations of the Anti-Bribery Management System at regular intervals and order a regular review (at least once every three (3) years) of the Anti-Bribery and Anti-Corruption Policy to ensure the system is kept effective and up to date; and ECOSYS (MALAYSIA) BERHAD Registration No. 202301024280 (1518203-H) - TERMS OF REFERENCE FOR AUDIT COMMITTEE
- ensure the management has adequate and appropriate resources needed for effective implementation of the Anti-Bribery Management System to fulfill and comply with the Malaysian Anti-Corruption Commission ("MACC") Act.

5. QUORUM FOR MEETINGS

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

6. ATTENDANCE AT MEETINGS

The Chief Finance Officer, the Internal Auditor, and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

7. FREQUENCY OF MEETINGS

The Chairman shall call for meetings, to be held not less than four times a year. The external auditors may request a meeting if they consider one necessary.

8. PROCEEDINGS OF MEETINGS

- A member may at any time and the Secretary shall on the requisition of a member summon a meeting of the Audit Committee by giving the members not less than seven days' notice thereof unless such requirement is waived.
- In the absence of the Chairman, the Committee shall appoint one of its members present to chair that meeting.
- A resolution put to vote shall be decided by a majority of votes of the members present, each member having one vote.

9. REPORTING PROCEDURES

(a) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
(b) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's annual report.
(c) The Committee shall assist the Board in preparing the following for publication in the Company's annual report:
  - Statement on the Company's application and extent of compliance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance; specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
  - Statement on the Board's responsibility for preparing the annual audited accounts; and
  - Statement about the state of risk management and internal control of the Group.

(d) Statement about the state of internal control of the Group.

10. APPROVAL

The Audit and Risk Management Committee Terms of Reference is approved by the Board of Ecosys (Malaysia) Berhad.