

ECOSCIENCE INTERNATIONAL BERHAD

(Registration No.: 202001024633 (1380953-M))

(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. OBJECTIVES

The principal objectives of the Audit and Risk Management Committee ("**ARMC**") are to assist the Board of Directors (the "**Board**") in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries (the "**Group**"). In addition, the ARMC shall:

- (a) Evaluate the quality of the audits performed by the external and internal auditors;
- (b) Determine and evaluate the quality, adequacy and effectiveness of the Group's control environments and quality of the audits performed by the internal and external auditors;
- (c) Discharge its statutory and fiduciary responsibilities of overseeing the financial risk processes and accounting and financial reporting practices within the Group; and
- (d) Oversee and monitor the compliance with laws and regulations, employee's code of conduct and established policies and procedures of the Group.

2. COMPOSITION

- (a) The ARMC shall be appointed by the Board from amongst the directors of the Company and shall comprise of not fewer than three (3) members.
- (b) All the ARMC members must be Non-Executive Directors, with a majority of them, being Independent Directors.

The definition of "**Independent Directors**" shall have the meaning given in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**ACE Market Listing Requirements**").

- (c) The Chairperson of the Board shall not be a member of the ARMC.
- (d) The ARMC shall include at least one (1) member who is a member of the Malaysian Institute of Accountants ("**MIA**") or alternatively, a person who must have at least three (3) years' working experience and must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 or must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or a person who fulfils such other requirements as prescribed or approved by Bursa Securities.
- (e) No alternate director shall be appointed as a member of the ARMC.
- (f) The members of the ARMC shall elect a Chairperson from among themselves and that person so elected need to be an Independent Non-Executive Director who is not the Chairperson of the Board.
- (g) If any former key audit partner is appointed, a cooling-off period of at least three (3) years before being appointed as a member of the ARMC shall be observed.

- (h) In the event that a member or the Chairperson of the ARMC resigns, passed away or for any other reason ceases to be a member or Chairperson with the result that the number of members is reduced to below three (3) or there is no Chairperson in the ARMC, the Board shall, based on the recommendation of the Nomination Committee, within three (3) months of that event, appoint such number of new member or Chairperson as may be required to make up the minimum number of three (3) members.

3. TERMS OF MEMBERSHIPS

The term of office and performance of the ARMC and each of its members shall be reviewed by the Nomination Committee annually.

4. AUTHORITY

The ARMC shall, in accordance with the procedure to be determined by the Board and at the cost of the Group, be authorised to:

- (a) Investigate any matters or activities of the Group within its terms of reference;
- (b) Have the resources which is required to perform its duties as set out in its terms of reference;
- (c) Have full and unrestricted access to any employee as well as the internal and external auditors of the Group and all information and documents pertaining to the Group, which are required to perform its duties;
- (d) Obtain external legal or other independent professional advice as necessary;
- (e) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (f) Able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity, or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary; and
- (g) Where the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements, the ARMC shall promptly report such matter to Bursa Securities.

5. QUORUM

The quorum for ARMC meeting shall consist of not less than two (2) members, of which majority of members present must be Independent Non-Executive Directors.

6. MEETINGS

- (a) The ARMC shall meet four (4) times annually, or more frequently, if deemed necessary.
- (b) In the absence of the Chairperson of ARMC, the remaining members present shall among themselves elect another member to chair the meeting.
- (c) The ARMC may pass the resolution by way of written resolution of which it is signed by at least a majority of the ARMC or at a meeting of the ARMC.
- (d) The Company Secretary shall act as secretary of the ARMC.
- (e) The Company Secretary shall issue and circulate the notice of ARMC meetings confirming the venue, time and date together with agenda of items to be discussed, to the ARMC

members at least five (5) working days or shorter notice where it is unavoidable before the date of the meeting. Supporting papers shall be sent to the ARMC members and other attendees as appropriate, at the same time.

- (f) The ARMC members may participate in a meeting by means of telephone, video conferencing or using any technology. Such participation shall constitute presents in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.
- (g) A member of the ARMC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.
- (h) The Company Secretary shall be entrusted to record all proceedings and minutes of all meetings of the ARMC.
- (i) Draft minutes of the meeting shall be distributed to the ARMC members within four (4) weeks after the meeting. The minutes shall be approved by the ARMC at the next meeting and signed by the Chairperson of the meeting at which proceedings were held or by the Chairperson of the next meeting.
- (j) The minutes of the ARMC shall be made available at the Registered Office and shall be opened for inspection by any ARMC member or Board member.
- (k) Other Board members and senior management of the Group, including Chief Financial Officer, representative(s) of the internal and / or external auditors and employees shall attend meetings at the invitation of the ARMC.
- (l) The ARMC shall meet with the internal and external auditors without Executive Board members, management or employees present, at least once a year. Any ARMC member may request for additional meetings if he or she considers it necessary.

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the ARMC are as follows:

(a) Financial reporting

- (i) To review with the management and external auditors, the quarterly and annual financial statements of the Group, before approval by the Board, focusing particularly on:
 - Any changes in or implementation of major accounting policy;
 - Any changes in the presentation of the financial statements;
 - Any significant auditing and financial reporting matters, material audit adjustments, material fluctuations in balances, significant judgment and estimates made by management, significant or unusual events or transactions highlighted by the external auditors, and how these matters are addressed;
 - Whether significant contingent liabilities and commitments have been properly disclosed;
 - Whether the going concern assumption used in the preparation of the financial statements is appropriate;
 - Whether the financial statements are in compliance with accounting standards and other legal requirements;
 - Whether the financial statements taken as a whole provide a true and fair view of the financial position and performance of the Group; and

- Whether there are any qualifications in the auditors' report that must be discussed and properly acted upon.
- (ii) In addition, to report its findings on financial and management performance and other significant matters to the Board, and if appropriate, recommend to the Board the issuance of the quarterly and annual financial statements to Bursa Securities.

(b) External auditors

- (i) To consider and recommend to the Board on the appointment or re-appointment of the external auditors, to fix the audit and non-audit fees and any questions regarding resignation or dismissal, including recommendation for nomination of a person or persons as external auditors.
- (ii) To annually assess the suitability, objectivity and independence of the external auditors, taking into consideration of, amongst others:
 - Criteria to guide decisions on the appointment and re-appointment of the external auditors which include assessment of the competency, quality of audit and resource capacity of the external auditors in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the ARMC may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
 - Appropriateness of audit fees to support a quality audit;
 - Requirement for non-audit services to be approved by the ARMC before they are rendered by the external auditors and its affiliates while taking into account nature and extent of non-audit services rendered and the appropriateness of the level of fees paid for such services;
 - Requirements to obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
 - The conduct of an annual evaluation on the performance of the external auditors and undertaking follow-up measures, where required.
- (iii) To discuss with the external auditors before the audit commences, their audit plan, the nature and scope of their audit and their coordination with competent auditors where more than one (1) audit firm is involved in the audit of the Group's financial statements.
- (iv) To review the external auditors' management letter and Management's response to their recommendations for improvements.
- (v) To ensure that assistance and full access to all information and documents required by the external auditors are given by Management.
- (vi) To review with the external auditors their evaluation on the system of internal controls and the audit report and report the same to the Board.
- (vii) To review with the external auditors on the Statement on Risk Management and Internal Control of the Group for inclusion in the annual report.

(c) Internal audit

- (i) To review the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and / or outsourced internal auditors (if any) to perform its duties.
- (ii) To review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

- (iii) To review and approve matters concerning the employment or appointment (or re-appointment) of head of in-house internal audit and / or outsourced internal auditors (as the case may be) and the reasons for the resignation or termination of either party.
- (iv) To review and approve the internal audit plan and the internal audit reports and, where necessary, ensure that appropriate actions are taken on the recommendations made by the internal audit function.
- (v) To receive and review on a regular basis the reports, findings and recommendations of the internal audit team and / or outsourced internal auditors (if any) and to ensure that appropriate actions have been taken to implement the audit recommendations.
- (vi) To ensure the internal audit team and / or outsourced internal auditor (if any) have full and unrestricted assistance and access to all information and documents required by the internal audit team and / or outsourced internal auditor (if any) are given by the Management.
- (vii) To request and review any special audit which the ARMC deems necessary.
- (viii) To review the appraisal or assessment of the performance of the internal audit function on an annual basis.

(d) Risk management

- (i) To review and recommend risk management strategies, policies and risk tolerance levels for Board's approval.
- (ii) To review and assess the adequacy and effectiveness of risk management and internal control policies and framework in identifying, measuring, monitoring and controlling risks and the extent, to which these are operating effectively.
- (iii) To ensure infrastructure, resources and systems are in place for risk management, i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the risk originating activities of the Company and the Group (where applicable).
- (iv) To review periodic risk management and business exposures reports from the respective business units of the Company and the Group (where applicable) on risk exposures, risk portfolio compositions and risk management activities.
- (v) To review and recommend new policies or changes to policies, and to consider their risk implications.
- (vi) To note and adopt the respective Board minutes (or any other forms of documents that highlight the risk exposures and activities) of companies in the Group with respect to risk management activities carried out at that level.
- (vii) To review disclosures statements relating to management of sustainability, risk management and internal control in the annual report.
- (viii) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

8. OTHERS

- (a) To review all financial related reports/statements as required by the ACE Market Listing Requirements, for inclusion in the Annual Report;
- (b) To verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group (if any);

- (c) To obtain regular updates from the management regarding compliance matters;
- (d) To review findings, queries or investigation by the regulatory agencies (if any);
- (e) To review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary; and
- (f) To carry out any other functions that may be mutually agreed upon by the ARMC and the Board.

9. REPORTING

The ARMC, through its Chairperson, shall report a summary of significant matters to the Board at the next Board meeting after each ARMC meeting. When presenting any recommendations to the Board for approval, the ARMC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

10. RELATED PARTY TRANSACTIONS (“RPTs”), RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) AND CONFLICT OF INTEREST (“COI”) SITUATIONS

- (a) To monitor, consider, review and report to the Board any RPTs and RRPTs situations that may arise within the Company and/or Group including any transaction, procedures or course of conduct that raises questions of management integrity, as well as to assess the financial risks relating to such transactions, and to ensure that the Group’s directors report such transactions annually in the annual report.
- (b) To monitor, consider, review and report to the Board any COI or potential COI situations that arose, persist or may arise within the Company and/or Group (applies to all Directors and employees of the Group) including any transaction, procedure or course of conduct that raises questions or management integrity, together with the measures taken to resolve, eliminate, or mitigate such conflicts as well as to assess the financial risks relating to such transactions, and to ensure that the Group’s directors report such transactions annually in the annual report.

In reviewing the COI, the ARMC should consider the following factors:

- The nature and potential duration of COI situations, and the impact on the Group; and
- Controls in place/corrective actions to be taken – to ensure that the conflicted Director or conflicted employee does not abuse his or her power to gain an unfair advantage.

11. REVIEW OF THE WRITTEN TERMS OF REFERENCE

- (a) Any amendments to these terms of reference are to be approved by the Board. These terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the ARMC’s responsibilities.
- (b) The written terms of reference will be made available to public on the Company’s website.

The Terms of Reference of the ARMC is adopted on 20 August 2021 and revised on 24 November 2023.