

JENTAYU SUSTAINABLES BERHAD
[Registration No. 197501000834 (22146-T)]
(Incorporated in Malaysia)

EXTERNAL AUDITORS POLICY

1. PURPOSE

The purpose of formulating this External Auditors Policy (“**the Policy**”) is to outline the policies and procedures for the Board Audit Committee (“**BAC**”) of Jentayu Sustainables Berhad (“**JSB**”) to govern the assessment and monitor the External Auditors. This is intended to ensure that the External Auditors’ uphold their competence, objectivity, professionalism, and independence, thus enhancing their effectiveness.

2. SELECTION AND APPOINTMENT

According to Section 271 of the Companies Act 2016, the Company shall at each Annual General Meeting (“**AGM**”) appoint or re-appoint External Auditors, and the External Auditors so appointed or re-appointed shall hold office until the conclusion of the next AGM.

In the event of a requirement to address a sudden vacancy or if the BAC determines a necessity to change External Auditors, the BAC shall adhere to the following procedures for the selection and appointment of the new External Auditors firm:-

a) Procedures

The BAC shall undertake the following procedures for the selection and appointment of the new External Auditors:-

- i. Invite a suitable number of audit firms to submit proposals of engagement for consideration;
- ii. assess and review the proposals (including proposed fees) and shortlist suitable audit firms;
- iii. meet and interview representatives of the shortlisted firms;
- iv. using the selection guidelines set out in 2(b) below, select a firm with the view of recommending to the Board for appointment; and
- v. the BAC shall consider seeking the assistance of the Chief Financial Officer (“**CFO**”) and/or Group Financial Controller when performing i, ii and iii.

Upon the endorsement of the Board, a resolution for the appointment of the new External Auditors and/or removal of the existing External Auditors shall be tabled for the approval of shareholders in general meeting.

b) Selection guidelines

When assessing the suitability of a potential firm of External Auditors for recommendation to the Board, the BAC shall consider, inter-alia:-

- i. the firm's reputation and presence in the industry;
- ii. qualifications and experience of the proposed key audit team members;
- iii. the firm's international presence through membership in or affiliation with reputable international accounting networks with member firms capable of auditing the Group's overseas subsidiaries or joint ventures;
- iv. the firm's audit methodology to be employed in the audit of the Group;
- v. the firm's independent quality control review procedures and the approach to audit judgments;
- vi. results of recent inspections on the firm by the Audit Oversight Board, the Malaysian Institute of Accountants ("**the MIA**") or other regulatory bodies;
- vii. the information contained in the Annual Transparency Report ("**ATR**") of the firm, if applicable, or to engage with audit firms (for firms that are not required to issue ATR) on matters in relation to the firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
- viii. the appropriateness of audit fees to support a quality audit;
- ix. the firm's capability to deliver value in ways other than through the provision of statutory audit services; and
- x. the profile of the firm's major clients, including those in the same industry as that of the Group.

3. REMUNERATION OF EXTERNAL AUDITORS

- a) Pursuant to Section 274(1) of the Companies Act 2016, the Board shall be authorised by the shareholders at the AGM to fix the remuneration of the External Auditors. Remuneration in this context includes sums paid in respect of expenses and payment otherwise than cash as specified in Section 274(2) of Companies Act 2016. In determining the remuneration of the External Auditors, the Board shall consult the BAC.
- b) The BAC shall take into consideration the industry benchmarks when assessing the remuneration that should be accorded to the External Auditors. The BAC shall ensure that the remuneration awarded to the external auditors is commensurate with the scope of the audit, considering the required resources, skills and knowledge needed to complete the external audit engagement, and the responsibilities of the external auditors.

- c) Pursuant to the By-Laws of MIA, the Group shall not enter into any contingent fee arrangement relating to the outcome of a transaction or the result of the services performed with the external auditors.

4. INDEPENDENCE OF EXTERNAL AUDITORS

The independence of the External Auditors is essential to the provision of an objective opinion on the financial statements.

Based on Practice 9.3 of Principle B of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”), the BAC is mandated to ensure continuing suitability, objectivity and independence of the External Auditors.

The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.

The BAC shall obtain a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

5. NON-AUDIT ENGAGEMENT

The External Auditors or its affiliates can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors. Non-audit services do not include audit-related work performed in compliance with statutory requirements.

Before appointing the External Auditors to undertake a non-audit service, considerations should be given to whether this would create a threat to the External Auditors’ independence or objectivity. The External Auditors should not be appointed unless appropriate safeguards are present to eliminate or reduce the threat to an acceptable level.

The provision of non -audit services by the External Auditors shall be based on the following 3 basic principles:-

- i. The External Auditors cannot perform the role of Management;
- ii. The External Auditors cannot audit their own work; and
- iii. The External Auditors cannot serve in an advocacy role for the Group.

The External Auditors shall observe and comply with the By-Laws of the MIA in relation to the provision of non-audit services.

All engagements for non-audit services shall be approved by the BAC prior to commencement considering the nature and extent of the non-audit services and the appropriateness of the level of fees. For each engagement, Management shall obtain written confirmation from the External Auditors that their independence as External Auditors would not be impaired by virtue of the non-audit engagement.

Management shall provide an update to the BAC at its quarterly meetings of all non-audit services rendered by the External Auditors since the date of the last BAC meeting (including the amount of fees charged).

6. ROTATION OF KEY AUDIT PARTNERS

The Group recognises that there exists a threat to the External Auditors' independence if there was no limit to the number of consecutive years that key audit partners may serve in the same role in the annual audits of the Group's financial statements.

The By-Laws of the MIA sets out the maximum number of years key audit partners can serve in the same role, as well as the number of "cooling-off" years.

The BAC shall ensure that the firm of External Auditors meets or exceeds the requirements of the By-Laws of the MIA relating to the rotation of key audit partners.

7. APPOINTMENT OF FORMER PARTNER AS MEMBER OF THE BAC

No former partner of the external audit firm of the Company shall be appointed as a member of the BAC before first observing a cooling-off period of at least 3 years. This applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc).

8. ANNUAL PERFORMANCE AND INDEPENDENCE EVALUATION

The BAC shall carry out an annual assessment and to undertake follow-up measures, where required, on the performance, independence and capabilities of the External Auditors as well as the effectiveness of the audit process and may request the Chief Financial Officer and/ or Group Financial Controller to assist in the assessment, by taking into consideration the following:-

- i. Quality of audit services
 - Adequacy of audit scope;
 - Ability to meet audit deadlines;
 - Timelines in escalating audit issues to the BAC;
 - Allocation of resources to significant audit risk areas; and
 - Effectiveness of recommendations to addressing weaknesses observed during the audit;
- ii. Adequacy of resources;
- iii. Communication and interaction with Management and the Internal Auditors;
- iv. Independence, objectivity and professional skepticism; and
- v. information contained in the ATR, if applicable, or matters in relation to governance and leadership structure as well as measures undertaken for firms that do not require to issue ATR to uphold audit quality and manage risks.

9. REVIEW OF THIS POLICY

The BAC shall, from time to time and at any time as it deems necessary, review this Policy to ensure that it continues to remain relevant and appropriate.