# JENTAYU SUSTAINABLES BERHAD

Registration No. 197501000834 (22146-T)

## TERMS OF REFERENCE

## OF

## BOARD AUDIT AND RISK COMMITTEE

**Version 1.0**

## Version History

| Version | Date | Description of Changes | Approved By |
|---|---|---|---|
| 1.0 | | Initial version | Board of Directors |

## 1. INTRODUCTION

The Board Audit Committee ("BAC") and Board Risk Committee ("BRC") are established separately previously by the Board of Directors ("Board") of Jentayu Sustainables Berhad ("JSB" or "Company").

The Board had approved the restructure and merger of the BAC and BRC into a new Board Committee known as Board Audit and Risk Committee ("BARC") with effect from 21 May 2026 to improve the efficiency and effectiveness of the Board in discharging its duties.

## 2. OBJECTIVES

### 2.1 Audit

- Ensure transparency, integrity and accountability in the JSB's activities so as to safeguard the rights and interests of shareholders;

- Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting policies and internal controls and financial reporting practices of the JSB Group;

- Maintain through regularly scheduled meetings, a direct line of communication between the Board, senior management, internal and external auditors.

### 2.2 Risk Management

- Leading the Group's strategic direction in the management of the Group's business risks;

- Oversee the establishment and implementation of enterprise risk management framework and embracing principles and best practices for matters concerning compliance with regulations;

- Oversee the effectiveness of the enterprise risk management framework in identifying and managing risks and internal processes which include but are not limited to ensuring the adequacy of a complete risk management process solution system and infrastructure supporting a well-constructed integrated risk analysis.

## 3. SCOPE

### 3.1 Audit

- To review and discuss the following with the external auditors:
    - Their audit plan;
    - Their evaluation of the internal control system

- Their audit report, management letter and management's response
- The assistance given by the employees of the Company to them

- To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - Going concern assumption;
  - Changes in or implementation of major accounting policies and practices;
  - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed
  - Compliance with accounting standards and other legal requirements

- To do the following in relation to the internal audit function:
  - To 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;
  - To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendarions of the internal audit function;
  - To consider the significant findings of internal audit investigations and management's response;
  - To evaluate the system of internal controls, with the external auditors;
  - To assess the quality and depth of staffing in the internal audit function;
  - To review any assessment or appraisal of the performance of the staff of the internal audit function;
  - To inquire into the effectiveness of the Group's internal audit policies and procedures;

- Any related party transaction and conflict of interest situation that arose, persist or may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of the management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts.

- To review and recommend the appointment or re-appointment of external auditors, the audit fee and to deal with matters relating to their resignation or dismissal including the nomination of person or persons as external auditors.

- To review the risk management policies and practices of the Company and Group to ensure effectiveness.

- To discuss problems and reservations arising from the interim and/or final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).

- The BARC is authorised by the Board to investigate any matter within the BARC's scope, duties and responsibility. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties.

### 3.2 Risk Management

- To assist the Board in overseeing matters relating to the management of strategic, operational, financial, and compliance risks associated with the Group;
- To review and recommend risk management philosophy and strategy to the Board;
- To approve policies and procedures to effectively identify, measure, monitor, and control the Group's risk and compliance exposures, in line with the Board's approved risk management philosophy and strategy;
- To review and propose the setting of the risk appetite and levels of tolerance of the Group at the enterprise and strategic business units level;
- To ensure the Group adheres to the established policies and procedures in relation to risk management, compliance with applicable laws, regulations, and guidelines;
- To review and approve (with the advice from the Risk Management and Compliance Department) a new business venture, which may be fundamentally different from the Group's existing businesses;
- To review and approve authorisation limits in accordance with the policies and procedures approved by the Board;
- To review and approve products and/or services, including pricing;
- To recommend the appointment, dismissal, and remuneration as well as the performance appraisal of the Head of Risk Management and Compliance;
- To endorse any changes in the resources required by the Risk Management and Compliance Department.

## 4. COMPOSITION

The members of the BARC shall be appointed by the Board from among its directors and:

- Shall comprised at least 3 non-executive board members of which the majority shall be independent directors.

- At least one member of the BARC:-

    - Must be a member of the Malaysian Institute of Accountants; or
    - If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and –
        - He must have passed the examination specified in Part I of the First Schedule of the Accountants Act 1967; or
        - He must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967

- The Board shall appoint an independent non-executive director from amongst these members as the Chairman of the Committee.

- No alternate director is to be appointed a member of the BARC.

- The duration of appointments will be for a continuous term, unless determine otherwise by the Board.

- The Board Nomination and Remuneration Committee ("BNRC") shall review the term of office and performance of the BARC and each of its members annually to determine whether the Board Audit and Risk Committee and its members have carried out their duties as required.

## 5. DUTIES AND RESPONSIBILITIES

### 5.1 AUDIT

A. To review and discuss the following with the external auditors:
- their audit plan;
- their evaluation of the internal control system.
- their audit report, management letter and management's response; and
- the assistance given by the employees of the Company to them.

B. To review the quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:

- going concern assumption.
- changes in or implementation of major accounting policies and practices.
- significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
- compliance with accounting standards and other legal requirements.

C. To do the following in relation to the internal audit function:

- To 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;
- To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- To consider the significant findings of internal audit investigations and management's response.
- To evaluate the system of internal controls, with the external auditors;
- To assess the quality and depth of staffing in the internal audit function;
- To review any assessment or appraisal of the performance of the staff of the internal audit function; and
- To inquire into the effectiveness of the Group's internal audit policies and procedures.

## 5.2 RISK MANAGEMENT

- to assist the Board in overseeing matters relating to the management of strategic, operational, financial, and compliance risks associated with the Group;

- to review and recommend risk management philosophy and strategy to the Board;

- to approve policies and procedures to effectively identify, measure, monitor, and control the Group's risk and compliance exposures, in line with the Board's approved risk management philosophy and strategy;

- to review and propose the setting of the risk appetite and levels of tolerance of the Group at the enterprise and strategic business units level;

- to ensure the Group adheres to the established policies and procedures in relation to risk management, compliance with applicable laws, regulations, and guidelines;

- to review and approve (with the advice from the Risk Management and Compliance Department) a new business venture, which may be fundamentally different from the Group's existing businesses;

- to review and approve authorisation limits in accordance with the policies and procedures approved by the Board;

- to review and approve products and/or services, including pricing;

- to recommend the appointment, dismissal, and remuneration as well as the performance appraisal of the Head of Risk Management and Compliance; and to endorse any changes in the resources required by the Risk Management and Compliance Department

## 6. MEETINGS, QUORUM AND VOTING

### 6.1 AUDIT AND RISK

- The BARC shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting if a request is made by any committee member, the Company's Managing Director/ Executive Director/ Chief Executive Officer or external auditors.

- The Managing Director/ Executive Director/ Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Head of Risk Management & Compliance will normally be invited to attend all meetings of the BARC. Other board members and/or other employees may also be invited to attend any particular meeting as determined by the Chairman.

- A resolution in writing signed or approved via letter, telex or facsimile by all Committee members shall be effective for all purposes as a resolution passed at a meeting duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

- The Committee meetings may be conducted using telephone conference, video conference, or any other form of audio or audio-visual instantaneous communication and the participation in the meeting under this provision shall constitute presence in person of such meeting.

- The quorum for any meeting shall be two (2) members which shall be Independent Non-Executive Directors any decisions shall be a simple majority. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

- All decisions shall be determined by simple majority votes. If the number of votes for and against a proposal are equal, the Chairman of the Committee shall have a casting vote.

## 7. NOTICE

### 7.1 AUDIT AND RISK

- Three (3) days notice specifying the place, date and hour of the meeting and the business to be discussed thereat shall be given to all members and any other person that may be required to attend.

## 8. CIRCULAR RESOLUTION

- A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the BARC. All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile or any other form of electronic communication.

## 9. SECRETARY AND MINUTES

- The Company Secretary shall act as Secretary of the BARC. The Secretary shall also be responsible for keeping the minutes of meetings and circulating them to the members and to the other members of the Board of Directors. The Chairman of the BARC shall report on each meeting of the BARC to the Board.

## 10. REVIEW OF THE TERMS OF REFRENCES

- The adequacy of these Terms of Reference shall be reviewed on a periodic basis or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.