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AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

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AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

1. Purpose of Audit and Risk Management Committee (“ARMC”)

The purpose of the Audit and Risk Management Committee, which is part of the Board, shall be

(a) to assist the Board’s oversight of

- (i) the integrity of the Company’s financial statements,
- (ii) the Company’s independent auditor’s qualifications and independence,
- (iii) the performance of the company’s independent auditors and the Company’s internal audit function,
- (iv) the Company’s compliance with legal and regulatory requirements, and
- (v) the Company’s systems of disclosure controls and procedures, and internal controls over financial reporting, and

(b) to prepare a report for inclusion in the Company’s annual proxy statement, in accordance with applicable law, regulation and listing standards.

2. Composition of Audit and Risk Management Committee

The ARMC shall be appointed by Board and consist of not fewer than three members. All members of the ARMC must be Non-Executive Directors with a majority of them being Independent Directors.

At least one member of the Audit and Risk Management Committee –

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years’ working experience and –
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

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(iii) fulfils such other requirements as:

- A degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
- A former of the external audit firm of the listed company shall be observed a cooling period of at least three years before being appointed as a member of the Audit Committee

The members of the ARMC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. No Alternate Director is appointed as a member of the ARMC.

In the event that if a member of the ARMC vacates office resulting in the total number reduced to below three (3), the Board shall, within three (3) months of that event, appoints a new member to make up the minimum number of three (3)

3. Meetings of the Audit and Risk Management Committee

The ARMC shall meet at least four (4) times per year, or more frequently as circumstances require.

The ARMC shall report regularly to the Board regarding the execution of its duties and responsibilities and shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Board of Directors of the Company.

The members of the ARMC shall select a chair who will preside at each meeting of the Audit and Risk Management Committee and, in consultation with the other members of the ARMC, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting. A majority of the members of the Audit and Risk Management Committee present in person or by means of a conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

Periodically, the ARMC shall meet with the Company's management, members of the Company's Internal Audit staff and with the independent auditor in separate sessions.

4. Duties and Responsibilities

- 4.1 The ARMC shall examine the Group's matters pertaining to the financial reporting, risk management and internal control, internal and external audit processes, related party transaction and conflict of interests situation, and to submit to the Board its recommendation and/or reports on matters within its purview or other matters of the Company referred to it by the Board, for the Board's consideration.

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- 4.2 The ARMC shall, amongst others, discharge the following functions:-
- 4.2.1 to review the quarterly results to Bursa Malaysia Securities Berhad and year end financial statements of the Company before submission to the Board, focusing particularly on:
- i. the going concern assumption;
 - ii. identify and evaluate exposure to significant risks;
 - iii. any changes in or implementation of accounting policies and practices;
 - iv. significant issues and unusual events;
 - v. significant audit adjustments;
 - vi. compliance with accounting standards, regulatory and other legal requirements for financial reporting; and
 - vii. major judgmental areas.
- 4.2.2 to review the following matters with the external auditors, and report the same to the Board: -
- i. the audit plan;
 - ii. the audit reports;
 - iii. the external auditors' evaluation of system of internal control;
 - iv. the problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of management, where necessary);
 - v. the external auditors' management letter and the management's response thereto; and
 - vi. the assistance given by the employees of the Company to the external auditors.
- 4.2.3 to review the external auditors' terms of engagement, independence, objectivity, remuneration and cost-effectiveness and to make recommendations to the Board for the appointment, re-appointment or termination of the external auditors, and to consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment. The ARMC shall assess the external auditors or potential external auditors (as the case may be) on a number of criteria including, but not limit to:-
- i. the independence of the external audit firm from the Company and ability to maintain independence throughout the engagement;
 - ii. there being no conflict of interest situations that could affect the independence of the external auditors;
 - iii. the external audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner and succession planning;
 - iv. professional competency, experience and integrity of key personnel; the thoroughness of audit approach and methodology;
 - v. audit budget, and

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- vi. the provision of non-audit services by the external auditors (if any) shall not cause an impairment to the objectivity and independence of the audit firm.

The ARMC shall receive 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. Subject to satisfactory performance and the recommendation of the ARMC, the Board will recommend the re-appointment of the external auditors to shareholders at the annual general meeting. If the ARMC does not recommend the incumbent audit firm, a tender process will be carried out by the ARMC and executive management to select a new audit firm.

4.2.4 to review the followings in respect of internal audit:-

- i. the adequacy of the audit scope and coverage, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
- ii. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit functions;
- iii. the performance of the internal audit function; and
- iv. the appointment, termination or resignation of the internal auditors and provide the resigning internal auditors an opportunity to submit his reason for resignation

4.2.5 to review and assess the followings in respect of the Company's overall risk management and internal control:-

- i. the Company's policies, processes and procedures for the oversight and management of risks
- ii. the risk profile, risk appetite and levels of tolerance (including subsequent review and adjustment, where necessary) and the effective communication of the same throughout the Company
- iii. the Management's efforts to embed a risk management in all aspect of the Company's activities and promoting a risk awareness culture within the Company
- iv. the adequacy and integrity of the internal control to manage the selected areas representing significant risks
- v. the efficiency and effectiveness of the review mechanism and the accountability at an Executive level for risk management and internal control.
- vi. the disclosure on the risk management and internal control in the Company's annual reports

4.2.6 to review any related party transactions and situations where a conflict of interest may arise within the Company, including any transaction, procedure or course of conduct that raises questions of management integrity, and to consider the

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appropriateness of such transactions before recommending them to the Board for approval.

4.2.7 to report prompt to Bursa Malaysia Securities Berhad on any matter reported by ARMC to the Board, which has not been satisfactory resolved resulting in the breach of the Listing Requirements of Bursa Malaysia Securities Berhad.

4.2.8 To review and assess the followings in respect of the Company's ethical and legal compliance:-

- i. review with the Company's counsel any legal matter that could have a significant impact on the Company's financial statements;
- ii. ensure oversight for ethics and integrity and preservation of the Company's reputation by receiving from Management, reports on compliance with the Company's policies or codes of business conduct and ethical behaviour and any other matter of conduct or behaviour that may give rise to a liability to the Company; and by reviewing any report that is received from the internal audit function, the external auditor and/or other Committee Chairs on their review of compliance with same;
- iii. ensure there is a system for monitoring the Company's compliance with laws and regulations, and obtain reports, on an annual basis, that the Company is in conformity with applicable legal requirements;
- iv. review the results of Management's investigation of, and actions taken in connection with, any internal control or accounting matters that may be questionable;
- v. establish and review from time to time the process for (i) the receipt, retention and treatment of complaints or concerns regarding accounting, internal controls or auditing matters; (ii) the confidential and anonymous submission, in accordance with established corporate policies, by the Company's employees of concerns regarding questionable accounting or auditing matters and (iii) the receipt, retention and treatment of complaints regarding the Managing Director and senior officers of the Company. Establish and review from time to time a process for the evaluation, investigation and resolution of concerns relating to accounting, internal controls or auditing matters that may be questionable; and
- vi. investigate any allegations that any officer or director of the Company, or any other person acting under the direction of such a person, took any action to influence, coerce, manipulate or mislead any person engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board appropriate disciplinary action.

4.2.9 to consider other matters as may be directed by the Board from time to time.

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5. Review of the ARMC Charter

- 5.1 The ARMC shall periodically review and update its ARMC Charter to ensure compliance with regulatory and legal requirements, which will take precedence over any stipulation of the ARC Charter, and in accordance with the needs of the Company that may have an impact on the discharge of the ARC's duties and responsibilities.
- 5.2 The Board's approval is mandatory for any amendments to the ARMC Charter of the Audit Risk Management Committee.