

## **D & O GREEN TECHNOLOGIES BERHAD**

Company No: 200401006867 (645371-V)  
(Incorporated in Malaysia)

### **TERMS OF REFERENCE FOR AUDIT COMMITTEE**

(Approved by Board on 23 February 2024)

#### **1. Objective**

The Audit Committee is appointed by the Board for the primary purpose of assisting the Board in overseeing the finances, accounting, sustainability management, risk management, internal controls and institutional integrity of the Group.

#### **2. Membership**

2.1 The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All members of the Audit Committee must be Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

2.2 The Committee shall include at least one person:-

(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:-

(a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(b) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by the Listing Requirements.

2.3 No Alternate Directors shall be appointed as a member of the Committee.

2.4 In the event of any vacancy resulting in the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

2.5 In case of a former partner of the external audit firm of the Group (including all former partners of the audit firm and/or the affiliate firm) is being nominated as a member of the Audit Committee, he/she shall observe a cooling period of at least three (3) years before being appointed as a member of the Audit Committee.

#### **3. Chairman**

The Chairman shall not be the Chairman of the Board and shall be elected by the Audit Committee.

### **3. Chairman (Cont'd)**

The role of the Chairman is planning and conducting meetings, overseeing reporting to the Board, encouraging open discussion during meetings, and developing and maintaining active on-going dialogue with Management, the internal auditors and the external auditors. The Chairman should also attend the Shareholders' Meeting to answer any shareholder's questions on the Committee's activities.

### **4. Secretary**

4.1 The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it prior to each meeting.

4.2 The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members. The Committee members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee. Upon request, these minutes are also made available to the Board members.

### **5. Meetings**

5.1 The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

5.2 The Committee may call for a meeting as at and when required with reasonable notice as the Committee members deem fit. The Committee members may participate in a meeting by means of telephone conference, videophone conference or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

5.3 All decisions at such meeting shall be decided on a show of hands on a majority of votes.

5.4 The internal auditors and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5.5 The Committee may invite any non-member Director or employee of the Company and of the Group who the Committee thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.

5.6 Any resolution in writing, signed or assented to by a majority Members of the Audit Committee who are Independent Directors shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more Members of the Committee.

### **6. Rights**

6.1 The Audit Committee shall:-  
a) have authority to investigate any matter within its Terms of Reference;  
b) have the resources which are required to perform its duties;

## **6. Rights (Cont'd)**

6.1 The Audit Committee shall:- (Cont'd)

- c) have full and unrestricted access to any information pertaining to the Group;
- d) have direct communication channels with external and internal auditors. In this regard, the Chairman of the Committee shall engage on a continuous basis with Senior Management such as the Chairman, the Group Managing Director, the Group Financial Controller and, the internal and external auditors in order to be kept informed of matters affecting the Company or the Group;
- e) have the right to obtain independent professional or other advice at the Company's expense;
- f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company or Group, whenever deemed necessary;
- g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements;
- h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise; meet as and when required on a reasonable notice; and
- i) the Chairman shall call for a meeting upon the request of the external auditors.

## **7. Duties**

To report to the Board of Directors on results of the following duties:

- 7.1 To review with the external auditors on:-
  - a) the audit plan, its scope and nature;
  - b) the Audit Report;
  - c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
  - d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with management encountered during the audit;
  - e) management letter and/or major findings of internal investigations and management's response therein; and
  - f) the nature and extent of the non-audit services rendered by the external auditors and the appropriateness of the level of fees.
- 7.2 To evaluate and recommend the appointment or re-appointment of the external auditors (including recommending the nomination of person or persons as auditors) and audit fee (including review of the appropriateness of external audit fees to support quality audit) and non-audit fees to the Board (if applicable), after assessing suitability, objectivity, resources, competency and independence of the external auditors.
- 7.3 To set the criteria used to guide decisions on appointment and re-appointment of the external auditor which should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit, including the review of Annual Transparency Report of the external auditors, if available.

## **7. Duties (Cont'd)**

- 7.4 To conduct an annual evaluation on the performance of the external auditor and to perform follow-up measures on areas requiring improvement, where required.
- 7.5 To approve the non-audit services before they are rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees as well as such non-audit services will not compromise external auditor's independence.
- 7.6 To make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.
- 7.7 To recommend the appointment and resignation of the internal auditors and its fees for audit and non-audit service fee to the Board.
- 7.8 To review the adequacy of the scope, functions, competency, continuous professional development (in the profession, relevant industry and regulations), resources of internal audit function and whether it has the necessary authority to carry out its work and to set the standards of the internal audit function and authority.
- 7.9 To provide assurance to the Board of Directors on the adequacy and effectiveness of the system of internal control and risk management practices of the Group.
- 7.10 To review the internal audit plan, processes, result of the internal audit and major findings reported by the internal auditors and whether or not appropriate action is taken on the recommendations of the internal audit function and follow up on Management's implementation of the recommended actions.
- 7.11 To annually assess the performance of the internal audit function and be satisfied that the internal audit should be carried out objectively and is independent from Management of the Company and the functions which it audits and report its findings directly to the Audit Committee.
- 7.12 To review with management:-
  - a) Audit Reports and Management Letter issued by the external auditors and the implementation of audit recommendations;
  - b) interim financial information; and
  - c) the assistance given by the officers of the Company to external auditors.
- 7.13 To monitor and review related party transactions (including Recurrent Related Party Transactions) entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the directors report such transactions annually to shareholders via the Annual Report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or code of conduct that raises questions of management integrity.

## **7. Duties (Cont'd)**

- 7.14 To review the Quarterly Reports on Consolidated Results and Annual Financial Statements prior to submission to the Board of Directors, focusing particularly on:-
- a) changes in or implementation of major accounting policy and practices;
  - b) significant or material adjustments with financial impact arising from the audit;
  - c) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions;
  - d) the appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards and other regulatory requirements;
  - e) the going concern assumption; and
  - f) compliance with accounting standards and other legal requirements.
- 7.15 To review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.
- 7.16 To obtain written assurance from external auditors annually on their independence throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and to ensure auditors confirm that they are not aware of any relationship between them and the Group that may reasonably impair their independence.
- 7.17 To review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 7.18 To review any new grant and the allocation of Employees' Share Options ("ESOS) in accordance with the By-law and relevant laws and regulations.
- 7.19 Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters, no reprisal for genuine reporting, confidentiality and protection of whistleblower and appropriate follow up action.
- 7.20 To review the adequacy and effectiveness of the Group's risk management process and systems established by the Management and whether such system is able to provide reasonable assurance that key business risks are managed within the Board's risk appetite as well as the Group's mission, vision, strategies and business objectives.
- 7.21 To review, assess and oversee the Group's Anti-Bribery and Corruption Management ("ABCM") and Anti-Bribery and Corruption ("ABC") Framework to ensure its adequacy and effectiveness is in line with the ABC commitment and risk appetite of the Board, as well as the Group's mission, vision, strategies and business objectives.
- 7.22 To review and oversee the adequacy and effectiveness of the Group's sustainability management system in identifying, assessing and managing sustainability matters and the results (including the process) of identification, assessment, management and monitoring of sustainability matters.

**7. Duties (Cont'd)**

- 7.23 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities or other authorities, the Committee must promptly report such matter to Bursa Securities or the authority concerned.
- 7.24 To report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.25 To review and oversee the Group's policy and procedure for prevention and detection of fraud and the adequacy and effectiveness thereof.

**8. Continuous Professional Development**

All members of the Audit Committee should possess a wide range of necessary skills and undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules in order to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

**9. Review of the Audit Committee and Its Members**

The terms of office and performance of the Audit Committee and each of its members must be reviewed by the Nomination Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

**10. Review of Terms of Reference**

The terms of reference should be assessed, reviewed and updated at least once every three (3) years by the Audit Committee or as and when there are changes to the Malaysian Code on Corporate Governance and Main Market Listing Requirements that may have an effect on the Committee's responsibilities.

The Audit Committee should recommend any change to the terms of reference to the Board for approval.