



MUDAJAYA GROUP BERHAD

Registration No. 200301003119 (605539-H)

AUDIT, RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE CHARTER

1. INTRODUCTION

- 1.1 The Audit Committee was established pursuant to a resolution of the Board of Directors (“**the Board**”) of Mudajaya Group Berhad (“**Mudajaya**”) passed on 29 March 2004. In alignment with the evolving governance needs, the Board approved the merger of the Audit Committee, and the Risk Management and Sustainability Committee into a single committee, effective 31 December 2024. The newly merged committee renamed as the ‘Audit, Risk Management and Sustainability Committee’ (“**the Committee**”), reflects its expanded scope and responsibilities. This merging aims to better support the Board in governing the Company’s framework, strategies, and initiatives related to audit, risk management, and sustainability.
- 1.2 This Charter (or terms of reference) outlines the purpose of the Committee, its composition, authority, and duties and responsibilities.

2. PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to financial reporting, internal audit, external audit, risk management, sustainability strategies, anti-bribery and anti-corruption compliance and other matters as delegated by the Board from time to time.

3. COMPOSITION

- 3.1 The Committee shall be appointed by the Board from amongst its members such that the following requirements are met:
 - (a) The Committee shall comprise no fewer than 3 members;
 - (b) All Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and

(c) At least one member of the Committee must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

3.2 The members of the Committee shall elect a Chairman from among their number who shall also satisfy the criteria of being an Independent Director. The Chairman of the Committee shall not be the Chairman of the Board.

3.3 No Alternate Director shall be appointed as a member of the Committee.

3.4 No former partner of Mudajaya’s external auditors and/or affiliate firms of the external auditors shall be appointed as a member of the Committee unless that person has observed a cooling-off period of at least 3 years before being appointed as a member of the Committee.

3.5 In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall fill the vacancy within 3 months in accordance with paragraphs 3.1 and 3.2 above.

4. MEETINGS AND MINUTES

4.1 The Committee shall meet at least 4 times per year, with the authority to convene additional meetings as and when necessary.

4.2 Quorum at a meeting of the Committee shall be at least 2 members, present in person or by telephone or other telecommunication device, where the majority of whom shall comprise Independent Directors.

4.3 Any matter requiring decision will be decided by a majority of votes of members present. The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing signed by a majority of members shall be as valid and effectual as it has been passed at a meeting of the Committee duly convened and held. Any such resolution may be signed or approved by electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices and may consist of several documents in like form, each signed by one or more members.

4.4 The Committee may request any member of Management, the external auditors or others to be in attendance at a meeting of the Committee.

4.5 The Company Secretary of Mudajaya shall act as secretary to the Committee and record the proceedings of the meeting thereat.

4.6 Minutes of each Committee meeting will be prepared and distributed to each member of the Committee and the Board. The minutes shall be kept as part of the statutory records of the Company upon adoption by the Committee.

- 4.7 The meetings and proceedings of the Committee are governed by the provisions of the Constitution of Mudajaya regulating the meetings and proceedings of the Board so far as the same are applicable.

5. AUTHORITY

- 5.1 The Committee is authorised by the Board to:

- (a) investigate any matter/activity of Mudajaya and its subsidiaries (“**Mudajaya Group**”) within the scope of this Charter;
- (b) have full and unfettered access to any and all resources, personnel, documents, records or other information of Mudajaya as is required to discharge the duties and responsibilities of the Committee as articulated in this Charter;
- (c) obtain independent professional advice or other advice to assist the Committee in discharging its responsibilities;
- (d) have direct communication channels with the internal auditors and external auditors; and
- (e) convene meetings with the external auditors, internal auditors or both as and when necessary, excluding the attendance of other Directors and employees of Mudajaya.

- 5.2 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 Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

6. DUTIES AND RESPONSIBILITIES

- 6.1 The duties and responsibilities of the Committee shall include but not limited to the following:

(a) Financial Reporting

- Review the quarterly results and annual financial statements prior to submission to the Board for approval, focusing particularly on:
 - (i) changes in major accounting policies and practices and its implementation;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - (iii) compliance with accounting standards and other legal requirements;
 - (iv) going concern assumptions; and
 - (v) significant audit issues and adjustments arising from audit.
- Review the financial report and cash flows report, including bank facilities and bank covenants of Mudajaya Group.

(b) Internal Audit

- Review and approve the internal audit programme/plan and processes, consider the findings of internal audit engagements and monitor the implementation of audit recommendations/corrective actions.
- Review the scope, functions, competency, resources and budget of the internal audit function, and ensure that it has the necessary authority to conduct its work.
- Review the adequacy, effectiveness and sufficiency of the systems of internal control in respect of risk management, anti-corruption, whistleblowing and other governance processes of Mudajaya Group.
- Review and assess the performance and independence of the internal auditors.
- Consider the appointment of the Head of Internal Audit & Risk and any matter concerning his/her resignation or dismissal.

(c) External Audit

- Review with the external auditors, their audit plan (including the scope and nature of audit) and their evaluation of the system of internal controls.
- Review the external auditors' findings, management letter and Management's response.
- Review with the external auditors, their audit report and to consider the audit opinion and key audit matters contained therein.
- Review the assistance given by the employees of Mudajaya to the external auditors.
- Discuss problems and reservations, if any, arising from the audits, and any matter which the external auditors may wish to discuss (in the absence of Management where necessary).
- Review and assess the performance, suitability and independence of the external auditors annually for recommendation to the Board for re-appointment, taking into consideration, amongst others:
 - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - the ability of the external auditors to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - the appropriateness of audit fees to support a quality audit;
 - the nature and extent of the non-audit services provided by the external auditors and/or its affiliates, and appropriateness of the level of fees paid for such services relative to the audit fees; and
 - 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.
- Recommend to the Board for approval, the nomination/appointment and re-appointment of the external auditors, and their audit fees.

- Review and approve the non-audit services to be provided by the external auditors and/or its affiliates taking into account the nature and extent of the non-audit services as well as the appropriateness of the level of fees, to ensure that the provision of non-audit services does not impair the independence or objectivity of the external auditors, and thereafter recommend the non-audit fees for the Board's approval.
- Review any letter of resignation from the external auditors and any questions of resignation or dismissal.

(d) Risk Management

- oversee the development and review of a policy for risk management for the approval of the Board.
- oversee the development and review of a risk management plan.
- review and provide recommendations to the Board concerning the monitoring of principal risks, proper risk mitigation and regular risk scanning for potential new risks.
- make recommendations to the Board concerning risk appetite and risk tolerance, and that risks are monitored and managed within the tolerance levels approved by the Board.
- review and report to the Board any significant issues arising from the existing risk management programmes and corresponding remedial actions, and
- review the half yearly reports relating to risk management activities including the effectiveness and relevance of the current risk registers and the overall Risk Management Framework.

(e) Sustainability

- review and assess the Group's sustainability strategies, policies and standards in relation to environment, social and governance, including the identification, evaluation, and management of risks and opportunities associated with safety, health, employment, human rights, community affairs and other pertinent sustainability issues of the Group (collectively referred to as "Sustainability Matters");
- provide oversight and approve strategic initiatives in relation to the Sustainability Matters and report to the Board regularly;
- provide insight to management to ensure that the Group's Sustainability Matters are aligned with global direction and stakeholders' expectations;
- review the Company's Sustainability Report and any other specific reports (if any) prior to recommendation to the Board for approval;
- review matters relating to sustainability arising from independent audits and assurance reports as well as other relevant matters pertaining to the industry; and
- the Sustainability Steering Committee supports the Committee by driving the Group's sustainability strategy and ensuring that sustainability initiatives align with the Group's objectives and timelines.

(f) Anti-Bribery and Anti-Corruption (“ABAC”) Compliance

- assist the Board to oversee the effective implementation of the ABAC Compliance programme;
- oversee the identification and assessment of key bribery and corruption and ABAC compliance risks, and monitor the adequacy and effectiveness of appropriate policies, procedures and mitigation controls; and
- review reports pertaining to bribery and corruption risk on a regular basis and oversee the periodic review of the adequacy of the ABAC Compliance programme.

(g) Other Matters

- Review conflict of interest situations that arose, persist or may arise and related party transactions entered into by Mudajaya Group to ensure that the said transactions are on commercial terms and that associated control measures are adequate.
- Disclose any and all actual or perceived conflicts of interest of the Committee members.
- Review the Audit, Risk Management and Sustainability Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Statement/Report and other relevant disclosures before submitting for the Board’s approval and inclusion in Mudajaya’s Annual Report.

6.2 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

6.3 The Committee shall undertake additional work and/or responsibilities as delegated by the Board from time to time.

7. REVIEW OF THE COMMITTEE

The term of office and performance of the Committee and each of its members shall be reviewed by the Board through the Combined Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this Charter.

8. REVIEW OF CHARTER

The Committee will review this Charter from time to time with a view to ensuring the Charter remains consistent with the Committee’s purpose, authority and responsibilities.

This revised Charter was approved by the Board on 25 February 2025.