



**TERMS OF REFERENCE**  
**AUDIT COMMITTEE**

***Effective Date: 21<sup>st</sup> June 2018***

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**GREENYIELD BERHAD**

(Company No. 582216 T)

**AUDIT COMMITTEE**

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**1. Composition**

The Board of Directors (“BOD”) of Greenyield Berhad (the “Company”) resolved to establish a Committee of the BOD known as the Audit Committee on 30 May 2005.

The Audit Committee shall be appointed by the BOD from among the BOD’s members (pursuant to a resolution of the Board of Directors) and shall not have fewer than three (3) members, all of whom are Non-Executive Directors and financially literate; and the majority of whom shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one member of the Audit Committee:-

- a) must be a member of the Malaysian Institute of Accountants; or
- b) if he / she is not a member of the Malaysian Institute of Accountants, he / she must have at least three years’ working experience and:
  - aa) he / she must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - bb) he / she must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.
- c) fulfill such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

A former key audit engagement partner of the Company’s external auditors firm is required to observe a cooling-off period of at least 2 years before he or she could be appointed as a member of the Committee.

**2. Chairman**

The members of the Audit Committee shall elect a chairman from among their number who is an Independent Director and shall not be the Chairman of the Board.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

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**3. Retirement and Resignation**

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the BOD so that a replacement may be appointed before he/ she leaves.

In the event of any vacancy in the Audit Committee or Chairman of Audit Committee, the Company shall fill the vacancy not later than three (3) months.

**4. Functions and Responsibilities of the Audit Committee**

The Audit Committee must ensure the adequacy of the scope, functions, competency and resources of the internal audit functions, and that the Audit Committee has the necessary authority to carry out its work.

The Audit Committee shall function independently of the other directors and officers of the Company and its group. Such other directors and officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation specific to the relevant meeting.

Other than as provided herein, an Audit Committee may regulate its own procedures including the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

The functions of the Audit Committee are as follows:-

- (i) To review the independence and objectivity of the external auditors and their services rendered, including non-audit services and professional fees, so as to ensure a proper balance between objectivity and value for money and recommend the nomination of a person or persons as external auditors;
- (ii) To review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) 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;

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- (iv) To review the internal audit plan, processes, the results of the internal audit assessments, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations;
- (v) To review the quarterly results and year-end financial statements of the Company with both the external auditors, if applicable, and management before the approval by the Board of Directors, focusing particularly on:-
  - (a) changes in or implementation of major accounting policy changes;
  - (b) 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
  - (c) compliance with accounting standards and other legal requirements;
- (vi) To review with the external auditors, the audit report and audit plan and evaluation of the system of internal controls;
- (vii) To review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (viii) To review any letter of resignation from the Company's external auditors;
- (ix) To review the assistance given by the Company's employees to the external auditors;
- (x) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (xi) To review any related-party transactions and potential conflict of interests situations that may arise within the Company or group including any transactions procedure or course of conduct that raised questions of management integrity;
- (xii) To consider all other matters delegated by the BOD; and

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- (xiii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.

**5. Right of the Audit Committee**

The Audit Committee shall whenever necessary and reasonable for the performance of its duties, in accordance with a procedure determined by the Board and at the cost of the Company:-

- (i) Have explicit authority to investigate any matters within its terms of reference;
- (ii) Have the resources which it needs to perform its duties;
- (iii) Have full access to any information which it requires in the course of performing its duties;
- (iv) Have unrestricted access to the Group Managing Director / Group Chief Executive Officer, Director of Finance / Chief Financial Officer / Head of Group Finance Division and any other senior management staff of the Company and its subsidiaries;
- (v) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (vi) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- (vii) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- (viii) Monitor and ensure that any transactions entered into between the Company and its subsidiaries and parties or companies connected to the promoters, directors and substantial shareholders of the Company and its subsidiaries are at arm's length and not on terms that are detrimental to the Group. The directors of the Company are required to report such transactions in the annual report of the Company every year.

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- (ix) Be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee. Where the Audit Committee is of the view that a matter reported by it to the BOD has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Main Market, the Audit Committee shall promptly report the matter to Bursa Malaysia Securities Berhad.

**6. Meetings**

The Audit Committee shall meet at least four (4) times a year and such additional times as the Chairman shall decide in order to fulfil the Audit Committee's duties. Upon the request of the external auditors or internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the BOD or shareholders.

Apart from the external auditors or internal auditors, the Chairman shall call for a meeting of the Audit Committee if requested to do so by any member of the Audit Committee, the BOD or the Senior Management. Prior notice shall be given for the Audit Committee's meetings.

The external auditors or internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

The Audit Committee should meet at least once a year with the external auditors without executive board members and management present.

The Chairman of the Audit Committee should engage on continuous discussion with senior management, e.g. chairman, chief executive officer, finance director, head of internal audit and external auditors to be kept informed of matters affecting the Company.

The Company Secretary or other appropriate senior officer shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting and taking attendance for the Audit Committee meeting.

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The Secretary shall also be responsible for keeping the minutes of the Audit Committee and circulating them to committee members and to the other members of the BOD.

The Audit Committee is to provide opportunity to resigning internal audit staff / internal audit function service provider to submit his / their reason for resigning.

A quorum shall consist of a minimum of 2 Audit Committee members whereby majority of members present must be independent directors.

**7. Notice**

Except in the case of any emergency, notice of every meeting shall be given in writing at least seven (7) days prior to the meeting and the notice of each meeting shall be served to any member entitled personally or by sending it via fax or through post or by courier or by email to such member to his registered address as appearing in the Register of Directors, as the case may be.

**8. Reporting Procedures**

The Audit Committee shall assist the Board in reviewing/preparing the following for publication in the Company's Annual Report:-

- (a) A summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year and how it had met its responsibilities;
- (b) Statement on the Company's application principles set out in the Malaysian Code on Corporate Governance;
- (c) Statement on the extent of compliance with the Best Practices in Corporate Governance set out in the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
- (d) Statement on the BOD's responsibility for preparing the annual audited financial statements;

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- (e) Statement about the state of internal control of the Company and its subsidiaries;
  
- (f) A statement relating to the internal audit function for the Company, whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year; and
  
- (g) Details of training attended by each Audit Committee member are to be disclosed in the Corporate Governance Statement or the Audit Committee report.
  
- (h) A summary of the work of the internal audit function.