

## **VESTLAND BERHAD**

### **EXTERNAL AUDITORS POLICY**

#### **1. INTRODUCTION**

Audit and Risk Committee (“the Committee”) of Vestland (“Company”) is responsible for making recommendations to the Board of Directors (“the Board”) regarding the appointment, re-appointment and removal of the external auditors. In making those recommendations, the Committee is authorised to conduct periodic reviews to assess the suitability, performance and independence of the external auditors.

#### **2. SELECTION AND APPOINTMENT**

The Board has delegated to the Committee the responsibility for the appointment, re-appointment, resignation, remuneration and removal of external auditors.

Pursuant to Section 271 of the Companies Act 2016, the Company shall at each annual general meeting appoint or re-appoint the external auditors of the Company, and the external auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the Company.

Should there be a need to fill a casual vacancy or change of external auditors, the Committee will follow the following procedures for selection and appointment of new external auditors:

- a. the Committee to identify the audit firms who meet the criteria for appointment and to request for their proposals of engagement for consideration;
- b. the Committee will assess the proposals received and shortlist the suitable audit firms;
- c. the Committee will meet and/or interview the shortlisted candidates;
- d. the Committee may delegate or seek the assistance of the Chief Financial Officer (“CFO”) to perform items (a) to (c) above;
- e. the Committee will recommend the appropriate audit firm for the Board’s approval; and
- f. the Board will endorse the recommendation and seek shareholders’ approval for the appointment of the new external auditors and/or removal of the existing external auditors at the general meeting.

The Audit Committee, when appointing an external auditor, shall amongst others consider:

- i) the adequacy of the experience and resources of the external audit firm;
- ii) the persons assigned to the external audit engagement;
- iii) the external audit firm’s audit engagements;
- iv) the size and complexity of the subject matter being audited;
- v) the number and experience of supervisory and professional staff assigned to the particular external audit engagement; and
- vi) the audit firm’s governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.

### **3. INDEPENDENCE**

The Committee shall ensure the continuing objectivity, suitability and independence of the external auditors.

The Committee shall consider whether the external auditors are independent both in mind and in appearance.

The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors.

In ensuring the independence of external auditors, the Committee shall obtain a written declaration on annual basis 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.

### **4. NON-AUDIT SERVICES**

The Committee shall ensure that the consequent threats arising from the non-audit services provided can be reduced to an acceptable level prior to the approval of any non-audit services engagements to external auditors.

The prohibition of non-audit services is based on three (3) basic principles as follows:

- a. external auditors cannot function in the role of Management;
- b. external auditors cannot audit their own work; and
- c. external auditors cannot serve in an advocacy role of the Company, subsidiaries and joint ventures.

The external auditors shall observe and comply with the By-Laws on Professional Ethics Conduct and Practice) of the Malaysian Institute of Accountants (“MIA By-Laws”) in relation to the provision of non-audit services, which include the following:

- a. accounting and book keeping services;
- b. valuation services;
- c. taxation services;
- d. internal audit services;
- e. IT systems services;
- f. litigation support services;
- g. recruitment services; and
- h. corporate finance services.

All engagements of the external auditors to provide non-audit services are subject to the approval/endorsement of the Committee which will reports the same to the Board.

Management shall obtain annual written confirmation from the external auditors that their independence will not be impaired by the provision of non-audit services.

### **5. ROTATION OF AUDIT PARTNER**

The Company recognises that there exists a threat to the external auditor’s independence where the same audit partner conducts consecutive audits of the Company.

To mitigate this risk, it is important for regular audit partner rotation to occur.

The MIA By-Laws sets out the maximum number of years key audit partners can serve in the same role, as well as the number of “cooling-off” years.

The Committee shall ensure that the external auditors meet or exceed the requirements of the MIA By-Laws relating to the rotation of key audit partners.

#### **6. APPOINTMENT OF A FORMER KEY AUDIT PARTNER AS COMMITTEE MEMBER**

In the event of a former key audit partner being appointed as a member of the Committee, he/she shall observe a cooling-off period of at least three (3) years before such appointment.

#### **7. ANNUAL REPORTING**

The external auditors shall:

- a. issue an annual audit plan for review and discussion with the Committee;
- b. at the conclusion of the audit review, discuss findings, significant audit weakness and audit related recommendations with the Committee and Senior Management; and
- c. provide a management letter to the Committee upon completion of the annual audit.

#### **8. ANNUAL ASSESSMENT**

The Committee shall carry out annual assessment on the suitability, objectivity, performance and independence of the external auditors based on the following dimensions:

- a. the competency and quality of service;
- b. sufficiency of resources;
- c. communications and interaction with the Committee and the Company;
- d. independence, objectivity and professional scepticism.
- e. appropriateness of audit fees to support a quality audit;
- f. nature and extent of non-audit services; and
- g. governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks

The Committee may also request the CFO to perform the annual assessment of the external auditors.

The annual assessment of the external auditors shall be presented to the Board.

#### **9. REVIEW OF THE POLICY**

The Committee shall review the Policy periodically or as and when necessary to ensure that it continues to remain relevant and appropriate.