



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

POLICY ON ASSESSING THE INTERNAL AUDITOR

Approved by: Board of Directors

Date: 23 July 2014

Internal auditors focus on risks and controls within the company and therefore they have a key role in a company's governance and financial reporting process. They should provide independent and objective opinion as to whether risks which may hinder the company from achieving its objectives are being adequately evaluated, managed and controlled. Internal auditors can also advise and advocate improvements to enhance organizational governance structure and practices.

Definition of Internal Audit by the Institute of Internal Auditors:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

This definition highlights the independence and objectivity of internal auditing with respect to both assurance services and consulting. Furthermore, internal auditors are expected to make a balanced assessment of all the relevant circumstances and they should not be unduly influenced by their own or others' interests when forming judgments. Hence, internal auditors:

- (a) shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment;
- (b) shall not accept anything that may impair or be presumed to impair their professional judgment;
- (c) shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

When hire a Chief Internal Audit no matter in-house or outsource the internal auditing department, the Board should consider whether the Chief Internal Auditor:

- (a) is a Certified Internal Auditor (CIA) and a member with the Institute of Internal Auditors of Malaysia
- (b) is well verse with the requirements of the Bursa Malaysia's Listing Requirements, Malaysian Code of Corporate Governance, International Professional Practices Framework of Internal Auditing, COSO Framework, Accounting Standards (MFRS, PERS), and International Standards of Auditing.
- (c) has no conflict of interest with the Company
- (d) is not convicted in any offence within the past 10 years other than traffic offences