

EXTERNAL AUDITOR POLICY

1.0 Introduction

- 1.1 The Audit Committee ("AC") of Hartalega Holdings Berhad is responsible to assess, review and monitor the performance, suitability and independence of External Auditors. The purpose of this policy is to provide guidelines and procedures for the AC to assess and monitor External Auditors.

2.0 Selection and Appointment

- 2.1 The Board has delegated AC responsibility of appointment, remuneration and removal of External Auditors.
- 2.2 In accordance 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.
- 2.3 Should the AC determine a need for change of External Auditors, following procedures for selections and appointment of new External Auditors shall be observed:-
- a) To identify the audit firms who meet the criteria for appointment and to request for their proposals of engagement for consideration;
 - b) To assess the proposals received and shortlist suitable audit firms;
 - c) To meet and/or interview shortlisted candidates;
 - d) To recommend appropriate audit firm to the Board for appointment as external auditors; and
 - e) The Board to endorse the recommendation and seek shareholders' approval of new external auditor's appointment and/or resignation/removal of existing external auditors at the general meeting

3.0 Independence

- 3.1 The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.
- 3.2 The External Auditors shall provide a written assurance to the Committee 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.

4.0 Non-audit Engagement

- 4.1 The External Auditors can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements.
- 4.2 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

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- c) External Auditors cannot serve in an advocacy role of the Company and its subsidiaries (“the Group”)

4.3 The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants 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

4.4 All engagements of the External Auditors to provide non-audit services are subject to the approval/endorsement of the AC.

4.5 Management shall obtain confirmation from the External Auditors that the independence of the External Auditors will not be impaired by the provision of non-audit services.

5.0 Rotation of Audit Partner

5.1 Subject to MIA By-Laws paragraphs R540.7 to R540.9, in respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven cumulative years (the “time-on” period):

- (a) The engagement partner;
- (b) The individual appointed as responsible for performing the engagement quality reviews; or
- (c) Any other key audit partner role.

After the time-on period, the individual shall serve a “cooling-off” period in accordance with the provisions in MIA By-Laws paragraphs R540.11 to R540.19.

6.0 Annual Reporting

6.1 The External Auditors shall issue an annual audit plan for review and discussion with the AC.

6.2 The External Auditors shall also provide a management letter to the AC upon completion of the annual audit.

7.0 Annual Assessment

7.1 AC shall carry out annual assessment on the performance, suitability and independence of the External Auditors based on the following four (4) key areas: -

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- a) Quality of service;
- b) Sufficiency of resources;
- c) Communication and interaction; and
- d) Independence, objectivity and professional skepticism.

8.0 Review

AC shall review this Policy periodically to ensure it continues to remain relevant and appropriate.

This policy has been reviewed and adopted by the Board on 9 July 2024.