


POLICY	HEXTAR GLOBAL BERHAD Registration No. 199001014551 (206220-U)			
	Document Title: EXTERNAL AUDITORS POLICY			
Document No.:	HGB-POL006-01	Revision:	1	Page No.: 1 of 4
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1.0 OBJECTIVE

In accordance with its terms of reference, the Audit Committee (“AC”) of Hextar Global Berhad (“Hextar” or “Company”) is responsible for the assessment of the suitability, objectivity, independence and overall performance of the External Auditors (“EA”).


The AC has therefore established the following policies and procedures in discharging its responsibilities, herein refers as the External Auditors Policy (“this Policy”).

2.0 SELECTION AND APPOINTMENT

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

The AC shall follow the procedures for the change of the EA:-

- a) the AC to identify audit firms which has met the criteria for appointment and to request for their proposals of engagement for consideration;
- b) the AC to assess the proposals received and shortlist the suitable audit firms;
- c) the AC will meet and/or interview the shortlisted audit firm;
- d) the AC may delegate or seek the assistance of the Executive Director (“ED”)/ Group Chief Executive Officer (“GCEO”)/ Chief Financial Officer (“CFO”) and/or Financial Controller (“FC”) to perform items (a) to (c) above;
- e) the AC will recommend the suitable audit firm to the Board for appointment as EA; and
- f) the Board will endorse the recommendation proposed by the AC and seek shareholders’ approval for the appointment of the new EA and/or removal of the existing EA at the general meeting.

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3.0 INDEPENDENCE OF EXTERNAL AUDITORS

The independence of the EA is essential to the provision of an objective opinion on the financial statements of the Company.

Pursuant to Practice 9.3 of Principle B of the Malaysian Code on Corporate Governance (“MCCG”), the AC is mandated to ensure continuing objectivity and independence of the EA.

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

The AC shall obtain assurance from the EA 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


The EA can be engaged to perform non-audit services that are not expected to be in conflict with their role as EA. Non-audit services do not include audit related work performed in compliance with statutory requirements including but not limited to reviews of the statements and reports in the Annual Report.

Before appointing the EA to undertake a non-audit service, considerations should be given to whether this would create a threat to the EA independence or objectivity. The EA should not be appointed unless appropriate safeguards are in place to eliminate or reduce the threat to an acceptable level.

The provision of non-audit services by the EA shall be based on the following basic principles :-

- a) the EA cannot perform the role of Management;
- b) the EA cannot audit their own work; and
- c) the EA cannot serve in an advocacy role for Hextar and its subsidiaries (“Hextar Group”).

If non-audit fees incurred were more than fifty percent (50%) of the Group’s audit fees, details on the nature of the services rendered will be disclosed in the Company’s Annual Report.

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4.1 SAFEGUARDS

Safeguards that will be taken to mitigate the risk of EA compromising their professional independence and objectivity include:-

- a) documented approval process of non-audit services; and
- b) assessment on the nature and extent of the non-audit services and the appropriateness of the level of fees.

4.2 APPROVAL PROCESS OF NON-AUDIT SERVICES

- a) *Non-audit services fees for approval of ED/GCEO/CFO/FC*

Non-audit services may be undertaken by the EA without prior approval of the AC if:-

- (i) the cumulative annual value of non-audit services is not more than fifty percent (50%) of the Group's prior year audit fees, **and**
- (ii) the non-audit services are recurrent in nature or are related to the annual audit services rendered by the EA.

Such services may be approved by either the ED/GCEO/CFO/FC.

- b) *Non-audit services fees for approval of the AC*


The Board of Hextar has authorised the AC to grant approval for non-audit services provided by the EA, if they do not meet the requirement as stated in 4.2(a) above.

5.0 ROTATION OF KEY AUDIT PARTNERS

The AC recognizes that there exists a threat to the EA independence if there was no limit to the continuous number of years that key audit partners involved in the annual audits of the Company's financial statements.

The By-Laws of the Malaysian Institute of Accountants ("MIA") 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 AC shall ensure that the firm of EA meets or exceeds the requirements of the By-Laws of the MIA relating to the rotation of key audit partners.

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6.0 APPOINTMENT OF FORMER PARTNERS OF THE EA FIRM AS MEMBER OF THE AC

Pursuant to Practice 9.2 of Principle B of the MCCG, no former partner of the EA firm, including those providing advisory services, tax consulting and other services, shall be appointed as a member of the AC before first observing a cooling-off period of **at least 3 years**.

7.0 ANNUAL PERFORMANCE AND INDEPENDENCE ASSESSMENT

The AC shall carry out an annual assessment on the suitability, objectivity, performance and independence of the EA as well as the effectiveness of the audit process, by taking into consideration the following:-

- calibre of EA firm;
- adequacy of resources;
- quality of audit services;
- effectiveness of recommendations to addressing weaknesses observed during the audit;
- adequacy of audit scope;
- appropriateness of audit fees;
- communication and interaction with Management and the Internal Auditors;
- timeliness in escalating audit issues to the AC; and
- the information as presented in its Annual Transparency Report.

The AC may delegate this responsibility on the assessment of the EA to the AC member who is a member of the Malaysian Institute of Accountants, and CFO/FC of the Company.

8.0 REVIEW OF THIS POLICY

The AC shall review this Policy to ensure that it continues to remain relevant and appropriate as and when required.

This Policy was adopted by the Board on 21 February 2022 and is made available on the Company's website, <https://www.hextarglobal.com/ir.php>.