

## POLICIES AND PROCEDURES TO ASSESS THE SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

### 1. OVERVIEW

The Audit Committee (“AC” or “Committee”) of RGT Berhad (“RGTBHD” or “Company”) is assigned by the Board of Directors (“Board”) to assess, review and supervise the performance, suitability and independence of External Auditors.

The objective of this External Auditors Assessment Policy (“the Policy”) is to outline the guidelines and procedures for the AC to assess and review the External Auditors.

### 2. SECTION 271 (1) OF THE COMPANIES ACT 2016

Pursuant to Section 271 (1) 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.

### 3. SELECTION AND APPOINTMENT PROCEDURE

The Committee will follow the following procedures for selection and appointment of new external auditors, when they determine a need to change the external auditors:-

- (a) To identify the audit firms which meet the criteria for appointment upon considering the engagement proposals;
- (b) To assess the proposals and shortlist the suitable audit firms;
- (c) To meet and/or interview the shortlisted audit firms;
- (d) The AC may delegate or seek the assistance of the Chief Executive Officer (“CEO”) or Chief Financial Officer to carry out items (a) to (c) above;
- (e) To recommend the suitable audit firm to the Board for appointment as external auditors; and
- (f) Upon obtaining the endorsement from the Board, the proposal will be recommended to seek shareholders’ approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the general meeting.

### 4. SELECTION CRITERIA

The following criteria should be considered by the AC when evaluating the appointment, reappointment and removal of the external auditors:-

#### 4.1 Audit Fees

External auditors must provide a fixed fee quotation for its audit services. However, price will not be the sole determining factor in the selection process.

#### 4.2 Independence

External auditors must satisfy the AC that it is independent and outline the procedures it has in place to maintain its independence. The external auditors must be independent and be seen to be independent from RGTBHD’s Group.

The independence of the external auditors is integral to the role of auditors and the AC will give due consideration to this requirement when selecting preferred auditors for recommendation to the Board. The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors.

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In avoidance of doubt, the AC shall obtain a written assurance 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.

### 4.3 Material matters

The external auditors must outline its proposed procedures to address the issue of material significance or matter of disagreement with the Management. The external auditors will be required to disclose to the AC all issues of material significance and all matters of disagreement with the management, whether resolved or unresolved, and to assist the AC to review such matters.

### 4.4 Non-audit work

External auditors must detail its approach to the provision of non-audit related services to RGTBHD's Group.

### 4.5 Competency and Resources

Audit quality increases with audit firm size because of experience and functional industry knowledge.

The AC could consider the firm's reputation of the candidate and qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members. Their networking ability and competency to address the issue of the overseas subsidiaries not audited by the firm, i.e. its liaison capability with the component auditors, are equally important assessing their suitability.

### 4.6 Industry specialty

Industry specialty should provide higher quality audits for three reasons: better audit technologies, lower costs due to economies of scale and superior knowledge due to economies of knowledge. In addition, industry experience can improve the detection of fraudulent reporting and task-level performance.

## 5. NON-AUDIT ENGAGEMENT

The external auditors can be engaged to perform non-audit engagement 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.

The three (3) basic principles on the prohibition of non-audit engagement are as follows:

- (a) Not to function as Management;
- (b) Not to audit their own work; and
- (c) Not to serve in an advocacy role of RGTBHD and its subsidiaries.

The external auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants ("MIA") in relation to the provision of non-audit engagement, which include the following:

- i. Accounting and Book Keeping Services;
- ii. Valuation Services;
- iii. Taxation Services;

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- iv. Internal Audit Services;
- v. IT Systems Services;
- vi. Litigation Support Services;
- vii. Recruitment Services; and
- viii. Corporate Finance Services.

The subsidiary or entity must inform the CEO or Chief Financial Officer of the non-audit services and the estimated fees to be incurred. Engagements of external auditors to provide non-recurring and/or unplanned non-audit services must be approved by either the CEO or Chief Financial Officer after consultation with the AC Chairman; and with expectation on the Management to obtain confirmation from the external auditors on their independence which shall not be impaired by the provision of non-audit engagement.

The CEO or Chief Financial Officer shall report to the AC on an annual basis on any significant non-audit services and its related fees on non-audit rendered to RGTBHD Group or its subsidiaries by the appointed external auditors.

### 6. ROTATION OF ENGAGEMENT PARTNER

The audit partner responsible for the external audit of RGTBHD Group is subject to rotation at least every five (5) financial years in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years.

### 7. APPOINTMENT OF FORMER KEY AUDIT PARTNER AS MEMBER OF AC

It is the Group's policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Committee. Details of which is provided under the "Membership" of the AC's Terms of Reference.

### 8. ANNUAL REPORTING

The External Auditors shall:-

- issue an annual audit plan for review and discussion with the AC; and
- provide a management letter to the Committee upon completion of the annual audit.

### 9. ANNUAL ASSESSMENT

The Committee shall carry out annual assessment on the performance, suitability and independence of the external auditor based on the following four (4) key areas: -

- (a) quality of service;
- (b) sufficiency of resources;
- (c) communication and interaction; and
- (d) independence, objectivity and professional scepticism.

The Committee may also request the CEO or Chief Financial Officer and/or Head of Internal Audit to perform the annual assessment of the external auditors.

### 10. REVIEW OF THE POLICY

The Committee will review the Policy periodically to ensure that it continues to remain relevant and appropriate.