

POLICIES AND PROCEDURES TO ASSESS THE SUITABILITY, OBJECTIVITY AND INDEPENDENCE OF EXTERNAL AUDITORS



SEALINK INTERNATIONAL BERHAD

REGISTRATION No. 200701042948 (800981-X)

Revised on
25th February 2025

1. INTRODUCTION

Sealink International Berhad (the “Company” or “Sealink”) and its Board of Directors and Audit Committee (“AC”) are committed to ensuring the suitability and independence of the Company’s External Auditors (“EA”) in substance as well as in form. **Practice 9.3** of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) stipulates that the AC has policies and procedures to assess the suitability, objectivity and independence of EA (“the Policy”) to safeguard the quality and reliability of audited financial statements.

Moreover, the Guidance to the same Practice states that, *“in assessing the suitability, objectivity and independence of the external auditor, the Audit Committee establishes policies and procedures that address among others:*

- (a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the EA in relation to the audit;*
- (b) the appropriateness of audit fees to support a quality audit;*
- (c) Requirement for non-audit services to be approved by the Audit Committee before they are rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees;*
- (d) Requirement to obtain written assurance from the external auditor 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; and*
- (e) The conduct of an annual evaluation on the performance of the external auditor and undertaking follow up measure, where required.*

2. REGULATORY REQUIREMENTS

Pursuant to Section 271 of the Companies Act 2016 (“CA2016”), the Company shall, at each Annual General Meeting (“AGM”), appoint or re-appoint the EA, who shall hold office until the conclusion of the next AGM of the Company.

3. SELECTION AND APPOINTMENT PROCEDURES

The AC will follow the following procedures for selection and appointment of new EA, when they determine a need to change the EA:

- (a) To identify the audit firms which meet the criteria for appointment upon considering the engagement proposals and consider, among others:
 - (i) The adequacy of the experience and resources of the accounting firm;
 - (ii) The persons assigned to the audit;
 - (iii) The accounting firm’s audit engagements,
 - (iv) The size and complexity of the group’s being audited; and
 - (v) The number and experience of supervisory and professional staff assigned to the particular audit.

- (b) To assess the proposals and shortlist the suitable audit firms based on assessment of the independence and capabilities of the EA and effectiveness of the audit process;
- (c) To meet and/or interview the shortlisted audit firms;
- (d) To recommend the suitable audit firm to the Board for appointment as EA; and
- (e) The Board will endorse the recommendation and seek shareholders' approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the AGM.

4. EXTERNAL AUDITORS' INDEPENDENCE

The independence of the EA is integral to the role of auditors and the AC shall give due consideration to this requirement when putting forward a recommendation to the Board. The EA are precluded from providing any services that may impair their independence or conflict with their role as EA. A written 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 requirement to be given to the Company.

5. NON-AUDIT SERVICES

The EA can be engaged to perform non-audit services that are not perceived to be in conflict with their roles as EA. Non-Audit Services do not include audit related work performed compliance with statutory requirements.

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 advocacy role for the Group.

Before appointing the EA and/or its network member firms/companies to undertake a non-audit service, Sealink's AC shall consider whether this would create a threat to the external auditors' independence or objectivity. The EA and/or its network member firms/companies shall not be appointed unless appropriate safeguards have been identified to eliminate or reduce the threat to an acceptable level.

The EA shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services.

All engagement for non-audit services shall be approved by the AC prior to commencement. For each engagement, Management shall obtain written confirmation from the EA that their independence as EA would not be impaired by virtue of the non-audit service.

6. ROTATION OF EXTERNAL AUDIT ENGAGEMENT PARTNER

The audit engagement partner responsible for the external audit of the Company is subject to rotation at least every 7 years with cooling-off period of 3 years (effective from 15 December 2023, the cooling-off period will be extended to 5 years) in accordance with By-Laws of the MIA.

The AC requires a “cooling-off” period of at least three (3) years before any key audit engagement partner of the EA is appointed as a Director of the Company.

7. ANNUAL PERFORMANCE ASSESSMENT

The AC shall carry out an annual assessment on the performance, independence and capabilities of the EA as well as the effectiveness of the audit process and may request Chief Executive Officer cum Managing Director (CEO) and General Manager -Group Finance to assist in the assessment by taking into consideration the following:

- (a) Quality of audit services:
 - (i) Adequacy of audit scope;
 - (ii) Ability to meet audit deadlines;
 - (iii) Timeliness in escalating audit issues to the AC;
 - (iv) Allocation of resources to significant audit risk areas; and
 - (v) Effectiveness of recommendations to addressing weaknesses observed during the audit.

- (b) Adequacy of resources; and

- (c) Communication and interaction with management and the Internal Auditors; and independency, objectivity and professional skepticism.

8. MONITORING AND REPORTING

The General Manager- Group Finance shall report annually to the AC on any significant non-audit services and their related fees on non-audit services rendered to the Company or its subsidiaries by the EA.

9. REVIEW OF THIS POLICY

The AC shall review this Policy periodically, or as deemed necessary, to ensure that it continues to remain relevant and appropriate.

-----END OF DOCUMENT-----