



SIGNATURE INTERNATIONAL BERHAD
REGISTRATION NO. 200601034359 (754118-K)

External Auditors' Assessment Policy

1.0 Introduction

External Auditors play a vital role in the process of accountability for shareholders and the effective functioning of the capital market by the provision of consistent and reliable financial reporting. The Board and its Audit and Risk Management Committee (“ARMC”) of Signature International Berhad are committed to ensuring the suitability and independence of External Auditors.

Management shall obtain 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.

Both the Internal and External Auditors of the Company provide integral support for the ARMC which was established by the Board, among others, to assist in its oversight function of the Company's financial reporting. As such, the ARMC, as a measure for ensuring financial statements are a reliable source of information, has to ensure the suitability and independence of the External Auditors.

2.0 Objective

The objective of this External Auditors' Assessment Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Company's External Auditors to safeguard the quality and reliability of audited financial statements.

3.0 Selection and Appointment of External Auditors

In discharging of the ARMC responsibility above, the ARMC is entrusted the duty to oversee the appointment, remuneration and removal of External Auditors.

Should the ARMC determine a need for a change in External Auditors, the ARMC will follow the following procedures for selection and appointment of new External Auditors:

- (a) To identify the audit firms which meet the criteria for appointment or to consider notice of nomination received from shareholders (as the case may be) and request for their proposals of engagement for consideration;
- (b) To assess the proposals and shortlist the suitable audit firms;
- (c) To meet and/or interview the shortlisted audit firms;

- (d) The ARMC may delegate or seek the assistance of the Director of Finance to perform items (a) to (c) above;
- (e) To recommend the appropriate audit firm to the Board for approval; and
- (f) The Board will, if deemed appropriate, endorse the recommendation and seek shareholders' approval for the appointment of the new External Auditors at the general meeting.

4.0 Annual Assessment of the External Auditors

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.

In discharging this duty, the ARMC shall carry out annual assessment on the performance and may request the Director of Finance and Internal Auditors to join the assessment, on the suitability of the External Auditors based on the following areas:-

- (i) Competency;
- (ii) Service quality;
- (iii) Sufficiency of resources;
- (iv) Communication and interaction with the Management;
- (v) Independence, objectivity and professional scepticism;
- (vi) Ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- (vii) The nature of the non-audit services provided and fees paid for such services; and
- (viii) Whether there are safeguards in place to ensure there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

The annual assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the audit firm is not required to issue an Annual Transparency Report, the ARMC is encouraged to engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.

5.0 Assessment of Independence of External Auditors

The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors. For the avoidance of doubt, the ARMC may 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.

6.0 Provision of Non-Audit Services

The External Auditors can be engaged to perform non-audit services provided such services do not impair, or appear to impair their independence or objectivity.

The prohibition of non-audit services is based on the following three (3) basic principles:

- (i) External Auditors cannot functions in the role of Management;
- (ii) External Auditors cannot audit their own work; and
- (iii) External Auditors cannot serve in an advocacy role of the Company and its subsidiaries ("**the Group**").

The External Auditors shall also observe and comply with the By-Laws of the Malaysian Institute of Accountants in connection with the provision of non-audit services, which may prohibit the provision of certain services including the following:

- (i) Accounting and book keeping services;
- (ii) Valuations services;
- (iii) Taxation services;
- (iv) Internal audit services;
- (v) IT systems services;
- (vi) Litigation support services;
- (vii) Recruitment services; and
- (viii) Corporate finance services.

All engagement of the External Auditors to provide non-audit services are subject to the approval/endorsement of the ARMC. Management shall also obtain written assurance from the External Auditors that the independence of the External Auditors will not be impaired by the provision of non-audit services.

Should the non-audit services constitute 50% of the total amount of audit fees paid to the External Auditors, the ARMC to recommend to the Board on the provision of such non-audit services.

Additionally, for non-audit services which exceed 50% of the total amount of fees, the ARMC will consider the skills and experience of the External Auditors and other suppliers who would make it the most suitable suppliers of such non-audit services. In deciding whether to appoint External Auditors to carry out the services, the principal consideration should be to ensure that the provision of the service does not impair the External Auditors' independence and objectivity.

7.0 Rotation of Audit Partner

The external audit firm shall be required to rotate the audit partner on engagement at least every five (5) financial years.

A former audit partner, or any other audit partners who make key decisions or judgements on significant matters with respect to the external audit of the Group, shall observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

8.0 Reporting by External Auditors

The External Auditors scope typically should include:

- (a) Submit an Annual Audit Planning Memorandum for review and endorsement of the ARMC prior to the commencement of audit review;
- (b) Upon completion of the audit review, discuss findings, significant audit weakness and audit related recommendations with the ARMC and Senior Management; and
- (c) Provide a management letter, if any, to the ARMC upon completion of the annual audit.

9.0 Private Session with the ARMC

The audit partner shall meet with the ARMC whenever deemed necessary without any executives being present.

10.0 Review of the Policy

The Board and the ARMC will review the External Auditors' Assessment Policy periodically to ensure that it continues to remain relevant and appropriate.

This External Auditors' Assessment Policy has been approved and adopted by the Board on 29 June 2018 and updated on 23 August 2022.