

EXTERNAL AUDITOR ASSESSMENT POLICY

INNATURE BERHAD

Document

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1. Introduction

This External Auditor Assessment Policy (“Policy”) outlines the responsibility of Audit and Risk Management Committee (“ARMC”) to assess on an annual basis the performance, suitability, objectivity and independence of the external auditors. The assessment is important for the ARMC to recommend to the Board on the appointment or re-appointment of external auditors, and safeguard the interest of shareholders at all times.

This Policy is guided by the following principles:

- The independence of external auditors shall not be compromised for personal interest;
- The assessment process shall be fair, transparent and subject to review by the ARMC from time to time; and
- The appointment and removal or resignation of external auditors shall be conducted in compliance with the Paragraph 15.21 or 15.22 of Bursa Malaysia Main Market Listing Requirements, as the case may be.

2. Policies and Procedures

2.1 Assessment Criteria

The ARMC shall assess the performance, suitability, objectivity and independence of external auditor based on the following criteria:

- Comprehensiveness of the audit plan;
- Timeliness of reporting and completion of the audit plan;
- Competency & knowledge of the external audit team;
- Adequacy of resources allocated to the project;
- Timely communication with management and the ARMC about areas of concern that have been found during the audit and provide quality recommendations for ARMC’s consideration.

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2.2 Assessment Process

I. Determine the scope and timing of annual assessment

ARMC should determine the parameters of the assessment based on the audit plan carried out by external auditors. While ARMC evaluates continuously the external auditors' performance throughout the audit, the annual assessment should commence within a short period of time after the completion of the audit for better assessment results.

II. Obtain adequate input from relevant personnel

ARMC is encouraged to gather the feedback from various levels of management which had dealings with the external auditor's team throughout the execution of audit plan. The all-rounded feedback obtained will be useful to either improve the upcoming year's audit strategy with the same external auditor or Board's consideration to appoint new external auditor.

III. Assessment based on established criteria

ARMC should assess on how well the external auditor fits into the criteria established in Paragraph 2.1 of this Policy.

IV. Amalgamate the findings and communicate the assessment results to the Board

Upon the completion of annual assessment, ARMC should present the assessment results and make recommendation to the Board on whether the external auditor can be nominated for re-appointment for next year's audit. The rationale of recommendation and any relevant supporting documents must be submitted to the Board for the Board members' consideration.

3. Review of Policy

This Policy is subject to periodic review by the ARMC and the Board's approval shall be obtained for any amendment or changes made from time to time.