

ECO WORLD INTERNATIONAL BERHAD

Registration No. 201301030020 (1059850-A)

EXTERNAL AUDITORS POLICY

1. INTRODUCTION

Audit Committee (“**Committee**”) of Eco World International Berhad (“**Company**”) is responsible for making recommendations to the Board of Directors (“**Board**”) with regards the appointment and removal of the external auditors. In making those recommendations, the Committee is authorised to conduct periodic reviews of the external auditors.

The objective of this External Auditors Policy (“**Policy**”) is to outline the guidelines and procedures for the Committee to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of the audited financial statements.

2. SELECTION AND APPOINTMENT

The Board has delegated to the Committee the responsibility to review the appointment, resignation, remuneration and removal of external auditors and recommend to the Board for decision making.

Pursuant to Section 271 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.

The appointment, resignation and removal of external auditors are subject to the provisions of the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Should there be a need to fill a casual vacancy or change of external auditors, the Committee will follow the following procedures for selection and appointment of new external auditors:

- a) the Committee to identify the audit firms who meet the criteria for appointment and to request for their proposals of engagement for consideration;
- b) the Committee will assess the proposals received and shortlist the suitable audit firms;
- c) the Committee will meet and/or interview the shortlisted candidates;
- d) the Committee may delegate or seek the assistance of the Chief Financial Officer (“**CFO**”) to perform items (a) to (c) above;
- e) the Committee will recommend the appropriate audit firm for the Board’s approval; and
- f) 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 general meeting.

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3. INDEPENDENCE

The external auditors are precluded from providing any services that may impair their independence or conflict with its role as external auditors. The external auditors will need to satisfy the Committee that:

- a) no services will be provided that will result in a conflict of interest;
- b) any services provided additional to that of the audit function involving non-audit services, would not have a material bearing on the audit and would not involve the firm auditing their own work;
- c) the audit firm has an audit personnel rotation policy, including lead engagement partner, signing partner, key audit partner and engagement quality control reviewer, requiring rotation at least every seven (7) years; and
- d) there will be no situations where the auditors assume the role of management or where the auditors are placed in the role of advocate for the Company, subsidiaries and joint ventures.

In avoidance of doubt, the Committee shall obtain a written declaration on annual basis 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. NON-ASSURANCE SERVICES

Introduction

The Malaysian Institute of Accountants (MIA) By-Law & International Ethics Standards Board of Accountants' (IESBA) revised non-assurance service standard requires that all non-assurance services provided by the independent auditor to an audit client that is a public interest entity, or its direct or indirect controlling/controlled entities, should be pre-approved by those charged with governance. This requirement is to enable those charged with governance of the public interest entity audit client to have oversight of the independence of the auditor.

Accordingly, the Board has adopted the following pre-approval policy. This document sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor and its affiliates will be pre-approved for the entities within the corporate structure of EWI consisting its subsidiaries and joint ventures.

4. NON- ASSURANCE SERVICES *(Cont'd)*

I. Pre-approval policy

a. Pre-approval policy of non-assurance services

The Board has adopted the following procedure to pre-approve non-assurance services to be provided by the independent auditor.

Under this procedure, the Board pre-approves the list of non-assurance services in **Appendix A List of Pre-approved Services** that may be provided by the independent auditor without the need for the auditor to seek specific pre-approval from the Board. This **Appendix A List of Pre-approved Services** remains in effect until amended by the Board.

Unless a non-assurance service shall have received such general pre-approval, it will require specific pre-approval by the Board and the concurrence must be provided to the auditor before an engagement letter contracting the non-assurance service is signed.

b. Delegation of Authority

The Board hereby delegates to the Committee authority to grant approval of services that are not on the pre-approved list and need individual approval. The Committee shall report any pre-approval decisions to the Board at or prior to its next scheduled meeting.

c. Validity of pre-approval

The specific pre-approval will remain valid until completion of the approved non-assurance services, unless the Board approves a different period.

II. Restrictions on disclosure of information regarding non-assurance services

a. Restrictions due to professional standards, laws or regulations

The Committee has not identified any professional standards, laws or regulations that would restrict the communication of information regarding non-assurance services to the Committee by the independent auditor.

4. NON- ASSURANCE SERVICES *(Cont'd)*

II. Restrictions on disclosure of information regarding non-assurance services
(Cont'd)

b. Restrictions due to sensitive or confidential information

In some circumstances, the provision of information necessary for the Committee to evaluate the impact on the auditor's independence from providing a proposed service which may result in the disclosure of sensitive or confidential information. The Committee can provide concurrence for providing the non-assurance service when:

- The auditor agrees with the Committee of the entity to whom the service will be provided what information can be provided to the Committee of the public interest entity that needs to provide concurrence for such service.
- The auditor provides such information as it is able without breaching its legal or professional obligations.
- The auditor informs that the provision of the service will not create a threat to its independence, or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level; and
- The Committee do not disagree with the auditor's conclusion as above.

III. Concurrence

Under this pre-approval policy, the Committee understands that the provision of the non-assurance services listed in **Appendix A List of Pre-approved Services** by the auditor will not create a threat to the auditor's independence (or any such threat will be reduced to an acceptable level or the circumstance creating the threat will be eliminated by the auditor). Therefore, the independent auditor will not be required to obtain specific pre-approval for these services.

On an annual basis, the independent auditor should inform the Committee of all services provided under the general pre-approval policy.

4. NON- ASSURANCE SERVICES *(Cont'd)*

III. Concurrence *(Cont'd)*

All other non-assurance services not covered by this general pre-approval policy will require communication from the independent auditor and individual concurrence from the Committee regarding:

- the provision of the non-assurance service and
- the conclusion that the provision of the non-assurance service will not create a threat to the auditor's independence, or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level.

The communication from the independent auditor should take place as needed, quarterly scheduled meetings, etc, in advance of the non-assurance services being provided.

All requests or applications for services to be provided by the independent auditor shall be communicated to Chief Financial Officer ("**CFO**") in email and must include a detailed description of the services proposed to be rendered.

CFO will determine whether such services:

- (1) are included within **Appendix A List of Pre-approved Services** that have received the general pre-approval of the Board, or
- (2) require specific pre-approval by the Committee, the designee of the Board.

CFO will determine whether such services can be approved and communicate his assessment and conclusion to the Committee. In addition, to ensure proper oversight, the CFO must report all non-audit service fees provided by the independent auditor and its affiliates to the Committee in quarterly scheduled meetings.

The concurrence of the Committee will be formalized by email, in the meeting minutes or other suitable communication methods.

IV. Policy Review

The Board will review this policy annually, if applicable, or when a change occurs.

In addition, as the need arises, the independent auditor may submit to the Board a request to amend or add to the terms of this pre-approval policy or to update **Appendix A List of Pre-approved Services**.

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5. ROTATION OF AUDIT PARTNER

The audit partners (lead engagement partner, signing partner, key audit partner and engagement quality control reviewer) responsible for the external audit of the Company and its subsidiaries are subject to rotation at least every seven (7) financial years.

6. APPOINTMENT OF A FORMER PARTNER AS COMMITTEE MEMBER

In the event of a former partner of the external audit firm of the Company (this applies to all former partners of the audit firm and/or the affiliate firm, including those providing advisory services, tax consulting etc) being appointed as a member of the Committee, he/she shall observe a cooling-off period of at least three (3) years before such appointment.

7. ANNUAL REPORTING

The external auditors shall:

- a) issue an annual audit plan for review and discussion with the Committee;
- b) at the conclusion of the audit review, shall discuss findings, significant audit weakness and audit related recommendations with the Committee and Senior Management; and
- c) provide a management letter to the Committee upon completion of the annual audit.

8. ANNUAL ASSESSMENT

In discharging its duty, the Committee shall carry out an annual assessment in assessing the suitability, objectivity and independence of the external auditors which shall encompass an assessment on:

- i) the qualifications, competency, resource capacity of the external auditors;
- ii) the audit quality and candour of the auditor's communications with the Committee and the Company;
- iii) the professional scepticism of the external auditors; and
- iv) appropriateness of audit fees to support a quality audit.

The assessment should also consider the 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 Committee 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.

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The Committee may also request the CFO and/or Chief Audit Executive to perform the annual assessment of the external auditors.

Where the performance of the external auditors assessed as being unsatisfactory, the Committee shall determine and recommend to the Board the course of action, which may include:

- a) discussion with the external auditors to resolve performance issues;
- b) replacement of members within the external auditors' team; or
- c) commencement of a competitive tender process in order to select a new external auditor.

9. REVIEW OF THE POLICY

This Policy shall be reviewed periodically and may be amended as and when necessary to ensure that it continues to remain relevant and appropriate.

The initial policy was reviewed and approved by the Board on 27 June 2019.

1st revision was reviewed and approved by the Board on 16 March 2022.

2nd revision was reviewed and approved by the Board on 21 June 2023.

3rd revision was reviewed and approved by the Board on 20 March 2024.

Appendix A List of Pre-approved Non-assurance Services

The Board believes the independent auditor and its affiliates can provide the following list of services without impairing its independence and has pre-approved these services. All other services not listed in Appendix A must be specifically pre-approved by the Committee.

Audit and assurance services are not subject to pre-approval requirement under the independence regulations of MIA By-Law & IESBA Code of Ethics. Accordingly, no separate pre-approval will be obtained.

<u>Tax related services</u>
- Preparing corporate tax returns for submission to the tax authorities. - Providing training on deferred tax (without using current year's figures in the examples). - Dealing with the Tax Authority ➤ Assisting with tax authority requests for additional information, analysis and/or explanations in relation to a tax return. ➤ Assisting with a tax examination by the tax authority. ➤ Review of tax assessment notices / audit findings letters/ bill of demand issued by the tax authority. ➤ Filing of administrative remedies against tax assessment notices/ audit findings letters/ bill of demand issued by the tax authority. - Transfer pricing ➤ Assisting to assess the impact of transfer pricing policies on overall tax position. ➤ Analysing and document transactions between related parties. Preparing global and local documentation (without using KPMG web-based transfer pricing platform). ➤ Translating transfer pricing policies into transaction level prices, reconcile transfer pricing and customs requirements and automate transfer pricing calculations. - Tax due diligence (buy-side and vendor initiated) ➤ Typically covering group structure and tax history, compliance/tax audit status, tax risks identified, effective tax rate analysis, review of tax accruals, tax implications of the proposed transaction, etc. - Prepare indirect tax returns for submission to the tax authorities. - International Executive Services ➤ Assist on development of tax efficient compensation and reward packages for international assignees. ➤ Assist on employment compensation and benefit programs for international assignees. ➤ Assist on the tax implications of global employment companies. ➤ Preparing and filing of international assignee tax returns. ➤ Immigration services including:

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Tax related services

- Preparing and making visa and work permit applications.
 - Advising on related immigration requirements.
 - Serving as a liaison between the applicant and immigration departments.
- Conduct general training with audit client personnel, audit committee and others on tax related matters.

Other non-assurance services

- Agreed-upon procedures engagement to comply with regulatory reporting matters in accordance International Standard on Related Services 4410 (Revised) Compilation Engagements.
- Compilation engagement to compile financial statements in accordance International Standard on Related Services 4400 (Revised) Agreed-Upon Procedures Engagements.
- Reporting accountant engagements in relation to corporate exercises.
- Provision of accounting advice and assistance:
 - Review and provide comments on client-prepared technical accounting and reporting memos.
 - Conduct general training with audit client personnel, audit committee and others on new accounting standards or existing accounting standards.
 - Perform gap analysis of client's accounting policies and disclosures against leading practices or other resources.
 - Read and comment on client's documentation of accounting policies and accounting manuals.
 - Participate in discussions with client personnel on application of accounting standards to actual or proposed transactions and provide observations and recommendations.
 - Advise on industry and corporate governance requirements.
- Assessment – Gap analysis for internal use
 - Perform gap analysis or maturity assessment of the current state of a process, system, organizational structure, policy, controls over financial reporting etc. against leading practices or other resources (such as accounting or regulatory standard). Provide advice, observations and recommendations.
- Document current state
 - Assist in documenting the current state and/or changes made to processes, systems, organizational structure, policies, or internal control over financial reporting, after they have been implemented, on non-recurring basis.
- Design plans
 - Provide generic roadmap or implementation plan of a process or system based on leading practice experience that is not client-specific.
- Project Management – Advice
 - Provide general advice on developing project plans, including general advice on project management.
 - Provide industry standard or best practice project plans.
 - Provide feedback to project management office structure/organization.

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Other non-assurance services

- Transaction services – Buy side
 - Pre close due diligence.
 - Post close due diligence.
- Commercial due diligence (buy side)
 - Analysis of target's projections/business plan by reference to historical evidence.
 - Report market and commercial issues which may affect the target and transaction.
- Market research and benchmarking
- Operational due diligence
- Sell side assist, including:
 - Pre-sale due diligence.
 - Establish and coordinate data room activities (limited to administrative tasks, does not include data room set up).
- Separation services including separation advice, separation program planning and execution.
- Assistance on Sales and Purchase Agreement and completion accounts:
 - Provide commentary (in conjunction with client's lawyers) on draft transaction agreements).
 - Providing advice and recommendations on the preparation of the completion accounts.

(This service does not include completion due diligence on completion accounts)
- Integration due diligence, in connection with:
 - Pre-acquisition synergy and integration planning, post-acquisition integration planning, and operations advice, provided such work is unrelated to the client's financial statements, accounting records and risk management controls.
- Word processing of financial statements
 - Roll forward the Group's and the Company's prior year financial statements by removing the comparatives and moving the previous year's current figures over to comparatives column and leaving blanks for the current year column for management to complete with balances and notes to financial statements, and taking management prepared statutory financial statements, format and type them using standard template.
 - Printing and binding of the financial statements.