

**Synergy House Berhad**  
**External Auditors Assessment Policy**

**1. Introduction**

The Audit Committee ("AC") of Synergy House Berhad ("Synergy" or "the Company") is tasked to assess, review and supervise the performance, suitability and independence of the External Auditors. The objective of this External Auditors Assessment Policy ("the policy") is to set the framework for the AC and management team to assess and review the External Auditors.

**2. Selection and appointment procedure**

Pursuant to Section 272 (2) & (3) of the Companies Act 2016, the Company shall appoint/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 AC and Management (eg. Chief Financial Officer / Group Accountant) should follow the following procedures for appointment, re-appointment and removal of External Auditors:

- a) To identify the audit firms which meet the following criterias among others:
  - Fee quotation which is cost effective. Fees will not be the sole determining factor in the External Auditors selection process;
  - It is independent and will maintain its independence through out the engagement process;
  - Relevant industry expertise to perform an effective audit on BSL;
  - Strength of the Audit Engagement Team.
- b) To assess all proposals and shortlist the audit firms;
- c) To meet and discuss with the shorlisted audit firms;
- d) To recommend to the Board of Directors for appointment as External Auditors; and
- e) Subsequent to obtaining the Board's approval, the proposal will be recommended to seek shareholder's approval for the appointment of new External Auditors and/or resignation/removal of the existing External Auditors at the Company's general meeting.

The AC may seek the Chief Financial Officer / Group Accountant to carry out the above activities (a - c) and report accordingly to the AC and Management for their deliberation.

**3. Independence**

The External Auditors must refrain from providing any form of services which may impair their independence in carrying out their role as External Auditors of Synergy.

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 relevant terms of all relevant professional and regulatory requirements. Such statement of independence from the External Auditors should be reflected in their audit report accordingly.

**4. Non audit services**

The External Auditors can be engaged to perform non-audit engagement that are not, and are not perceived to be in conflict with their role as External Auditors.

Services which are prohibited to be carried out by the External Auditors are set out in the By-Laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants ("By-Laws").

Any engagement of the External Auditors to provide non-audit services are subject to approval by the AC; and the Management must obtain confirmation from the External Auditors on their independence which shall not be impaired or perceived to be impaired by the provision of the non-audit services.

**5. Term of Audit Partner**

The External Auditor must comply with the By-Laws where the audit partner is subject to rotation at least every five (5) financial years. After rotation, the audit partner shall not be a member of the engagement team or be a key audit partner for Synergy for the next 2 years.

**6. Annual Audit Plan**

The External Auditors will issue an annual audit planning memorandum for review and discussion with the AC. The External Auditors shall also provide a management letter, when necessary, to the AC upon completion of the annual audit.

**7. Annual Assessment**

The AC and the CFO will carry out annual assessment on the performance, suitability and independence of the External Auditors on the following key areas among others:

- a) Independence, objectivity and professionalism;
- b) Service quality; and
- c) Communication with management

**8. Appointment of key audit partner as a member of Audit Committee**

If any former key audit partner is nominated for appointment as a member in Synergy Audit Committee, a cooling period of at least 2 years from the date of the last service is required to be observed prior to the appointment.

**9. Review**

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