

SKP RESOURCES BERHAD

(Company No. 524297-T)

(Incorporated in Malaysia)

**POLICY ON THE PROVISION OF
NON-AUDIT SERVICES BY EXTERNAL AUDITORS**

Purpose

This Policy on the provision of non-audit services by the External Auditors ("EA") of SKP Resources Berhad ("SKP" or "the Company") (hereinafter referred to as the "Policy") is adopted for the purpose of regulating such non-audit services to be provided by the EA.

For the purpose of this Policy, the term EA comprises the firm of external auditors providing statutory audit to the Company and its subsidiaries as required by the Companies Act 2016 as well as the EA's network member firms and companies.

Practice 8.3 of the Malaysian Code on Corporate Governance ("MCCG") stipulates that the Audit Committee ("AC") should have policies and procedures to assess the suitability, objectivity and independence of the EA. The AC should review and monitor the suitability and independence of EA. The independence of EA can be impaired by the provision of non-audit services to the Company.

This Policy is established to govern the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the EA.

Objectives of Policy

This Policy covers the engagement of the Company's EA to provide non-audit services to the Company as well as its subsidiaries. The objectives of the Policy are to:-

- Observe compliance with the MCCG and compliance with the International Federation of Accountants guidelines and by-laws of the Malaysian Institute of Accountants on professional independence of the EA;
- ensure that the nature of the services, if rendered by the EA, does not, and is not seen to, impair the objectivity of the EA concerning its opinion on the Company's financial statements;
- establish a transparent reporting process for the Audit Committee ("AC") to monitor the observance and compliance by the Company with this Policy; and
- avoid unnecessary restrictions on the request for services from the EA by Management.

In this context, the AC shall consider the following to ensure that the provision of non-audit services to SKP by the EA does not impair the EA's independence or objectivity:-

- whether the skills and experience of the EA make it a suitable service provider of the non-audit service;

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- whether safeguards are available and deployed to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the non-audit services provided by the EA; and
- the nature of the non-audit services, the related fee levels and the fee levels individually, and in aggregate relative to the audit fee.

Non-audit services

The EA can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the EA. This excludes audit related work in compliance with statutory requirements.

Before appointing the EA to undertake any non-audit services, considerations shall be given as to whether such appointment would create a threat to the EA's independence or objectivity on the statutory audit of the Company's financial statements, including any safeguards that are available to address such a threat.

Prior to the provision of any non-audit services by the EA, the AC and Board of Directors should review and approve the acceptance of such engagements, drawing guidance from **the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysia Institute of Accountants**. If the non-audit service results in concerns on independence to an extent that they cannot be reduced to an acceptable level by the application of safeguards, the non-audit service shall not be accepted.

Measures

Measures that may be considered to mitigate the threat against the professional independence and objectivity of the EA comprise the following:-

- ensure the engagement letter for the work includes a paragraph confirming compliance with applicable auditor-independence by-laws, guidelines and standards;
- obtain confirmation from the EA that the independence of the EA will not be impaired by the provision of the non-audit services;
- services are performed by personnel not involved in the audit (where relevant and permitted); and
- additional arrangements to objectively and independently evaluate the engagement.

All significant facts that bear upon the EA's objectivity and independence relating to the provision of non-audit services, including measures in place shall be considered.

All engagements of the EA to provide non-audit services that exceed 50% of the latest audited Group's audit fee are subject to the approval/endorsement of the AC.

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Engagement of non-audit services by SKP's subsidiary or entity

Approvals of non-audit services committed by a subsidiary of SKP are required to accord with this Policy. The subsidiary must inform the Group Financial Controller of the Company on the non-audit services to be provided and the estimated fees to be incurred.

The subsidiary can only proceed with the non-audit service work when authorised in accordance with this Policy.

Group Financial Controller or his designate

The Group Financial Controller of the Company or his designate shall report to the AC on the: -

- significant non-audit services rendered to SKP by the EA; and
- the fees paid or payable to the EA for non-audit services.

Finance

The Finance Department of SKP and its subsidiaries shall monitor compliance of this Policy and periodically report to the AC. Any breach of the provisions contained in this Policy shall be promptly reported to the AC.

Review of the Policy

The AC shall review regularly and assess the effectiveness of the Policy. Any requirement for amendment shall be deliberated by the AC and any recommendation for revisions shall be highlighted to the Board for approval.

Revision to the Policy

The AC shall review and assess the effectiveness of the Policy from time to time. The AC is empowered to revise the Policy as it deems fit and relevant to achieve the objectives of this Policy.

This Policy was approved and adopted by the Board of Directors on 31 May 2019.