

Assessment Topic 4: Audit and Integrity Committee Assessment

The Audit and Integrity Committee (“AIC”) Form contains the following areas of assessment:

- Section A: Composition and governance;
- Section B: Meeting administration and conduct;
- Section C: Skills and competencies;
- Section D: Oversight of financial reporting process, including internal controls and the audit function;
- Section E: Oversight of integrity matters;
- Section F: Disclosure;
- Assessment questions relevant to the Chairman of the Audit and Integrity Committee

The criteria for the AIC Assessment were developed based regulatory provisions as well as emerging and leading practices, customised to the needs of Duopharma.

The questionnaire should be completed using the grading system of “Satisfactory”, “Good” or “Excellent”, represented by ‘S’, ‘G’ and ‘E’ respectively.

The assessment criteria are as follows:

Assessment criteria <i>(Note: additional comments can be included beside the grading)</i>	Grading
Section A: Composition and governance	
1. Does the composition of the AIC allow for AIC members to exercise objectivity and independence in performing their duties and responsibilities?	

<p style="text-align: center;">Assessment criteria <i>(Note: additional comments can be included beside the grading)</i></p>	<p style="text-align: center;">Grading</p>
<p>2. Does the composition of the AIC members include an appropriate range of experiences and qualifications, including possessing appropriate financial literacy, to meet the objectives of the AIC in Duopharma?</p> <p><u>Explanatory note:</u> Financial literacy could be interpreted as having substantially all of the following:</p> <ul style="list-style-type: none"> • the ability to read and understand financial statements; • the ability to understand and assess the general application of accounting principles; • the ability to ask pertinent questions and challenge management’s assertions on the financials and reporting process; • the ability to understand internal controls and risk factors; • experience gained through executive responsibility for a sizeable business including having had responsibility for financial oversight responsibilities; • education/professional qualifications relating substantially to accounting/finance; and • experience in working within the areas of corporate finance, financial reporting or accounting. 	
<p>Section B: Meeting administration and conduct</p>	
<p>3. Does the AIC meet with sufficient regularity to review and deliberate matters of concern?</p> <p><u>Explanatory note:</u> As stated in the 3rd edition of the Bursa Malaysia Corporate Governance Guide, it is recommended that there should be at least five audit committee meetings during the year, held to coincide with the key dates within the financial reporting (quarterly results and annual reporting) and audit cycle.</p>	
<p>Section C: Skills, competencies and professional development</p>	
<p>4. Does the AIC ask tough and probing questions to the internal auditor and/or Management and exercise appropriate level of professional vigilance and scepticism?</p>	
<p>5. What measures does the AIC take in ensuring its members undergo continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules? <i>For this question, please provide comments below.</i></p> <p><u>Explanatory note:</u> Section 410.4 of the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants requires its members to complete at least 20 hours of continuous professional education within a year and at least 120 hours over a triennium.</p>	

Assessment criteria <i>(Note: additional comments can be included beside the grading)</i>	Grading
Comments:	
Section D: Oversight of financial reporting process, including internal controls and the Audit function	
6. Does the AIC review and report to the Board, the quarterly results and year-end financial statements, before approval by the Board, focusing particularly on: <ul style="list-style-type: none"> i) changes in or implementation of major accounting policy changes; ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed; and iii) compliance with applicable approved financial reporting standards and other legal requirements? 	
7. Does the AIC meet with the lead audit partner, and other members of the audit team, when necessary, without the presence of Management, to discuss issues arising from the audit, evaluation of the systems of internal control, and any other matters that the auditor may wish to raise with the AIC and vice versa?	
Section E: Oversight of integrity matters	
8. Does the AIC undertake measures to ensure it is kept abreast of the latest regulatory legislations governing matters relevant to protecting the Company's integrity (e.g. environment, health and safety regulations, legislations such as Malaysian Anti-Corruption Commission Act 2009, Whistleblower Protection Act 2010, Personal Data Protection Act 2010)?	
9. Are policies and procedures that govern Duopharma's ethical conduct, such as the Whistleblowing Policy and the Code of Conduct, regularly reviewed by the AIC?	
Section F: Disclosure	
10. Does the AIC Terms of Reference clearly set out the authority and responsibilities of the AIC? Is the Terms of Reference easily accessible to shareholders and other stakeholders? <i>For this question, please provide comments below.</i> Comments:	
Additional comments	

Assessment questions relevant to the Chairman of the Audit and Integrity Committee:

Assessment criteria <i>(Note: additional comments can be included beside the grading)</i>	Individual Director's grading (self-assessment, including by the Chairman)
11. The AIC Chairman establishes and maintains a good working relationship with the Managing Director and Senior Management team, external auditor and internal auditors including providing support and advice whilst respecting executive responsibilities.	
12. The AIC Chairman exercises the highest level of independence and financial vigilance and advises the Board appropriately should there be any financial or accounting discrepancies.	