

# Beta Glass Plc

## Provision of Non-Audit Services by the External Auditor Policy

Policy Number:

Review Number (New document)

Responsible Person:

Approved by the Board on: 24<sup>th</sup> day of March, 2022

### 1. Introduction

This Policy specifies the types of non-audit services by external auditors that are prohibited and those that may be acceptable. The Board Audit Committee or any other designated board member has responsibility for certain approvals for engagement of the external auditor to provide acceptable non-audit services. In this process, the Board Audit Committee (“Committee”) will assess the effect of such services on the financial statements as well as the independence of the external auditors, prior to approval.

This Policy is designed and targeted at making it possible to avoid any risks which will threaten or is threatening the independence and objectivity of the external audit firm in the process of providing non-audit services.

### 2. Purpose

The objective of the policy is to:

- at all times maintain external auditor independence and objectivity;
- clearly set out both acceptable and prohibited non-audit services; and
- establish a transparent process for the engagement of the external auditor for non-audit services in accordance with this Policy



### **3. Adherence to this Policy at all times**

At all times, this Policy should be adhered to when considering whether it is appropriate for the external auditors to be engaged to provide non-audit services for the Company or undertake work outside the scope of the statutory audit.

### **4. Permitted audit and audit related services**

It is appropriate to mention permitted audit and audit related services that the External Auditor can undertake for the Company in order to make for certainty and avoid confusion.

The following are the permitted audit and audit related services:

- Statutory audit of the Company's financial statements.
- Review of the Company's half-year report and interim financial statements.
- Reporting required by law or regulation to be performed by the auditor.
- Reporting on internal financial controls where required by law or regulation.

### **5. Services Not to be performed by external auditor**

Restricted non-audit services are those which have the potential or are likely to impair the external auditor's independence and objectivity. Therefore, the External Auditors shall not provide services that impair or are likely to impair their independence and objectivity. Any exceptions in this regard will be evaluated and suitable action will be considered by the management.

Restricted services include but are not limited to the following:

- accounting or book-keeping services;
- actuarial services;
- internal accounting and risk management control reviews, including policy reviews and procedure compliance;
- legal and/or litigation support services
- internal audit outsourcing services;
- valuation services, appraisals or fairness opinions;

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- investment advice, broker-dealer and investment banking services;
- services in relation to financing, capital structure and allocation and investment strategy of the Company
- design, implementation and operation of financial information systems (including financial and IT systems);
- design and implementation of internal controls related to financial information;
- appointment as adviser to management or to act as a director, officer or employee of the Company;
- human resources, recruitment or payroll services;
- any work that could compromise the independence and objectivity of the External Auditors; and
- any other work that is prohibited by law to run concurrently with audit services.

## 6. Acceptable Non-Audit Services

- client asset audits;
- tax advisory, assurance and compliance services
- reporting to the regulator on regulatory financial statements;
- reporting on internal financial controls
- reporting accountant services;
- interim review work;
- assurance reports requested or demanded by third parties;
- assurance work on material included in the annual report;
- providing updates of changes to applicable laws, regulations or accounting and auditing standards.
- Due diligence related to mergers and acquisitions.
- Accounting consultations and audits in connection with acquisitions and disposals of businesses or in relation to proposed transactions.
- Employee benefit plan audits.
- Other reports required by regulators or assurance services relating to regulatory developments.
- Sustainability audits.

- Comfort letters
- Consent letters
- Prospectus / capital markets reporting.

## **7. Services by the External Auditor on free fee basis**

The External Auditor is not permitted to provide any services on an individual or aggregate basis to the Company on a fee free basis in anticipation of successfully gaining future non audit work.

## **8. Services Authorization & Approval by the Board Audit Committee**

a. Non-audit services up to Twenty-Five (25) million naira can be approved by management while Non-audit service above Twenty-Five (25) million naira must be approved by the Committee following recommendation by Management. All recommendations to the Committee in accordance must be in writing and must contain the following information:

- nature and details of the non-audit services;
- proposed fees;
- explanation of why the external auditor should be considered for engagement to provide the non-audit services; and
- explanation of why it is considered that the engagement will not impair the external auditors' independence and objectivity.

b. In addition to considering the impact on the independence and objectivity of the External Auditor, the Committee shall approve the provision of non-audit services where:

- they have no direct or have an inconsequential effect, separately or in aggregate, on the audited financial statements;
- for the purposes of the statutory audit of the financial statements the audit firm would not place significant reliance on the non-audit work performed by the external auditor.

c. The Board Audit Committee shall consider:

- Whether the skills and experience of the external auditor make the external auditor a suitable firm to provide the non-audit service;

- That suitable measures have been established towards eliminating or reducing any threat to the objectivity and independence of the external auditor, whether actual or perceived, with regards to the provision of the non-audit services;
- The fees to be incurred, for Non Audit Services both for individual services and in aggregate, relative to the audit fee.

### **9. Non-Audit Services which require specific approvals**

The following categories of services cannot be pre-approved and require specific approval by the Committee:

- Any service for which the engagement fees are in excess of N25 million (to be reviewed periodically); or
- Any of the services which have no pre-approved budget

### **10. Ratification of approvals by the Chief Financial Officer**

Where there are exigencies in relation to non-audit services, the Chief Financial Officer of the Company has the authority to approve in advance the engagement of the external auditor for permitted non-audit services, provided that they are reported to and ratified by the next meeting of the Committee. In doing these, the Company's Chief Financial Officer should apply judgement and reach a conclusion that the external auditor is best placed for the provision of the non-audit services and that there are no threats to the external auditor's independence or objectivity.

### **11. Reporting by the Chief Financial Officer**

A report is to be submitted by the Company's Chief Financial Officer, or such other person as may be appointed by the Committee, every six months, detailing all of the non-audit work undertaken by the external auditor. The report should include the nature of the non-audit services provided, the related fee and total fees in aggregate and as a percentage of the approved statutory audit fee.

### **12. Applicable Laws**

The laws, regulations and guidelines that govern the Company shall complement and apply to this Policy and all parties to this Policy are expected to know and comply with these laws and regulations at all times.

### 13. Amendment & Review


This Policy shall not be amended, altered or varied unless such amendment, alteration or variation have been approved by a resolution of the Board.

### 14. Questions

For any questions about this Policy, the Chief Financial Officer may be contacted.

### 15. Approval of this Policy

The Board of Directors of Beta Glass PLC approved this Policy this 24<sup>th</sup> day of March, 2022

  
Chairman

  
Secretary