

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



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OUR VISION:

To be the clear leader in Ethical Banking in Sub-Saharan Africa

OUR MISSION:

Making life better through ethical finance

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1. BACKGROUND

The Audit Committee (the Committee) of Jaiz Bank Plc (the **Bank**) is responsible for establishing a policy for the provision of non-audit services to the Bank by its external auditors. Reference to the Bank shall mean Jaiz Bank Plc and to the external auditors shall also include any member of its Group.

This Policy specifies the types of non-audit services that are strictly prohibited and those that may be acceptable. For those non-audit services that may be acceptable, the effect of such services on the financial statements as well as the independence of the external auditors will always be assessed by the Committee prior to approval.

2. NON-AUDIT SERVICES POLICY

(a) The Committee requires that the following Policy be adhered to when considering whether it is appropriate for the external auditors to be appointed by the Bank and in particular to undertake work outside the scope of their usual and specific annual audit and periodic review activities.

(b) The objectives of the Policy are to:

- maintain external auditors' independence and objectivity at all times;
- clearly set out both acceptable and prohibited non-audit services; and
- establish a transparent process for the engagement of the External Auditors for non-audit services in accordance with established approval requirements.

3. PROHIBITED NON-AUDIT SERVICES

The External Auditors shall not provide services that impair or appear to impair their independence. Generally, such services include but not limited to the following:

- (a) accounting or book-keeping services;
- (b) actuarial services;
- (c) tax advisory, assurance and compliance services (including any calculations thereof);
- (d) internal accounting and risk management control reviews, including policy reviews and procedure compliance;
- (e) legal and/or litigation support services (other than forensic litigation services);
- (f) internal audit outsourcing services;
- (g) valuation services, appraisals or fairness opinions;
- (h) investment advice, broker-dealer and investment banking services;
- (i) services linked to financing, capital structure and allocation and investment strategy of the Bank, except providing assurance services in relation to the financial statements, such as the issuance of comfort letter in connection with prospectuses issued by the Bank;

- (j) design, implementation and operation of financial information systems (including financial and IT systems);
- (k) design and implementation of internal controls related to financial information;
- (l) secondment (or appointment as advisor) to executive management or decision-making, supervisory or ongoing monitoring positions, or any position where the External Auditors secondee (or in its capacity as advisor) acts as a director, officer or employee of the Group or any of its decision-making entities;
- (m) human resources, recruitment or payroll services (including candidate verification);
- (n) the marketing or underwriting of transactions;
- (o) advising the Remuneration Committee (other than general assistance relating to appropriate levels of disclosures and accounting advice);
- (p) any work where a mutuality of interest is created that could compromise the independence of the External Auditors; and
- (q) any other work that is prohibited by law to run concurrently with audit services.

Furthermore, the Bank's external auditors must not perform any work for a contingent fee or similar arrangement.

4. ACCEPTABLE NON-AUDIT SERVICES

- (a) The External Auditors may be considered for the following types of non-audit services, subject to paragraph 4 b) below:
 - advice and assurance on the interpretation and implementation of accounting standards, financial reporting matters and compliance/governance regulations;
 - financial due diligence for mergers/acquisitions, disposals or joint ventures;
 - assurance reports required by third parties (e.g. regulators, trustees, International Financial Institutions);
 - services associated with registration statements, periodic reports and other documents issued in connection with securities offerings (e.g. comfort letters, agreed-upon procedure letters, and consents);
 - agreed upon procedures on specific elements drawn from the financial records and/or related supporting information;
 - transaction related services, including restructuring;
 - benchmarking services.
- (b) The determination as to whether the External Auditors may perform any of the non-audit services listed in paragraph 4 a) above, requires the application of judgement, which includes assessing:

- threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the External Auditors' independence and objectivity;
- the nature of the non-audit services;
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service; and
- the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the Group audit fee.

5. AUTHORISATION AND REPORTING

- (a) All non-audit services must be approved in advance by the Committee following recommendation by the Management.
- (b) Referrals to the Committee in accordance with paragraph 5 a) above must be in writing and must contain the following information:
 - nature and details of the non-audit services;
 - estimated fees;
 - explanation of why the external auditors is considered the most suitable service provider; and
 - a statement on why the engagement will not impair the external auditors' independence and objectivity.
- (c) A report is to be submitted by the Chief Financial Officer, or such other person as may be appointed by the Committee, detailing all of the work undertaken by the external auditors with such regularity and covering such time period as the Committee may request from time to time. The report should include the nature of the non-audit services provided, the related fee in amount and as a percentage of the approved audit fee.
- (d) The Committee will report on the annual amount paid to the external auditors in the Company's Annual Report in respect of audit services, audit-related services and non-audit services and explain how, when the external auditors provided non-audit services, its independence and objectivity was safeguarded. The Committee will also report in the Company's Annual Report on the nature and extent of the non-audit services carried out by the external auditors during the year.