

Non-Audit Services Policy



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Non-Audit Services Policy

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1. POLICY OBJECTIVE

The Network International Holdings PLC and its subsidiaries (“the Group”) recognise it is important that the independence of external Auditors, real or perceived, is not impaired through the provision of non-audit services. This document summarises the Group’s policy and procedures for the engagement of the Auditors on non-audit related assignments. It also sets out the Group’s requirements for the pre-approval and reporting of fees for non-audit services.

2. POLICY OWNER

The owner of this policy is the Group Chief Financial Officer. Any material policy changes require prior approval from the Group Chief Financial Officer and the Audit and Risk Committee.

The Policy owner is responsible for ensuring the policy is reviewed on at least an annual basis.

3. SCOPE

The scope of this policy covers all Group companies, businesses, facilities and employees. Group employees include permanent, temporary or fixed term staff, as well as those employed by external agencies including executive and non-executive board members.

4. ALIGNMENT TO RISK APPETITE

The Group has no appetite for the Group’s external Auditor (“the Auditor”) to provide any services which could create a conflict of interest or provide Network International with potentially false assurance over the adequacy of the internal control environment.

Subject to the non-audit fee cap, the Auditors are eligible to provide non-audit services to the extent that their skills and experience makes them a competitive and most appropriate supplier of the services. However, in general, no services may be undertaken by the Auditor unless it appears on the approved list of activities (see Appendix 1) and has been pre-approved in-line with this policy.

5. MINIMUM STANDARDS

5.1 Risk Management and Control

5.1.1 Practices/Processes

5.1.1.1 Non-Audit Services

The list of prohibited non-audit services has been drawn up with reference to the FRC Revised Ethical Standard 2016, and incorporating a number of recommendations of, the Audit and Assurance Council in the UK (see Appendix 2). If there is any doubt as to whether work may be undertaken by the Auditor, the Group Chief Financial Officer or the Group Company Secretary should be consulted before any approval is sought.

The Auditor may not provide any services on an individual or aggregate basis to the Group on a fee free basis in anticipation of successfully gaining future non-audit work.

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When assessing the non-audit services for approval, the Group Chief Financial Officer and/or Audit and Risk Committee will take the following into consideration:

- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
- whether there are safeguards in place to ensure that there is no threat to the objectivity or independence in the conduct of the audit resulting from the provision of such services by the external Auditor; 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.

5.1.1.2 Prohibited Non-Audit Services

At all times, the Auditor must ensure that they do not:

- audit their own work;
- create a conflict of interest;
- provide any service on which management may place primary reliance in determining the adequacy of internal controls, financial systems or financial reporting; and
- provide services where they are making judgments or taking decisions that are the responsibility of management.

More specifically, the Auditor cannot be engaged to perform any of the services detailed in Appendix 2.

The list of prohibited services may only be varied by the Audit and Risk Committee.

5.1.1.3 Permitted Non-Audit Services

Under this policy it has been agreed that, due to their significant understanding of the Group's business and therefore ensuring cost efficiency and confidentiality, the Auditors may be engaged for the non-audit services detailed in Appendix 1. This list is intended to be exhaustive and by virtue of implementing this policy, the Audit and Risk Committee pre-approves non-audit services provided the controls listed in 5.1.2.1 below are followed. If there are any proposed services which do not appear in either Appendix 1 or 2, it should be presumed that it is a prohibited activity and further guidance should be sought from the Group Chief Financial Officer or the Group Company Secretary.

5.1.2 Key controls

5.1.2.1 Approval of Non-Audit Services

All non-audit work undertaken by the Auditor (regardless of whether it will be delivered in one or more financial years) must comply with the following:

- Be approved by the Group Chief Financial Officer and noted at the next available Audit and Risk Committee;

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- In any financial year, the total value of non-audit service approved by the Group Chief Financial Officer shall not exceed 15% of the annual audit fee.
- Where an individual piece of work is expected to exceed \$50,000 but be less than \$250,000 the work shall be approved by the Chairman of the Audit and Risk Committee; and
- Where an individual piece of work is expected to exceed \$250,000 the work shall be approved by the Network International Holdings plc Board.

The Group Chief Financial Officer/Audit and Risk Committee Chairman/Board of Directors (as appropriate) must pre-approve all non-audit services. A detailed description of the services, including timescales, costs and deliverables must be provided. Any service requiring Audit and Risk Committee Chairman, or Board approval must first be approved by the Group Chief Financial Officer.

Where approval has been provided and the approved cost is later expected to be exceeded, further approval must be sought by reference to the new cost in accordance with the above thresholds.

In each case a full justification for the additional cost must be provided.

Subject to and in accordance with the FRC Revised Ethical Standard 2016, permitted services provided by the Auditor to the Group will be subject to a cap of 70% of the average audit fees paid by the Group to the Auditor in the last three consecutive financial years.

5.1.2.2 Reporting of Non-Audit Services

All non-audit services approved by the Group Chief Financial Officer and/or the Audit and Risk Committee Chairman shall be reported to and ratified by the Audit and Risk Committee at its next meeting.

On a six-monthly basis, or at the request of the Audit Committee, the Auditor shall provide the Audit and Risk Committee with a consolidated report detailing all approvals provided during the period/financial year. Any services that are likely to exceed the original approvals shall be identified and a full update provided.

On an annual basis the Auditor must make a statement confirming that all work they have performed has not breached their internal ethical guidelines and rules on independence.

5.2 Responsibilities

5.2.1 Board Audit and Risk Committee

The Audit and Risk Committee is responsible for the review and approval of this policy on an annual basis as a minimum to ensure it remains “fit for purpose”.

5.2.2 Policy Owner

The Policy Owner is the Group Chief Financial Officer who is responsible for the oversight of the development, review, approval and effective implementation of the policy within his/her remit

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and responsibilities and ensuring that the policy is delivered for review / approval to the Board/Audit and Risk Committee on at least an annual basis.

5.2.3 Policy Custodian

The Policy Custodian is responsible for the development, review, approval and effective implementation of the policy.

5.2.4 Risk Function

The Head of Policy will centrally administer the production and revision of any Board / Audit and Risk Committee approved Policies.

5.2.5 Internal Audit

Internal audit is the Third Line of Defence and provides independent assurance that the Board / Audit and Risk Committee approved Policies are being implemented group-wide and operating effectively through its independent review of the overall risk management framework.

6. WAIVERS AND EXCEPTIONS

It is not expected that dispensations to this Policy will be required other than in exceptional circumstances. Requests for dispensations should be made to the Policy Owner and will be reviewed and approved by the Audit and Risk Committee.

7. CROSS REFERENCE TO SUPPORTING MATERIALS

7.1 Approval and Oversight Committees

The Committee responsible for approval of this policy is the Audit Committee. Responsibility for operational oversight of this policy rests with the Enterprise Risk Management Committee (ERMC).

7.2 Supporting Documents

The policy set has been designed to support an effective risk management and internal control environment.

Other relevant documents that support the management of risk within the Enterprise Risk Management Framework are as follows:

- Conflicts of Interest Policy

7.3 Enterprise Risk Management Framework (ERMF)

This policy should be interpreted in the context of the overarching ERMF and Policy Framework, which is designed to support the identification, assessment, management and control of the

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material risks that threaten achievement of the Group's business objectives. The ERMF outlines the function and responsibilities of the 3 lines of defence model.

8. CONTACT DETAILS

Policy Custodian:
Group Company Secretary
Network International Holdings plc
Level 1, Network Building
Al Barsha 2,
PO Box 4487
Dubai,
UAE

9. APPENDICES

Appendix 1 - Permitted Non-Audit Services

Accounting

- Advice on the preparation of financial information and the application of GAAP;
- Training support for accounting projects.

Corporate Finance/Transaction Services

- Due diligence activities associated with potential acquisition or disposals of businesses;
- Completion accounts audit and review;
- Accountants reports for any stock exchange purposes and ad hoc reporting on historical financial information;
- Reporting of financial assistance.

Human Resources

- Short term secondments to junior positions.

Activities closely associated with the Auditor's role

- Half-year, quarterly reviews;
- Reports, certifications or examinations required from the Auditor by regulators or authorities;
- Comfort letters;
- Consent letters;
- Reporting on working capital statements;
- Prospectus/capital markets reporting;
- Advising on accounting standards, regulatory rules, other changes in legislation and associated reporting requirements.

Note: All non-audit services must be approved in advance in accordance with this Policy.

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Appendix 2 - Prohibited Non-Audit Services

* Please see below under K on page 12 for a further explanation in respect of the services marked with an asterix.

A. Tax Services

- I. Preparation of tax forms*;
- II. Payroll tax;
- III. Customs duties;
- IV. Identification of public subsidies and tax incentives unless support from the Auditor in respect of such services is required by law*;
- V. Support regarding tax inspections by tax authorities unless support from the Auditor in respect of such inspections is required by law*;
- VI. Calculation of direct and indirect tax and deferred tax*; and
- VII. Provision of tax advice*.

B. Services that involve playing any part in the management or decision making of the audited entity

C. Bookkeeping and preparing accounting records and financial statements

D. Payroll services

E. Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems. (Also subject to one year cooling-in).

F. Valuation Services, including valuations performed in connection with actuarial services or litigation support services*.

G. Legal services, with respect to:

- I. Provision of general counsel;
- II. Negotiating on behalf of the Group;
- III. Acting in an advocacy role in the resolution of litigation.

H. Services related to the Group's internal audit function.

I. Corporate Finance type services:

- Services linked to the financing, capital structure and allocation, and investment strategy of the Group, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the Group.

J. Promoting, dealing in, or underwriting shares in the Company or the Group.

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K. Human resources services with respect to:

- I. Management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
 - a. Searching for or seeking out candidates for such positions; or
 - b. Undertaking reference checks of candidates for such positions.
- II. Structuring the organisation design;
- III. Cost control.

*A number of prohibited services (as identified by asterisks) may still be provided, subject to Audit Committee approval and after an assessment of threats, if the following requirements are complied with:

- No direct or, in the view of an objective, reasonable and informed third party, an inconsequential effect, separately or, in aggregate, on financial statements.
- Estimation of the effect on financials is comprehensively documented and explained in the additional report to the Audit Committee.
- In line with the principles of independence.
- The audit firm would not place significant reliance on the work performed by the audit firm in performing these services for the purposes of the audit of the financial statements.

10. SUMMARY OF KEY POLICY STATEMENT

Policy Reference	Policy Statement
PNS1	Network has no appetite for the Group's external Auditor ("the Auditor") to provide any services which could create a conflict of interest or provide Network with potentially false assurance over the adequacy of the internal control environment.
PNS2	All non-audit work undertaken by Network's Auditor (regardless of whether it will be delivered in one or more financial years) must be approved by the Group Chief Financial Officer. Where an individual piece of work is expected to exceed \$50,000 but be less than \$250,000 the work shall be approved by the Chairman of the Audit and Risk Committee. Where an individual piece of work is expected to exceed \$250,000 the work shall be approved by the Network international Holdings plc Board.
PNS3	Subject to and in accordance with the FRC Revised Ethical Standard 2016, permitted services provided by the Auditor to the Group will be subject to a cap of 70% of the average audit fees paid by the Group to the Auditor in the last three consecutive financial years.
PNS4	All non-audit services approved by the Group Chief Financial Officer and/or the Audit and Risk Committee Chairman shall be reported to and ratified by the next meeting of the Audit and Risk Committee.
PNS5	On an annual basis the Auditor must make a statement confirming that all work they have performed has not breached their internal ethical guidelines and rules on independence.

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11. POLICY SIGN OFF

Name	Description
Document Title	Non - Audit Services Policy
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Document Contact (s)	Group CFO
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