

# REUNERT

REUNERT LIMITED

## POLICY ON NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITOR

### AUDIT COMMITTEE

APPROVED BY THE COMMITTEE ON 18 MAY 2018

## 1. Purpose

The nature and extent of non-audit services provided by the external auditor must not affect, or be seen to affect, the independence of the appointed auditor. The purpose of this policy is to formalise the matters considered by the Reunert audit committee (“the Audit Committee”) in exercising its obligations in terms of section 94 of the Companies Act, 2008 (“the Companies Act”) in respect of the independence of the external auditor.

Sections 94(7)(d) and (e) of the Companies Act provide that the duties of an audit committee include the following:

- To determine, subject to the provisions of Chapter 3 of the Companies Act, the nature and extent of any non-audit services that the auditor may provide to a company, or that the auditor must not provide to a company, or a related company; and
- To pre-approve any proposed engagement of the auditor for the provision of non-audit services to the company.

## 2. Background

In this policy:

- The term “auditor” refers to the entity, and individual employees of the entity, appointed to provide external audit services to Reunert Limited;
- The term “audit services” includes independent review of financial statements or services that, in terms of legislation, may only be performed by a registered auditor (for example issuing an auditor’s certificate in terms of section 18A(2B) of the Income Tax Act);
- In the context of restrictions on non-audit services the term “auditor” also refers to a related entity (and its employees) to the entity appointed as Reunert Limited’s auditor trading under a similar name as the auditor.

In assessing the provision of services outside audit services, the Audit Committee recognises that there are instances where it is in the interest of Reunert to engage the auditor to provide advisory, consulting, or other non-audit services. These include:

- Services performed in support of or to enhance the quality of the audit; and
- Where the auditor’s knowledge of the business is likely to enhance the quality of the non-audit services or give rise to significant time or cost efficiencies.

## 3. Prohibited non-audit services

The auditor may not provide non-audit services that:

- Will disqualify the auditor from providing audit services (including the services mentioned in section 90(2)(b) of the Companies Act);
- Will result in the auditor being in breach of (or being at significant risk of being in breach of) the Code of Professional Conduct of the South African Institute of Chartered Accountants or the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors; or
- Are, in light of the nature of those services, likely to have a negative impact on the perception of the auditor’s independence by an objective third party.

In principle, the auditor may provide any other non-audit services, subject to the limitation on fees contemplated paragraph 4 below.

## 4. Maximum fees for non-audit services

The fees for non-audit services to be provided by the auditor (the nature of which complies with the criteria of the Audit Committee and inclusive of tax advisory services) may not exceed an aggregate of 20% of the sum of the quoted fee for audit services per financial year.

No single assignment/project may, however, exceed 10% of the fee for audit services for the previous financial year.

In exceptional circumstances management may make specific representations to the Audit Committee to increase the threshold, in the event that circumstances exist which in the view of management justify additional non-audit services. The Audit Committee may, in its discretion, provide specific approval for the increase of the threshold in those circumstances, provided that the Audit Committee is satisfied that the extent of the non-audit services will not impact on the independence of the auditor (that is, that the proposed increase in the threshold will not contravene paragraph 3) and that the rationale for the extension of services is, in the view of the Audit Committee, compelling.

## 5. Delegation of authority to the chair

The chair of the Audit Committee is authorised to pre-approve specific non-audit services if the nature thereof is not in contravention of paragraph 3 of this policy and the extent thereof does not exceed the thresholds contemplated in paragraph 4. This includes the authority to approve adjustments or amendments to the nature or extent of such pre-approved non-audit services, subject to the limitations imposed by paragraphs 3 and 4.

In the event that approval is sought to increase the thresholds contemplated in paragraph 4, the matter must specifically be considered by the Audit Committee.

## 6. Amendments to the policy

The Audit Committee may adopt amendments to this policy at any time.

## 7. Effective date

This policy takes effect on the date of adoption thereof by the Audit Committee.

## 8. Approval of the policy

This policy was adopted by the Audit Committee, following review by its members, on **18 May 2018**.

Signature \_\_\_\_\_

Date: \_\_\_\_\_

The chairman of the Audit Committee