

## **Auditor's independence policy**

### **1 General**

- 1.1. The purpose of this policy is to detail certain responsibilities of the Audit Committee regarding the External Auditor, as laid down in the Terms of Reference at paragraph 5(b), being:
  - making recommendations to the Board in respect of the appointment, re-appointment, removal and terms of engagement, including remuneration, of the External Auditor;
  - reviewing and monitoring the External Auditor's independence and objectivity and the effectiveness of the audit process; and
  - developing and implementing a policy on the engagement of the External Auditor to supply non-audit services.
- 1.2. The external auditor in the context of this policy relates to either the audit firm or person(s) that is/are engaged as group or affiliated firm external auditors ("External Auditor").
- 1.3. This policy requires the Orascom Construction PLC ("OC PLC") External Auditor to be independent in accordance with the International Federation of Accountants (IFAC) / International Ethics Standards Board for Accountants (IESBA) requirements on Statutory Auditor Independence (issued 2011).
- 1.4. This policy is based on the principle that an external auditor must be independent of the company, both in fact and in appearance, to ensure that the external auditor is capable of exercising objective and impartial judgment on all issues covered by his engagement.
- 1.5. The External Auditor will not be considered independent if they, directly or indirectly, maintain a financial, employment or business relationship with OC PLC or provides a service which:
  - creates a mutuality of interest;
  - places the auditor in a position to audit its own work;
  - results in the auditor acting as an OC PLC manager or OC PLC employee; or
  - puts the auditor in the role of advocate for OC PLC.

### **2 Appointment of the external auditor**

- 2.1. The External Audit firm is appointed for a maximum period of eight fiscal years. The Audit Committee will conduct a full assessment of the External Auditor's services every four fiscal years, with interim annual assessments. The Audit Committee will advise the Board, who will communicate the assessment results to OC PLC's Annual General Meeting of Shareholders.
- 2.2. In case the Board proposes to discontinue the appointment of the existing External Auditor, or at a time before the maximum period of eight years has expired, a tender process will be conducted to select a new External Auditor.
- 2.3. With regards the selection of a new External Auditor, firstly, the Executive Director shall advise the Audit Committee, which in turn will advise the full Board. The Board shall then select and propose a new External Auditor. The selected External Auditor will be recommended to the Annual General Meeting of shareholders, which will decide on the appointment.

### **3 Services provided by external auditor**

3.1. The External Auditor can only provide OC PLC with the audit services listed and defined below. “Audit Services” are defined as:

1. the audit of OC PLC’s consolidated financial statements under IFRS;
2. the review of OC PLC’s (interim) consolidated financial statements under IFRS;
3. the statutory audit of OC PLC;
4. audit or reviews of carve-out and special purpose financial statements;
5. providing assurance with regard to other aspects of annual reporting, such as corporate governance, risk management and corporate social responsibility;
6. providing assurance and reporting on research results for fact justifications for regulatory bodies and /or tax authorities;
7. any other statutory tasks related to audit which is imposed by law on the External Auditor or the audit firm (e.g. grant statements);
8. provision of assurance and report of factual findings requested by third parties (e.g. comfort letters);
9. provision of audit and tax compliance related services, provided these services comply with local laws and regulations mandated by the local statutory auditor;

And, only on request by the Supervisory Board, and as part of their regular activities:

10. providing assurance and report of factual findings (e.g. in the fields of internal control, mergers and acquisitions, tax position and structures, and fraud).
- 3.2. The External Auditor and/or its affiliates should not provide any other services to OC PLC or its subsidiaries.

### **4 Audit Committee pre-approval of other services than the audit/review of OC PLC’s consolidated financial statements**

- 4.1. Engagements with an expected professional fee of USD 25,000 or more require prior approval by the (Chairman of) the Audit Committee.
- 4.2. The Audit Committee will be informed on a quarterly basis by the External Auditor in respect of all services provided by the External Auditor and/or its affiliates, which do not form part of the audit and review of the consolidated financial statements (3.1 & 3.2).

### **5 Partner rotation**

- 5.1. OC PLC requires its External Auditor to strike an appropriate balance between ongoing concerns (effectiveness and efficiency, such as audit costs), risk management, independence and credibility. Rotation of the lead (signing) and concurring (reviewing) partner of the OC PLC audit is applied after a period of five fiscal years from the date of appointment. None of these partners may rotate to a different position within the OC PLC audit team for a period of two years.

### **6 Audit Committee’s assessment of the external auditor’s independence and effectiveness**

- 6.1. Each year, the Audit Committee will formally review the External Auditor’s independence. This assessment includes the Audit Committee’s consideration of the:
  - requirements 1-5 as per Schedule 1 of the Terms of Reference of the Audit Committee as adopted by the Board on 28 May 2015;

- type and extent of tax compliance services being provided by the External Auditor;
- fees paid to the External Auditor for audit, non-audit services and tax compliance services, and whether they are appropriate; and
- length of External Auditor's continued tenure, the date of the last tender, and whether the External Audit function should be put out for tender.

## **7 Responsibility of the external auditor**

7.1. The External Auditor will maintain a quality control system which provides assurance that its independence will not be impaired. The External Auditor will report quarterly to the Audit Committee on all aspects concerning independence, including possible conflicts with this policy, if any. The External Auditor will annually confirm its independence in writing.

## **8 Hiring arrangements**

8.1. OC PLC and the External Auditor agree to a restricted hiring policy as follows:

- OC PLC will not hire partners and professional employees of the External Auditor involved in the OC PLC audit within the last two years without the External Audit firm's consent; and
- The External Auditor will not hire senior management from OC PLC for involvement in the OC PLC audit within two years after termination of their employment with OC PLC.

## **9 Maintenance of these Rules**

9.1. The Audit Committee will update these rules if the situation so requires. Any independence issues or conflicts of interests will be communicated immediately to the relevant Exchange Commissions and any other regulatory body as may be legally required.

## **10 Communication**

10.1. OC PLC will communicate its Rules on Auditor Independence and Selection to its stakeholders via its website.

Dubai, 17 November 2015