

## **Policy on Auditor Independence and Provision of Non-Audit Services**

### **1 Appointment and remuneration of Auditors**

The appointment of the Group's independent External Auditors (the "External Auditor") and their associated remuneration for both audit and non-audit services are matters reserved for the Audit and Risk Committee (the "Committee").

The Chief Financial Officer is authorised by the Committee to approve appointments of audit firms other than the External Auditor to conduct audits of subsidiary or associated undertakings of the Group where there is a local statutory or regulatory requirement for such an audit and where the needs of the business are best served by the appointment of a different firm. The Audit and Risk Committee is to be informed on such an appointment.

### **2 Annual Assessment**

The Committee annually shall assess the independence and objectivity of the External Auditor, taking into consideration relevant laws, regulations and professional requirements. This assessment will involve a consideration of all relationships between the Group and the External Auditor including the provision of non-audit services and any safeguards established by the External Auditor.

The Committee will formally consider whether taken as a whole the relationships would appear to impair the External Auditor's independence and objectivity.

### **3 Confirmation of Independence**

The Committee annually shall seek assurance that the External Auditor and its staff have no financial, business, employment or family and other personal relationship with the Group or its directors and employees which could adversely affect the auditor's independence and objectivity.

The Committee shall seek from the External Auditor on an annual basis information about policies and processes for maintaining independence and monitoring compliance with relevant requirements including requirements for the rotation of partners and staff.

### **4 Prohibited Non-Audit Services**

The External Auditor is prohibited from providing the following non-audit services to the Group or any of its subsidiary or associated undertakings in:

- A. The period between the beginning of the period audited and the issuing of the audit report; and
  - B. The financial year immediately preceding the period referred to in point A. in relation to the services listed in points (e) and (h) below
- (a) tax services relating to:
- (i) preparation of tax forms;
  - (ii) payroll tax;
  - (iii) customs duties;

- (iv) identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;
  - (v) support regarding tax inspections by tax authorities unless support from the audit firm in respect of such inspections is required by law;
  - (vi) calculation of direct and indirect tax and deferred tax;
  - (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;
- (f) valuation services, including valuations performed in connection with actuarial services or litigation support services;
- (g) legal services, with respect to:
- (i) the provision of general counsel;
  - (ii) negotiating on behalf of the audited entity; and
  - (iii) acting in an advocacy role in the resolution of litigation;
- (h) services related to the audited entity's internal audit function;
- (i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- (j) promoting, dealing in, or underwriting shares in the audited entity;
- (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:
    - searching for or seeking out candidates for such position; or
    - undertaking reference checks of candidates for such positions;
  - (ii) structuring the organisation design; and
  - (iii) cost control.

## 5 Permitted Non-Audit Services

As well as recognising the requirement to preserve the independence of the External Auditor the Committee also recognises the need to obtain certain non-audit services efficiently, and in a cost-efficient manner.

In certain circumstances the External Auditor may be well placed to provide non-audit services where the delivery of those services is made more efficient due to the External Auditor's knowledge of the Group acquired through its role as External Auditor or where those services complement audit assurance work.

All non-audit services must be approved by the Audit and Risk Committee. For recurring non-audit services which are required by regulation to be performed by the Group's auditor, the Audit and Risk Committee may grant a standing approval, with the fee for these services to be approved in conjunction with the annual audit fee.

Fees for non-audit services must not exceed **70%** of the average of the group statutory audit fees over the previous three years cumulatively, excluding those non-audit services permitted by the FRC in its Ethical Standard 2019 (whitelist of non-audit services) to fall outside of the 70% cap.

This restriction applies to non-audit fees charged by the External Auditor itself and, at a group level, its network.

Non-audit services that are permitted subject to these approvals are:

### Services required by UK law or regulation and exempt from the non-audit services cap

- Reporting required by a competent authority or regulator under UK law or regulation for example;
  - Reporting to a regulator on client assets;
  - Reporting to a regulator on regulatory financial statements;
  - Reporting on a Solvency and Financial Condition Report under Solvency II.
- In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is required to undertake that engagement;
- Reporting on internal financial controls when required by law or regulation;
- Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports.
- Reports, required by or supplied to competent authorities / regulators supervising the audited entity, where the authority / regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider;
- Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where:
  - the provision of such services is time critical;
  - the subject matter of the engagement is price sensitive; and

- it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence;

#### Services subject to the non-audit services cap

- Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation.
- Where not otherwise required by law or regulation, non-audit and additional services, as defined in this Ethical Standard provided as auditor of the entity, or as reporting accountant, in relation to information of the audited entity for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence
- Extended audit or assurance work that is authorised by those charged with governance performed on financial or performance information and/or financial or operational controls, in the audited entity or a third-party service provider, where this work is closely linked with the audit work.
- Additional assurance work or agreed upon procedures authorised by those charged with governance performed on material included within or referenced from the annual report.
- Reporting on government grants;
- Reporting on covenant or loan agreements, which require independent verification, including to third parties with whom the entity relevant to an engagement has a business relationship;
- Services which have been the subject of an application to the Competent Authority in accordance with Regulation 79 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177).
- Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.

## **6 Responsibility**

The Chief Financial Officer is responsible for:

- Ensuring that this Policy is communicated to and implemented by all staff and employees throughout the Group authorised to engage the External Auditors for non-audit work
- Assessing any independence threats arising from the provision of non-audit services to the Group and, where appropriate, approving individual engagements where prior Audit and Risk Committee approval is not required before the service is provided
- Monitoring and reporting to the Audit and Risk Committee, the overall aggregate level of fees for audit and non-audit services,

- Reporting to the Committee summary details of the non-audit services provided to the Group by the External Auditors
- Reporting to the Audit and Risk Committee any significant matters which may impact on the auditors' independence, integrity and objectivity
- Recommending changes or improvements in the Policy to the Audit and Risk Committee.

This policy on auditor independence and provision of non-audit services supersedes all previous policies.