

Tyman plc 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 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 Committee 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.

- Bookkeeping services and preparation of financial information
- Internal audit services
- Corporate finance services
- All tax work unless it has no material effect on the financial statements being audited
- Design, supply or implementation of financial information systems. This prohibition also applies for the 12 months prior to the appointment of a firm as the External Auditor, as well as during the period of appointment.

- Payroll services and processing
- Actuarial services
- Executive management services including the secondment of staff to perform management functions management activities, including working capital and cash management and the provision of financial information
- Recruitment services
- Legal, broking, investment or banking services
- Appraisal and valuation services
- Any other service which the External Auditor considers might impair or appear to impair its independence

5 Pre Approved Audit and Audit Related Services

The following services may be provided by the External Auditor without reference to the Committee, up to a maximum limit of £100,000 p.a. in aggregate, with the proviso that the Committee shall review the fees and expenses payable to the External Auditor in each financial year for both audit and non-audit services.

- Statutory audits of the Group, its subsidiaries and affiliates
- Accountants Reports and associated comfort letters in connection with shareholder circulars, admission documents or listing particulars
- Audit of completion accounts
- Advice and assurance on the interpretation of accounting standards to include IFRS and local GAAP
- Advice on routine tax compliance, planning, advice and technical developments in taxation practices
- Provision of seminars, and training with regards to auditing, tax and accounting matters including the provision of reference materials
- Provision of services for the formatting and filing of statutory accounts and tax returns
- Advice and consultation as to questions, comments of enquiries made by regulatory agencies

6 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

Certain non-audit services provided by the External Auditor are permitted subject to pre-authorisation where those services are not inconsistent with auditor independence and objectivity. Pre authorised thresholds are as follows:

- Estimated non-audit fees in any one year in aggregate of up to **£100,000** by the Chief Financial Officer
- Estimated non-audit fees in aggregate of up to **£400,000** by the Chief Financial Officer following consultation with the Chair of the Committee
- Estimated non-audit fees in aggregate of **greater than £400,000** must be approved by the Committee and, if in aggregate estimated fees for non audit services are expected to be greater than **50 per cent.** of estimated Group audit fees for that financial year then the Committee should review all fees for that financial year, prior to authorising any further non-audit services from the External Auditor.
- Fees for non-audit services should not ordinarily exceed **70 per cent.** of the average of the group statutory audit fees over the previous three years cumulatively. From 17 June 2019 this provision will become mandatory.
- 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:

- Due diligence and related advice for potential acquisitions, disposals or joint ventures provided that any potential conflicts with vendors, purchasers or advisers is resolved
- Advice on complex structured tax planning or tax planning for major corporate activity
- Advice, review and/ or assistance on governance over major projects impacting core IT systems
- Review of IT systems, other controls and risk management processes, provided it is not IT consultancy work
- Data migration reviews
- Advice and assistance with Group corporate and reporting structures;
- Assistance with Government, regional and local grant applications.

7 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 Committee approval is not required before the service is provided
- Monitoring and reporting to the Audit 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 Committee any significant matters which may impact on the auditors' independence, integrity and objectivity
- Recommending changes or improvements in the Policy to the Audit Committee.

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

Approved by the Audit Committee of Tyman plc on 29 January 2019