

## **Policy for the Approval of Non-Audit Services by the External Auditor**

**Approved by the Audit Committee on 17 June 2020 to take effect on 1 July 2020**

When considering the appointment of the external auditor (currently, PwC) for non-audit services relating to Group companies, the FRC's implementation of the EU Audit Regulation and Directive and parts of the Competition and Markets Authority final Order should be adhered to (the 'Legislation'), together with the FRC's Revised Ethical Standard 2019 (the 'Standard').

Non-audit services should not be carried out by PwC where to do so, would compromise its independence. In deciding whether PwC should be appointed to carry out any non-audit services, the skills and experience of PwC to perform the required services, the effect of the non-audit services on the audited financial statements, the potential impact of each project on PwC's independence and objectivity, and the resulting ratio of non-audit to audit fees will be taken into consideration.

Non-audit services will fall into one of two categories:

1. Projects where PwC may be used, subject to Chief Financial Officer ('CFO') approval; and
2. Projects where PwC may be used, subject to the Audit Committee Chair's approval.

PwC should not carry out any other non-audit work.

For the avoidance of doubt, as well as complying with this Policy, which is based on current UK regulations, any non-audit work will need to be compliant with local laws and regulations in order for PwC to perform it.

### **1. Projects where PwC may be used, subject to CFO approval**

There are certain services which are required by law or regulation to be performed by PwC. In some other cases, PwC may be in the best position to perform the services. In providing approval, the CFO will also need to consider whether PwC provide the best mix of cost, speed and quality as compared with other potential suppliers.

The following is a list of non-audit services where PwC may be used with the approval of the CFO:

- Non-statutory audits of financial statements.
- Reporting where required by law or regulation.
- Reporting on IXBRL tagging of financial statements.
- Capital markets engagements where such services are required by law and are time sensitive, price sensitive and it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity gained by being the auditor would be relevant to the service.

The fees relating to these services will not be taken into account when calculating the ratio of non-audit to audit fees.

## **2. Projects where PwC may be used, subject to the Audit Committee Chair's approval**

There are certain permissible services for which there is a likely obvious and compelling reason to use PwC given their understanding of the Group. PwC will only be awarded the work if the Audit Committee Chair is satisfied that the nature of the work to be provided and the basis of the remuneration (i) present no threat to the actual or perceived independence of PwC; and (ii) will not result in the total fees paid to PwC for the services being greater than 70 per cent of the average of the audit fees paid to PwC for the last three consecutive financial years for the audit of the Company and its Group.

The following is a list of non-audit services where PwC may be used with the approval of the Audit Committee Chair:

- Interim financial statements.
- Capital markets engagements not otherwise covered in section 1 above.
- Extended audit procedures on financial or performance information and/or controls where the work is closely linked to the audit.
- Additional assurance or agreed upon procedures work performed on material included in or referenced from the Annual Report and Accounts.
- Reporting on government grants.
- Reporting on covenant or loan agreements, which require independent verification.
- Provision of IBR services to banks / other creditors.
- Provision of factual updates on changes to law, regulation of accounting and auditing standards.

### **Reporting**

A report of all non-audit fees payable to PwC will be provided to the Audit Committee at each Audit Committee meeting, including both actual fees for the year to date and a forecast for the full year, analysed by project and into the categories above as applicable.