

POLICY ON NON-AUDIT SERVICES
provided by external auditors and on occasion alternative providers

Updated and Adopted by the Board on the recommendation of the Audit Committee on 20 May 2020

Non-Audit Services

The FRC Guidance on Audit Committees, published in April 2016, recommends that the Audit Committee develop and recommend to the Board the Company's policy in relation to non-audit services provided by the auditors, taking into account the Ethical Standard and legal requirements, and keep the policy under review (S3.71).

The Audit Committee is responsible for approving non-audit services to ensure that the provision of such services does not impair the objectivity or independence of the auditors. The Committee will apply its judgement concerning the provision of such services including assessing:

- the safeguards to eliminate or reduce threats to the independence and objectivity so that the provision of such services would not compromise the auditors position;
- the nature of such services;
- whether the audit firm was the most suitable supplier;
- the fees incurred; and
- the criteria which govern the compensation of the individuals performing the audit.

POLICY

- 1 The Audit Committee has established this policy to safeguard the independence and objectivity of the Company's external auditor in relation to the provision of non-audit services.

The policy is intended to avoid situations where the auditor's independence and objectivity could be compromised, including but not limited to the following examples:

- 1.1. Where the external auditor would be responsible for auditing work it has performed;
 - 1.2. Where the external auditor would make management decisions on behalf of the Company;
 - 1.3. Where the external auditor would assume the role of advocate for the Company; and
 - 1.4. Where mutuality of interest would be created between the external auditor and the Company.
2. The Audit Committee will determine whether it is satisfied that the independence of the Auditors engaged on the Company's work is not jeopardised, taking into account the Auditors' own submissions to the Committee. The Audit Committee will report to the Board accordingly.
 - 3 As regards the engagement of the Auditors for work beyond that necessary for expressing an opinion on the accounts of the Company, there needs to be a distinction between:
 - 3.1. work that is clearly audit related;
 - 3.2. work that is best performed by the Auditors as a result of their unique position and knowledge of the Company; and
 - 3.3. other work.

FRC guidance provides that there may be specific types of pre-approved non-audit services provided they are "clearly trivial".

Given the limited non-audit services provided to the Company the Committee will consider all non-audit services and approval is required prior to the engagement of any non-audit services. The Committee will use the following guidelines but subject always to their judgement on the independence and objectivity of the auditors and the perception of shareholders in the quality of the audit.

4. In most cases the Committee will consider the suitability of a range of suppliers and select the most appropriate.

The non-audit services cap

The aggregate of fees for non-audit services will not exceed 70% of the average of the fees paid in the last three consecutive years for the audit.

The following non-audit services may be provided by the Company's external auditor:

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

- 4.1. Reporting required by a competent authority or regulator under law or regulation for example;
 - Reporting to a regulator on client assets;
 - in relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA;
 - Reporting to a regulator on regulatory financial statements;
- 4.2. Reporting on internal financial controls when required by law or regulation;
- 4.3. Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports;
- 4.4. 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;
- 4.5. 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:

- 4.6. Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation;
- 4.7. Where not otherwise required by law or regulation, non-audit and additional services, as defined in the FRC's 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;
- 4.8. 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 an entity relevant to an engagement or a third-party service provider, where this work is closely linked with the audit work;
- 4.9. Additional assurance work or agreed upon procedures, authorised by those charged with governance performed on material included within or referenced from the annual report of an entity relevant to an engagement;
- 4.10. Reporting on covenant or loan agreements, which require independent verification, and other reporting to third parties with whom the entity relevant to an engagement has a business relationship in accordance with Appendix C of the Ethical Standard;
- 4.11. Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.

REVIEW AND APPROVAL PROCESS

The Audit Committee will

- consider annually all non-audit services received and the associated costs;
- consider any proposed non-audit services expected to be required in the forthcoming financial year;
- If any non-audit work (as set out in section 4) is proposed to be carried out by the auditors outside the cycle of Audit Committee meetings, **approval prior to engagement** may be obtained from the Chair of the Audit Committee or another member of the committee if the Chair is unavailable; and in all cases notification is to be given to all members; and
- If any non-audit work (as set out in section 4) is proposed to be carried out by a supplier other than the engaged auditor, such will be proposed to the Audit Committee (or the Audit Committee Chair if outside of the regular cycle of Audit Committee meetings) for **approval of engagement and associated costs prior to engagement** and all such services shall be reviewed by the Audit Committee during the year-end review process.

Any work authorised will also be reported to the next full Audit Committee or Board meeting whichever is sooner.