

## POLAR CAPITAL TECHNOLOGY TRUST PLC

### **POLICY ON NON-AUDIT SERVICES provided by external auditors and on occasion alternative providers for the AUDIT COMMITTEE**

**Updated and Adopted by the Board on the recommendation of the Committee on 15 May 2019**

#### **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 current policy on non-audit services was adopted by the Audit Committee in July 2018 and reconfirmed in May 2019.*

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.

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

- 4.1. Work which is clearly audit related;
- 4.2. Reviews of interim financial information;
- 4.3. Consultation and assurance on the interpretation and implementation of accounting standards, financial reporting matters, tax and governance regulations best performed by the Auditors as a result of their unique position and knowledge of the Company; and
- 4.4. Reporting required by law or regulation to be provided by the auditor.

Other services which may be supplied by the auditor or another more suitable supplier:

- 4.5. Due diligence investigations related to potential acquisitions, disposals or joint ventures; and
- 4.6. Project assurance and advice on business process improvement.

5. The following non-audit services may **not** be provided by the Company's external auditor:

- 5.1. Bookkeeping and other services relating to accounting records and corporate financial statements;
- 5.2. The design, implementation and operation of financial information systems;
- 5.3. Actuarial, internal audit and internal control functions;
- 5.4. Executive management of company operations and activities, including acting temporarily or permanently as a director, officer or employee of the Company;
- 5.5. Legal, broker, investment adviser or investment banking services;
- 5.6. Appraisal or valuation services;
- 5.7. Any engagement with significant relevance to and impact on the financial statements.
- 5.8. Advice and assurance in respect of direct and indirect tax matters including tax compliance, routine tax planning advice, tax consultancy services and employee tax services, including share plans;
- 5.9. Internal accounting and risk management control reviews, including information systems, and reviews of policy and procedure compliance; and
- 5.10. Control compliance, attestation reports or reasonableness reports as required by third parties.

6. Fees for non-audit services

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

## **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.