

## **AUDITOR INDEPENDENCE POLICY**

### **Policy and scope**

This policy applies to all controlled undertakings, within and outside of the EU, and entities over which the company has significant influence, including material affiliates, joint ventures and pension funds of the Group; and to all situations where we propose to engage with the external auditor for the provision of non-audit services.

This policy is in place to mitigate any risks threatening, or appearing to threaten, the external audit firm's independence and objectivity arising through the provision of non-audit services, namely services which:

- create conflicts of interest between the external audit firm and the Group;
- result in the external audit firm functioning in the role of management;
- result in a fee which is material relative to the audit fee or to the compensation of the individuals performing the audit;
- place the external audit firm in the position of auditing its own work; or
- place the external audit firm in the position of being an advocate for the Group.

This policy is in line with the recommendations set out in the Financial Reporting Council's (FRC's) Guidance on Audit Committees (2016), the requirements of the FRC's Revised Ethical Standard (2016) and US SEC Independence Regulation S-X on the provision of non-audit services. In line with these recommendations and requirements, an external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude independence is not compromised.

### **Provision of services**

Services available from the auditors are classified into

- audit services,
- audit-related services,
- non-audit services, and
- prohibited services.

Consistent with the general policy outlined above, the External Auditor is permitted to provide the services specified below as audit, audit-related and other non-audit services. The Audit Committee reviews this policy, including the lists of audit-related, tax and other non-audit services annually.

### **Audit services**

Audit services and the associated consent letter process comprise the work that constitutes the agreed scope of the statutory audit of the Company's financial statements, the Group consolidated financial statements and the financial statements of any Group company.

### **Audit-related services**

Audit-related services comprise the work that is outside the required scope of the statutory audit, but is consistent with the role of the external statutory auditor. This category includes work that is reasonably related to the performance of an audit or review and is a logical extension of the audit or review scope, is of an assurance or compliance nature and is work that the auditors must or are best placed to undertake.

Audit-related services include:

- reporting required by law or regulation to be provided by the External Auditor;
- reviews of interim financial information;
- reporting on regulatory returns;
- reporting to a regulator on client assets;
- reporting on government grants;
- reporting on internal financial controls when required by law or regulation;
- extended audit work that is authorised by those charged with governance performed on financial information and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions;
- those limited tax services required by law or regulation to be provided by the External Auditor, and therefore deemed to be Audit Related Services.

Such services shall be pre-approved by the Audit Committee, subject to the reporting requirements set out in section 3.0.

### **Other non-audit services**

Other non-audit services comprise work of an advisory nature that does not compromise the independence of the external auditor, where appropriate safeguards have been implemented.

Other non-audit services include:

- Due diligence related to mergers and acquisitions;
- Accounting consultations and audits in connection with acquisitions and disposals of businesses or in relation to proposed transactions;
- Investment circular reporting accountant engagements, including comfort letters and consents in relation to documents issued in connection with securities offerings;
- Employee benefit plan audits;
- Attestation in relation to matters not required by statute or law (e.g. controls reports).
- Consultations concerning financial accounting and reporting standards not relating to the audit of the group, parent or subsidiary undertakings;
- Other reports required by regulators or assurance services relating to regulatory developments;
- Sustainability audits;
- IT security audits (where this does not extend to designing and implementing internal control or risk management procedures).

All assignments involving a fee exceeding USD 250,000 must be tendered and the best supplier chosen as appropriate on each occasion.

Non-audit services falling within this section must be pre-approved by the Audit Committee.

### **Prohibited services**

The following non-audit services cannot be provided by the External Auditor.

- a) Acting in the role of management, being performing any decision-making, supervisory roles or on-going monitoring functions;
- b) Outsourcing services, secondments and loaned staff;
- c) The following tax services provided to controlled undertakings, material affiliates and joint ventures domiciled in the EU are prohibited:
  - a. preparation of tax forms;
  - b. payroll tax;
  - c. customs duties;

- d. identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;
- e. support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law;
- f. calculation of direct and indirect tax and deferred tax;
- g. Provision of tax advice

For all of these services provided to those controlled undertakings, material affiliates or joint ventures outside of the EU, these services are permissible, subject to Audit Committee pre-approval and the following:

- a. they have no director, in the view of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in aggregate, on the audited financial statements;
- b. the estimation of the effect on the financial statements is comprehensively documented and explained in a report to the audit committee (including consideration of the principles of independence set out in the Ethical Standard), and;
- c. for the purposes of the statutory audit of the financial statements the audit firm would not place significant reliance on the work performed by the audit firm in performing these
  - d) Services that involve playing a part in the management or decision-making of the audited entity;
  - e) Bookkeeping and preparing accounting records and financial statements;
  - f) Assisting in the preparation of financial statements;
  - g) Payroll services;
  - h) 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;
  - i) Valuation services, including valuations performed in connection with actuarial services or litigation support services;
  - j) Legal services, with respect to:
    - a. the provision of general counsel;
    - b. negotiating on behalf of the audit entity;
    - c. Acting in an advocacy role in the resolution of
  - k) Services related to the audit entity's internal audit function;
  - l) 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;
  - m) Promoting, dealing in, or underwriting shares in the audited entity;
  - n) Human resources services with respect to:
    - a. 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:
      - i. searching for or seeking out candidates for such positions; or
      - ii. undertaking reference checks of candidates for such positions;
    - b. Structuring the organisation design;
    - c. Cost
  - o) Fairness opinions or contribution-in-kind reports;
  - p) Actuarial services;

- q) Broker - dealer services;
- r) Corporate secretarial services;
- s) Expert services;
- t) Forecast and projection services;
- u) Tax services to those individuals in a Financial Reporting and Oversight Role (unless those individuals are in a Financial Reporting and Oversight Role solely due to their serving as a member of the board of directors or similar management or governing body);
- v) Sell side due diligence;
- w) Market research and related activities. In performing market research and related activities, the auditor shall present an objective analysis of findings and not provide any form of assurance on the likelihood of outcomes or feasibility of the company's underlying project or initiative. The company shall be actively involved in the design of the market research activity, including providing its agreement on proposed questions, targeted audience and interview participants;
- x) Confidential or aggressive tax transaction services;
- y) Sarbanes-Oxley assistance services;
- z) Involvement in income tax provisions;
- aa) Web hosting services.

#### **Rotation of audit partners**

A work plan will be submitted annually to the Audit Committee, identifying the total fees for all audit-related services, tax services and other non-audit services which it is anticipated will be undertaken by the External Auditor in the following year.

The work plan for each year will be updated and submitted to the Audit Committee at the mid-year and year end.

For all of those services proposed that meet the definition of the pre-approved services, the Audit Committee delegates the approval of such services to the Director of Finance (the 'Audit Committee Delegate').

For those services that do not meet the definition of permitted services in the guidance or there is ambiguity as to nature of the services, then the Audit Committee delegate will seek direct pre- approval from the Audit Committee either at the next meeting of the Audit Committee or between meetings by the Audit Committee Chair.

All non-audit services approved between Audit Committee meetings or those looking for pre- approval at the Audit Committee meeting must be reported to the Audit Committee by the Auditor at the next available meeting.

For the avoidance of doubt, all non-audit services must be pre-approved by the Audit Committee or their delegate (the Controller) prior to commencement irrespective of value. It is the responsibility of the Audit Committee delegate to seek approval.

#### **Rotation of key Partners**

The Company requires its External Auditor to adhere to a rotation policy that is widely accepted and provides an appropriate balance between effectiveness and efficiency, risk management, independence and credibility. As such,

- a) The Group audit engagement partner and the "concurring audit partner of the External Auditor must rotate after a maximum period of five (5) years and may not recommence the provision of any audit or audit-related services to the Company or any Group Company for a further five (5) years. For the purposes of this Policy a

“concurring audit partner” is a partner, independent of the audit team, whose role is to perform an objective review of the significant judgments made by the audit team and the related conclusions reached in forming an opinion on the financial statements; and

b) subject to any specific exceptions agreed by the Audit Committee in extenuating circumstances, all other partners, and directors of the External Auditor who are involved in the audit of the Group’s consolidated financial statements or any Group company’s financial statements will, subject to any legal or regulatory requirements, rotate after a maximum period of seven (7) years and may not recommence the provision of any audit or audit- related services to the Company or any Group Company for a further two (2)

### **Appointment of the auditors**

The External Auditor’s appointment will be for a period of one year, from one Annual General Meeting to the next.

The existing External Auditor may be re-appointed on an annual basis up to a maximum term of ten (10) years. This may be extended to a maximum of twenty (20) years provided that a tender process is conducted at the end of this period and for a further two (2) years in exceptional circumstances as determined by the Board and subject at all times to agreement by the Financial Reporting Council.

The Audit Committee is responsible for making recommendations to the Board, for the Board to put to the shareholders for their approval in general meeting, in relation to the appointment, re- appointment and removal of the External Auditors.

In the event that the existing External Auditor is not re-appointed, a tender process will be applied to select the new External Auditor.

### **Hiring policy**

Subject to any specific exceptions agreed by the Audit Committee in extenuating circumstances, the Group will not seek to:

a) hire any partner, director or senior manager of the External Auditor who has within the preceding two (2) years been involved in the audit of the Company’s financial statements or the Group consolidated financial statements;

b) hire any partner or director of the External Auditor who has within the preceding two (2) years been involved in the audit of any other Group company’s financial statements.

Subject to any specific exceptions agreed by the Audit Committee in extenuating circumstances, the External Auditor is required not to:

(a) hire any officer, director or senior manager of the Group for involvement in the audit of the Company or the Group within two (2) years after termination of their employment agreement with the Group;

(b) hire any officer, director or senior manager of the Group who has been involved in the management of any other group company for involvement in the audit of that group company within two (2) years after termination of their employment agreement with the Group.

### **Responsibilities of the auditors**

The auditors will maintain a monitoring system that provides reasonable assurance that their independence will not be impaired. The auditors will report annually to the Audit Committee on all aspects concerning independence, including possible conflicts with this policy.

The External Auditor is required to maintain a quality control system that provides reasonable assurance that its independence is not impaired.

The External Auditor is required to report annually to the Audit Committee on all aspects concerning independence, including possible conflicts with this policy and if any, and is required annually to confirm its independence in writing.

The External Auditor is required to report annually to the Audit Committee on its system of audit quality controls in general and, in particular, on the audit quality control measures applicable with regard to the Company and the Group.

### **Responsibilities of the Audit Committee**

The Audit Committee will review the External Auditor's appointment annually, involving an assessment of the qualification, expertise and resources of the External Auditor, the nature and quality of the services provided and their value for money, and the effectiveness of the audit process. The Audit Committee's assessment will be informed by a customer satisfaction survey completed by members of the Group's senior management.

As part of its annual review, the Audit Committee will conduct a formal assessment of the External Auditor's independence and objectivity and, where appropriate, will address any changes to this Policy and such other steps as it may consider necessary.

The Audit Committee will have oversight of allegations on the improper influence, coercion, manipulation, or purposeful misleading of any accountant engaged in preparing an audit report by any Company or Group company officers, directors, and persons acting under the direction thereof, for the purpose of rendering the Company's financial statements misleading and will review with the External Auditor any problems encountered in the course of the audit engagement.

In considering whether non-audit services have a direct or not inconsequential effect on the financial statements, the Audit Committee will consider if the level of uncorrected misstatement that is not reported to the audit committee by the external auditors would have a potential impact on the economic decisions that users make on the basis of the financial statements. The estimation of the effect on the audited financial statements will be assessed on a prudent basis taking account of the relevant circumstances.

- When reviewing requests for non-audit services that are not in the 'prohibited non-audit services' list (see below), the audit committee will assess:
  - whether the provision of such services impairs the auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats;
  - the nature of the non-audit services;
  - whether the skills and experience make the auditor the most suitable supplier of the non-audit service;
  - the fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee; and
- The criteria which govern the compensation of the individuals performing the audit

Approved by the Audit Committee on 21st March 2018