



POLICY ON THE PROVISION OF SERVICES BY THE STATUTORY AUDITOR

This document details IG GROUP HOLDINGS PLC's (the "Company") policy in relation to the provision of services by the external auditor ("the Auditor") that is not within the scope of the statutory audit to the Company and its subsidiaries ("the Group") and outlines the control processes that are in place to ensure compliance with this Policy.

1. POLICY STATEMENT

The objectives of this Policy are:

- (a) to preserve the independence and objectivity of the Auditors in performing the statutory audit, and
- (b) to avoid any conflict of interest by outlining both the types of work that the Auditors can and cannot undertake and the considerations that should be applied in assessing potential conflicts of interest.

Non- Audit Services are services other than those undertaken as part of the statutory audit of the Group.

The Policy classifies non-audit services into assignments for which:

- the Auditor can be engaged following authorisation by the Audit Committee of the Board of the Company (the "Audit Committee"); and
- the Auditor are excluded.

The Policy aims to ensure that in providing Non-Audit Services the Auditor are not in a position whereby they:

- Audit their own work:
- Make management decisions for the Group:
- Create a mutuality of interest: or
- Find themselves in the role of advocate for the Group.

Additionally this Policy provides guidance, should there be any perception of a threat to Auditor independence as a result of the provision of Non-Audit Services by the Auditor, as to what constitutes adequate safeguards to ensure the threat to auditor independence is eliminated, or reduced to an acceptable level. The Policy has been developed with reference to the FRC's Ethical Standard for Auditors published in June 2016.

The Policy also clarifies responsibilities for the agreement of fees payable to the Auditor for Non-Audit Services and for the periodic reporting of those fees to the Audit Committee.

2. SCOPE

This Policy applies to the provision of any Non-Audit Services by the Auditor to the Group and must be observed by all business functions and legal entities in the Group.



3. POLICY PRINCIPLES AND REQUIREMENTS

The default position for the provision of Non-Audit Services by the Auditor is that the Auditors should not be engaged for such services.

Any proposal to engage the Auditor for any Non-Audit Service requires the approval of the Audit Committee.

Prior to considering the appointment of the Auditor to carry out Non-Audit Services, business areas and legal entities should ascertain from Appendix 2 to this Policy, whether the proposed service is either a Prohibited or a Permitted service subject to approval.

3.1 Prohibited Non- Audit Services

Certain services are recognised as being wholly incompatible with the provision of independent external audit services. The Auditor cannot provide a Non-Audit Service whereby they:

- Audit their own work;
- Make management decisions for the Group;
- Create a mutuality of interest; or
- Find themselves in the role of advocate for the Group.

Examples of services that are not Prohibited Services are provided in Appendix 2.

The Auditor cannot be appointed to carry out Prohibited Services. There shall be no exceptions.

The Auditor cannot be engaged to carry out any Non-Audit Services engagements where the objectives of such engagements are inconsistent with the objectives of the Group audit.

3.2 Permitted Services

Permitted Services must be carried out in such a way that avoids any risk of incidentally carrying out Prohibited Services.

3.2.1 Audit – related Services

The Auditor may be employed to provide Audit-Related Services.

Audit-Related Services are defined as “those non-audit services that are largely carried out by the Auditor and where the work is closely related to the work performed in the audit and the threats to the independence of the Auditor are clearly insignificant.” Such services are considered compatible with independent external audit services.

Audit- Related Services are:

- Reporting required by law or regulation to be provided by the Auditor;
- Reviews of interim financial information;
- Reporting on regulatory returns;
- Reporting to a regulator on client money and 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 principle terms and conditions. It should be noted that this does not include accounting services.

Any proposal to engage the Auditor for any Audit- Related Service requires the approval of the Audit Committee

3.2.2 Other Additional Services (not being Prohibited Services set out in Appendix 2)

In addition to Audit-Related Services, there are certain services that are best provided by the Auditor because of their existing knowledge of the business, or because the information required is a by-product of the audit process. Such services are typically not required to be provided by the Auditor by regulatory, legislative or contractual requirements however they are also considered to be compatible with independent external audit services.

These may include:

- Services that overlap with the audit process or where the use of a party other than the Auditor would result in significant duplication of audit work, including, for example, specific internal control reviews.
- Services that the Auditors are not required by law to undertake, but where the information largely derives from the audited financial records.
- Acting as Reporting Accountants in conjunction with a prospectus or shareholder circular.
- Other independent assurance work.

Any proposal to engage the Auditor for other Additional Services requires the approval of the Audit Committee

3.2.3 Other Non-Audit Services that is permitted in certain circumstances (not being Prohibited Services set out in Appendix 2)

Any other Non-Audit Services beyond those mentioned in the previous sections might be considered potentially incompatible with independent external audit services and therefore must require case-by-

case consideration. Examples of such services that are permitted in certain circumstances are provided in Appendix 2.

Any proposal to engage the Auditor for other Non-Audit Services referred to in this section requires the approval of the Chief Financial Officer.

In deciding whether to appoint the Auditor to carry out the services detailed in this section, the principal consideration should be to ensure that the provision of the service does not impair the Auditor's independence or objectivity. If there is perceived to be such a threat, then the Audit Committee must satisfy itself that there are adequate safeguards in place to ensure that the threat to auditor independence is eliminated, or reduced to an acceptable level.

Key factors to be considered in approving services include the following:

- whether, in the judgement of a reasonable and informed third party, the objectivity of the external auditor would be threatened by:
 - the nature of the service; or
 - the significance of the fee to the firm or to the audit partner
- the safeguards put in place by the external auditor to protect the objectivity and independence of the audit
- the extent to which business knowledge of the Auditor makes it more effective or cost-efficient to instruct them and whether the skills of the Auditor make it the most suitable supplier of the non-audit services.

Further guidance about threats and appropriate safeguards to ensure the objectivity of the Auditor are given in Appendix 1.

3.3 Approvals and Limits

Where fees are expected to be no greater than £50,000, the Permitted Services (set out in Appendix 2) are deemed to be pre-approved by the Audit Committee. Such Permitted Services remain subject to the approval in writing of the Chief Financial Officer prior to entering into a formal commitment.

Where fees are expected to be greater than £50,000, the Permitted Services must be approved by the Audit Committee. The Audit Committee hereby delegates such authority to approve to the Chairman of the Committee. Such approval shall be in writing and communicated to the Chief Financial Officer or such other person nominated by him prior to entering into a formal commitment.

If the cumulative value of fees from related pieces of work exceeds £50,000, such services shall be aggregated in determining the approval required.

Any approvals to engage the Auditor must be periodically reported to the Audit Committee.

Any Non-Audit Service carried out by the Auditor must be periodically reported to the Audit Committee.



3.4 Requests to engage the Auditor for Non-Audit Services

All requests to engage the Auditor for non-audit services must be sent via email to the Group Financial Controller.

3.5 General

- 3.5.1 Annually, the Audit Committee will ensure that the Auditor formally reports to the Audit Committee and the Board on the safeguards that are in place to maintain their independence as Auditors and on the internal safeguards that they have in place to ensure their objectivity in carrying out Non-Audit Services.
- 3.5.2 The Company's Annual Report shall explain to shareholders how, if the Auditor provides Non-Audit Services, auditor objectivity and independence is safeguarded.
- 3.5.3 The Audit Committee must give its prior approval of the employment of any individual who has been engaged by the Auditor in the audit of the Group within the last annual audit cycle.
- 3.5.4 Management shall provide a summary and description of Non-Audit Services or other fees incurred to date and of approved but yet to be performed services to the Audit Committee at each Committee meeting:
 - a. fees incurred up to the pre-approved threshold of £50,000
 - b. fees incurred above £50,000.

The schedule should also include fees incurred by Deloitte, KPMG, and EY and details of services and estimated costs in the pipeline and in the course of negotiation.

The schedule must also include details of cumulative expected fees in the year and in the previous two financial years as a percentage of audit fees paid in such year.

- 3.5.5 The use of any auditor other than the Auditor for the audits of any regulated Group entities requires the approval of the Audit Committee. The use of other auditors for non-regulated Group entities must be reported to the Audit Committee as part of the reporting of the total audit fees for the Group.

3.6 Adherence

The provisions of this Policy are mandatory. Derogations from this Policy are not permitted. It is the responsibility of the finance functions within each jurisdiction to monitor compliance with this Policy within their specific areas.

A breach of this Policy may result in disciplinary action, which could lead to dismissal.



4. RISK GROUP/CATEGORY

Level 1 Risk: Operational Risk

Level 2 Risk: Process Risk

Level 3 Risks: Reporting and Governance Failures, Roles and Responsibilities, Policies and Procedures, Compliance with regulations

5. FREQUENCY OF REVIEW OF POLICY

This Policy will be reviewed on an annual basis for approval by the Audit Committee.



APPENDIX 1: THREATS AND SAFEGUARDS| MAY 2017

Threat	Explanation	Potential safeguards
Self-interest threat	A self-interest threat exists when the Auditor, its partners or staff has financial or other interests, which might cause the Auditor to be or be perceived to be, reluctant to take actions that would be adverse to the interests of the Auditor or any individual in a position to influence the conduct or outcome of the audit.	Utilisation of separate engagement teams and engagement partners Review of non-audit service fee levels on a periodic basis or prior to approval of the service by the audit Committee. Review is made with reference to each of the overall fee level, the fee level in comparison to the audit fee, the recurring or non-recurring nature of the work and the fee levels significance to the audit firm. Excessive multiples of recurring non-audit fees to audit fees are to be avoided on a long term basis
Self-review threat	A self-review threat exists when the results of a non-audit/additional service performed by the engagement team or by others within the audit firm are reflected in the amounts included or disclosed in the financial statements.	In assessing the significance of the self-review threat, consideration of the extent to which the non-audit service will involve a significant degree of subjective judgment; and have a material effect on the preparation and presentation of the financial statements. Where the provision of a proposed non-audit/additional service would also have a material effect on the financial statements, it is unlikely that any safeguard can eliminate or reduce to an acceptable level the self-review threat.
Management threat	A management threat exists when the Auditor undertakes work that involves making judgments and taking decisions that are properly the responsibility of management.	Partners and employees of the audit firm are prohibited from taking decisions on behalf of the management of the Company or Group. In determining whether a non-audit/ additional service does or does not give rise to a management threat, consideration of: <ul style="list-style-type: none"> - If a member of management has been designated to receive the results of the non-audit/additional service and has the authority to make the required judgments and decisions - If that member of management has the capability to make independent management judgments and decisions based on the information provided. In the absence of such capability, the Auditor cannot perform the non-audit service.
Advocacy threat	An advocacy threat exists when the audit firm undertakes work that involves acting as an advocate for the Group or supports a position taken by management in an adversarial or promotional context.	Where the provision of a non-audit/additional service would require the auditor to act as an advocate for the Group in relation to matters that are material to the financial statements, it is unlikely that any safeguards can eliminate or reduce to an acceptable level the advocacy threat that would exist.



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Threat	Explanation	Potential safeguards
Familiarity (or trust) threat	A familiarity threat arises when the Auditor is predisposed to accept, or is insufficiently questioning of, the point of view of the Group relevant to the engagement	It is unlikely that any safeguards can eliminate or reduce to an acceptable level this threat
Intimidation threat	An intimidation threat arises when the conduct of the Auditor is influenced by fear or threats	It is unlikely that any safeguards can eliminate or reduce to an acceptable level this threat



Service type	Permitted in certain circumstances	Not permitted
Internal Audit	N/A	Services related to the Company's internal audit function
IT Services	N/A	The Auditors cannot be engaged to design, provide or implement internal control or risk management procedures relating to the preparation/and or control of financial information or designing and implementing financial information technology systems.
Valuation Services	<p>Provided they have no direct or, in the view of an objective, reasonable and informed third party, would have an inconsequential effect separately or in the aggregate on the audited financial statements;</p> <p>The effect on the audited financial statements is documented and explained to the Audit Committee;</p> <p>The basic principles of independence are complied with; and</p> <p>the Auditor would not place significant reliance on these services for the purposes of the statutory audit.</p>	Valuation services including valuations performed in connection with actuarial services or litigation support services that do not meet the criteria for permitted valuation services.



APPENDIX 2: EXAMPLES OF PERMITTED AND PROHIBITED SERVICES| MAY 2017

Service type	Permitted in certain circumstances	Not permitted
Litigation Support	Acting as an expert witness, for example, in matters relating to forensic accounting, interpretation of Accounting Standards principles, etc.	If the work would involve the estimation of likely outcome of pending legal matter that could be material to amounts to be included in disclosures in financial statements and there is a significant degree of subjectivity involved.
Human Resource Services	N/A	Human Resource Services
Payroll Services	N/A	Payroll related services
Corporate Finance & Transaction Based Services	Due diligence work in respect of matters which do not have a direct significant and subjective impact on subsequently audited accounts. Provision of assurance services in relation the financial statements such as the issuing of comfort letters in connection with prospectuses issued by the Company.	Services that would involve the audit firm taking responsibility for dealing in, underwriting or promoting shares (including broker –dealer services); or Services that would depend on a judgemental accounting treatment, or on a contingent fee basis if material to audit firm, or the outcome involves a future or contemporary audit judgement relating to a material balance in the financial statements. Services linked to the financing, capital structure and allocation and investment strategy of the Company.
Accounting Services	N/A	Bookkeeping, preparation and maintenance of accounting records or the financial statements that are then subject to audit.



APPENDIX 2: EXAMPLES OF PERMITTED AND PROHIBITED SERVICES| MAY 2017

Service type	Permitted in certain circumstances	Not permitted
Legal services	Provision of general legal advice or advisory services that are not a judgemental matter subject to audit consideration and / or disclosure within the financial statements.	The provision of general counsel; Negotiating on behalf of the Company; Acting in an advocacy role in the resolution of litigation.
Taxation services	N/A	Taxation Services
Other Services	Provision of administration, company secretarial and other incidental services where there is no perceived threat to Auditor independence and no conflicts of interest arise.	Services that involve playing any part in the management or decision – making of the Company.