

## Non-Audit Services Policy

Policy Governance	
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## 1. Policy statement and purpose

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 are 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.

The objectives of this Policy are:

- to preserve the independence and objectivity of the Auditor in performing the statutory audit;
- to avoid any conflict of interest by outlining both the types of work that the Auditor can undertake (permitted services) and cannot undertake (prohibited services) outside of the audit engagement and the considerations that should be applied in assessing potential conflicts of interest; and
- to ensure that the Audit Committee is properly informed about the issues associated with the provision of Non-Audit Services to assist with complying with the provisions of the UK Corporate Governance Code relating to reviewing and monitoring the external auditor's integrity, objectivity and independence.

The Policy has been developed with reference to the FRC's Revised Ethical Standard 2019, published in December 2019 and the US SEC Auditor Independence requirements.

## 2. Scope

This Policy applies to the provision of any services by the Auditor to the Group and must be observed by all business functions and legal entities across the Group.

## 3. Definitions

The important definitions to consider for this Policy are:

- The Audit Engagement
- Non-Audit Services
- Audit Related Services
- Other Additional Services
- Permitted Services
- Prohibited Services

## 3.1 The Audit Engagement

This is the provision of the audit services by the external auditor that is within the scope of the statutory audit of the Group and is covered by the Audit Engagement Letter.

The term 'engagement' is used in the FRC Revised Ethical Standard 2019 specifically to mean an audit engagement (or other public interest assurance engagement).

A fundamental objective of any such engagement is that the intended users trust and have confidence that the audit or assurance opinion is professionally sound and objective. Nothing therefore should be allowed to compromise this overriding objective.

## 3.2 Non-Audit Services

Non-Audit Services are the provision of services by the Auditor that are not within the scope of the statutory audit to the Group. They therefore:

- do not relate to financial information and/or financial controls;
- are not integrated with the work performed in the audit;
- are not performed largely by the existing audit team; and
- are not on the same principal terms and conditions as the audit.

This policy includes two categories of Non-Audit Services:

- Audit related services; and
- Additional services.

All Non-Audit Services, whether audit related or additional services, must be categorised as either permitted or prohibited.

Examples of permitted and prohibited Non-Audit Services are given in Appendix 1 of this document.

### 3.2.1 Audit Related Services

Audit Related Services are those Non-Audit Services, as specified in the FRC Revised Ethical Standard 2019, that are largely carried out by members of the audit engagement team, and where the work involved is closely related to the work performed in the audit.

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 assets;
- Reporting on government grants; or
- Reporting on internal financial controls when required by law or regulation.

In the context of an Audit Engagement, if additional work on financial information or financial controls is authorised by those charged with governance, but the objective

of that work is not to enable the auditor to provide an audit opinion on the entity's financial statements, it will be considered as an 'Audit Related Service' provided that it:

- is integrated with the work performed in the audit and performed largely by the existing audit team; and
- is performed on the same principal terms and conditions as the audit.

### 3.2.2 Additional Services

There are services other than 'Audit Related Services' for which it is generally accepted that the Auditor of the entity is an appropriate provider. 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; or
- Other independent assurance work.

The threats to Auditor independence arising from the provision of such services are not necessarily clearly insignificant. Hence, it is necessary to carefully consider whether such services would give rise to threats to independence.

### 3.3 Permitted Services

Non-Audit Services that the Auditor can undertake in relation to the Group whereby the Auditor's Integrity, Objectivity and Independence would not be compromised.

### 3.4 Prohibited Services

Non-Audit Services that the auditor must not undertake in relation to the Group because the Auditor's Integrity, Objectivity and Independence may be compromised.

## 4. Principles and requirements

### 4.1 Context

This Policy classifies Non-Audit Services into assignments which are either: -

**Permitted** - whereby the Auditor can be engaged following authorisation by the Audit Committee of the Board of the Company (the "Audit Committee");

**Prohibited** - whereby the Auditor cannot be engaged to provide the services.

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

Examples of Permitted and Prohibited services are provided in Appendix 1.

## 4.2 Default Position

The default position for the provision of Additional Services by the Auditor is that the Auditors should not be engaged for such services to avoid compromising the Integrity, Objectivity and Independence of the Auditor. However, the Audit Committee may authorise the engagement of the Auditor by exception if they are permitted services, and subject to the factors for consideration outlined in 4.3.

## 4.3 Factors for Consideration

Prior to considering the appointment of the Auditor to carry out any new Non-Audit Services, business areas and legal entities should ascertain from Appendix 1 to this Policy, whether the proposed service is either a Prohibited service or a Permitted service, subject to authorisation.

Key factors that will be considered in assessing whether Non-Audit Services should be authorised include the following:

- the FRC's Revised Ethical Standard as it relates to Public Interest Entities, as well as the US SEC independence requirements;
- 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;
- the safeguards put in place by the Auditor to protect the objectivity and independence of the Audit; and
- the extent to which the 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.

If, on analysis, it is considered that there are adequate safeguards in place, then the recommendation to use the Auditor for the relevant Non-Audit Services should be forwarded to the Group Financial Controller for written authorisation.

Any proposal to engage the Auditors for Audit Related Services, as defined above, will initially require the written authorisation of the Group Financial Controller. Due to the nature of this type of work the issue of Auditor Independence should always be insignificant and these will generally always be Permitted Services.

If the work is an Audit Related Service and it is proposed to be undertaken by a party other than the Auditor (or the statutory auditor of the company, if different from the Auditor), irrespective of the level of fee involved and irrespective of which entity within the Group the proposed work would be undertaken for, it will be subject to authorisation by the Audit Committee.

## 4.4 Authorisations and Limits

Where fees are expected to be no greater than £50,000 or equivalent, the Permitted Non-Audit Service is deemed to be authorised by the Audit Committee. Such Permitted Services remain subject to the authorised in writing of the Group Financial Controller prior to entering into any formal commitment.

All requests to engage the Auditor for Non-Audit Services must be sent via email to Group Financial Controller.

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

For purposes of this section 4.4, if the cumulative value of fees from related pieces of work exceeds £50,000, such services shall be aggregated in determining the authorisation required.

If the Audit Related Services or Non-Audit Services were already authorised in the immediate preceding financial year, no further written authorisation is required. The fees for the recurring Non-Audit Services will be put to the Audit Committee for approval following the process for Audit Services.

#### 4.5 Reporting

All authorisations by the Chief Financial Officer and the Group Financial Controller to engage the Auditor must be periodically reported to the Audit Committee.

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

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.

The Company's Annual Report shall explain to shareholders how, if the Auditor provides Non-Audit Services, auditor objectivity, integrity and independence is safeguarded.

Management shall provide a summary and description of Non-Audit Services or other fees incurred to date and of authorised yet to be performed services to the Audit Committee bi-annually:

- fees incurred up to the threshold of £50,000; and
- fees incurred above £50,000.

#### 4.6 Use of other auditors

The use of any auditor other than the Auditor for the audits of any Group entity requires the prior authorisation of the Audit Committee, unless it is the incumbent auditor of an acquired entity. The use of the Auditor for statutory audit services and audit related services for new entities does not require authorisation by the Audit Committee.

#### 4.7 Fees

Where the Auditor provides Additional Services outside of the Audit Engagement then the total fees paid to the Auditor for such services for the Group must not exceed 70% of the average fees paid to the Audit firm in the last three consecutive financial years for the Group Audit Engagement work. This applies both at the Group and the UK level.

If a new Auditor is appointed, the cap will apply from the fourth financial period of that engagement.

#### 4.8 Other Matters

The Audit Committee must provide prior authorisation for the employment of any individual, into Grade 3 or more senior, who has been utilised by the Auditor in the Audit of the Group within the last annual audit cycle.

#### 4.9 Adherence

The provisions of this Policy are mandatory and applicable to all employees of the Group. 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.

## 5. Principal 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
  - Process Change Management
  - Compliance with Regulations and Law
  - Records Management

## 6. Frequency of review and update

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



## Appendix 1: Examples of permitted and prohibited services by the auditor

Services that may be authorised in accordance with the section 4.4 of the Policy:

- Audit related services which include:
  - Reviewing interim financial information
  - Reporting to a regulator on client assets
  - Reporting on regulatory returns
  - Reporting on internal financial controls when required by law or regulation
  - Extended audit work on financial information that is authorised in accordance with this policy and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions as the audit.

Services that will not be authorised

- Internal Audit
- IT Services
- Valuation and Actuarial Valuation Services
- Tax Services
- Litigation Support Services and Legal Services
- Recruitment and Remuneration Services
- Corporate Finance, Transaction Related and Restructuring Services
- Accounting Services (excluding advice on the implementation of current and proposed accounting standards)