

GENUS PLC

NON-AUDIT SERVICES BY AUDITORS POLICY

1. Introduction

- 1.1 The Board's policy is to manage its relationship with the Group's auditors in such a way that the independence and objectivity of the auditors is strictly maintained.
- 1.2 The Board recognises that there are situations where by reason of regulation, external public reporting requirements or their knowledge, the incumbent auditors may be in the best position to provide additional services that the group may require.
- 1.3 To ensure that the overall objective of independence is maintained, the Board has determined limits on the type of work that the auditors may undertake and the overall scale of services that can be provided by the auditors.

2. Aggregate monetary limit

- 2.1 The Board has determined that the maximum annual non-audit fee is set at 70% of the last three year average of the audit fee. The Board has the discretion to approve fees of a one off nature in excess of this limit.

3. Permitted Non-Audit Services

- 3.1 The Board has categorised potential non-audit services as:

- (a) prohibited
- (b) permitted

(a) Prohibited services

- Services that involve playing any part in the management or decision-making process of the audited entity
- Book-keeping and preparing accounting records and financial statements/payroll services
- Designing and implementing internal controls related to financial information or designing and implementing financial information technology systems
- All tax compliance services for Genus Plc and its EU registered subsidiaries, including preparation of tax forms, payroll tax, customs duties, identification of public subsidies and tax incentives, support regarding tax inspections by tax authorities, calculation of direct and indirect tax and deferred tax, and the provision of tax advice

- Tax advisory services for non-EU entities not already prohibited by the above. These include (a) promoting tax structures or products, the effectiveness of which is likely to be influenced by the manner in which they are accounted for in the financial statements (b) services where there may be reasonable doubt as to whether the related accounting treatment involved is (i) based on well-established interpretations or (ii) is appropriate and (c) services where this would involve the audit firm acting as an advocate, before an appeals tribunal or court in the resolution of an issue either (i) that is material to the financial statements or (ii) where the outcome of the tax issue is dependent on a future or contemporary audit judgment
- Valuation services
- Legal services/Internal audit/Human resource/Payroll services
- Services linked to financing, capital structure and allocation, and investment strategy of the audited entity
- Promoting, dealing in or underwriting shares in the audited entity

(b) Permitted services

The following services may be engaged, with the pre-approval of the Group Finance Director or Group Finance Controller, where the individual or aggregate annual fee for non-audit services does not exceed £100,000.

For services where an individual fee exceeds £100,000 or for services subsequent to the aggregate annual fee exceeding £100,000, pre-approval is required from the Chairperson of the Audit Committee.

Individual or aggregate annual fees exceeding £100,000 will be reported to the Audit Committee at the next available meeting.

For any services not on the below list, please contact the Group Finance Controller, in advance of any engagement, for a decision on whether the service is permitted.

- Tax compliance services – non EU countries only. These should exclude the preparation of current or deferred tax calculations that are or may reasonably be expected to be used when preparing accounting entries to the financial statements of the audited entity
- Advice on processes or systems, provided this does not constitute the designing and implementation of internal controls, which is complementary to tax-planning and financial reporting matters as well as project assurance services are permitted
- Services related to class transactions, prospectuses etc as required by legislation

- Systems consultancy on non-financial systems. Approval will depend on the specific nature of the services to be performed and the associated system
- Transaction support services such as acquisition due diligence

4. Recruitment of Former Staff

- 4.1 No individual who has been a member of the auditor's audit team of a company within the Group may be recruited for a period of 3 years since ceasing to be such a member without the prior consent of the Chairman of the Audit Committee.

5. Review of this Policy

- 5.1 The Audit Committee will review the detail of this policy on an annual basis.