

# **Pace plc**

## **Policy in Relation to Auditors and Non-Audit Work**

**Approved and adopted by the Audit Committee of the Board on 23 July 2009**

### **1. Purpose**

- 1.1** The principal objective of this Policy is to avoid the distribution of valuable non-audit work to external firms of accountants by Pace compromising the independence of the auditors. This means that, as a general rule, the distribution of non-audit work should be carefully considered in order to assess its impact on the independence of the auditors.
- 1.2** For the purposes of this policy “auditors” shall be taken to include the auditors for the time being of Pace plc and their affiliates and related companies or partnerships.

### **2. Restricted Services**

- 2.1** The following work/services are to be considered restricted services and should not normally be placed with the auditors except where there are exceptional circumstances:
  - 2.1.1** Bookkeeping or other services related to the accounting records or financial statements of the audit client;
  - 2.1.2** Financial information systems design and implementation;
  - 2.1.3** Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - 2.1.4** Actuarial services;
  - 2.1.5** Internal audit outsourcing services;
  - 2.1.6** Management functions or human resources;
  - 2.1.7** Broker or dealer, investment adviser, or investment banking services;
  - 2.1.8** Legal services and expert services unrelated to the audit;
  - 2.1.9** Any other service that the Audit Committee determines is a restricted service for the purposes of this Policy.

### **3. Non-Restricted Services**

- 3.1** Any work directly related to the audit of Pace plc and its subsidiaries should normally be placed with the auditors. This might include, for example, working capital reports in relation to fund raisings or acquisitions which are extensions of or build on the working capital analysis performed by the auditors in connection with their audit services.
- 3.2** Tax compliance work may be placed with the auditors without competitive tendering.
- 3.3** Any other non-audit work which is not a restricted service referred to in 2.1 above (such as tax planning, corporate finance advice, consultancy) may be placed with the auditors in the following circumstances:
- 3.3.1** it is clear that their knowledge of the business provides an indisputable competitive (eg avoidance of duplication) or operational (eg timing) advantage; or
  - 3.3.2** they are the clear winner in a competitive tender

and (in either case) there are appropriate measures in place to protect audit independence consistent with the requirements of this Policy.

### **4. Approval and Monitoring:**

- 4.1** The Audit Committee shall give prior approval of any award of non-audit work to the auditors with a cost in excess of the lower of £50k or 20% of the annual audit fees of Pace plc as disclosed by the most recent audited accounts. In circumstances where it is not practicable to consult the Audit Committee within the timescale required, such prior approval may be given by the Chairman of the Audit Committee.
- 4.2** Below the level of cost referred to in 4.1 above, the CFO's prior approval is required before the award of any non-audit work to the auditors. Any approvals given by the CFO shall be reported to the next meeting of the Audit Committee.
- 4.3** The Audit Committee shall review annually (retrospectively) fees for all non-audit work placed with the auditors (also showing any fees paid to other audit firms).