

## **GLOBAL PORTS HOLDING PLC - POLICY FOR THE PROVISION OF NON-AUDIT SERVICES**

### **1. Introduction**

Global Ports Holding Plc (“**Company**”) is committed to ensuring that the financial statements of the Company and its consolidated subsidiaries (collectively, “**Group**”) are subject to an effective and independent annual audit by its external auditors.

This policy for the provision of non-audit services (“**Policy**”) aims to provide guidance on the types of work that it is acceptable for the external auditors to undertake and to provide clarity on the process to be followed for their approval. In particular, it seeks to define services that the external auditors may not undertake under any circumstances, as well as audit-related services and other services which are likely to be less contentious.

This Policy is intended to ensure a consistent approach across the Group to the approval of non-audit services to be undertaken by the external auditors, and all directors and staff of the Group, including staff which are temporary, contracted or secondees, must comply with this Policy. In addition, the Policy is intended to ensure the Group and its auditors comply with relevant laws and regulation, including the relevant FRC Ethical standard for auditors, as the same exist at the date hereof or may be amended or enacted from time to time.

This Policy will be reviewed on an annual basis by the Company’s Audit and Risk Committee (“**Audit Committee**”).

### **2. Auditor independence**

An important element of good corporate governance is the independence of the external auditors. Within certain parameters, the Group’s external auditors can be used for certain non-audit services. However, independence may be perceived as being compromised if the non-audit services carried out by the Group’s auditors are extensive.

External auditors are required to follow both the International Standard on Auditing (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, and the UK Ethical Standard 1 (revised) “Integrity, objectivity and independence” issued by the UK Auditing Practices Board. Failure to comply with these standards may lead to the risk that the external auditors are unable to sign-off statutory accounts for Group companies in a complete and/or timely manner.

External auditors, or any related company with whom the auditor is associated, should not carry out work that does not relate directly to the discharge of audit functions if it would impair the auditor’s independence or might give rise to a reasonable perception that their independence could be impaired.

No service provided by the external auditors should be the subject of a contingent fee.

### **3. Prohibited Services**

For the purposes of this Policy, “**Prohibited Services**” are any of the services or activities set out in Schedule A to this Policy along with any other services prohibited by relevant regulation. The Group’s external auditors may not provide “Prohibited Services.

### **4. Audit-Related Services and their award**

For the purposes of this Policy, “Audit-Related Services” are assurance services or other work traditionally provided by the external auditors. They usually result in a certification or specific opinion on an investigation and include the following:

- the audit of statutory accounts, the half year review and other services pursuant to applicable legislation;
- advice and assurance on the interpretation and implementation of accounting standards, financial reporting matters and governance regulations;
- due diligence investigations related to potential acquisitions, disposals or joint ventures;
- attestation reports, control compliance or reasonableness reports as required by third parties; and
- project assurance.

Audit-Related Services are detailed in the external auditors’ scope of audit work presented annually to the Audit Committee.

### **5. Permitted Services**

For the purposes of this Policy, all services and activities which are not Audit-Related Services or Prohibited Services are classified as “**Permitted Services**”.

The Group’s external auditors are eligible for selection to provide Permitted Services to the extent that their skills and experience make them a competitive and appropriate supplier of such services provided.

A summary of all Permitted Services provided by the external auditors will be reported to the Audit Committee on a bi-annual basis (in the second and fourth quarter of each year).

### **6. Approval of Permitted Services**

Permitted Services will be considered for approval according to which of the following category they fall into as initially determined by the Head of Internal Audit:

- I. wholly compatible with Audit-Related Services

- II. potentially incompatible with Audit-Related Services, requiring case-by-case consideration
- III. wholly incompatible with Audit-Related Services,

where “compatible” refers to the absence of any reasonable likelihood that the service proposed to be provided would impair the external auditors’ independence or might give rise to a reasonable perception that their independence could be impaired.

Irrespective of the financial thresholds below, if the Internal Auditor has any doubt as to the correct categorisation of any Permitted Services proposed to be provided, the approval of the Audit Committee shall be required.

In any case where the provision of Permitted Services by the external auditors is approved, the CFO, CEO or Chairman of the Audit Committee, as the case may be, shall at the time that the approval is granted ensure that the reasons for deciding to engage the external auditors are documented and that appropriate safeguards are in place prior to them engaging in any potentially incompatible services.

#### ***I. Permitted Services Wholly Compatible with Audit-Related Services***

Services that are wholly compatible in respect of which the aggregate fees for any financial year are anticipated to equal to or below £50k will be deemed to have been pre-approved by the Audit Committee, subject to confirmation by the CFO or the CEO. For each proposed engagement over the £50k annual cap, approval shall be sought from the Chairman of the Audit Committee, who at his or her discretion may refer to the Audit Committee as a whole for approval.

#### ***II. Permitted Services Potentially Incompatible with Audit-Related Services***

Potentially incompatible services may be provided as follows:

- Services in respect of which the aggregate fees for any financial year are anticipated to be at or above £25k - subject to prior approval by the Chairman of the Audit Committee. In granting approval, the Chairman of the Audit Committee will consider whether efficiencies can be achieved by using the external auditor and whether any perception of or real conflict of interest can be managed and may refer to the Committee as a whole for approval if they see fit to do so.
- Services in respect of which the aggregate fees for any financial year are anticipated to be below £25k will be deemed to have been pre-approved by the Audit Committee, subject to confirmation by the CEO or the CFO. In granting approval, the CEO and CFO will consider whether efficiencies can be achieved by using the external auditors and whether any perception of or real conflict of interest can be managed.

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
- whether there are any conflicts of interest for the auditor
- 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 external auditor makes it more effective or cost-efficient to instruct them
- the quantum of non-audit fees in the context of the overall audit fee and the relative significance to the external auditor in the context of their total client fees

### ***III. Permitted Services Wholly Incompatible with Audit-Related Services***

Services that are incompatible will not be provided by the external auditors. Where a firm has provided these services within the previous two financial years, this will be taken into account in assessing their eligibility for appointment as auditor.

## **7. Reporting and independence**

The external auditors will be responsible for maintaining detailed records of all non-audit services undertaken and for ensuring they do not undertake any of the work proscribed above. They will be responsible for advising the CFO if a request for them to undertake non-audit work will result in the limits set by the Audit Committee being exceeded.

The external auditors are requested to confirm their independence in writing at the meeting where they present the external audit plan, and at the meeting where the results of the audit are reported prior to the audit opinion being finalised.

**Approved by the Audit and Risk Committee and full Board on: 16 August 2018**

**PROHIBITED SERVICES**

**1. Prohibited Services applicable to all entities in the Group**

***Management decision-making***

Being involved in the decision-making of the Group.

***Internal audit services***

Internal audit services to the Group where it is reasonably foreseeable that:

- a) For the purposes of the audit, the external auditors would place significant reliance on the internal audit work performed by the external auditors; or
- b) Where the external auditors, for the purposes of the internal audit services, would undertake part of the role of management.

***Information technology services***

Design, provide or implement information technology services for the Group where:

- a) The systems concerned would be important to any significant part of the accounting system or to the production of the financial statements audited by the external auditors, and the persons conducting the audit would place significant reliance upon them as part of the audit; or
- b) Where the external auditors, for the purposes of the information technology services, would undertake part of the role of management

***Valuation services***

Valuation services, where the valuation would have a material effect on the Group's financial statements, either separately or in aggregate with other valuations provided.

***Actuarial valuation services***

Actuarial valuation services, unless the valuation has no material effect on the listed entity's financial statements, either separately or in aggregate with other valuations provided.

***Tax advice where doubts over accounting treatment***

Promoting tax structures or products or providing tax advice to the Group where the external auditors has, or ought to have, reasonable doubt as to whether the related accounting treatment involved is based on well-established interpretations or is appropriate, having regard to the relevant financial reporting framework, including, where applicable, the requirement for financial statements to give a true and fair view.

***Tax services involving a management role***

Tax services to the Group where the service would involve the external auditors undertaking a management role.

### ***Tax advocacy***

Tax services to the Group where this would involve acting as an advocate in the resolution of an issue:

- a) That is material to the Group's present or future financial statements; or
- b) Where the outcome of the tax issue is dependent on a future or contemporary judgement by the external auditors in relation to the financial statements.

### ***•Legal (including litigation support services), broker, investment adviser or investment banking services***

Advice and consultancy on legal issues or investment decisions.

### ***Remuneration services***

Advice on the quantum of the remuneration package or the measurement criteria on which the quantum is calculated, for a director or key management position of the Group.

### ***Corporate finance services***

Corporate finance services, where:

- a) The service would involve the external auditors taking responsibility for dealing in, underwriting, or promoting shares; or
- b) The external auditors have, or ought to have, reasonable doubt as to whether an accounting treatment that is subject to a contemporary or future judgment by the external auditors relating to a material matter in the financial statements, and upon which the success of the related transaction depends:
  - i) Is based on well-established interpretations; or
  - ii) Is appropriate;Having regard to the requirements of the relevant reporting framework, including where applicable for financial statements to give a true and fair view; or
- c) The service would involve undertaking a management role in the entity.

### ***Transaction related services***

Transaction related services, where:

- a) The external auditors have, or ought to have, reasonable doubt as to whether an accounting treatment that is subject to a contemporary or future judgment by the external auditors relating to a material matter in the financial statements, and upon which the success of the related transaction depends:
  - i) Is based on well-established interpretations; or
  - ii) Is appropriate;Having regard to the requirements of the relevant reporting framework, including where applicable for financial statements to give a true and fair view; or
- b) The service would involve undertaking a management role in the entity.

***Accounting services***

Accounting services to a listed entity or significant affiliate of such an entity, or for any other entity where those accounting services would involve the firm undertaking the role of management or the financial information is the subject of an investment circular reporting engagement.

***Other services***

Any other services that is prohibited by the ethical guidance issued by the UK Auditing Practices Board including but not limited to the UK Ethical Standard 1.