London
Stock Exchange Group

AUDIT AND NON-AUDIT SERVICES SUPPLIED BY AUDIT FIRMS

Contents

1. Introduction

This policy relates to the Group's relationship with firms providing external audit services, auditor independence and other services those firms may provide to the Group and its subsidiaries.

It principally covers the relationship with the current external auditors of LSEG plc and all its subsidiaries, but also considers the Group's relationship with all of the "Big 4" audit firms (PwC, Deloitte, Ernst & Young and KPMG) who may provide audit services from time to time or provide consultancy services to the Group.

2. Objectives

The objectives of this Policy are:

- To ensure that LSEG has in place an effective policy and set of procedures covering the relationship with the Group's external auditor
- To ensure auditor independence and integrity of the audit process
- To ensure that all statutory and regulatory obligations in are complied with, which can be obtained from our local regulators.

3. Scope & Application

This Policy applies to LSEG and all entities and operations within the Group. All directors and staff, including temporary, contracted or secondees, must comply with this policy.

4. Risks

External Audit:

As Statutory Auditors of LSEG plc and its subsidiaries in the UK, the 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. This may also result from a failure to provide sufficient information or explanation required for the auditor's report to the shareholders of LSEG. The risk is that External Audit independence is impaired or that potential conflicts of interest arise during the audit process.

5. Risk Appetite and Tolerances

Risk Appetite

LSEG has no appetite for failure to manage and mitigate material risks that would prevent the organisation from obtaining audit sign off in relation to any statutory accounts for LSEG plc or any of its material subsidiaries.

6. Policy Statement

In order to ensure that provision of non-audit services does not impair the independence and objectivity of the external auditor these services will be treated according to which of the following categories they fall into:
(i) wholly compatible with independent external audit services
(ii) potentially incompatible, requiring case-by-case consideration
(iii) wholly incompatible.

Non-audit services cover engagements that are not detailed in the external auditor's scope of audit work presented annually to the Audit and Risk Committee.

The split of potential services between categories is set out in the Appendix.

A summary of all services provided by the auditor will be reported to the Audit Committee on a biannual basis (May and November).

Wholly compatible with external audit services

Services that are wholly compatible can be provided by the external auditor subject to the approval of the CFO or CEO up to an aggregate of £100k in any financial year. For each individual engagement over the £100k annual cap, approval shall be sought from the Chairman of the Audit and Risk Committee, who may refer to the Committee as a whole for approval if they see fit to do so.

Potentially incompatible services

Potentially incompatible services may be provided, subject to case-by-case consideration as follows:

- <u>Services where aggregate fee for the financial year is anticipated to be at or above £50k</u> - 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.
- <u>Services where aggregate fee for the service is anticipated to be below £50k</u> - subject to prior approval by CEO or 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. A summary will be provided to the Audit Committee annually.

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 PwC in the context of their total client fees

The individual engaging with the audit firm is responsible for ensuring that the reasons for deciding to engage the auditors is documented and appropriate safeguards are in place prior to engaging in any potentially incompatible services.

Wholly incompatible with external audit services
Services that are incompatible will not be provided by the external auditor. 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.

Engagement of auditors

Appointment and removal of the Group's external audit firm is a matter reserved for the Audit and Risk Committee.

Audit Partner rotation should be in line with Audit Practices Board Ethical Standards. Audit engagement partner maximum rotation period remains at five years, with a minimum of five years not involved in the audit afterwards. However, flexibility of up to an additional two years is permitted where the Audit Committee believes this is necessary to maintain audit quality and the extension is disclosed to shareholders.

Retendering of the external audit should be approved by the Audit and Risk Committee. Tendering should be in line with the UK Corporate Governance Code, which was changed in 2012 to state that FTSE 350 companies should put the external audit contract out to tender at least every ten years.

Engagement of audit firms

Engagement of any "Big Four" audit firm (PwC, Deloitte, Ernst & Young or KPMG) on any assignment within the Group must be approved in advance by the CFO. Individuals contemplating using any "Big Four" firm should therefore contact the Group Financial Controller who will consider the assignment in the context of appropriate guidance and arrange necessary approval with the CFO. Recurring assignments (e.g. internal audit work) should be approved annually by the CFO in advance of annual fees being agreed.

Employment of former employees of the external auditor
The Group will not employ an individual in the capacity of a Director (including as a non-executive director) of any Group company or in a key management position (defined as member of ExCo or the Leadership Team) where that person has been a partner of the Group's auditors and acted as audit engagement partner or director (or as an engagement quality control reviewer, key partner involved in the audit or a partner in the chain of command) at any time in the two years prior to the appointment.

The Group may appoint an individual other than a partner or director in the roles of Director (including as a non-executive director) of any Group company or in a key management position (defined as member of ExCo or the Leadership Team) where that person has been a member of the Group's audit team in the last two years, subject to prior approval of the CFO and CEO, who will be expected to first consult the Chairman of the Audit Committee.

Appointments of individuals who are current members of the Group's audit teams to any other role in the Group are subject to prior approval by the CFO and (where above £80,000 base salary threshold) CEO and they will have regard to FRC Guidance.

The Audit Committee will annually review the number of former employees of the external auditor currently employed in senior roles to confirm there has been no impairment, or appearance of impairment, of the auditor's independence and objectivity in respect of the audit.

7. Accountability, Delegation of Authority and Ownership

The Group Financial Controller is the policy owner for this policy. The Group CFO is the responsible executive for this policy. The implementation of this policy is overseen by the Audit and Risk Committee.

The Audit and Risk Committee retains the authority to:

- request all information necessary to allow reporting on audit and non-audit services management to be completed; and
- be provided with periodic confirmation from the Group Financial Controller/Group CFO that the policy is being complied with and receive reporting on any significant issues.

The Finance Function and the Group Financial Controller retains the authority to:

- review the policies and confirm that they are in line with standards, regulation and good practice guidelines;
- require the relevant information from individuals engaging with Big 4 firms;

- review and challenge as required information supplied by individuals across the Group and prepare consolidated reporting for the CFO, Chairman of the Audit and Risk Committee and the Audit and Risk Committee.

8. Review cycle

This policy is required to be reviewed by the Group Financial Controller for continuing relevance and applicability. The review process will be undertaken on at least an annual basis and as required when internal or external events indicate a more frequent review is required.

9. Monitoring and Non-Compliance Handling

Reporting

The details of services provided by the external auditor and other Big 4 firms will be reported to the Audit and Risk Committee on a biannual basis (May and November) at an appropriate level of granularity.

Escalation of breaches

- Material breaches of this policy, including any identified issues that could lead to a breach, should be notified to the Group policy owner as soon as is practicable.
- The Group policy owner will advise the CFO and Audit and Risk Committee of any material breaches.

10. Waivers and Exceptions

Any instances where a waiver to this policy is sought must be approved by the Audit and Risk Committee.

11. Additional Information

Non-Audit Services by External Auditor

Services that may potentially be purchased from an external auditor have been categorised below.

The analysis of services between three categories (compatible, potentially compatible and incompatible) follows the approach of the APB Ethical Standard 5 (Revised December 2010, updated December 2011), "Non Audit Services Provided to Audit Clients", ICAEW Guidance for Audit Committees, the EC Recommendation on Statutory Auditors' Independence, and the internal policy of PricewaterhouseCoopers. The analysis below has been reviewed by PwC and incorporates their comments.

Wholly compatible with external audit services

- any independent reporting role in relation to any financial/regulatory report
- any financial reporting related services in relation to merger and acquisition activity (including any takeover attempts)
- consultation on financial accounting or reporting
- specific internal control reviews
- services designated by legislation or regulation as being eligible for the external auditor to carry out
- any other independent assurance work.

Potentially incompatible - for case-by-case consideration

- taxation services - including compliance, advice and planning
- pension and actuarial services
- due diligence reviews
- treasury advisory services
- legal services
- independent “expert work”
- other services which are not otherwise included as wholly compatible or incompatible.

Wholly incompatible

- accounting/bookkeeping services
- provision of internal audit function
- executive recruitment and remuneration services
- valuation services which have a material effect on the financial statements
- actuarial valuation services unless the valuation has no material effect on the financial statements
- any role in which the firm or a partner or employee undertakes any managerial or decision-making function
- services which involve the firm acting as advocate for the Exchange
- services where the outcome involves a future or contemporary audit judgement relating to a material balance
- design, provision or implementation of any systems which are important to any significant part of the accounting system or the production of financial statements (not precluding assurance work on systems designed and implemented by another provider)
- dealing in, underwriting or promoting shares
- any role that involves a mutuality of interest - including any arrangement in which the remuneration depends on the ongoing success of any business venture. One-off success fees will be allowed if the arrangement does not threaten the independence or objectivity of the auditor.

12. Definitions

Insert definitions of significant terms used in the policy as required

Glossary of terms	
Term	**Definition**
APB	Audit Practices Board
PwC	PricewaterhouseCoopers
ICAEW	Institute of Chartered Accountants England and Wales