

Vesuvius plc
(the “Company”)

Non-Audit Services Policy

(Approved by the Audit Committee on 18 February 2020 for application from 15 March 2020)

The UK Corporate Governance Code requires the Company’s Audit Committee to develop and implement a policy on the engagement of the Company’s statutory external auditor(s) (the “External Auditors”) to supply non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance. The primary ethical standard upon which this policy is based is the UK Financial Reporting Council’s Revised Ethical Standard 2019, (the “**Standard**”).

Management retaining outside advisors are at all times responsible for ensuring that the advisor being used is most appropriate for their needs, taking into account quality, resources, fee levels and delivery timings. The use of the External Auditors for the provision of non-audit services is **strictly prohibited** except for specific permitted audit related services as outlined below. All services proposed to be carried out for any Group Company worldwide by its External Auditors must be pre-approved before an engagement is agreed. Pre-approval should be obtained from the Head of Finance or the Chief Financial Officer, who will confirm that the Audit Committee has approved the engagement. Any assignment proposed to be carried out by the External Auditors must also have been cleared the External Auditors’ own internal pre-approval process, to assess the firm’s ethical ability to do the work.

Permitted audit-related services

In addition to the audit of financial statements, the External Auditors will only be permitted to perform the following allowable **audit related** services:

- Category 1. Services which the External Auditors are obliged to perform due to law or regulation, such as regulatory and solvency reports, identified in the list below:**
- Reporting required by a competent authority or regulator under law or regulation for example;
 - Reporting to a regulator on client assets;
 - in relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA;
 - Reporting to a regulator on regulatory financial statements;
 - Reporting on a Solvency and Financial Condition Report under Solvency II.
 - In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is permitted to undertake that *engagement*;
 - Reporting on internal financial controls when required by law or regulation;
 - Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports;
 - Reports, required by or supplied to competent authorities / regulators supervising the *audited entity*, where the authority / regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider;
 - Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where: the provision of such services is time critical; the subject matter of the engagement is price sensitive; and it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence;

Or, Category 2. **Services which could be provided by others (albeit there are typically significant efficiencies to be had when done in combination with the audit such as interim reporting), identified in the list below:**

- Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation;
- Where not otherwise required by law or regulation, non-audit and additional services, as defined in the FRC's Revised Ethical Standard 2019, provided as auditor of the entity, or as *reporting accountant*, in relation to information of the *audited entity* for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence;
- Extended audit or assurance work that is authorised by those charged with governance performed on financial or performance information and/or financial or operational controls, in an *entity relevant to an engagement* or a third-party service provider, where this work is closely linked with the audit work;
- Additional assurance work or agreed upon procedures, authorised by those charged with governance performed on material included within or referenced from the annual report of *an entity relevant to an engagement*;
- Reporting on government grants;
- Reporting on covenant or loan agreements, which require independent verification, and other reporting to third parties with whom the *entity relevant to an engagement* has a business relationship in relation to restructuring services provided to the entity in respect of bank lending or bond funding syndicates;
- Services which have been the subject of an application to the Competent Authority in accordance with Regulation 79 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177);
- Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.

It is not permissible to use the External Auditors to provide any other services (including tax, compliance, legal, HR, IT, Corporate Finance or other advice services).

Category 2 Services Annual Budget

An annual budget for Category 2 services fees proposed to be paid to the External Auditors in the following year will be presented for pre-approval to the Audit Committee each year. Audit Committee approval is required for expenditure in excess of this approved budget.

The total aggregated fees in one financial year for all Category 2 non-audit services shall be limited:

- (i) in respect of each local entity of the External Auditor to which the relevant EU Regulation applies, no more than 70% of the average of its fees received in the previous three consecutive financial years (commencing from 1 January 2017) for the audit it has undertaken on Group Companies; and
- (ii) in respect of each External Auditor and its network, no more than 70% of the average of its fees received in the previous three consecutive financial years (commencing from 1 January 2017) for the audit it has undertaken on Group Companies.