

**Card Factory plc  
(the “Company”)**

**Policy on Non-Audit Services**

**1. Scope and Objectives**

The policy covers the engagement of the Company’s External Auditor to supply Non-Audit Services.

Non-Audit Services covers any engagement where the External Auditor provides professional services to the Company or its subsidiaries other than the statutory audit of the financial statements of the entity concerned.

The objectives of the policy are to:

- Define the process by which Non-Audit Services may be allocated to the External Auditor and approved;
- Ensure the allocation of Non-Audit Services does not compromise the independence or objectivity of the External Auditor;
- Ensure the allocation of Non-Audit Services is compliant with all applicable laws, regulations, and the FRC Revised Ethical Standard 2019; and
- Define the process by which compliance with this policy is reviewed.

**2. Principles**

In order to ensure that the provision of Non-Audit Services does not affect, or appear to affect, the independence and objectivity of the External Auditor, Non-Audit Services shall be allocated in accordance with the following general principle:

***Non-Audit Services shall not be undertaken by the incumbent External Auditor, unless:***

- *The work is pre-approved in accordance with section 3 of this policy;*
- *The work in question is required (either by law, regulation, or the requesting party) to be undertaken by the incumbent External Auditor;*
- *The services provided relate to reporting accountant activity; or*
- *Exceptional circumstances warrant it.*

Non-Audit Services that meet this general principle may be allocated to the External Auditor if and only if:

- The work is permitted by the FRC Revised Ethical Standard 2019 and all other applicable laws and regulations;
- The non-audit fee cap is not breached; and
- Having been satisfied as to the justification for the work to be performed, and that the independence and objectivity of the External Auditor is not compromised, the engagement is approved by the Company’s Audit and Risk Committee.

### **3. Pre-Approved Non-Audit Services**

The following Non-Audit Services are deemed to be pre-approved for delivery by the incumbent External Auditor:

- The review by the External Auditor of the Company's interim financial statements

All other Non-Audit Services shall be subject to the approval process below.

### **4. Approval and Monitoring of Non-Audit Services**

Prior to engagement of the External Auditor to provide Non-Audit Services, the engagement must be approved by the Company's Audit and Risk Committee.

Fees payable in respect of Non-Audit Services that are subject to the non-audit fee cap shall not exceed the non-audit fee cap. The non-audit fee cap for a given financial year is equivalent to 70% of the average audit fees paid by the Company (in respect of the statutory audit of the consolidated financial statements of the Company, and the audits of the financial statements of the Group's subsidiaries) for the preceding three financial years.

A list of Non-Audit Services that may be approved at the discretion of the Audit and Risk Committee is provided in Appendix A.

Where such services are provided by the External Auditor, they must not include any elements of those services that are prohibited by regulation 80 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. Such services include, but are not necessarily limited to, tax, bookkeeping, preparation of accounting records or financial statements, payroll, valuations, internal audit, human resources functions, and any service that involves taking on a management or decision-making role in the Company or its subsidiaries.

This policy provides no delegation or threshold for approval from a person or body other than the Audit and Risk Committee.

Wherever possible, approval shall be obtained in person as part of a scheduled Audit and Risk Committee meeting. In exceptional circumstances or where this is otherwise impractical, approval may be obtained via email. Management shall take reasonable steps to obtain approval from all members of the Committee

The Audit and Risk Committee shall review annually all fees payable to the External Auditor. Such review shall include, where incurred, non-audit fees and an analysis of such fees against the non-audit fee cap.

The Audit and Risk Committee shall review the contents of this policy annually.

### **5. Auditor confirmation of independence**

The External Auditor is required each year to confirm in writing to the Audit and Risk Committee that they have complied with the independence rules of their profession and regulations governing independence, and that they have complied with the requirements of this policy. The External Auditor is required to maintain appropriate records to provide reasonable assurance that its independence from the Company is not impaired.

## **6. Report to shareholders**

The Audit and Risk Committee shall produce annually a report to the Company's shareholders describing the role and responsibilities of the Audit and Risk Committee and the actions taken by it to discharge those responsibilities.

Such a report should include:

- The process by which the Audit and Risk Committee has reviewed the scope of the annual audit and the objectivity and independence of the External Auditors and is satisfied that the integrity of the audit has not been compromised; and
- A summary of any Non-Audit Services provided by the External Auditor during the year under review and an explanation as to how this policy was applied to such engagements.

The annual financial statements for the Company shall disclose the amounts paid to the External Auditors both for audit and non-audit services, with a description of the services provided and confirmation that any Non-Audit Services allocated to the External Auditor comply with this policy

**Approved by the Audit and Risk Committee on 30 November 2023**

## Appendix A – Permitted Non-Audit Services

### Services required by law or regulation, and exempt from the non-audit fee cap

- Reporting required by a competent authority or regulator under law or regulation, for example:
  - Reporting to a regulator on client assets
  - 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.

### Services subject to the non-audit fee cap

- 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 Ethical Standards 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 accordance with Appendix C of this Ethical Standard;

- 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.