

AGGREKO PLC

NON-AUDIT SERVICES POLICY

Introduction

Aggreko's approach to engaging the external auditor for the performance of audit and other services ensures that those services:

- Are approved by an appropriate level of management
- Do not impair the independence of the external auditor
- Are reported to the Aggreko PLC Audit Committee

Any engagement of the external auditor must satisfy applicable rules and legislation, including the independence rules of the auditing profession in the countries in which Aggreko operates.

The external auditor does not have a preferred supplier status for the provision of other services and is to be appointed only when they must, or are best suited to, undertake the work and do not have a conflict of interest due to a relationship with another entity.

Types of Non-Audit Work

The categories of non-audit work along with the related approval level are set out in the narrative below.

- **Statutory and audit related services**
There are certain types of project where the external auditor is best placed to perform the work as it is clearly audit related. Such assignments do not require separate Audit Committee approval as this type of work is pre-approved by the Audit Committee as part of their approval for the total annual audit fee.
- **Permitted non-audit services, subject to approval under this policy**
There are a number of projects and engagements where the external auditor is best placed to perform the work due to their network and knowledge of the business, or experience and market leadership in a particular area. Before engaging in any work of this type, approval is required from the Chief Financial Officer. Approval is required from the Audit Committee Chairman for engagements over **£75,000** and Audit Committee approval is required for engagements of **£200,000** and above.
- **Not permitted**
There are some projects that are not to be performed by the external auditor because these projects would represent a threat to the independence of the audit team, for example it could lead to the external auditor being in a position of auditing their own work.

Appendix 1 sets out examples of the types of engagements described above.

Approval Process

To seek approval for permitted non-audit services, the project sponsor should obtain a proposed scope and fee estimate from the external auditor before work commences. Details of the scope and fee proposal should be submitted (by email) to the Chief Financial Officer for consideration.

If the fee is below £75,000, the Chief Financial Officer will determine whether the work should be approved.

If the fee is above £75,000, but under £200,000, the Audit Committee Chairman will determine whether the work should be approved.

If the total non-audit fees for the year are approaching 75% of the total annual audit fee, the Chief Financial Officer and the Audit Committee Chairman must seek approval for the work from the Audit Committee, even if it is below £200,000.

From a practical perspective, it is unlikely to be possible to convene an Audit Committee meeting each time a project involving the external auditor requires approval. Accordingly, it is proposed that an email circular or conference call is scheduled with a quorum of the Audit Committee for approval to be granted.

If the fees for the project exceed the original estimate by more than 25%, then further approval should be sought in the manner described above.

Reporting

All services provided by the external auditor must be reported annually to the Audit Committee by the external auditor.

Details of the fees paid to the external auditor must be disclosed in the Group financial reports as specified by applicable financial reporting standards.

This policy must be disclosed in the Group Annual Report.

Adopted by resolution of the Audit Committee on 1 March 2017

Appendix 1: examples of the types of engagements that may or may not be awarded to the external auditor.

	Statutory and audit related	Permitted non-audit services (subject to approval under this policy)	Not permitted
Financial statements & external reports	<ul style="list-style-type: none"> • Reporting required by law or regulation to be provided by the external auditor. • Reviews of interim financial information. • Advice on correct accounting treatment of proposed transactions. • Advice on impact of present and future accounting standards and technical advice on any other accounting issues. • Reporting on regulatory returns. • Extended work authorised by those charged with governance of financial information / controls, where this work is integrated with the audit work. 	<ul style="list-style-type: none"> • Preparation of local statutory accounts where these are required to be filed for statutory purposes, whether audited or not. • Reviewing the adequacy of internal controls and recommending improvements. • Acting as reporting accountants in connection with shareholder circulars, capital market issues and comfort letters. 	<ul style="list-style-type: none"> • Preparation of accounting entries. • Bookkeeping. • Preparation of financial information. • Secondment of staff to prepare accounting records or financial statements.
Mergers & acquisitions	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • Advice on accounting implications. • Review of due diligence for auditing purposes. 	<ul style="list-style-type: none"> • Financial due diligence. • Commercial due diligence.
Disposals	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • Audit of pro-forma financial statements. • Advice on correct accounting treatment of disposals. 	<ul style="list-style-type: none"> • Vendor due diligence. • Advice or preparation of sale memorandum. • Acting as broker or taking responsibility for dealing in, promoting or underwriting shares.
Taxation	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • Accounting advice on correct treatment of actual and proposed transactions. • Advice on compliance with statutory requirements. • Preparation of tax accounts to meet local statutory requirements. • Preparation of draft returns and correspondence with tax authorities. • Advice on legal entity share valuations for tax compliance and litigation purposes. • Representing Aggreko in tax audits or challenges where the external auditor has prepared or advised on the preparation of the accounts or returns. • Transfer pricing advice and support. • Providing expatriate tax services.

			<ul style="list-style-type: none"> • Advice on tax planning / schemes, for example a return of capital.
Internal audit	<ul style="list-style-type: none"> • none 	<ul style="list-style-type: none"> • Advice on methodology and systems. • Participation in the evaluation of internal audit. 	<ul style="list-style-type: none"> • Outsourcing of any internal audit work.
Other	<ul style="list-style-type: none"> • Pension fund audits and audit of all other funds associated with the Company. 	<ul style="list-style-type: none"> • IT and internal controls review and advice. 	<ul style="list-style-type: none"> • Systems implementation and consultancy (apart from IT and internal control review and advice). • Secondments to management positions that include decision-making. • Payroll processing. • Corporate strategy advice. • Restructuring services where the external auditor takes on a management or advocacy role. • Any work where a mutual interest could be created that would compromise the independence of the internal auditor.