



## **DOMINO'S PIZZA GROUP PLC**

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**Policy for the provision of Non-Audit Services by the Group's Auditor**

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**30 November 2021**

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## 1. Definitions

**Company** means Domino's Pizza Group plc

**Board** means the board of directors of the Company

**Group** means the Domino's group of companies

**Auditor** means the Group's external Auditor

**Audit Committee** means Domino's Pizza Group plc Audit Committee

## 2. Introduction

The Audit Committee recognises it is important that the independence of the Group's external Auditors, real or perceived, is not impaired through the provision of non-audit services. This document summarises the Group's policy and procedures for the engagement of the Auditors on non-audit assignments. It also sets out the Group's requirements for the pre-approval and reporting of fees for non-audit services.

## 3. Non-Audit Services

The Auditors are eligible to provide non-audit services to the extent that their skills and experience makes them a competitive and most appropriate supplier of the services. However, in general, no services may be undertaken by the Auditor unless it appears on the approved list of activities below and has been pre-approved in accordance with this policy. The list of prohibited non-audit services has been drawn up with reference to the Financial Reporting Council's (FRC's) Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). If there is any doubt as to whether work may be undertaken by the Auditor, the Group Chief Financial Officer or the Company Secretary should be consulted before any approval is sought.

The Auditor may not provide any services on an individual or aggregate basis to the Group on a 'fee-free' basis in anticipation of successfully gaining future non-audit work.

When assessing the non-audit services for approval, the Audit Committee will take the following into consideration:

- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
- whether there are safeguards in place to ensure that there is adequate mitigation of the threat to the objectivity or independence in the conduct of the audit resulting from the provision of such services by the external Auditor; and
- the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit fee.

#### 4. Prohibited Non-Audit Services

The Group must not engage the Auditor which would result in the Auditor:

- auditing its own work;
- creating a conflict of interest;
- providing any service on which management may place primary reliance in determining the adequacy of internal controls, financial systems or financial reporting; and
- providing services where the Auditor is making judgments or taking decisions that are the responsibility of management.

More specifically, the Auditor cannot be engaged to perform any of the services as set out in Regulation 80 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177), which have been summarised in Appendix A. The list of prohibited services may only be varied by the Audit Committee.

#### 5. Permitted Non-Audit Services

Under this Policy it has been agreed that, due to their significant understanding of the Group's business and therefore ensuring cost efficiency and confidentiality, the Auditors may be engaged for the non-audit services detailed in Appendix B, which has been prepared in line with the FRC's Revised Ethical Standards (2019). If there are any proposed services which do not appear in either Appendix A or B, it should be presumed that it is a prohibited activity and further guidance should be sought from the Group Chief Financial Officer or the Company Secretary.

#### 6. Approval of Non-Audit Services

Any proposed non-audit services must be pre-approved in accordance with this section and a detailed description of the proposed services, including timescales, costs and deliverables must be submitted to the Group Chief Financial Officer. Any service requiring Audit Committee Chairman or Board approval must first be approved by the Group Chief Financial Officer.

All non-audit work undertaken by the Auditor (regardless of whether it will be delivered in one or more financial years) must be pre-approved in accordance with the following authority levels:

- a) Projects of a minor nature (considered to be 'insignificant or immaterial') may be approved by the Group Chief Financial Officer up to £25,000 per project (£75,000 in the aggregate in any financial year);
- b) Where an individual piece of work is expected to exceed £25,000 but be less than £150,000 the work shall be approved by the Chairman of the Audit Committee; and
- c) Where an individual piece of work is expected to exceed £150,000 the work shall, having first been approved by the Chairman of the Audit Committee, be approved by the Board.

Where approval has been provided and the approved cost is later expected to be exceeded, further approval must be sought by reference to the new cost in accordance with the above thresholds.

In each case a full justification for the additional cost must be provided.

In accordance with EU Audit Reform, applicable from 17 June 2016, permitted services provided by the Auditor will be subject to a cap of 70% of the average of the fees paid in the last three consecutive financial years. The classification of allowable services and treatment under the cap is set out in Appendix B.

## **7. Reporting of Non-Audit Services**

All non-audit services approved by the Group Chief Financial Officer and/or the Audit Committee Chairman shall be reported to and ratified by the next meeting of the Audit Committee.

On a six monthly basis, or at the request of the Audit Committee, the Company Secretary shall provide the Audit Committee with a consolidated report detailing all approvals provided during the period/financial year. Any services that are likely to exceed the original approvals shall be identified and a full update provided.

On an annual basis:

- a) the Auditors will make a statement confirming that all work they have performed has not breached their internal ethical guidelines and rules on independence; and
- b) the Group Chief Financial Officer will confirm to the Audit Committee that the Group's management is satisfied that the independence of the Auditor has been maintained.

## Appendix A – Prohibited Non-Audit Services

- Tax services relating to:
  - o preparation of tax forms.
  - o payroll tax.
  - o customs duties.
  - o identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law.
  - o support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law.
  - o calculation of direct and indirect tax and deferred tax.
  - o provision of tax advice.
- Services that involve playing a part in the management or decision-making of the audited entity.
- Bookkeeping and preparing accounting records and financial statements.
- Payroll services.
- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems.
- Valuation services, including valuations performed in connection with actuarial services or litigation support services.
- Legal services, with respect to:
  - o the provision of general counsel;
  - o negotiating on behalf of the audit entity;
  - o acting in an advocacy role in the resolution of litigation
- Services related to the audit entity's internal audit function.
- Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity.
- Promoting, dealing in, or underwriting shares in the audited entity.
- Human resources services with respect to:
  - o Management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
    - searching for or seeking out candidates for such positions; or
    - undertaking reference checks of candidates for such positions.
- Structuring the organisation design.
- Cost control.

## Appendix B – Permitted Non-Audit Services

### Services required by law or regulation and exempt from the cap on non-audit services

- Reporting required by a competent authority or regulator under law or regulation for example:
  - o Reporting to a regulator on client assets.
  - o In relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA.
  - o Reporting to a regulator on regulatory financial statements.
  - o 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 an 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 services 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 FRC Ethical Standard 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 the FRC 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.

Note: All non-audit services must be approved in advance in accordance with this Policy.