

Auto Trader Group plc (the “Company”)**The provision of non-audit services by the external audit firm****1. Introduction**

This paper sets out the policy for the provision of non-audit services by the External Auditors to the Company and/or its subsidiaries (together, “the Group”).

2. Objective

The External Auditors are primarily engaged to carry out statutory audit work. There may be other services (“non-audit services”) where the External Auditors are considered to be the most suitable supplier by reference to their skills and experience. The objective of this policy is to ensure that the provision of such services does not impair the external auditor’s independence or objectivity.

3. Non-audit services related to the statutory audit (“Audit-related services”)

Audit related services may be undertaken by the External Auditors in their role as auditor or reporting accountant. These would include the following types of services:

- Review of interim financial statements;
- Compliance certificates in relation to banking facilities, loan agreements or covenants;
- Reports to regulators required by statute or regulations; and
- Reviews commissioned by the Audit Committee (subject to the services not being prohibited).

4. Acceptable non-audit services

In the absence of any apparent threat to independence, or where the External Auditor has put in place appropriate and sufficient safeguards, the External Auditors may be considered to supply services that are routine in nature and where the fee is not significant in the context of the audit fee. This would include services of the following types:

- Tax compliance and advisory services;
- Mergers, acquisition, disposals and joint venture work, including structuring and due diligence;
- Benchmarking services;
- Review or audit of Completion accounts;
- Liquidation/dissolution advice in relation to subsidiary companies;
- Corporate governance advice;
- Work in connection with any transaction which requires a circular
- Work relating to capital raising i.e. debt, leases or equity; or
- Agreed upon procedures or reports provided to management in relation to particular transactions.

The above list is non-exhaustive. Services which are not listed above (and are not prohibited) may be acceptable, and must be referred to the Audit Committee for approval as outlined in section 6 below.

5. Prohibited non-audit services

In line with guidance issued by the Auditing Practices Board and the ICAEW, the following services cannot be provided by the External Auditor to the Group:

- Maintenance of accounting records or preparation of financial statements;
- Management of, or significant involvement in, Internal audit services;
- Valuation services including Actuarial valuation services, in connection with amounts to be included in the financial statements;
- Financial information systems consultancy, design or implementation;

- Tax structures or products where the effectiveness is likely to be influenced by the manner in which they are accounted for in the financial statements;
- Preparation of current or deferred tax calculations that are material to the financial statements;
- Recruitment services;
- Advising the Remuneration Committee (other than general assistance relating to appropriate levels of disclosures and accounting advice);
- Secondment of staff in any management role that involves decision making;
- Engagements with contingent fee arrangements;
- Litigation support services in respect of an issue which is material to the financial statements; or
- Any other work where the auditor's objectivity and independence are compromised by the threat of self-interest, self-review, management, advocacy, familiarity or intimidation.

6. Safeguards

In order to provide safeguards to auditor independence in the provision of non-audit services the following safeguards are in place:

Approvals

Except in exceptional circumstances related to urgent transactions, the Audit committee must approve the provision of all non-audit services by the external auditors.

- Audit related services and Acceptable non-audit services, as set out above, are considered to be approved by the Audit Committee to a level of £100,000 for each individual engagement, and to a maximum aggregate of £200,000 for each financial year.
- Audit related services and Acceptable non-audit services in excess of £100,000 for the individual engagement, or where the engagement would result in the aggregate of non-audit Services for that financial year to exceed £200,000, the Audit Committee must approve the engagement before commencement of the work.

In exceptional circumstances related to urgent transactions, the Chair of the Audit Committee may approve the engagement on behalf of the Audit Committee.

Reporting

The Audit Committee shall receive reports twice a year detailing the fees paid to External Auditors for the provision of non-audit services

The Report of the Audit Committee in the Annual Report of the Company will disclose the total expenditure on non-audit services provided by the External Auditor, and will explain the nature of those services and how auditor independence and objectivity has been safeguarded.