
PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITORS

A key responsibility identified in the terms of reference of the Pharos Energy plc (**Pharos**) audit committee, known as the Audit and Risk Committee (the **Committee**) is the development and recommendation to the Board of a policy on the engagement of the external auditor to supply non-audit services, including the prior approval of non-audit services by the Committee, and specifying the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:

- threats to the independence and objectivity of the external auditor and any safeguards in place;
- the nature of the non-audit services;
- whether the external audit firm is the most suitable supplier of the non-audit service;
- the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
- the criteria governing compensation.

Since December 2010, Pharos has operated the policy that all non-audit services must be pre-approved by the Committee.

The purpose of this policy is to ensure that the provision of non-audit services by the external auditors does not impair the external auditors' independence or objectivity. In the context of non-audit services that are not prohibited by law, the Committee will apply judgement concerning the provision of such services.

Any proposal to engage the auditors to provide a non-audit service which could give rise to a threat of any significance to the auditors' objectivity and independence must be approved by the Committee regardless of the proposed fee. The external auditors will also be required to confirm to the Committee that they can provide the service without threat to their independence, in accordance with the Financial Reporting Council's Revised Ethical Standard (**FRC RES**) 2024 (effective 15th December 2024), before proceeding.

Permitted non-audit services

Services set out below may be provided by the external auditors with prior clearance from the Committee. A request to engage the external auditors for permitted non-audit services must initially be submitted to the Chief Financial Officer. If appropriate, the request will then be submitted to the Committee.

Audit related services (para 5.35 - 5.38 of the FRC RES 2024)

Services would typically be carried out by members of the external auditors' team, where the work involved is closely related to the work performed in the audit and the threats to auditor independence may be clearly insignificant, include:

- reporting required by law or regulation to be provided by the auditors

- interim financial reviews
- regulatory returns
- reporting to the regulators
- reporting on government grants
- reporting on internal financial controls when required by law or regulation
- extended audit work, where this work is integrated with the audit work and is performed on the same principal terms and conditions

Other permitted services (para 5.39 FRC RES 2024)

Includes any services which do not fall within audit related and are not prohibited.

Any service falling in this category will only be permitted by the Committee when the external auditors have properly assessed any threats to their independence in accordance with FRC RES 2024. The Committee will make their assessment of the proposed service(s).

Types of service within this category include:

- reports which are not 'audit related services', required by the 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 (e.g. a skilled person review required under s166 FSMA)
- public reporting as reporting accountant on financial or other information of the audited entity in a circular
- private reporting to support confirmations provided by the sponsor to the FCA in relation to a circular
public reporting on other information issued by the entity, such as reports on information in the front of annual reports not covered by the auditor's report on the financial statements.

Prohibited non-audit services (Appendix B FRC RES 2024)

The following is a summary of the prohibited non-audit services in relation to a public interest entity (PIE, a term that includes listed companies):

- the majority of tax services
- management or decision-making of the audited entity
- services linked to financing, capital structure and allocation, and investment strategy of the audited company (other than assurance services in relation to the financial statements)
- bookkeeping and preparing accounting records and financial statements
- payroll services
- internal audit services
- the majority of legal and human resources 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
- promoting, dealing in or underwriting shares in the audited entity.

In addition, the external auditors may not be engaged to provide a non-audit service when the objectives of the service would be regarded by a reasonable and informed third party as conflicting with the objectives of the audit. This would be the case in particular when the

outcome of the service would have a material effect on the preparation or presentation of the financial statements.

Fees and reporting

A report on the non-audit related expenditure will be provided at each meeting for ratification by the Committee. The report will include the engagements entered into thus far during the year, the category of work, the fee incurred or to be incurred and the current ratio of non-audit work fees relative to the expected annual audit fee.

The Committee will also report to the Board at least annually on how it has discharged its responsibilities under or in connection with this policy, including in relation to any improvement or action it considers necessary.

Approval for this statement

This statement was approved by the Board of Directors on 18 March 2026.



Katherine Roe
Chief Executive Officer
18 March 2026