

Appendix 8

Group Policy for the Provision of Non-Audit Services by the External Auditor

1. In line with the Financial Reporting Council's Revised Ethical Standards (dated June 2016) this policy is designed to assist the Group and each of its subsidiaries in ensuring that the engagement of the external auditors to provide non-audit services:
 - a) is only done in appropriate circumstances;
 - b) is transparent; and
 - c) does not impair the judgement or independence of the external auditors.
2. The Audit Committee has decided to categorise the type of services in the following fashion:
 - a) "Audit related" which involves:
 - i. Reporting required by law or regulation to be provided by the auditor;
 - ii. Reviews of interim financial information;
 - iii. Reporting on regulatory returns;
 - iv. Reporting to a regulator on client assets;
 - v. Reporting on government grants;
 - vi. Reporting on internal financial controls when required by law or regulation and;
 - vii. Extended audit work that is authorised by those charged with governance performed on financial information and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions.
 - b) "Permitted non-audit", where the external auditor shall be permitted by the Audit Committee, in appropriate circumstances, to provide services and which include:
 - i. Reports, that 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. These might include, for example:
 - in relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA; and
 - other reports provided for under the rules of a competent authority / regulator.
 - ii. Audit and other services 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 for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence. These might include, for example:

- audit and other services relating to public reporting as reporting accountant on financial or other information of the audited entity in a prospectus or circular (including reports that may be required by the Prospectus Rules, the Listing Rules and the Take Over Code);
- services, including private reporting, that are customarily performed by the reporting accountant to support statements made by the directors, disclosures in a prospectus or circular or, in the case of premium listed issuers, to support confirmations provided by the sponsor to the FCA and;
- audit and other assurance services relating to 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.

The above list is not intended to be fully comprehensive and does not preclude other services being provided.

- c) "Reserved non-audit", where the external auditor will not be permitted by the Audit Committee to provide services and which include:
- a) tax services relating to:
 - i) preparation of tax forms;
 - ii) payroll tax;
 - iii) customs duties;
 - iv) identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
 - v) support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
 - vi) calculation of direct and indirect tax and deferred tax and;
 - vii) provision of tax advice.
 - b) services that involve playing any part in the management or decision-making of the audited entity;
 - c) bookkeeping and preparing accounting records and financial statements;
 - d) payroll services;
 - e) 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;
 - f) valuation services, including valuations performed in connection with actuarial services or litigation support services;
 - g) legal services, with respect to:
 - i) the provision of general counsel;
 - ii) negotiating on behalf of the audited entity; and
 - iii) acting in an advocacy role in the resolution of litigation.

- h) services related to the audited entity's internal audit function;
 - i) 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;
 - j) promoting, dealing in, or underwriting shares in the audited entity;
 - k) human resources services, with respect to:
 - i) 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 position; or
 - undertaking reference checks of candidates for such positions.
 - l) structuring the organisation design; and
 - m) cost control.
3. Any decision on the use of external advisors in respect of accounting, audit and/or tax advice outside the audit engagement must only be taken following consultation with the Chief Financial Officer.
4. The Chief Financial Officer shall have the power to commission non-audit services (permitted non-audit and/or reserved non-audit) from any firm, whether the external auditors or not, where the prospective value of fees shall not exceed £100,000. Any proposed engagement of a firm to provide non-audit services at a prospective fee level greater than £100,000 shall require the prior approval of the Audit Committee.
5. The Group and each of the Subsidiaries shall seek to operate this policy in such a way that the best service provider is engaged as is appropriate to the individual circumstances.
6. The external auditors may be commissioned to provide audit related services and permitted non-audit services on the following basis:
- a) for any such services other than those referred to at paragraphs 2 (a) (i) to (vi) inclusive, the external auditor shall only be engaged where other providers are not practical or available (or are conflicted) and management concludes that the external auditor will not have to review its own work or output as part of the audit process;
 - b) a tender process (whether formal or informal) shall be considered;
 - c) the external auditor may be used as a supplier of corporate finance assurance services (such as review of completion accounts on a disposal) where that firm has the most relevant knowledge.
7. Where there is an urgent need to engage the external auditors for permitted non-audit services above the threshold referred to in paragraph 4, the Chief Financial Officer can discuss and agree the matter with the Chairman of the Audit Committee and report their conclusion at the next Audit Committee meeting.
8. The cost of all non-audit services provided by the auditors, both permitted non-audit services and, in exceptional circumstances, reserved non-audit services, will be

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reported to the Board annually. The Chief Financial Officer shall be responsible for obtaining such a report from the auditors.

9. The Audit Committee shall also receive from the Chief Financial Officer (for information only) a report in respect of each financial year which sets out all external professional services fees.
10. The non-audit services provided by the auditors are to amount to no more than 70% of the audit fees charged to the Group within any financial year.
11. When assessing non-audit services for approval the Audit Committee will take the following into consideration:
 - a) whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
 - b) whether there are safeguards in place to ensure that there is no threat to the objectivity or independence in the conduct of the audit resulting from the provision of such services by the external auditor;
 - c) the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit fee; and
 - d) the criteria which govern the compensation of the individuals performing the audit.
12. The Audit Committee will not give approval for non-audit services to be provided by the Group's external auditors which would result in:
 - a) the external auditor auditing its own firm's work;
 - b) the external auditor making management decisions for the Group;
 - c) a conflict of interest being created; or
 - d) the external auditor being put in the role of advocate for the Group.

The Group's external auditors will confirm from time to time that they cannot perform these services.
13. For information, the Group's current external auditors have also confirmed that, as a matter of internal policy within the firm, all non-audit services are referred to the audit partner for approval in the first instance and that their own policy excludes them providing the following services for audit clients:
 - a) internal audit (with a few very limited exceptions);
 - b) secondments to senior positions that involve any decision making;
 - c) valuations that will be included in the financial statements; or
 - d) litigation support.