

SOFTCAT PLC (the “Company”)

Policy for non-audit services to be provided by the External Financial Auditor

1 Scope

The Audit Committee (the “Committee”) of the Board is responsible for the appointment, compensation and oversight of the work of the external financial auditor. In addition to audit services (which require explicit approval by the Committee), the Committee is required to pre-approve any other services provided or performed by the external financial auditor which exceed the limits outlined in Section 4 of this policy.

2 General Policy

The primary objective of this policy is to ensure that the provision of any non-audit services does not impair the external auditor’s independence or objectivity, and guarantee ongoing adherence to applicable regulations.

The Company may only use the external financial auditor (other than for the audit and audit-related services outlined below) in cases where these services or the levels of fees involved do not create an actual or apparent conflict with the auditor's independence and objectivity.

In this context, the Committee should consider:

- whether the skills and experience of the audit firm make it the most suitable suppliers of the non-audit service;
- whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditor;
- the nature of the non-audit services;
- the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee;
- the criteria which govern the compensation of the individuals performing the audit; and
- the application of any relevant Revised Ethical Standard issued by the Financial Reporting Council.

The external financial auditor is not independent if it, directly or indirectly, maintains a financial, employment or business relationship with the Company or provides services which:

- create a mutuality of interest;
- place the external financial auditor in a position of auditing their own work;
- result in the external financial auditor acting as a director, manager or employee of the Company; or
- place the external financial auditor in the position of advocate for the Company.

External audit firms normally have their own policies regarding the abovementioned factors. It is suggested that the external auditors disclose on an annual basis, before their re-appointment for the next financial year, their policies in this regard to the Committee and confirm that the policies had been adhered to.

3 Services

The external auditor is permitted to provide the following audit and other (non-audit) services:

3.1 Audit and audit related services

- a) Statutory audits of annual financial statements - statutory audit of the financial statements of the Company including the going concern review and the financial statements of its subsidiaries, branches, associates, employee benefit trust and joint ventures (where applicable);
- b) Review of half year financial statements - review of the half year financial statements of the Company;
- c) Internal Control Reviews - review of internal controls related to specific operations and/or business processes.

3.2 Other (non-audit) services

Other services which the external financial auditor can provide may include:

- a) Employee Benefit Plan Audits - Audit of financial statements of pension and other employee benefit plans;
- b) Assurance Statements - the issuance of assurance opinions in connection with documents or data published by the Company;
- c) Issuance of Comfort Letters - issuance of comfort letters in respect of information provided to third parties including debt covenants, royalty/licence arrangements and stock confirmation;
- d) Consultation regarding Accounting Policies - discussion and review of the impact of new accounting standards and accounting for acquisitions and other one-off transactions;
- e) Acquisition Due Diligence - assistance in financial and tax due diligence, including review of target financial statements, financial data and records and discussion with target's finance and accounting personnel;
- f) Working capital analysis;
- g) Appraisal or fairness opinions (e.g. in connection with the Company's employee share plans);
- h) Investigations (where not material, e.g. of a forensic nature).

3.3 Prohibited Services

The external auditor is not allowed directly or indirectly to provide the following services:

- a) Tax Services relating to:
 - i) preparation and/or review of tax forms;

- ii) Payroll tax;
- iii) Customs duties;
- iv) identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;
- v) support regarding tax inspections by tax authorities unless support from 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 a 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 IT 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 audit 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 that 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;
 - ii) structuring the organisation design; and
 - iii) cost control.

The services referred to in 3.3 (a) (i), (a) (iv) to (a) (vii) and (f) may be provided if, in the opinion of the Audit Committee, the requirements set out in the Revised Ethical Standard 2019 in respect of threats and safeguards are satisfied.

4 Limits of authority

In accordance with the Revised Ethical Standard 2019 published by the Financial Reporting Council, the level of all aggregated non-audit fees shall at all times be restricted to the level of the cap imposed by applicable regulations, which requires that:

- a) fee income from all permitted non-audit services listed in 3.2 provided to the Company shall be limited to no more than 70% of the average of the fees paid in the last three consecutive financial years for the audit of the Company; and
- b) the total fees for such services provided by the audit firm shall be limited to no more than 70% of the average of the fees paid to the audit firm in the last three consecutive financial years for the audits of the Company.

In calculating the cap, non-audit services which are required by legislation shall be excluded from the calculation.

In order to ensure this limit is not exceeded, the Company shall in usual circumstances seek that permitted non-audit fees shall not exceed 50% of the average audit fee over the three preceding financial years in each case.

The Audit Committee is responsible for reporting compliance with the limit in the Audit Committee report within the Annual Report and Accounts each year.

The Chief Financial Officer is authorised to engage the external financial auditor to perform other services listed in section 3.2 up to a total 10% of the current external audit fee on an annual basis. Any services which would exceed this cap will require prior approval from the Chair of the Audit Committee or the Audit Committee depending on the level of proposed spend.

The Chair of the Committee is authorised to engage the external financial auditor to perform other services listed in section 3.2 up to a total of 20% of the current external audit fee on an annual basis. Any services which would exceed this cap will require prior approval from the Audit Committee.

Where urgent matters arise, the Audit Committee has delegated approval authority to the Chair of the Audit Committee to engage the external financial auditor to perform other services listed in section 3.2 which are below 35% of the current external audit fee. Such pre-approval should be immediately informed to the Company Secretary to ensure it is reported to the next meeting of the Audit Committee for ratification.

The Audit Committee will also monitor the level of non-audit fees and work by comparison with the fees and work required for the statutory audit of the Company. The Audit Committee will seek confirmation from the auditor as to how independence is being maintained in respect of all non-audit services being provided.

5 Procedures

All requests or applications for other services to be provided by the external financial auditor should be submitted to the Chief Financial Officer and must include a description of the services to be rendered and an anticipated cost.

The Chief Financial Officer will determine whether such services will require prior approval from either the Chair of the Audit Committee or the Audit Committee.

The Chief Financial Officer will monitor the performance of all services provided by the external financial auditor and shall provide the Audit Committee with an annual report on services and spend to date. The Chief Financial Officer will report to the Chair of the Audit Committee any breach of this policy that comes to the attention of any member of management.

6 Responsibility of the external financial auditor

The external financial auditor will maintain a control system that provides reasonable assurance that its independence will not be impaired. The external financial auditor will report annually to the Committee on all aspects concerning independence, including possible conflicts with this policy, if any. The external financial auditor will annually confirm their independence in writing.

7 Communication

The Company will disclose in the Annual Report & Accounts:

- the key principles of this Policy;
- the results of its assessment of the effectiveness of the external financial auditor and its independence; and
- a summary of the fees incurred by the Company in respect of audit and other services performed by the external financial auditor.

8 Review and amendment

The Committee will formally review the policy annually or more often if required. This policy can only be amended with the permission of the Audit Committee.

References in this policy to the Financial Reporting Council or any other regulatory authority shall also apply to any superseding authority.

Approved by the Audit Committee on 19 May 2021.