

Huntsworth plc (the Company)

Non-audit services policy

Introduction and objectives

This document outlines the Audit Committee's (the **Committee's**) policy on the provision of non-audit services by the incumbent Group external auditor (the **auditor**), currently PricewaterhouseCoopers LLP.

Provision 25 of The UK Corporate Governance Code, published in July 2018, requires the Audit Committee, amongst other things to:

- review and monitor the external auditor's independence and objectivity;
- review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; and
- develop and implement a policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required.

Furthermore, by virtue of being a listed entity, the Company is an EU Public Interest Entity (a **PIE**) and hence complies with the non-audit services restrictions applying to such entities.

The underlying objectives of this policy are to try and ensure that the provision of non-audit services does not impair, or is not perceived to impair, the auditor's independence or objectivity.

The Audit Committee recognises that the auditor has significant knowledge of the Group's business and that this knowledge and experience can be utilised to the Group's advantage in the provision of certain additional professional services. However, there is a need to balance these advantages against the need to maintain safeguards in those areas where there could be an external perception that the auditor's independence and judgment may have been impaired through the award of non-audit assignments.

The Audit Committee also wishes to ensure that non-audit fees payable to the auditor are kept within a reasonable level relative to the audit fee. The level of such fees will be monitored by Group Finance and the Audit Committee.

This policy will be reviewed annually by the Audit Committee.

Audit Committee Advance Approval of Non-Audit Services

All services provided by the auditor must be approved in advance by the Audit Committee. No services should be provided by the auditor where the fee is fully or partially contingent on success.

It is noted that there are certain services that could be provided by a number of firms, where the selection of the auditor is incidental and should only be made with due consideration of alternative professional services firms or, particularly in the case of large projects, where a tender process has been undertaken. In these instances, it is necessary for the Audit Committee to consider whether it is appropriate to appoint the auditor, with due regard to the overall independence of the auditor, taking into account the auditor's analysis of the proposed service under the FRC Ethical Standard, and in particular the balance of audit versus non-audit fees in the year.

Services which are never to be performed by the auditor

The auditor is prohibited from performing any of the following services:

- Tax services relating to:
 - Preparation of tax forms*;
 - Payroll tax;
 - Customs duties;
 - Identification of public subsidies and tax incentives unless support from the audit firm is required by law*;
 - Support regarding tax inspections by tax authorities unless support from the audit firm is required by law*;
 - Calculation of direct and indirect tax and deferred tax*;
 - Provision of tax advice*
- Services that involve playing any part in 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
 - Provision of general counsel;
 - Negotiating on behalf of the audit entity;
 - Acting in an advocacy role in the resolution of litigation;
- Services related to the audited 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:
 - Management in a position to exert significant influence over the preparation of accounting records or financial statements which are the subject of the 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; and
 - Cost control.

Certain tax services and valuation services (marked with a * on the list above) may be provided as long as all of the following conditions are met:

- they have no direct or, in the view of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in the aggregate on the audited financial statements;
- the effect on the audited financial statements is documented and explained in the report to the Audit Committee;
- the basic principles of independence are complied with; and
- the audit firm would not place significant reliance on these services for the purposes of the statutory audit.

The service marked with a # on the list above cannot be carried out by the audit firm during the financial year before which they begin to perform the audit.

Annual Fees for Non-audit services

Notwithstanding the above, annual fees for non-audit services should not exceed 70% of the average of the annual audit fees for the preceding three-year period.

Appointment of new auditor

Compliance with this policy will be considered as part of the audit tender planning processing. Notwithstanding this, a practical and reasonable transition period is permitted to assess the level and type of non-audit services provided by the Group external auditor, with a view to ensuring full compliance with and adherence to this policy.

30 January 2019