

PSION PLC

Policy on the Payment of Non-Audit Fees to the Auditors

1. Introduction

While recognising that there are situations where the knowledge of the auditors will allow them to add value to the Group in non-audit areas, the Group's policy is to manage its relationship with the Group's auditors in such a way that the independence of the auditors is maintained. To ensure that this is so, the Board has determined limits on the type and scale of non-audit fees that can be provided by the auditors.

The Group also wishes to manage relationships with potential auditors in such a way that there are a number of independent audit firms that could be asked to tender for the Group's audit. To ensure this, the Group has determined a procedure for its arrangements with potential audit firms.

2. Non-Audit Services

- 2.1 Potential non-audit services have been categorised as excluded, permitted without approval from the Audit Committee and permitted with approval from the Audit Committee.

The following services are specifically excluded:

- Provision of strategic advisory or consultancy services.
- Provision of any service such as company secretarial or book-keeping support which would be subject to external audit.
- Internal audit, other than investigations at the request of the Audit Committee
- Any advice in relation to the design and implementation of business systems, processes or data processing.
- Corporate finance work such as acquisition search and disposal mandates, deal origination but specifically excluding due diligence.
- Executive Search and Selection.

Note: Advice on processes or systems which is complementary to tax planning and advice on financial reporting matters is permitted.

- 2.2 The following services may be engaged with the approval of the Group Finance Director up to an annual aggregate of $\frac{1}{3}$ of the preceding year's Group audit fee:

- Tax compliance
- Tax advice
- Accounting advice

- 2.3 Engagement of the auditors to undertake the following will require pre-approval by the Audit Committee:

- Tax compliance, tax advice and accounting advice above the aggregate limit set out in 2.2 above.
- Single tax compliance, tax advice or accounting advice projects with a fee in excess of £30,000.
- Acquisition due diligence.
- Staff secondment other than incidental ad hoc assignments which will not compromise auditor independence which are permitted.
- Any other engagement.

3. **Use of other Potential Audit Firms**

3.1 Other firms considered capable of undertaking the audit of Psion PLC are:

- KPMG
- Ernst & Young
- PWC

3.2 None of these firms can be engaged for any service with a fee in excess of £15,000 without the pre-approval of the Group Finance Director. It will be normal practice to seek competitive tenders for projects with fees in excess of £30,000.

3.3 Any project with a fee in excess of £30,000 will require the pre-approval of at least one member of the Audit Committee.

3.4 The Board's policy is to maintain the widest pool of available audit firms by rotating work between the potential audit firms in 3.1 and the auditors, (where such relationship is authorised) so that the independence of potential auditors is not compromised.

4. **Review**

The Audit Committee will review the detail of this policy at least annually.