
G. POLICY ON RELATIONSHIP WITH EXTERNAL AUDITOR

1. General

Auditor independence is fundamental to the credibility and reliability of auditors' reports. The Company has adopted this policy on auditor independence to ensure that the Company's external auditor is independent and is perceived to be independent. The policy is subject to the specific requirements of the Australian Corporations Act 2001. The policy should also be read in conjunction with the Audit and Risk Management Committee Charter.

- The Audit and Risk Management Committee must pre-approve all audit and non-audit services either on an engagement by engagement basis or pursuant to specific pre-approval policies adopted by the Audit and Risk Management Committee.
- The Audit and Risk Management Committee will assess regularly the independence of the external auditor, with at least one formal review per year.
- The Audit and Risk Management Committee will evaluate regularly the effectiveness of the external audit, with at least one formal review per year.
- The Audit and Risk Management Committee will maintain a policy on the provision of non-audit services by the external auditor. This policy is included below.
- The Audit and Risk Management Committee must ensure that the external auditor is available to attend the annual general meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
- The Company requires a minimum of a two year "cooling off" period before any partner or employee of the external auditor is appointed as a Director or Senior Executive of the Company.
- The Company requires that the lead partner and any other employee who has played a significant role in the external audit should not remain in a key audit role beyond a period of 5 years and should not return to the audit team for a further five years.
- Any potential appointments of ex-partners or ex-employees of the external auditor to Company finance staff, at Senior Manager level or higher, must be approved in advance of the appointment being made by the Chairman of the Audit and Risk Management Committee.
- All Company management who receive gifts or entertainment from the external auditor, or provide gifts or entertainment to the external auditor, shall disclose the type and approximate value of the entertainment to the Audit and Risk Management Committee.

2. Non-audit services that may be provided by external auditor

2.1 The Audit and Risk Management Committee may pre-approve the provision of the following non-audit services by the external auditor:

- (a) Provision of accounting advice - The external auditor may advise on the appropriate accounting measurement and disclosure of matters recorded in the Company's financial statements;
- (b) Audit, assurance or review services required for regulatory returns or requirements - Such services are normally completed by the external auditor;
- (c) Compilation of taxation returns for the Company legal entities and of financial reports of subsidiary entities - Compilation is restricted to transformation of data into an appropriate format, and excludes the alteration of that data (for example, by way of journal entry) or gathering data;

-
- (d) Provision of comfort letters relating to the financial position or performance of the Company - Such services are normally required to be performed by the external auditor;
 - (e) Assistance with regulatory and taxation returns - Data gathering and review of historic records; and
 - (f) Review of the adequacy of controls and recommendations for improvements for procedures such as audits of compliance plans and balance sheet reviews.

These services are not perceived to impair or impact the independence of the external auditor. These services do not have the potential to put the auditor in the position of auditing their own work. All such services undertaken by the external auditor must be pre-approved and reported to the Audit and Risk Management Committee. All such services undertaken by the external auditor must be reported to the Audit Committee at its next meeting.

3. **Non-audit services that may not be provided by the external auditor**

3.1 A number of services must not be provided by the external auditor as they may be perceived to impair or impact on the independence of the external auditor or be prohibited by applicable law. These services include investigations and consulting advice and subcontracting of operational activities normally undertaken by management, on which the auditor may ultimately be required to express an opinion on its own work.

3.2 In addition the external auditor must not provide the following services:

- (a) Investigating accountant work on potential or existing clients;
- (b) Receiver, voluntary administration or liquidator related investigation work;
- (c) Involvement in proposed mergers or acquisitions including:
 - (i) Due diligence on potential acquisitions or investments;
 - (ii) Valuations;
 - (iii) Advice on deal structuring and assistance in deal documentation; or
 - (iv) Tax planning and strategy;
- (d) Designing or implementing new IT or financial systems or financial controls;
- (e) Analysis and advice on impact of new financial services legislation;
- (f) Advice on product structuring;
- (g) Book-keeping;
- (h) All services related to the accounting records or financial statements;
- (i) Appraisal or valuation services, actuarial services;
- (j) Human resources including recruitment of the Company staff and secondments to the Company of any employee from the external auditor;
- (k) Broker, dealer, investment adviser or investment banking services;
- (l) Legal services; and
- (m) Internal audit work relating to accounting controls, financial systems or financial statements.