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Plexure Group Limited
External Auditor
Independence Policy

JANUARY 2020



External Auditor Independence Policy

Plexure Group Limited's ("**Plexure**") Audit and Risk Management Committee is committed to ensuring that Plexure's external auditor is able to carry out its function independently and without impairment. This External Auditor Independence Policy sets out guidelines to ensure that these standards are achieved.

Introduction

The approach to corporate governance in Plexure Group Limited ("Plexure") is set out in the Board and Board Committee Charters.

Policy statement

The objective of this policy is to ensure that audit independence is maintained, both in fact and appearance, such that Plexure's external financial reporting is viewed as being highly reliable and credible.

Background

Oversight of Plexure external audit arrangements is the responsibility of Plexure's Audit and Risk Management Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal External Auditor Independence Policy has been adopted by the Committee to meet this requirement.

This policy covers the following areas:

- approval of external auditor;
- provision of other assurance services by Plexure's external auditor;
- external auditor rotation;
- the hiring of staff from the external audit firm; and
- relationships between the external auditor and Plexure.

Approval of external auditor

The Audit and Risk Management Committee shall only approve a firm to be the external auditor if that firm:

- would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the external auditor's engagement;
- has not, within five years prior to the commencement of the external audit, had as a member of its audit engagement team held the role of Plexure's Chief Executive, Chief Financial Officer, or any member of Plexure's management who act in a financial oversight role; and



- does not allow the direct compensation of its audit partners for selling other services to Plexure.

Provision of other assurance services by Plexure's external auditor

The guidelines that follow are designed to ensure that other assurance services provided by Plexure's external auditor are not perceived as conflicting with the independent role of the external auditor.

The general principles to be applied in assessing other assurance services are as follows:

- the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that it might be perceived as auditing its own work. This includes the provision of valuation services where such valuation forms an input into audited financial information;
- the external auditor should not perform any function of management, or be responsible for making management decisions;
- the external auditor should not be responsible for the design or implementation of financial information systems; and
- the separation between internal and external audit should be maintained.

Services permitted to be performed

The Audit and Risk Management Committee must pre-approve all statutory and regulatory audit and related assurance services provided by the external auditor.

Aside from core audit services relating to the statutory and regulatory audits, it is appropriate for Plexure's external auditor to provide the following services, with prior approval from the Audit and Risk Management Committee:

- other assurance services excluding those covered by the Business Assurance function;
- accounting policy advice (including opinions on compliance with New Zealand and international accounting practice);
- listing advice;
- accounting/technical training; and
- tax compliance.

Services not permitted

It is not considered appropriate for Plexure's external auditor to provide:

- book keeping/other services related to accounting records or financial statements;
- the design of financial information systems;

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- appraisal/valuation services/opinions as to fairness;
- internal audit/Business Assurance services;
- structured finance advice;
- due diligence services in relation to any potential merger and acquisition activities;
- legal services (these are services that could only be provided by a person who is qualified in law);
- tax planning and strategy services;
- regulatory assurance services (generally not permitted however may be permitted in certain circumstances with the prior approval of the Audit and Risk Management Committee);
- management functions;
- broker/dealer/investment adviser/investment banking services;
- services of an expert as an advocate;
- actuarial services;
- provision of temporary staff for appropriate assignments; and
- assistance in the recruitment of senior management;

Personal relationships

The Auditors must disclose all personal relations with Plexure staff.

Billing arrangements

The billing arrangements for services provided by Plexure's external auditor should not include any contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).

Other procedural requirements

Regardless of Plexure's policies, it is expected that Plexure's external auditor will rigorously comply with its own internal policies on independence and all relevant professional guidance (including independence rules and guidance issued by the New Zealand Institute of Chartered Accountants, the Financial Markets Authority and other relevant overseas accounting bodies).

While this policy does not prescribe any particular ratio of "other" fees to audit fees, this ratio should be monitored by the Audit and Risk Management Committee. Accordingly, the nature of services provided by Plexure's external auditor and the level of fees incurred should be reported to the Audit and Risk Management Committee in detail on a six monthly basis to enable the Committee to perform its oversight role.

Development of local and overseas practice with regard to related other assurance services shall be monitored on an on-going basis to ensure that Plexure's policies remain compliant with best practice.



For the purposes of this exclusion, the following employees are deemed to perform a financial reporting oversight role: Chief Executive, Chief Financial Officer, and Financial Controller.

External auditor rotation

The continued appointment of Plexure's external auditor is to be confirmed annually by the Audit and Risk Management Committee. A policy of regular rotation of audit firm is not mandated.

Rotation of Plexure's client service partner and engagement partner will be required every five years. Those partners will be subject to a five year cooling-off period following rotation.

All other audit partners will be required to rotate every seven years and will be subject to a two year cooling-off period. Accordingly it is expected that such a policy will be adopted by the external auditor. Compliance with this requirement shall be reported to the Audit and Risk Management Committee annually.

Hiring of staff from the external audit firm

The hiring by Plexure of any former audit partner or audit manager must first be approved by the Chair of the Audit and Risk Management Committee. There are no other restrictions on the hiring of other staff from the audit firm.

External audit services provided by firms other than the external auditor

The Audit and Risk Management Committee must pre-approve all audit and related assurance services by firms other than the external auditor. Any firm providing such services must meet the requirements of section 5 of this policy. Any waivers from the requirements of section 5 of this policy must be approved by the Audit and Risk Management Committee.

Accountabilities

The Chair of the Audit and Risk Management Committee and the Plexure Chief Financial Officer have overall responsibility for meeting the requirements of this policy.