



# External Audit Independence Policy

7 March 2017

## 1. Statement of Commitment

The role of the external auditor is critical for the integrity of financial reporting of Contact and the entities over which it has control or joint control (the Group). The purpose of this policy is to govern the assessment and maintenance of the external auditor's independence both in fact and appearance on an ongoing basis.

## 2. Application

This policy applies to the external auditors, the Audit Committee (AC), the Chief Financial Officer (CFO) and all Directors and employees who interact with the external auditors.

## 3. Accountabilities

The CFO is accountable for demonstrating compliance with this policy.

## 4. External Audit Independence

The external auditor will not undertake any work for the Group that compromises, or is seen to compromise, the independence and objectivity of the external audit process.

The external auditor is required to:

- Remain independent of the Group at all times
- Comply with the provisions of all applicable laws and relevant professional guidance in respect of independence, integrity and objectivity.
- Adopt a "best practice" approach in relation to matters of financial independence and business relationships
- Provide confirmation of their continuing independent status with explicit reference to the commitments listed above on a six monthly basis

The external auditor can undertake the following activities that require the auditor to give an impartial view to the AC:

- Statutory audit
- Statutory returns and other required audit obligations in respect of public issuer, securities, or other regulatory documents and other associated audit or regulatory reporting
- Review of interim Financial Statements in accordance with the Review Standards issued by the External Reporting Board, or audit of interim Financial Statements

The external auditor can also be used for other assurance services such as sustainability audits/reviews, green borrowing programme verification assurance and due diligence services.

Examples of non-assurance services that do not compromise the external auditor's independence include, but are not restricted to:

- Provision of services under Contact's annual Business Assurance workplan, excluding services involving financial systems and reporting processes and controls
- Tax compliance
- Advice on management interpretation/assessment of accounting standards and accounting treatment for transactions
- Provision of technical and accounting training

In general, work that impacts, or appears to impact, on independence of the external auditor includes:

- Acting as a manager or employee by participating in activities normally undertaken by management
- Work that is remunerated in part or in whole through contingent fees
- Acting as an advocate
- The auditor being required to audit their own work

## 5. Process for approval of services by the external auditor

The AC will monitor and assess the independence of the external auditor on an ongoing basis.

The CFO has delegated authority to engage the external auditors for any additional audit and audit related costs or services for up to 5% of the audit fee.

Other assurance and non-assurance services (as defined in section 4) require approval of the AC Chair or, in her or his absence, one AC member, before the external audit firm is engaged. Management are advised to request pre-approval of other assurance and non-assurance services to determine if the external auditor's firm is eligible to compete for a Statement of Work. Pre-approval can be co-ordinated with the AC Chair or AC by the Company Secretary or Financial Controller.

Non-assurance services not considered by this policy require approval of all AC members.

The provision of non-assurance services by the external auditor's firm is restricted as the fees for such services shall not exceed 50% of the fees for the core audit services in that financial year (excluding disbursements), unless an alternative limit is approved by the AC.

## 6. Hiring staff from the external audit firm

The hiring by the Group of any former external audit partner or audit manager must first be approved by the Chair of the AC. There are no restrictions on the hiring of other staff from the audit firm.

## 7. Rotation of External Audit Firm and Partners

Contact follows NZSX Listing Rule 3.6.3(f) which requires rotation of the Audit Partner responsible for signing the audit opinion and/or a partner who performs a substantial role on the engagement after completing five years in that role. Those partners will be subject to a two year cooling-off period following rotation. It is expected that such a policy will be adopted by Contact's external auditors. Compliance with this requirement shall be reported to the AC by the external auditor annually.

## 8. Annual or Other Statutory Meetings

Representatives of the external auditor (including at least the Engagement Partner) will attend each Annual Meeting to answer any questions by shareholders about the external audit and the content of the Auditor's Report.

## 9. Related Documents

Audit Committee Charter.

## 10. Compliance

Contact requires the external auditor and all employees and directors of the Group to comply with this policy. Compliance with this policy will be periodically monitored by the CFO. Any known or suspected instances of non-compliance will be reported to the General Counsel for full investigation and appropriate disciplinary action.