



External Audit Independence Policy

February 2020

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 ('Contact'). 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 and Risk Committee (ARC), 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 Contact 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 Contact 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 ARC:

- Statutory audit
- Other required audit obligations in respect of reporting as a public issuer or to meet other regulatory requirements.
- Review of half year financial statements in accordance with the Review Standards issued by the External Reporting Board, or audit of half year financial statements.

The external auditor can also be used for other assurance services such as:

- Sustainability audits/reviews and green borrowing programme verification assurance

- Provision of services under Contact's annual Business Assurance workplan, excluding services involving the development and implementation of financial systems and reporting processes and controls. It is expected that the number of internal audits undertaken by the external auditor in a financial year will be no more than one quarter of all internal audits.

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

- 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 Audit Firm

The ARC 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 ARC Chair or, in their absence, the Board Chair, before the external audit firm is engaged. Management are advised to request pre-approval before the external auditor's firm is invited to tender for services. Non-assurance services not considered by this policy require approval of all ARC members. Pre-approval can be coordinated by the Company Secretary, GM Financial Services or CFO.

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 ARC.

6. Hiring Staff from the External Audit Firm

The hiring by Contact of any former external audit partner or audit manager, who has worked on the Contact audit in the previous 12 months, must first be approved by the ARC Chair. There are no restrictions on the hiring of other staff from the audit firm.

7. Rotation of External Audit Firm Partners

Contact follows NZX Listing Rule 2.13.3(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 ARC 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 & Risk Committee Charter.

10. Compliance

Contact requires the external auditor, and all employees and directors of Contact who interact with the external auditors 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 GM External Relations & General Counsel for full investigation and any appropriate disciplinary action.