



REFINING NZ
Your Energy Hive

DECEMBER 2019 //

AUDITOR INDEPENDENCE POLICY STATEMENT

The oversight of the policy is the responsibility of the Audit, Risk and Finance Committee.
The Policy is reviewed at least on a bi-annual basis, and requires the approval of the Board.

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1. PURPOSE

- 1.1. The purpose of the policy is to provide guidance on the provision of external audit services to ensure the independence of the external auditor, both in fact and appearance, such that Refining NZ Group's external financial reporting is viewed as being highly reliable and credible.
- 1.2. This policy applies to the Refining NZ Group, including its subsidiaries.

2. INDEPENDENCE OF THE AUDITOR

- 2.1. Engagement and termination of the external auditor (audit firm) for the provision of external audit services is approved by the Board on the recommendation of the Audit, Risk and Finance Committee.
- 2.2. Candidates for an external auditor must be appropriately qualified and independent, and comply with best practice, requirements imposed by NZX and Financial Markets Authority and other legal requirements in relation to rotation of tenure.
- 2.3. Refining NZ's auditor is required to abide by the relevant independence regulations and to ensure that its partners and staff members who are members of engagement teams providing services to the Group hold no interests in Refining NZ or its subsidiaries (including equity and/or debt instruments).
- 2.4. Refining NZ's auditor is required to report in writing to the Audit, Risk and Finance Committee, at least on an annual basis, to confirm its independence and, in the case where any non-audit services were provided to the Refining NZ Group in the current financial year, to confirm that appropriate safeguards were applied to eliminate or reduce the threats to independence to an acceptable level.
- 2.5. The Lead audit engagement partner, who has ultimate responsibility for the audit engagement, is required to rotate every five years with a minimum cooling-off period of five years. Other key audit partners, considered to be making key decisions or judgments on matters significant to the audit, are required to rotate every seven years with a minimum cooling-off period of two years.
- 2.6. The rotation of audit firm will be tendered and formally assessed by the Audit, Risk and Finance Committee at least every 10 years with the incumbent auditor eligible to participate in the tender process. Independence and Audit Quality will be the principle criteria by which the appointment will be determined, taking into account the:
 - Experience of the audit firm in relation to Refining NZ's business and the specific expertise of the audit team members;
 - Availability of relevant specialists such as technical accounting and IT and how they will be used in the audit;
 - Time expected to be allocated to the audit and time expected to be spent onsite by senior staff and engagement leaders;
 - Results of the firm's audit quality reviews by external regulators;
 - Staff attrition rates within the Audit Firm and mandatory training of audit staff.

The Audit, Risk and Finance Committee will negotiate the fee at the final stage of the tender process.

- 2.7. The lead audit engagement partner will not be eligible for employment by, or a directorship of the Company, or any of its subsidiaries, within three years of undertaking the role of external auditor. The equivalent stand-down period for any a) other member of the audit team, and b) other executives or partners of the Audit Firm (not involved in the audit), will be one year and six months, respectively.

3. OTHER ASSURANCE SERVICES

- 3.1 Refining NZ may engage with the external auditor (or an entity associated with the external auditor) from time to time to provide other assurance services (conducted in accordance with the Standards issued by the External Reporting Board (XRB) or the New Zealand Auditing and Assurance Standards Board (NZAuASB)¹), other than prohibited services as per clause 4.1, if only the external auditor possesses the specialist skills and knowledge to perform the other assurance service.
- 3.2 The policy is designed to ensure that by undertaking other assurance services, Refining NZ's auditor will not have a mutual or conflicting interest, audit their own work, perform any function of management, act as an advocate for Refining NZ, or have their independence impaired or seen to be impaired.
- 3.3 The provision of any other assurance services are to be pre-approved by the Audit, Risk and Finance Committee, except for attendance at the Annual Shareholders' Meeting (ASM) and assistance in scrutineering the ASM voting process.
- 3.4 The cap on permissible assurance services will be a maximum of 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit. Prohibited non-audit services

4. PROHIBITED NON-ASSURANCE SERVICES

- 4.1. The external auditor will not be engaged for any other non-assurance services, to ensure that the independence of the external auditor is not compromised. Prohibited services include any engagements not governed by the Standards of the XRB and may include, but are not limited to, the following:
- provision of taxation services, including taxation planning and strategy,
 - provision of advisory services or due diligence services for significant acquisitions and divestments,
 - provision of outsourced internal audit services,
 - provision of design or implementation services, including quality assurance services, for significant IT systems,
 - provision of valuation, including actuarial services, where such valuation would have an effect on the Group's financial statements,
 - provision of corporate secretarial, bookkeeping or payroll services,
 - provision of legal advocacy services,
 - provision of other non-assurance services (i.e. compilation engagements), and
 - provision of staffing of temporary roles

¹ International Standards on Auditing (New Zealand) (ISA's); Review Engagement Standards; or Other Assurance Engagement Standards.

5. REVIEW OF THE COMMITTEE

- 5.1. The Policy is applicable from when approved by the Committee and the Board.
- 5.2. The Audit, Risk and Finance Committee will review this Charter bi-annually and recommend any proposed amendments to the Board for approval.
- 5.3. This Policy will be posted on the company's website.