



# External Audit Policy: Independence and Non-audit Services

Noumi Limited  
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## Table of Contents

External Audit Policy: Independence and Non-audit Services.....	3
1. Role of the Committee .....	3
2. Independence .....	3
3. What are non-audit services? .....	3
4. What are prohibited non-audit services? .....	3
5. External auditor may not provide prohibited non-audit services .....	4
6. What are permitted non-audit services? .....	4
7. Approval of permitted non-audit services.....	4
8. Monitoring and reporting .....	5
9. Rotations of Audit Partner .....	5
10. Restrictions on Employment of Audit Personnel.....	5

## External Audit Policy: Independence and Non-audit Services

### 1. Role of the Committee

The external auditor of Noumi Limited is subject to strict independence requirements to safeguard the integrity of the audit engagement. This policy sets out those requirements and the procedures which must be followed for the Company to engage the external auditor to supply services that are outside of the audit engagement.

The Finance and Audit Committee (the **Committee**) is responsible for the development and oversight of this policy and the Company's compliance with it.

### 2. Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in the respect of the Company. The review and assessment will be carried out annually at the time of the year end results.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and any other relationship and any other matters that may be thought to have a bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half-year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

### 3. What are non-audit services?

'Non-audit services' means any service provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement. 'Non-audit services' do not include 'prohibited non-audit services' that are referred to in sections 4 and 5 of this policy.

Non-audit services may be:

- 'permitted non-audit services' (requiring approval); or
- 'prohibited non-audit services' (which may not be provided by the external auditor unless the Committee determines otherwise).

Non-audit services must only be provided by the external auditor in accordance with the requirements set out in sections 5 and 7 of this policy.

### 4. What are prohibited non-audit services?

'Prohibited non-audit services' are services that, if provided by the external auditor to the Company would create a real or perceived threat to the independence of the external auditor.

For the purposes of this policy, prohibited non-audit services includes:

- bookkeeping services related to the Company's accounting records;
- providing appraisal or valuation and fairness opinions;
- performing internal audit services;
- providing advice on deal structuring and related documentation;
- providing tax planning and strategic advice;
- providing IT systems services;
- providing financial information systems design and implementation services; performing management, executive recruitment or human resource functions; providing actuarial services;
- acting as a broker dealer, promoter or underwriter;

- providing legal services; and
- any other service that creates a real or perceived threat to the independence of the external auditor.

## 5. External auditor may not provide prohibited non-audit services

Unless the Committee decides otherwise, the external auditor is prohibited from providing any prohibited non-audit services to the Company.

## 6. What are permitted non-audit services?

'Permitted non-audit services' are non-audit services that are not 'prohibited non-audit services'. Permitted non-audit services are services that, if provided by the external auditor to the Company, should not, based on the nature of the service provided, create a real or perceived threat to the independence of the external auditor.

## 7. Approval of permitted non-audit services

### 7.1 Delegations of authority to approve

The Chair of the Committee, provided that person is independent, has delegated authority from the Committee to grant approvals of permitted non-audit services to be provided by the external auditor.

The Chief Financial Officer must obtain the prior written approval of the Committee Chair before the external auditor can be engaged to perform permitted non-audit services where:

- the fee for the engagement exceeds \$30,000; or
- The annual fees for all permitted non-audit services exceed, or are likely to exceed, 20% of the auditor's annual audit fees.

The decisions of the Chair of the Committee (or the Chief Financial Officer for permitted non-audit services up to \$30,000) to approve a permitted service shall be reported to the Committee at each of its regularly scheduled meetings. Refer to section 8.2.

### 7.2 Factors to consider when granting approval

In assessing a request for non-audit services, the Chief Financial Officer and/or the Committee Chair and/or the Committee are required to consider:

- the nature of serviced provided;
- the dollar value and period of engagement;
- the availability of alternate service providers and the reasoning for recommending the external auditor;
- specific expertise, knowhow or Company knowledge that provides a compelling benefit to the Company;
- the audit firms self-assessment of its independence risk, including safeguards to mitigate perceived risks;
- the nature and value of any non-audit services the external auditor has been engaged to provide for the relevant financial year; and
- any other circumstances relevant to the engagement.

### **7.3 Approvals must be in writing**

All engagements by the external auditor to provide permitted non-audit services must be approved in writing by the Chief Financial Officer (CFO).

### **7.4 Thresholds for pre-approved services**

The Committee may choose to establish fee thresholds for pre-approved non-audit services, for example, "tax compliance services for FY2X are approved to a fee level of \$50,000 without additional pre-approval".

## **8. Monitoring and reporting**

### **8.1 Internal Audit**

Internal Audit will monitor whether this policy is being complied with and annually report to the Committee as to compliance. Internal Audit must promptly report any breach of this policy to the Chair of the Committee.

### **8.2 CFO Reporting to the Committee**

The Chief Financial Officer must report to the Committee half-yearly and annually regarding:

- the non-audit services provided by the auditor during the financial period under consideration; and
- the actual amounts paid to the external auditors for those services.

### **8.3 Committee Reporting to Board**

The Committee must provide a report the Board at each half-year and each full-year with respect to the non-audit services provided by the external auditor during the financial period under consideration.

## **9. Rotations of Audit Partner**

The lead (signing) audit partner of the external auditor will be rotated every five years. A succession plan to achieve this outcome must be prepared by the external auditor and submitted to the Committee for consideration no later than one year before the rotation is due to occur.

Once the lead (signing) partner has rotated off the external audit engagement, that partner must not be reappointed to the position of signing partner for a period in accordance with APES110 (currently three financial years).

## **10. Restrictions on Employment of Audit Personnel**

Any person who was employed by an audit firm in the capacity of external auditor of the Company or any of its associated entities may only be appointed:

- As a Director of the Company or any of its associated entities; or
- To a senior executive role with the Company or any of its associated entities,

if that person has not been employed by that audit firm in an audit capacity for the Company at any time in the two-year period immediately preceding the date of the proposed appointment by the Company or its associated entity.

A 'senior executive role' is defined to include the roles of chief Executive Officer, Managing Director, Chief Financial Officer or a direct report to those roles or any equivalent role.

Where such appointments are proposed, the Committee must provide a report to the Board advising why that appointment would not compromise or be likely to give rise to the appearance of compromising the independence of the statutory audit.

No more than one former partner of the audit firm who acted as the external auditor may at one time be a Director or senior executive of the Company or any of its associated entities.