

External Auditor Selection and Appointment Policy

The procedure for the selection and appointment of SAI Global's External Auditor is based upon the following framework:

- the Board is responsible for appointing the external auditor, subject to confirmation by shareholders at the company's Annual General Meeting;
- the Audit and Risk Committee is responsible for implementing a selection process and making a recommendation to the Board based upon their assessment of the responses received from potential external auditors. In making their recommendation, the Audit and Risk Committee will involve certain senior executives to comment on the responses received; and
- the requirements of the Australian Corporations Act and the ASX Listing Rules.

Procedure

1. The Board will agree that a tender process be initiated and agree the auditors to be invited to make submissions.
2. Invitations to tender will be despatched to the managing partner of each chosen firm setting out the process, timetable and specific areas to be addressed in written submissions and oral presentations.
3. Senior management and members of the Audit and Risk Committee will make themselves available, through a series of structured meetings, to meet with representatives of the firms prior to the submission of written proposals.
4. Information about the company requested by a particular firm and deemed relevant by Management shall be made available to all firms.
5. Written submissions and oral presentations will be assessed against relevant criteria.
6. All firms will be notified of the outcome as soon as is practical after the Board has made its decision.

Assessment

The assessment of responses from potential external auditors will take into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personnel and cost. Tenderers will be made aware of the required and precluded services.

The Audit & Risk Committee will provide the Board with information concerning the process adopted, the recommended external auditor and the reasons for the final recommendation.

Audit Service and Assurance

The auditor will provide audit and audit related services that are consistent with their role as auditors. This will include the following:

- assurance to shareholders as to the integrity of the accounts and the accounting process for the half year and full year financial statements; and
- assurance as to the integrity of the relevant statutory accounts.

Compliance

Auditors may also provide:

- Tax compliance reviews;
- Reviews on application of accounting standard;
- Assistance in the compilation of accounting records to meet tax office or regulatory queries;

Other services

In addition to the above auditors may have involvement in;

- Due diligence activities in connection with mergers or acquisitions, of a historical balance sheet and accounting standard adherence nature.
- Review of advice that the company receives from other professional advisers.

Precluded Services

Where the auditor could ultimately be required to express an opinion on its own or a related entities work or there is a threat or perceived threat to the auditors independence, no approval for services will be given as this may conflict with its audit role. Such precluded services would include:

- advice on tax accounting, tax structuring/restructuring, tax planning and strategy, whether it be for acquisitions or currently owned assets or entities;
- the undertaking of due diligence where services apply to forecasts or where such advice is in relation to future events/expectations;
- Implementation roles such as IT systems, management reporting systems, etc;
- senior management secondment/executive recruiting; and
- the designing or implementing of new financial systems and controls.

The provision of these precluded services will taint the assurance and compliance role of the auditor. However, in certain very limited circumstances where the conflict is perceived to be minimal Board approval must be sought. Any recommendation to provide a precluded service requires an estimation of the risk materiality of the proposed engagement to be assessed.

The underlying intention is that non-audit services be limited to retrospective not prospective matters.

Annual Review

This policy is to be reviewed on an annual basis by the Audit & Risk Committee.

Appointment

Subject to ASIC approval and confirmation by shareholders the Board will appoint the external auditor to take effect from the approved date of resignation of the current external auditor.

Rotation of External Audit Partners and Review of Audit Function

In line with current professional standards, the company requires the audit partner and review partner of its external auditors to rotate every 5 years. In addition the Audit and Risk Committee will from time to time review the audit function and recommend as decided whether the tender process should be undertaken.