

CHARTER OF AUDIT INDEPENDENCE

1. PURPOSE

The purpose of the Charter of Audit Independence is to provide a framework for the SAI Global Limited Board (“the Board”) and management to ensure that the statutory auditor is both independent and seen to be independent.

An independent statutory auditor is fundamental to sound corporate governance within SAI Global Limited (“SAI”). It should provide shareholders with reliable financial reports on which to base their investment decisions.

The Charter of Audit Independence sets out the key commitments by the Board and procedures to be followed by the Audit and Risk Committee (“the Committee”) and management in engaging the auditor for non-audit services.

2. FUNDAMENTAL PRINCIPLES OF INDEPENDENCE

“Independence” requires a freedom from bias, personal interest, prior commitment to an interest or susceptibility to undue influence or pressure.

The external auditor must remain independent of the Company at all times and comply with the auditor independence requirements of the Corporations Act 2001 (“the Act”) and the Code of Ethics for Professional Accountants (APES 110) issued by the Accounting Professional and Ethical Standards Board which requires its members to comply with fundamental principles of integrity and objectivity.

The audit independence requirements of the Act are founded on the concept of a conflict of interest situation, and that such a situation would exist in relation to the Company if:

- (i) the auditor, or a professional member of the audit team, is not capable of exercising objective and impartial judgement in relation to the conduct of the audit of the Company; or
- (ii) a reasonable person, with full knowledge of all relevant facts and circumstances, would conclude that the auditor, or a professional member of the audit team, is not capable of exercising objective and impartial judgement in relation to the conduct of the audit of the Company.

3. KEY POLICIES

The Audit & Risk Committee is responsible for reviewing and recommending to the Board the appointment, terms of engagement, remuneration and removal of the external auditor.

The Committee will also monitor and evaluate on a regular basis the independence and performance of the external auditor.

The auditor is required to have regular communications with the Committee, including at times without management being present.

The auditor will report to the Audit and Risk Committee on its assessment of how SAI's accounting practices and reporting procedures compare with best practice.

SAI will require the auditor to provide suitably qualified personnel to ensure an effective audit. The auditor must provide audit personnel who are appropriately trained, meet the required technical standards, maintain confidentiality and behave in a professional manner at all times.

To ensure audit quality, and to allow for an effective audit service by suitably qualified professionals, the Board will ensure that the auditor is fairly rewarded for the agreed scope of the statutory audit and audit-related services.

Recognising the restrictions on the use of the auditor, the Audit and Risk Committee may develop alternate supplier protocols as part of SAI's commitment to sound corporate governance practices.

As a public company, SAI requires the auditor to comply with the Corporations Act requirement to rotate the lead engagement partner, the review partner and any other key audit partners every five years.

No employee or former employee of the auditor may serve as a director or senior executive of SAI unless a minimum of five years has passed since leaving the employment of the auditor. In addition, no employee of the auditor may be employed by SAI if that employee has been a member of the auditor's assurance team for SAI at any time in the two years prior to the planned appointment.

SAI requires the auditor to maintain quality control processes whereby all key accounting and auditing decisions are arrived at after consultation with the appropriate technical and professional experts in the audit firm.

The Audit and Risk Committee requires the auditor to confirm annually that it has complied with all professional regulations and guidelines issued by the Australian accounting profession relating to auditor independence and to confirm that:

- Neither the auditor nor any of its partners has any financial interest in SAI.
- None of the members of the auditor's assurance team for SAI has any financial interest in SAI.
- There are no material business interests between SAI and the auditor.

- The personal superannuation funds of the partners of the auditor comply with independence requirements relating to SAI.
- The staff superannuation fund of the auditor does not hold any direct financial interest in SAI.
- No portion of fees paid by SAI to the auditor is paid on a contingency basis.
- The level of total fees paid by SAI to the auditor does not have a material impact on the auditor's operations or financial condition.
- Any fees withheld by SAI have been approved by the Audit and Risk Committee.
- To the best of the auditor's knowledge, there is no litigation pending, or in existence between SAI and the auditor.

The Audit and Risk Committee will advise the Board annually whether the auditor has confirmed all of the above.

4. NON-AUDIT SERVICES

The level of non-audit fees paid to the auditor may give rise to an actual or perceived loss of objectivity and, therefore, will be monitored by the Audit and Risk Committee. The services, which the auditor has technical capacity to supply, may be classified into four categories as follows:

Category A: Services where the existing knowledge of the auditor brings insight and synergy to SAI Global without impacting the actual or perceived independence of the auditor.

Category B: Services which can be provided without impacting the actual or perceived independence of the auditor.

Category C: Services which **may** impact the actual or perceived independence of the auditor.

Category D: Services which **would** impact the actual or perceived independence of the auditor.

The attached Schedule provides examples of services falling within each category.

Subject to the following, the auditor may be engaged to perform Category A and Category B services. Where the estimated cost of any Category A or B services is:

- individually more than \$50,000, or
- in aggregate more than \$200,000 in any financial year

the prior approval of the Chairman of the Audit and Risk Committee must be obtained before the auditor is engaged. In the case of human resources related assignments the prior approval of the Chairman of the Remuneration Committee must be obtained before the auditor is engaged.

The auditor may not be engaged to provide Category C services without the prior approval of the Chairman of the Audit and Risk Committee.

As part of the request for approval for a Category C service, management must list the reasons why the engagement will not impact the actual or perceived independence of the auditor. The request for approval must also include a schedule showing fees paid to the auditor for the year-to-date as well as a forecast of fees payable for the full year split into the various categories of services.

The auditor must not be engaged to perform any Category D services. In addition, SAI has a policy of not engaging the auditor to undertake acquisition due diligence other than in relation to tax due diligence matters.

Notwithstanding the above, the auditor is precluded from undertaking any non-audit services which would result in:

- (a) The creation of a mutual or conflicting interest with SAI or any of its related entities
- (b) The auditing of their own work
- (c) Acting in a management capacity or as an employee of SAI or any of its related entities
- (d) Acting as an advocate for SAI or any of its related entities, except in dealing with the ATO and other domestic or international taxation authorities

If, in the view of the Committee, the overall level of fees for non-audit services being provided by the external auditor is of a magnitude that, in the Committee's opinion could impair, or be perceived to impair the auditor's independence, the Committee may, from time to time impose a restriction (in addition to any other restriction required by this policy) on non-audit work being awarded to the external auditor.

5. MONITORING

Management shall provide the Committee with quarterly reports of non-audit assignments assumed and fees incurred, together with comparative information for prior years.

SAI will require a partner of its external auditor to attend its Annual General Meeting and be available to answer reasonable questions from shareholders about the audit of the Company as required by the Corporations Act. The Company will ensure that shareholders are given a reasonable opportunity at the Annual General Meeting to ask such questions.

SCHEDULE OF SERVICES

Audit Services:

- Audit of the financial statements of SAI Global Limited and its controlled entities in accordance with the provisions of the Corporations Act 2001.
- Audit of associated entities.
- Audit of overseas subsidiaries.
- Audits of returns and reports required by regulatory bodies, suppliers or customers of SAI.

Non-Audit Services:

Category A services:

- Audits of entities associated with SAI Global, such as foundations and charities.
- Review of and advice on accounting policies and procedures.
- Review of general processes IT and financial controls where the nature of this is a natural extension of the process and control reviews normally performed by the statutory auditor.
- Independent accountant and due diligence services for the issuing of a prospectus or disclosure document.
- Tax compliance.

Category B services:

- Completion audits on acquisition and disposal of assets.
- Tax consulting.
- Provision of comparative remuneration data

Category C services:

- Secondments of junior staff (subject to time limit).
- Acquisition financial due diligence.
- Acquisition taxation due diligence.

Category D services:

- Design and implementation of new IT systems.
- Operating or supervising the operation of IT systems.
- PPA Valuation reports.
- Book keeping.
- Executive recruitment.
- Legal services.
- Secondment of staff other than as set out in Category C.
- Internal audit services.