

Policy on Non-Audit Services Provided by the Independent External Auditors

Prospect Group Limited
ACN 625 648 722

ADOPTED BY THE BOARD ON 17 MAY 2018

Policy on Non-Audit Services Provided by the Independent External Auditors

prospa

1. ROLE OF THE COMMITTEE

The Audit and Risk Committee (**Committee**) is responsible for setting the Company's policy on the provision of non-audit services and ensuring compliance with that policy.

2. WHAT ARE NON-AUDIT SERVICES?

'Non-audit services' means any services provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement.

3. WHAT ARE PROHIBITED NON-AUDIT SERVICES?

The external auditor may not provide any prohibited non-audit services to the Company.

'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. The Committee will determine what services are considered to be prohibited non-audit services.

4. CFO MUST APPROVE ALL NON-AUDIT SERVICES

To ensure auditor independence is maintained, the Company requires all engagements of the external auditor to provide non-audit services to be approved in writing by the CFO.

5. CFO NEEDS COMMITTEE APPROVAL FOR CERTAIN NON-AUDIT SERVICES

The CFO must obtain the prior written approval of the Committee before the external auditor can be engaged to perform non-audit services where:

- the fee for the particular engagement exceeds A\$100,000; or
- the annual fees for all non-audit services exceed, or are likely to exceed, 50% of the auditor's annual audit fees.

6. FACTORS TO BE CONSIDERED WHEN GRANTING APPROVAL

In assessing a request for non-audit services, the CFO/Committee is required to give consideration to:

- the nature of the service provided;
- the dollar value and period of engagement;

- the availability of alternate service providers and the reasoning for recommending the external auditor;
- the audit firm's self-assessment of its independence risk, including safeguards to mitigate perceived risks; and
- any other circumstances relevant to the engagement.

7. MONITORING AND REPORTING

CFO

The CFO will monitor whether this policy is being complied with and periodically report to the Committee as to compliance. The CFO must promptly report any breach of this policy to the chair of the Committee.

The CFO must report to the Committee on a periodic basis regarding:

- any non-audit services provided by the auditor; and
- the amounts paid to the external auditor for those services.

Committee

The Committee must provide an annual report to the Board with respect to the non-audit services provided by the external auditor during the year. The report must include:

- the amounts paid or payable to the external auditor for non-audit services provided during the year;
- a statement whether the Committee is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors; and
- the reasons for the Committee's opinion.