

30/06/2020

# External auditor appointment and independence



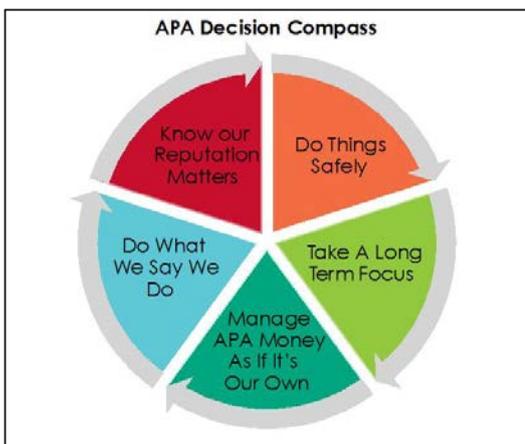
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## 1 Purpose

The objective of this document is to set out APA's policy for the selection and appointment of an independent external auditor and the preservation of the external auditor's independence.

## 2 Decision Compass



APA is committed to designing and implementing effective and optimal structures, internal systems and processes to ensure we protect our Values and Code of Conduct and enable delivery of APA's financial, customer, people and community objectives. Strong processes with respect to the appointment and preservation of the independence of the external auditor are fundamental

to achieving those goals.

Effective application of the external auditor appointment and independence policy supports decision making as part of the APA Decision Compass under the segment "Know our Reputation Matters".

## 3 Scope

This Policy applies to:

- the appointment of the external auditor to conduct the audit of the financial statements of Australian Pipeline Trust and APT Investment Trust and their controlled entities, and any other wholly owned controlled entities of APA Group which are required to prepare audited financial statements (**Audit**); and
- monitoring the independence of the external auditor including the policy concerning rotation of the lead partner and the review / concurring partner of the external auditor.

## 4 Key principles and requirements

### 4.1 Selection and appointment of external auditor

The procedure for the selection and appointment of the external auditor to conduct the Audit is based on the following principles:

- Australian Pipeline Limited, the responsible entity of Australian Pipeline Trust and APT Investment Trust, is responsible for appointing the external auditor for the Audit;
- the Audit & Risk Management Committee (**Committee**) of the board of Australian Pipeline Limited (**Board**) is responsible for implementing a process to select the external auditor and making a recommendation to the Board based on the Committee's assessment of the responses received from and interviews with candidates for the role;
- the assessment of responses from candidates for the role takes into account a number of key criteria, including but not limited to audit approach and methodology, reputation, independence, internal governance processes, skills and knowledge of the proposed audit team, industry experience and value for money; and
- once the assessment process has been completed, the Committee informs the Board of the process adopted in undertaking the review, the external auditor recommended by the Committee and the reasons for that recommendation.

### 4.2 Independence of external auditor

The external auditor's independence is a key factor in ensuring that the financial statements of Australian Pipeline Trust and APT Investment Trust, and any other wholly owned controlled entities of APA Group which are required to prepare audited financial statements, are true and fair, and meet high standards of financial integrity.

The Committee monitors the independence of the external auditor, including any relationships with APA Group or any other person or entity that may impair or compromise, or appear to impair or compromise, the external auditor's independence.

Independence may be impaired or compromised by the provision of services of a non-audit nature to APA Group, depending on the materiality of those

services and the fees charged for them. Therefore, the Committee has approved the Non-Audit Activities Policy that:

- specifies categories of non-audit services that the external auditor may not be engaged to provide and other categories of those services that the external auditor may be engaged to provide, subject to specified approvals and fee limits, and
- provides a process for approval of the permitted services.

The Committee requires the external auditor to declare in writing its independence every six months coinciding with the preparation of the half-year and full-year financial statements, and the Committee provides its own assessment of the external auditor's independence to the Board before the approval of the interim and annual reports.

#### **4.3 Rotation of external audit engagement partners**

The lead partner and the review / concurring partner of the external auditor must be rotated at least every five years, followed by a two year minimum time out period during which any partner may not take part in the Audit.

#### **4.4 Recruitment of external audit partners and employees**

APA Group will not recruit, as either directors or as employees in senior management positions with the ability to exert significant influence over the preparation of APA's accounting records or financial statements, any person who within the preceding 12 months has been:

- a partner of APA Group's external audit firm, or
- an employee of the external audit firm involved in the Audit.

### **5 Links / interaction with other policies**

- Audit & Risk Management Committee Charter
- Non-Audit Activities Policy

### **6 Attachments**

Nil

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## 7 Procedures

Six monthly independence declarations

- Auditor to Audit & Risk Management Committee
- Senior management to Audit & Risk Management Committee
- Audit & Risk Management Committee to Board