

Audit Independence Policy

24 November 2022

Smartpay Governance Principle 7: Auditors

The Board will ensure the quality and independence of the external audit process.

Useful links/further information:

- NZX Corporate Governance Code: Principle 7
- ASX Corporate Governance Principles and Recommendations. Principle 4
- FMA Corporate Governance in New Zealand Principles and Guidelines : Principle 7

Policy Statement

Smartpay will maintain Auditor Independence consistent with regulatory and NZX requirements and current best practice.

Policy Purpose

Smartpays external audit arrangements are the responsibility of the Audit and Finance Committee. The maintenance of Auditor independence is a key aspect of this responsibility.

1. Approval of External Auditor

The Audit and Finance Committee will only recommend the appointment of a firm as the External Auditor that would be regarded by a reasonable investor as having full knowledge and capable of exercising objective and impartial judgement on all matters related to the audit engagement.

2. External Auditor Rotation and Independence

The continued appointment of the External Auditor will be confirmed by the Audit and Finance Committee annually.

The external auditor shall rotate the senior audit partner and concurring partner for Smartpay at least every five years with suitable succession planning to ensure consistency.

The External Auditor is expected to ensure that its partners hold no interests in Smartpay. This also applies to staff working on the engagement. The External Auditor will confirm this to the Audit and Finance Committee.

The External Auditor will not have partners or staff who have a personal relationship with a Smartpay employee involved in the production of or with access to sensitive financial reporting involved in the engagement.

The External Auditors will ensure their staff do not work on any reporting engagement for Smartpay during, and in the two years after, working in a temporary or contract position with Smartpay.

Reports will be provided to the Audit and Finance Committee on a regular basis detailing the level of fees paid to the external Auditor differentiating between audit and non-audit services.

If in the view of the Audit and Finance Committee, the level of fees for non-audit services being paid to the External Auditor is of a magnitude that could impair, or be perceived to impair auditor independence, the Audit and Finance Committee may from time to time impose a restriction on non-audit work being awarded to the External Auditor.

Smartpay reserves the right to amend, update or withdraw its corporate policies without prior notice.

ASX: SMP
NZX: SPY

SHARE INFORMATION

Issued Shares: 238,284,963

WEBSITES

www.smartpay.co.nz
www.smartpay.com.au
www.smartpayinvestor.com

BOARD OF DIRECTORS

Independent Chair:
Gregor Barclay

Managing Director:
Martyn Pomeroy

Independent:
Matthew Turnbull

Independent:
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Non-Executive:
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3. Annual Assurances from the External Auditor

The External Auditor shall provide the following assurances annually:

- Their compliance with professional standards and regulations relating to auditor competence, independence and ethical guidelines of the Institute of Chartered Accountants Australia and New Zealand, the NZX, the Financial Markets Authority and other relevant bodies;
- They have remained independent during the previous twelve-month period;
- Partners and staff do not have any financial interest in Smartpay;
- There are no business relationships between the External Auditor and Smartpay beyond those pursuant to the policy.

4. Responsibilities of Smartpay

To ensure audit quality and to allow for an effective audit service by suitably qualified professionals, Smartpay commits to facilitating a high quality audit for which payment of fair commercial rates will be made.

5. Permitted Services

The Audit and Finance Committee will monitor and pre-approve all audit and non-audit services provided by the External Auditor.

Subject to pre-approval, the External Auditors may undertake the non-audit services:

- Financial audits, both of financial statements and existing company systems and processes;
- Audits of regulatory requirements;
- Reporting engagements to third parties provided prior Board approval is obtained e.g., prospectus opinions;
- Accounting policy advice;
- Accounting and technical training;
- Internal audit assistance under the overall direction of the Chairman of the Audit and Finance Committee;
- Taxation services of an assurance nature e.g., review of tax computations and returns prior to filing;
- Advice on the interpretation and application of Inland Revenue Department taxation policies;
- Strategic business planning;
- Due diligence activities;
- Advice that has a significant impact on the value of a material asset or liability; and
- Legal services.

6. Annual Assurances from the External Auditor

No work will be approved in the following areas:

- Design and implementation of key financial information systems and processes;
- Valuation of assets and liabilities other than as required to complete regulatory audit requirements;
- Liquidations and receiverships;
- Services relating to the preparation of financial statements or accounting records;
- Taking responsibility for internal audit;
- Tax planning, strategy and compliance services.

Where not specifically addressed above, or where a variation to this policy is sought, the Chairman of the Audit and Finance Committee is to be consulted.

Provision of services other than audit or assurance type services shall be subject to the overriding limitation that in any financial year, the fees for such services should not exceed the fees for the annual audit of the financial statements.

7. Hiring of staff from the audit firm

Hiring any former audit partner or any other member or former member of the external audit team by the Company must first be approved by the Chairman of the Audit and Finance Committee. There are no other restrictions regarding hiring other staff from the Company's external audit firm.

Policy authorised by the Board

24 November 2022



Matt Turnbull
On behalf of the Board