

NON-AUDIT SERVICES PROVIDED BY THE INDEPENDENT EXTERNAL AUDITOR POLICY

December 2021

FINANCE POLICY

Policy Authorised by: Audit, Risk and Compliance Committee on 13 December 2021

Policy Maintained by: Group Finance

Version Number: 4

Last Revised Date: 2 September 2018



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1 INTRODUCTION

The Audit, Risk & Compliance Committee (ARCC) is responsible for reviewing and recommending to the Boards of Mirvac Limited and Mirvac Funds Limited, (together “the Board” for collectively “the Group”) the appointment, terms of engagement, remuneration and removal of the external auditor.

The ARCC is also responsible for monitoring and evaluating the independence of the external auditor on a regular basis which includes the compliance and oversight of the Group’s policy on the engagement of the external auditor to supply non-audit services.

1.1 Commencement of Policy

This Policy will commence from 13 December 2021 and supersedes any previous versions.

1.2 Purpose

The purpose of this policy is to establish guidelines so that the Group complies with applicable laws, accounting standards, the ARCC Charter and best practice with regard to the independence of the external auditor and in particular, to mitigate any risks threatening, or appearing to threaten, the external audit firm’s independence and objectivity arising through the provision of non-audit services.

1.3 Exclusions and exceptions

There may be circumstances where exceptions to this Policy may be permitted, in such cases, written approval by the CFO is required and these exceptions shall also be notified to the Mirvac Group’s Audit, Risk and Compliance Committee.

In cases where Mirvac is an associate, a joint venture partner or manages third party funds and/or investment properties under a service agreement, a mandate or constituent document which may stipulate different policies are to be applied. Notwithstanding these exceptions this Policy should generally be applied as a minimum standard and approval from the CFO should be sought before application.

1.4 Accountability and revision history

Document Reference	GRP 2.3 Non-audit Services provided by the Independent external auditor policy	Accountability	Group Finance
Approval Authority	ARCC	Operational Responsibility	Divisional Finance Managers
Revision frequency	Every 24 months	Next Review date	On or before 31 December 2023
Revision History	Effective date	Author	Effective dates
1	29 April 2013	Stephen Lynn	29 April 2013 to 14 September 2016
2	15 September 2016	Khaykin Chow	15 September 2016 to 1 September 2018
3	2 September 2018	Khaykin Chow	2 September 2018 to 12 December 2021
4	13 December 2021	Belinda Festa/Greg Enfield	13 December 2021

1.5 Periodic Review

This Policy must be reviewed every two years or more frequently where there is a change to relevant legislation, the Mirvac Group ARCC Charter or a significant business process change. The approval of the updated policy must be sought by the Mirvac Group Audit, Risk and Compliance Committee (ARCC), in accordance with the ARCC Charter.

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2 AUDIT SERVICE FEES

2.1 Audit Service fees

For classification purposes, Mirvac's financial statement audit and incidental audit or assurance engagements are classified as **Audit service fees**. This classification is used in the remuneration of auditor's disclosure in the annual financial report and are considered permitted engagements.

Audit Service Fees

If fees are incurred in relation to the following services, they are classified as audit service fees:

- An audit opinion or review opinion provided in respect of a financial report. Examples are fees charged for work performed on the audit/review of the year-end and half year-end financial statements for the Group and its controlled or related entities (domestic or foreign);
- An audit opinion or review opinion provided that relates to information other than the financial statements (under legislation/regulation or for other purposes). Examples are audits performed for AFSL licences, investment property outgoing expense audits, compliance plan audits and Statutory Trust Account audits;
- Work performed by the auditor to provide some other form of assurance over financial information in the Group. For example, review of Net Tangible Asset calculation, comfort letter in relation to a transaction or accounting treatment or internal control assessment;
- Accounting advice in relation to issues that will be subject to the audit of the financial report;
- Controls based assurance activities, to the extent that they relate to processes and controls that have a nexus to the audit of the financial report; and
- Specific assurance engagements such as agreed upon procedures in accordance with *Australian Standard on Assurance Engagements ASAE 3000*, for example the assurance of HS&E and sustainability metrics included in our annual reporting suite.

3 PROHIBITED SERVICES

3.1 Prohibited Services

The external auditor may not provide any 'prohibited non-audit services' to the Group which would create a real or perceived threat to the independence of the external auditor.

Non-Audit Service Fees

Any other fees incurred outside of the types of fees outlined above in section 2 are considered as non-audit service fees.

Examples of such fees include

- taxation services;
- professional training and course fees;
- advisory services to aid the Group's administrative or decision-making process;
- accounting advice and due diligence on possible acquisitions;
- benchmarking services;
- valuation services;
- bookkeeping or preparing financial records;
- payroll services;

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- services related to the internal audit function;
- Technology services, software licensing, SaaS arrangements and associated consulting to the extent that these do not have a direct nexus to the audit of the financial report; and
- legal services.

The external auditor cannot be engaged to undertake any non-audit services for the Group that results in the external auditor:

- creating a mutual or conflicting interest within the Group;
- auditing their own work;
- acting in a management capacity or as an employee of the Group;
- providing appraisal or valuation and fairness opinions;
- performing internal audit services; or
- acting as an advocate for the Group.

Any fees for a non-audit service must be considered in light of the individual circumstances. If a business unit seeks to engage Mirvac's external auditors for services and cannot clearly determine whether the services are deemed audit or non-audit service, guidance should be obtained from the Chief Financial Officer (CFO) or the Group General Manager, Finance.

4 APPROVAL PROCESS

4.1 Approving an engagement

Prior to the commencement of the engagement of any non-audit service, written approval, (including by e-mail) must be sought as follows:

Entity engaging the services of the external auditor	Fees for the non-audit service (excluding GST)	Approval required from:
Mirvac Group or its controlled entities	Less than \$100,000	Managing Director/Chief Executive Officer (MD/CEO) or the Chief Financial Officer
Mirvac Group or its controlled entities	Greater than \$100,000	Chair of the ARCC
Mirvac Group or its controlled entities	the fees for a particular engagement which was originally below \$100,000, will exceed on a cumulative basis \$100,000	Chair of the ARCC
Mirvac Group or its controlled entities	the annual fees for all non-audit services exceed, or are likely to exceed, 20% of the auditor's annual audit fees.	Chair of the ARCC
Funds or entities managed by Mirvac	No threshold	Chair of the relevant Trustee Board

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Immediately upon determining that the external auditor has been engaged to perform non-audit services for the Group which is for an amount exceeding \$100,000 and which has not been presented to the Chair of the ARCC for approval, then such engagement is to be presented to the Chair of the ARCC for approval together with an explanation as to why such approval was not initially sought. The Chair of the ARCC in his/her sole discretion may decide that it is in the interests of the Group for such engagement to be immediately cancelled.

4.2 Matters to be considered

The MD/CEO, the CFO, or the Chair of the ARCC (as the case may be) must not approve the engagement of the external auditor to perform prohibited non-audit services or any non-audit services where they are of the view that the engagement would:

- give rise to a 'self review threat' (as defined in APES 110); or
- create a conflict or perceived conflict of interest for the auditor or any member of the audit team.

In assessing a request for non-audit services, the MD/CEO, the CFO or the Chair of the ARCC (as the case may be) must also give consideration to:

- the nature of the service to be provided;
- the dollar value and period of the proposed engagement;
- the suitability 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.

In addition to the considerations set out above, in determining who should be engaged to provide non-audit services, the MD/CEO, the CFO, or the Chair of the ARCC (as the case may be) should also be conscious of the need to ensure that more than one firm has a deep knowledge of the Group's business so that, should the need arise to engage a firm other than the Group's external auditor (for example, where a conflict arises), there are other firms that will be in a position to undertake the assignment.

These services may include, but not limited to:

- risk and fraud consulting;
- design, execution, and assistance with cost reduction and business improvement;
- assistance with corporate restructuring; and
- due diligence on potential acquisitions.

In relation to the taxation services provided by our auditors, this should be limited to the work associated with the taxation for our financial reports only. Management is to allocate the assignments in the taxation area to a range of firms other than the external audit firm, to ensure that there is an appropriate choice of service providers who are not only competent in their tax specialist area but also have an understanding of the Group's business.

The MD/CEO, CFO and /or the Chair of the ARCC may therefore determine that it is more appropriate for certain assignments to be undertaken by firms other than the external auditor notwithstanding the fact that the assignment does not involve the provision of prohibited non-audit services.

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5 MONITORING AND REPORTING

Annually, Management and the auditor will provide reports to the ARCC regarding:

- any non-audit services that have been provided by the auditor during the relevant period; and
- the amounts paid to the auditor for those services, together with comparative information for prior years.

For each of the non-audit services reported on, the report must identify whether the service is one that:

- is normally performed by external auditors;
- is commercially sensible for the external auditors to perform; or
- could be performed by any suitably qualified firm.

5.1 External auditor declaration of independence

The external auditor will provide the ARCC with annual and half yearly declarations of their continued independence in accordance with the requirements of the *Corporations Act 2001 (Cth)*, and, in particular, confirming that they have not carried out any engagements during the year that would impair their professional independence as auditor, as contemplated by APES 110.

5.2 Audit, Risk and Compliance Committee

Internal Audit will monitor whether this policy is being complied with on an annual basis and report to the ARCC as to its compliance. As part of the annual review, Internal Audit will investigate and report any breach of this policy to the Chair of the ARCC.

The ARCC must provide a 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; and
- a statement as to whether the ARCC is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors and their reasons for this.

5.3 Reporting

Statements will be included in the Group's Annual Financial Report with respect to each of the following:

- the fees paid to the external auditor for the non-audit services undertaken during the relevant financial year;
- whether the ARCC is satisfied that the provision of the non-audit services was compatible with the external auditor's independence; and
- whether the Board is satisfied that the provision of the non-audit services was compatible with the general standard of independence as imposed under the *Corporations Act 2001 (Cth)* and their reasons for this.

Joint ventures and managed funds are not part of the consolidated Group, appointment and determination of the auditors remuneration should be agreed with the joint venture partner, and these fees are not disclosed as part of the Group's Annual Financial Report.

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