



## Auditor Rotation Policy

30 September 2008  
Version 1.3

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### Revision History

Name	Date	Reason For Changes	Version
Cathryn Nolan	11/07/2005	initial draft / Adopted by Board prior to float	1.0 draft1
Maryann Gassert	16/10/2007	Review	1.1 draft
Kath Clark	28/08/08	Review & formatting	1.2
Cathryn Nolan	06/09/2008	Further review and additions for UK Subsidiary	1.3
Rob Edgley	08/09/2008	Review by Chair of Audit & Compliance Committee	1.3
Board	25/11/2008	Approved	1.3
<b>Next Review</b>	<b>1/6/10</b>	<b>Legal</b>	

#### 1. Preamble

- 1.1. Praemium obtains external audit reports in respect to financial compliance, as required by the Corporations Act 2001 and the laws applicable to those of its subsidiaries that are regulated under financial service laws. In addition it may seek audit reports in respect of control and processes (eg AUS810).
- 1.2. This policy outlines the procedure for the selection and appointment of External Auditors and for the rotation of the External Audit Partners.

#### 2. Selection of External Auditors

- 2.1. Should there be a vacancy for the position of external auditor, the Company, through the Audit Committee, conducts a formal tendering process, either a general or selective tender.
- 2.2. If the vacancy relates to the auditor of the UK Subsidiary group, the Audit Committee will liaise closely with the UK Board in respect to the selection and appointment of the UK Auditors.

- 2.3. Tenders are evaluated in accordance with the criteria, as appropriate from time to time, provided to tenderers. Tenders are not assessed solely on the basis of who is cheapest, but on a number of issues such as:
- Skills and knowledge of the team proposed to do the work;
  - Quality of work;
  - Independence of the audit firm from the Group;
  - Lead signing partner and independent review partner rotation and succession planning;
  - In respect to the Auditor of any subsidiaries outside Australia, the extent to which they can work efficiently and proactively with the Company's Auditor;
  - Value for money; and
  - Ethical behaviour and fair dealing.

### **3. Appointment of External Auditors**

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- 3.1. Through the tendering process the Audit Committee identifies and recommends an appropriate external audit firm and partner for appointment by the Board in conjunction with senior management and/or the Company in general meeting. The appointment is made in writing.

### **4. Rotation of External Audit Partners**

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- 4.1. The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to the Company's accounts for a period of more than five consecutive years. Further, once rotated off the Company's accounts no partner of the external auditor may assume any responsibility in relation to the Company's accounts for a period of five consecutive years. This requires succession planning on the part of the external auditor, a process in which the Company is involved.