

External Auditor Independence Policy

Application and compliance	This policy applies to all of Steel & Tube and its subsidiaries.							
Fundamental Policy Statement	The objective of this policy is to ensure that audit independence is maintained, both in fact and appearance, such that Steel & Tube external financial reporting is viewed as being highly reliable and credible.							
Responsibilities	<table border="1"> <thead> <tr> <th data-bbox="432 517 807 577">Persons</th> <th data-bbox="807 517 1439 577">Responsibility</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 577 807 674">Chief Financial Officer / Company Secretary</td> <td data-bbox="807 577 1439 674">Administration of the Policy</td> </tr> <tr> <td data-bbox="432 674 807 770">Audit & Risk Committee</td> <td data-bbox="807 674 1439 770">Annual review of the Policy and monitoring compliance with the policy</td> </tr> </tbody> </table>		Persons	Responsibility	Chief Financial Officer / Company Secretary	Administration of the Policy	Audit & Risk Committee	Annual review of the Policy and monitoring compliance with the policy
Persons	Responsibility							
Chief Financial Officer / Company Secretary	Administration of the Policy							
Audit & Risk Committee	Annual review of the Policy and monitoring compliance with the policy							
Background	Oversight of Steel & Tube external audit arrangements is the responsibility of the Audit and Risk Committee. Ensuring that the external audit independence is maintained is one of the key aspects in discharging this responsibility.							
Approved Auditor	<p>The Audit and Risk Committee shall only recommend to the Board a firm to be the external auditor if that firm:-</p> <ul style="list-style-type: none"> • Would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement, and • Has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team, Steel & Tube Chief Executive Officer, Chief Financial Officer, or any other Steel & Tube senior manager who acts in a financial oversight role, and • Does not allow for the direct compensation of its audit partners for selling non-audit services to Steel & Tube. 							
Provision of Non-Audit Services by Steel & Tube External Auditors	<p>These guidelines are designed to ensure that non-audit services provided by Steel & Tube external auditors are not perceived as conflicting with the independent role of the external auditor.</p> <p>In assessing the acceptability of non-audit services, the following general principles are to be applied:-</p> <ul style="list-style-type: none"> • The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into the audited financial information; • The external auditor should not perform any function of management, or be responsible for making management decisions; • The external auditor should not have any responsibility for the performance of the internal audit function; • The external auditor should not be responsible for the design or implementation of financial management or information systems; • The external auditor should not act as an advocate for the company, including a promoter of Steel & Tube securities. 							

Services permitted to be performed	<p>The Audit & Risk Committee must pre-approve all Audit Services and Non-Audit services provided by the external auditor.</p> <p>It is appropriate for Steel & Tube external auditors to provide Audit Services.</p> <p>It is appropriate for Steel & Tube external auditors to provide the following Non-Audit services:-</p> <ul style="list-style-type: none"> • Assurance services (excluding Internal Audit) • Accounting policy advice • Listing advice • Accounting and technical training • Tax compliance
Services prohibited to be performed	<p>It is inappropriate for Steel & Tube external auditors to provide:-</p> <ul style="list-style-type: none"> • Services related to maintaining financial or account records or preparing financial statements • The design of financial information systems • Appraisal and valuation services and opinions • Internal audit services • Legal services • Due diligence services in relation to any potential merger and acquisition • Tax planning advice • Broker/dealer/investment adviser/investment banking services • Services of an expert as an advocate • Assistance in recruitment of senior management • Actuarial services • Management functions • Staffing or temporary roles and secondments <p>These prohibitions apply to all offices of the external auditor including overseas offices and affiliates.</p>
Billing arrangements	<p>The billing arrangements for services provided by Steel & Tube external auditors should not include and contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).</p>
Other procedural requirements	<p>Regardless of Steel & Tube policies, it is expected that Steel & Tube's external auditors will comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issued by the Financial Markets Authority, Chartered Accountants Australia and New Zealand and other relevant overseas accounting bodies).</p> <p>This policy does not prescribe any particular level of non-audit service fees that is acceptable, this will be monitored by the Audit and Risk Committee. The Committee will receive a report at least annually detailing the nature of non-audit services provided by the external auditor and the cost of those services.</p>
External Auditor Rotation	<p>The continued appointment of Steel & Tube's external auditors is to be confirmed annually by the Audit & Risk committee. A policy of regular rotation of audit firm is not mandated.</p> <p>Rotation of the Engagement and/or Client Service Partner will be required in accordance with the NZX Listing Rules. Those partners will be subject to a 5 year cooling-off period following rotation.</p>

**Hiring of staff
from the
External Audit
Firm**

The hiring by Steel & Tube of any former audit partner or audit manager must first be approved by the Chair of the Audit and Risk Committee. There are no other restriction on the hiring of other staff from the audit firm.

**External audit
services
provided by
firms other than
the external
auditor**

The Audit and Risk Committee must pre-approve all audit and related assurance services by firms other than the external auditor. Any firm providing such services must meet the requirements of the external auditor detailed above.

**Ownership
review**

& Approver: Steel & Tube Board
Reviewer: Audit & Risk Committee
Owner: Company Secretary
Review: Two Yearly or as required
Date: 21 September 2017
