



Auditor Independence Policy

CROMWELL PROPERTY GROUP

Cromwell Corporation Limited ABN 44 001 056 980

Cromwell Property Securities Limited ABN 11 079 147 809

Cromwell Property Group comprises:

Cromwell Corporation Limited (ABN 44 001 056 980) and

Cromwell Diversified Property Trust (ARSN 102 982 598)

the responsible entity of which is Cromwell Property Securities Limited (ABN 11 079 147 809, AFSL 238052).

Why do we have this policy?

Cromwell Property Group (Cromwell or Group) comprises Cromwell Corporation Limited ACN 001 056 980 and the Cromwell Diversified Property Trust (Trust) (the responsible entity of which is Cromwell Property Securities Limited ACN 079 147 809, and subsidiaries of those entities, including Cromwell Funds Management Limited ACN 114 782 777.

The purpose of this policy is to promote the independence of Cromwell's external audit function by:

- Avoiding situations where auditors may have an actual or perceived conflict of interest (as in the provision of certain non-audit services);
- Increasing the transparency of dealings between Cromwell and its auditors;
- Reducing the concentration of Cromwell's accounting, taxation, valuation and professional advisory service work with a single service provider where this will not adversely impact the quality or cost-effectiveness of the service; and
- Enhancing communication processes both internally and externally to address potential stakeholder concern over auditor independence.

Key principles

- The external auditor's principal role is to provide services related to the audits of the financial statements of Cromwell entities and compliance with AFS license conditions and Compliance Plan(s).
- An auditor will not perform implementation or operational tasks for Cromwell that may later be subject to audit or restricted services.
- All non-audit services (as defined) will require pre-approval by the Chief Financial Officer (CFO) (for engagements under specified amounts)¹ or the Audit and Risk Committee (ARC) Chair (for engagements over specified amounts).
- Specific services or engagements can be excluded from the cap with the endorsement of the CFO and approval of the Audit and Risk Committee Chair.

Controls

- Pre-approvals by the CFO and/or the ARC Chair based on cost of service, as noted above.
- Any services or engagements to be excluded from the cap require prior endorsements by the CFO and approval by the ARC Chair.
- The audit firm seeking approval to perform non-audit services must provide Cromwell with written confirmation that, in their opinion, their independence will not be compromised by taking on the role.
- Management will provide the ARC Chair with a six-monthly report on the level of fees paid by Cromwell and its related entities to each auditor and the nature of the services for which fees were paid.

¹ Certain specified amounts and ratios are not published externally because they are commercially sensitive information.

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1. Summary

External audit forms the third line of defence in Cromwell's Enterprise Risk Management Framework. Audit is an important risk management tool that assists stakeholders in ensuring the accountability of an organisation and its management. However, the effectiveness of external audit is severely reduced if the actual or perceived independence of either function is compromised. Cromwell's Auditor Independence Policy has been developed to protect its audit functions from bias, self-interest and undue influence.

Independence requires:

Independence of Mind

The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, allowing an individual to act with integrity and exercise objectivity and professional scepticism.

Independence in Appearance

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude an auditor or audit service provider's integrity, objectivity or professional scepticism.

2. Risk Management

2.1 Threats to Independence

Potential threats to the independence of auditors may be caused by a broad range of relationships and circumstances and may fall under one or more categories. Threat categories, outlined in the *Accounting Professional and Ethical Standards APES 110 – Code of Ethics for Professional Accountants* (November 2018) issued by the APES Board, are as follows:

Self-Interest The threat that a financial or other interest will inappropriately influence the judgement or behaviour of an auditor or audit firm. Examples of circumstances that may create a self-interest threat include an auditor having undue dependence on the total fees being paid by Cromwell, having concerns about the possibility of losing Cromwell as a client and having a conflict of interest between the duty owed to Cromwell and the personal interests of the auditor or audit firm.

Self-review The threat that an auditor or audit firm will not appropriately evaluate the results of a previous judgement or service performed by the audit firm, or individual from the audit firm, for which they will rely on when forming a judgement as part of providing a current service. Examples of circumstances that may create a self-review threat are where an auditor was previously

employed by Cromwell in a position to exert direct and significant influence over the audit engagement, where the auditor is required to report on the operation of a system after being involved in its design or implementation or where the auditor discovers a significant error during a re-evaluation of the work of that auditor or audit firm.

- Advocacy** The threat that an auditor or audit firm will promote Cromwell's position or opinion to the point where objectivity is potentially compromised. An example would be an auditor or audit firm acting as an advocate on Cromwell's behalf in litigation or in disputes with third parties.
- Familiarity** The threat due to a long or close relationship with Cromwell, the auditor or audit firm becoming too sympathetic to Cromwell's interests or too accepting of Cromwell's work. Examples include a member of the audit team having a close or immediate family relationship with an employee of Cromwell who is able to exert direct and significant influence over the audit engagement, or where the auditor accepts gifts, benefits or preferential treatment from Cromwell unless the value is clearly insignificant.
- Intimidation** The threat that an auditor or audit firm will be deterred from acting objectively due to actual or perceived pressures, including attempts to exercise undue influence, from employees of Cromwell. Examples include being threatened with dismissal or replacement as Cromwell's auditor, being threatened with litigation and being pressured to reduce inappropriately the extent of work performed in order to reduce audit fees below that approved by the Audit and Risk Committee Chair.

2.2 Controls to mitigate the threats to auditor independence

The following controls apply to external audit:

- The auditor will provide an explicit declaration of independence in an annual report to the Audit and Risk Committee.
- The audit signing partner will not perform implementation or operational tasks for Cromwell that may later be subject to audit. In addition, an external auditor must not provide any "restricted services" (as defined).
- Should an auditor perform non-audit services, written evidence from the audit firm is required prior to the work commencing to support the assertion that such work is not in breach of this policy.
- The provision of non-audit services to the value of specified amounts can be approved by the CFO and must be subsequently reported to the Audit and Risk Committee (as part of regular 6 monthly reporting on the matter).
- The provision of non-audit services with a greater value over specified amounts requires prior approval from the Audit and Risk Committee Chair.
- The audit firm seeking approval to perform non-audit services must provide Cromwell with written confirmation that, in their opinion, their independence will not be compromised by taking on the role.
- The total non-audit services performed by the audit firm are capped at a specified ratio.

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- Any services or engagements to be excluded from the cap require prior endorsement by the CFO and approval by the Audit and Risk Committee Chair.
- Management will provide the Audit and Risk Committee with a report on the level of fees paid by Cromwell and its related entities to each auditor and the nature of services for which the fees were paid.
- The auditor will not assume a management or decision-making role for Cromwell nor act as an advocate of Cromwell. An example of the latter would be an auditor's participation in external negotiations on Cromwell's behalf.
- The auditor is required to advise the Audit and Risk Committee Chair of any attempts by management to restrict the scope of audit work, prevent access to full information, unreasonably influence the results of audit work or unreasonably delay the conduct of the audit.
- Proposed appointments of former audit staff members to Cromwell within a year of leaving the audit firm must be approved in advance by the CFO for junior positions and the Group Chief Executive Officer (CEO) for senior positions (i.e. executive management).

2.3 Restricted services

The following services are restricted services:

Service	External Audit
Services relating to accounting records or financial statements	x
Business valuations	A
Secondments to management positions	x
Financial or information system design or implementation	x
Taxation services	B
Recruitment services	x
Remuneration advice	x
Due diligence	
• Tax	x
• Accounting	C
• Legal	x
Advocacy services	x
Litigation support services	x
Internal audit services	D

- A** Service is restricted however exceptions will be allowable where there is separation between Cromwell and the entity appointing the valuer (as an example should Cromwell ever invest in listed or unlisted vehicles managed by another party).
- B** It is the Audit and Risk Committee's view that taxation services are better performed by the Group's appointed tax adviser. However, management may prefer the audit firm to execute non independence impairing specific work where specific expertise is required or other circumstances exist which suggest the audit firm will best execute such services. All services of this nature require Audit and Risk Committee Chair pre approval.

- C** Services which support Cromwell fulfilling an obligation required by law, regulation or governance, such as the provision of letters of comfort or the provision of services as reporting accountant, are permitted non-audit services. The auditor's understanding of Cromwell obtained from the audit of Cromwell's financial statements is critical to the provision of these services and the nature of the services would not compromise independence.
- D** During the course of external engagements, the auditor can evaluate the design and test the operating effectiveness of Cromwell's internal financial controls and the operation of any relevant internal audit function, and provide management with observations on matters that have come to their attention, including comments on weaknesses in the internal control systems and/or the internal audit function together with suggestions for addressing them. This work is a by-product of the audit engagement rather than a separate undertaking to provide non-audit services.

The external auditor can also advise on the design and implementation of Cromwell's internal financial controls. The advice should be limited to theoretical best practice and control objectives. The actual design and implementation can only be done by Cromwell. Such work would constitute a separate engagement and would be subject to the cap and approval requirements.

2.4 Audit rotation

Key audit partner rotation – External Audit

An individual who plays a Key Audit Partner role in the external audit of Cromwell or any related entity, for five successive years, or for more than five years out of seven successive years, cannot continue to play a significant role in the audit until at least a further five years have passed (cooling-off period).

During the cooling-off period, the individual shall not participate in the audit of Cromwell, provide quality control for the engagement, consult with the Engagement Team or Cromwell regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.

Audit firm rotation

From time to time, the Audit and Risk Committee will consider the longevity of the external audit firm relationship to ensure it is not jeopardising overall independence.

2.5 Other matters

Cromwell will seek to spread its accounting, taxation, valuation and professional advisory service work among accounting firms other than its external audit firms where this will not adversely impact the quality or cost-effectiveness of the services.

In addition, Cromwell staff members are encouraged to report any concerns about the probity and accountability of management and/or auditors to the CFO or CEO without fear of reprisal. Depending on the nature of the issue, the CFO or CEO may then refer the matter to the Audit and Risk Committee.

2.6 Waivers and exceptions

Any waiver or exception to meet requirements of this policy must be referred to the Audit and Risk Committee for approval.

3. Definitions

Name	Definition
Engagement Team	The Engagement Team is the actual external audit team involved in the relevant Cromwell audit process
Key Audit Partner	“Key Audit Partner” means the Engagement Partner, the individual responsible for the Engagement Quality Control Review, and other audit partners, if any, on the Engagement Team who make key decisions or judgments on significant matters with respect to the audit of the Financial Statements on which the Firm will express an Opinion. Depending upon the circumstances and the role of the individuals on the audit, other audit partners may include, for example, audit partners responsible for significant subsidiaries or divisions.
Non-Audit services	“Non-audit services” are services other than those related to the audit of financial statements and compliance with Compliance Plans and AFSL requirements and excludes “restricted services”.
Restricted services	“Restricted services” are services defined in paragraph 2.3 of this Policy.

4. Approved, adopted and reviewed

- a) This Policy was approved and adopted by the Board in February 2020.
- b) The Board reviews this Policy and accompanying processes and procedures annually with a view to ensuring that it is operating effectively.
- c) The Policy was last reviewed in February 2021.