

Policy on non audit services provided by the independent external auditors

**Carbon Revolution Limited (the
Company)**

ACN 128 274 653

Adopted by the Board on 18 September 2019

Policy on non-audit services

1 Role of the Committee

The Audit and Risk Committee (**Committee**) is responsible for setting the Company's policy on the provision of non-audit services and ensuring compliance with that policy.

2 What are non-audit services?

'Non-audit services' means any services provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement. 'Non-audit services' do not include 'prohibited non-audit services' that are referred to in sections 3 and 4 of this policy.

3 What are prohibited non-audit services?

'Prohibited non-audit services' are services that, if provided by the external auditor to the Company, would create a real or perceived threat to the independence of the external auditor.

4 External auditor may not provide prohibited non-audit services

The external auditor may not provide any prohibited non-audit services to the Company where these services give rise to a threat to the external auditor's independence with respect to the external audit. Below are the key threats to external auditor independence and examples of arrangements and services which would ordinarily be prohibited as a result:

- Self interest – business relationships, contingent fee arrangements, serving as an officer or employee, recruitment services for senior executives, fees for other services outweighing fees for the external audit
- Self review – strategic advice, financial strategy and taxation planning advice, secondments to management roles, advice on deal structuring, valuation services, IT implementations, internal audit services
- Familiarity – long associations, employment by the client of former auditors, family and personal relationships
- Advocacy – litigation support, acquisition legal advice, dispute resolution, expert witness, roles as broker dealer, promoter or underwriter
- Intimidation – threat of dismissal, dominant personalities at client, actual or threatened litigation, inappropriate pressure to reduce fees and work, restricted access
- Conflict of interest – acting for competitor or other stakeholder

The Committee will review any circumstances which give rise to a threat to external auditor independence and pre-approval is required if the external auditor is being considered for appointment to any roles which are prima facie incompatible with external auditor independence.

5 CFO must approve all non-audit services

To ensure auditor independence is maintained, the Company requires all engagements of the external auditor to provide non-audit services to be approved in writing by the CFO.

6 CFO needs Committee approval for certain non-audit services

The CFO must obtain the prior written approval of the Committee before the external auditor can be engaged to perform non-audit services where:

- the fee for the particular engagement exceeds A\$25,000; or
- the annual fees for all non-audit services exceed, or are likely to exceed, 50% of the auditor's annual audit fees.

7 Factors to be considered when granting approval

In assessing a request for non-audit services, the CFO and the Committee (as applicable) are required to give consideration to the following factors, and any other factors they consider relevant or appropriate:

- the nature of the service provided;
- the dollar value and period of engagement;
- the availability 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.

8 Monitoring and reporting

CFO

The CFO must report to the Committee on a periodic basis regarding:

- any non-audit services provided by the auditor; and
- the amounts paid to the external auditor for those services.

Committee

The Committee must provide an annual 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;
- a statement whether the Committee is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors; and
- the reasons for the Committee's opinion.