

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Non-Assurance Services Pre-approval Policy
Effective from FY 2023

Introduction

As a matter of good corporate governance and having regard to the International Ethics Standards Board for Accountants (IESBA) non-assurance service standard, it is now a requirement that all non-assurance services provided by the independent auditor to an audit client that is a public interest entity (PIE), or its direct or indirect controlling/controlled entities, should be pre-approved by those charged with governance. This requirement is to enable those charged with governance of the public interest entity audit client to have oversight of the independence of the auditor.

This issue has been directed to and considered by MCK's Audit Committee and the following sets out the policy for the pre-approval of non-audit services.

The policy outlines the procedures and conditions whereby proposed permissible non-assurance services to be provided by the independent auditor can be presented to MCK's Audit Committee for approval to provide the services.

1) All non-audit services must be pre-approved by the Audit Committee

The Audit Committee shall follow the following procedure to assess and pre-approve non-audit services provided by the independent auditor:

The Audit Committee has adopted a general policy procedure to pre-approve non-assurance services to be provided by the independent auditor without obtaining specific pre-approval for each engagement.

- *Under this procedure, the audit and risk committee pre-approves the list of non-assurance services as included in **Appendix A List of Pre-approved Services** that may be provided by the independent auditor without the need for the auditor to seek specific pre-approval from the audit and risk committee. This **Appendix A List of Pre-approved Services** remains in effect until amended by the audit and risk committee.*
- If a non-assurance service is not included in the annual pre-approved list, it will require specific pre-approval by the Audit Committee and / or the Board and this concurrence must be provided to the auditor before an engagement letter contracting the non-assurance service is signed or work commenced.

This pre-approved list of non-assurance services remains in effect until amended by the Audit Committee.

The Board and the Audit committee hereby delegates to the Chair^{1]} of the Audit Committee] authority to grant approval of services that are not on the pre-approved list and need individual

¹ This can be delegated to any member of the board/audit committee.

approval. The Chair of the Audit Committee shall report any pre-approval decisions to the Board / Audit Committee at or prior to its next scheduled meeting.

The term of any specific pre-approval is 12 months from the date of pre-approval, unless the Audit Committee approves a different period.

Unless a non-assurance service shall have received such general pre-approval as set out above, it will require specific pre-approval by the audit and risk committee and the concurrence must be provided to the auditor in advance of the non-assurance services being provided.

2) The group entities which are subject to pre-approval.

Entities within the corporate structure that are covered by this Pre-approval Policy are set out in Appendix B.

3) Delegation of authority.

The Audit Committee delegates to its Chair the authority to grant approval of services that are not on the pre-approved list and need individual approval. The Chair of the Audit Committee shall report any pre-approval decisions to the Committee at or prior to its next scheduled meeting.

As MCK's the corporate structure has more than one public interest entity, this procedure applies to the following public interest entities that are also audited by KPMG New Zealand:

- Millennium & Copthorne Hotels New Zealand Limited;
- CDL Investments New Zealand Limited

All non-assurance services for the above entities in the corporate structure will follow their respective procedures and will require pre-approval by each public interest entity's own Audit Committee. Each Audit Committee will be responsible for approving non-assurance services for its subsidiaries, except where the subsidiary is also a public interest entity.

In the event that the fees for non-audit services exceed 50% of the total annual audit fees at the relevant public interest entity, management of the relevant public interest entity should inform the Vice President Finance of MCK and provide information on the non-audit services that caused the 50% threshold to be reached or exceeded, with a description of the service provided, and the fee and safeguards applied for each service. The Vice President Finance will assess the fee for such non-audit services at the MCK level and update the Audit Committee of MCK accordingly.

4.0 Restrictions on disclosure of information regarding non-assurance services

Restrictions due to professional standards, laws or regulations

The Audit Committee has not identified any professional standards, laws or regulations that would restrict the communication of information regarding non-assurance services to the audit and risk committee by the independent auditor.

Restrictions due to sensitive or confidential information

In some circumstance, the provision of information necessary for the Audit Committee to evaluate the impact on the auditor's independence from providing a proposed service to another public interest entity within the corporate structure may result in the disclosure of sensitive or confidential information.

The Audit Committee can provide concurrence for providing the non-assurance service when:

- The auditor agrees with the Audit Committee of the entity to whom the service will be provided what information can be provided to the Audit Committee of the public interest entity that needs to provide concurrence for such service.
- The auditor provides such information as it is able without breaching its legal or professional obligations.
- The auditor informs that the provision of the service will not create a threat to its independence, or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level; and
- The Audit Committee does not disagree with the auditor's conclusion above.

5.0 Concurrence

Under this pre-approval policy, the Audit Committee understands that the provision of the non-assurance services listed in **Appendix A List of Pre-approved Services** by the auditor will not create a threat to the auditor's independence (or any such threat will be reduced to an acceptable level or the circumstance creating the threat will be eliminated by the auditor). Therefore, the independent auditor will not be required to obtain specific pre-approval for these services.

All other non-assurance services not covered by **Appendix A List of Pre-approved Services** will require communication from the independent auditor and individual concurrence from the delegate of the audit and risk committee regarding:

- the provision of the non-assurance service; and
- the conclusion that the provision of the non-assurance service will not create a threat to the auditor's independence, or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level.

The communication from the independent auditor should take place as needed, in advance of the non-assurance services being provided.

The concurrence of the audit and risk committee will be documented through emails, and will be documented in the following audit and risk committee meeting.

6.0 Policy Review

The audit and risk committee will review this policy annually and will update Appendix B at least annually, if applicable, or when a change occurs.

In addition, as the need arises, the independent auditor may submit to the audit and risk committee a request to amend or add to the terms of this pre-approval policy or to update the List of Pre-approved List of Non-assurance Services.

Appendix A - List of pre-approved non-assurance services

Before a non-assurance service is provided, the independent auditor must apply the conceptual framework² of the IESBA Code to identify, evaluate, and address any threats³ to independence that might be created. A non-assurance service which might create a self-review threat is not permissible for a public interest entity audit client. The independent auditor is also prohibited from assuming a responsibility of management and will evaluate this risk.

The audit and risk committee believes the independent auditor may provide the following list of services without impairing its independence and has pre-approved these services. All other services not listed in Appendix A must be specifically pre-approved by the audit and risk committee.

² The conceptual framework specifies an approach for a professional accountant to:

- a) Identify threats to compliance with the fundamental principles;
- b) Evaluate the threats identified; and
- c) Address the threats by eliminating or reducing them to an acceptable level.

³ Threats to compliance with the fundamental principles fall into one or more of the following categories:

- a) Self-interest threat – the threat that a financial or other interest will inappropriately influence a professional accountant's judgment or behaviour;
- b) Self-review threat – the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made, or an activity performed by the accountant or by another individual within the accountant's firm or employing organization, on which the accountant will rely when forming a judgment as part of performing a current activity;
- c) Advocacy threat – the threat that a professional accountant will promote a client's or employing organization's position to the point that the accountant's objectivity is compromised;
- d) Familiarity threat – the threat that due to a long or close relationship with a client, or employing organization, a professional accountant will be too sympathetic to their interests or too accepting of their work; and
- e) Intimidation threat – the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the accountant.

NAS categories	Key deliverables/activities	Complexity
Agreed-upon procedures		
Agreed-upon procedures regarding financial information	<ul style="list-style-type: none"> Agreed-upon procedures on revenue reported to landlord Agreed-upon procedures in connection with submission of statement of expenditure to government agencies/statutory boards for incentives/grants, in accordance with the terms and conditions specified 	Based on procedures agreed upon between parties.
Tax		
Tax compliance	<ul style="list-style-type: none"> Preparation and filing of income tax returns (including responses to tax authority queries), Value Added Tax (VAT) / Goods and Services Tax (GST) returns, Construction Industry Scheme (CIS) returns, Country-by-Country Reporting (CbCR) across the countries where the Group operates in Preparation and submission of application letters to tax authorities (such as stamp duty relief application and GST application) Preparation of transfer pricing documentation Review of GST Assisted Compliance Assurance Programme (ACAP) Tax relief analysis (e.g. provision of capital allowance advice) 	Routine compliance
Tax advisory - General tax planning and advice	<ul style="list-style-type: none"> Transfer pricing analysis Employment tax advice Tax advice on dispute with tax authorities 	Based on prevailing tax laws, practice guidance/notes issued by the tax authorities
Personal tax services for employees	<ul style="list-style-type: none"> Preparation of personal income tax returns 	Routine compliance

NAS categories	Key deliverables/activities	Complexity
iXBRL services		
iXBRL conversion assistance	<ul style="list-style-type: none"> Conversion of statutory accounts to iXBRL format 	Routine compliance
Other advisory services		
Regulatory compliance services	<ul style="list-style-type: none"> Regulatory gap reviews against the applicable requirements of the Securities and Futures Act and its related regulations, notices and guidelines; and SGX Listing Rules and the Code on Collective Investment Schemes 	Based on best practice and guidance issued by the regulator.
Financial and tax due diligence with a total fee that is less than 5% of the total annual audit fees.	<ul style="list-style-type: none"> Financial, tax, law and integrity due diligence on potential acquisitions and disposals without BUY or SELL conclusions 	Based on historical information and nature of service is akin to fact finding.

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Financial and tax due diligence with a total fee that is less than 5% of the total annual audit fees.	<ul style="list-style-type: none"> Financial, tax, law and integrity due diligence on potential acquisitions and disposals without BUY or SELL conclusions 	Based on historical information and nature of service is akin to fact finding.

Appendix B - List of entities that are covered by this Pre-approval Policy

1) Public Interest Entities

- Millennium & Copthorne Hotels New Zealand Limited
- CDL Investments New Zealand Limited

2) Direct and indirect controlled entities (subsidiaries of any PIE)

3) Direct and indirect controlling entities (parents)