

Remediation Implementation Report

Auditor Independence and Conflicts of Interest

RCA Members of Hall Chadwick (NSW)

Prepared by: David Stevens CA, Independent Expert

14 October 2026

1. Background and Scope

On 23 September 2025, the Australian Securities and Investments Commission (ASIC) accepted a Court Enforceable Undertaking (CEU) offered by the RCA Members of Hall Chadwick (NSW). The CEU followed ASIC surveillance and investigation activities concerning Hall Chadwick (NSW)'s compliance with auditor rotation requirements under the *Corporations Act 2001*.

I was appointed as Independent Expert pursuant to the CEU and issued my *Independent Expert Report – Auditor Independence and Conflicts of Interest* on 3 March 2026. That report set out my evaluation of the Firm's system of quality management insofar as it related to auditor independence and conflicts of interest, together with recommendations directed towards strengthening the Firm's independence framework.

In response, Hall Chadwick (NSW) prepared a Remediation Plan dated 1 April 2026 setting out the actions it proposed to take in response to each of my recommendations. I subsequently reviewed that Plan pursuant to clause 8.9.7 of the CEU and concluded that it appropriately addressed my recommendations, with no modifications required.

This report has been prepared pursuant to clause 8.9.8 of the CEU and sets out the outcome of my testing of whether the recommendations contained in my Independent Expert Report and the corresponding actions identified in Hall Chadwick (NSW)'s Remediation Plan have been implemented. As such, it is limited to the implementation testing required by clause 8.9.8 of the CEU and does not address broader continuous improvement opportunities that may arise outside the scope of that requirement.

My work was directed solely to assessing implementation of the agreed remediation measures. It does not constitute an audit, review or assurance engagement conducted in accordance with Australian Auditing or Assurance Standards.

2. Approach

In conducting my review, I:

- reviewed documentation provided by Hall Chadwick (NSW) evidencing implementation of the Remediation Plan;
- reviewed policies, procedures, templates and monitoring activities introduced or revised as part of the remediation process;
- tested selected underlying records and engagements, including higher-risk non-audit service arrangements;
- considered the Firm's monitoring of auditor rotation, long association, non-audit services and significant relationships; and
- held discussions with personnel having operational and governance responsibility for the relevant processes.

My testing focused on whether the specific actions committed to in the Remediation Plan had been put into operation and whether, taken together, those actions implemented the substance of the recommendations contained in my Independent Expert Report.

3. Assessment of Remediation Implementation

3.1 Auditor Rotation and Long Association Monitoring

My Independent Expert Report recommended structured periodic monitoring of auditor rotation requirements for Public Interest Entities (PIEs), together with strengthened monitoring of long-association safeguards for Non-PIE engagements.

Testing performed

For PIE engagements, I reviewed the Firm's April 2026 review of its auditor rotation register, including the accuracy of recorded partner tenure information and the identification of upcoming rotation requirements.

For Non-PIE engagements involving long association, I reviewed the Firm's April 2026 annual assessment of engagements where partner association exceeded ten years, including its consideration of familiarity threats and whether existing safeguards, including Engagement Quality Reviews, remained appropriate.

Conclusion

I am satisfied that the remediation actions relating to auditor rotation and long-association monitoring have been implemented within the timeframes established in the Remediation Plan.

3.2 Provision of Non-Audit Services to Audit Clients

My Independent Expert Report recommended that the Firm strengthen the consistency and depth of independence assessments relating to non-audit services (NAS), particularly the consideration of self-interest and intimidation threats where NAS fees are significant relative to audit fees. I also recommended ongoing monitoring capable of identifying cumulative or emerging independence risks across the client base.

Testing performed

I reviewed the revised HC Form 110-600 introduced by the Firm, the Firm's first annual NAS monitoring review, and the underlying independence assessments for the engagements selected as part of that monitoring.

My testing included review of ten engagements selected through the Firm's monitoring process, with particular attention to higher-risk circumstances where NAS fees were significant relative to audit fees.

Conclusion

I am satisfied that the remediation actions relating to NAS have been implemented. The revised HC Form 110-600 has been implemented and the Firm has established and performed the annual risk-based NAS monitoring process contemplated by the Remediation Plan. My testing did not identify any matter that causes me to conclude that the relevant remediation actions have not been implemented.

3.3 Identification and Documentation of Significant Relationships

My Independent Expert Report recommended that independence assessments arising from significant relationship disclosures be undertaken and documented at the earliest point of disclosure, including during employee onboarding and when personal circumstances change. Where safeguards are implemented, their continuing appropriateness should also be periodically reassessed.

Testing performed

I reviewed the process established between Human Resources and the Engagement Quality Partner for the identification and escalation of significant relationship disclosures arising during employee onboarding. I also reviewed the Firm's biannual independence process for the six months to 30 June 2026, including the treatment of identified exceptions and reassessment of relevant independence matters.

Conclusion

The revised onboarding process was communicated to Human Resources within the timeframe established in the Remediation Plan. No new personnel commencing during the relevant period had disclosures requiring assessment under the revised process. The Firm also completed its biannual independence process, including consideration of relevant independence matters and safeguards. I am satisfied that the remediation actions relating to significant relationships have been implemented.

3.4 Monitoring Activities Across Key Independence Risk Areas

My Independent Expert Report recommended regular, periodic monitoring addressing auditor rotation and long association, NAS provided to audit clients and significant relationships, with monitoring outcomes documented and reported to those charged with governance and follow-up actions tracked to completion.

Testing performed

I reviewed the principal monitoring and recurring independence activities undertaken by the Firm, including:

- the April 2026 review of the auditor rotation register;
- the April 2026 annual Non-PIE long-association review;
- the annual NAS monitoring review completed in September 2026; and
- the biannual independence process for the six months to 30 June 2026, completed in September 2026.

I also reviewed the documentation of monitoring outcomes and identified follow-up actions, and considered the Firm's arrangements for communicating those outcomes through its governance processes.

Conclusion

I am satisfied that the remediation actions relating to monitoring across key independence risk areas have been implemented.

The periodic monitoring activities contemplated by the Remediation Plan were completed by 30 September 2026, with the outcomes and identified follow-up actions documented. Completion of the remediation activities was also communicated on 30 September 2026 to the individual with ultimate responsibility and accountability for quality.

The Remediation Plan provides that the detailed outcomes of the monitoring activities will be shared at a subsequent Audit Management Meeting. Arrangements are in place for those outcomes and associated follow-up actions to be considered at that meeting. As this subsequent reporting step forms part of the ongoing operation of the monitoring and governance process established under the Remediation Plan, I do not consider it to represent an outstanding remediation action for the purposes of my implementation assessment.

3.5 Ongoing Maintenance of the Independence Framework

My Independent Expert Report recommended periodic review and reinforcement of independence-related policies, procedures and documentation practices to ensure they remain current, internally consistent and operationally effective.

Testing performed

I reviewed the Firm's annual review of its independence framework completed on 5 June 2026, including its consideration of relevant independence policies, procedures, manuals and procedural templates.

Conclusion

I am satisfied that the remediation action relating to ongoing maintenance of the independence framework has been implemented within the timeframe established in the Remediation Plan.

4. Overall Conclusion

Based on the testing performed, I conclude that Hall Chadwick (NSW) has implemented the recommendations contained in my Independent Expert Report dated 3 March 2026 and the corresponding actions identified in its Remediation Plan dated 1 April 2026.

The Firm completed by 30 September 2026 the remediation and monitoring activities scheduled to be completed by that date under the Remediation Plan. My testing did not identify any matter that causes me to conclude that the recommendations or corresponding remediation actions have not been implemented.

This report completes my testing and reporting obligations under clause 8.9.8 of the CEU. My conclusion is limited to the implementation requirements arising under the CEU and does not extend to broader continuous improvement matters outside the scope of the Remediation Plan.



David Stevens CA

Independent Expert

14 October 2026