

COURT ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001

Section 93AA

The commitments in this undertaking are offered to the Australian Securities and Investments Commission (**ASIC**) by:

The RCA Members of Hall Chadwick (NSW)

With principal place of practice at Hall Chadwick, L40, 2-26 Park St, Sydney NSW 2000

1 Definitions

In addition to terms defined elsewhere in this undertaking, the following definitions are used:

Acceptance Date means the date of acceptance by ASIC of this court enforceable undertaking;

APES 110 means the Accounting Professional and Ethical Standard *Code of Ethics for Professional Accountants (including Independence Standards)* current as at the date of this court enforceable undertaking;

ASA 102 means Auditing Standard *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* current as at the date of this court enforceable undertaking;

ASQC 1 means Auditing Standard *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*;

ASQM 1 means Auditing Standard *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* current as at the date of this court enforceable undertaking;

ASIC Act means the *Australian Securities and Investments Commission Act 2001* (Cth);

AUASB means the Auditing and Assurance Standards Board, responsible for developing, issuing and maintaining auditing and assurance standards;

Auditing Standard means Australian Auditing Standards (with prefix ASA or ASQM) made by the AUASB;

CADB means Companies Auditors Disciplinary Board;

Corporations Act means the *Corporations Act 2001* (Cth);

Hall Chadwick (NSW) (or the **firm**) means the accounting firm trading as Hall Chadwick (NSW) that includes the RCA Members of Hall Chadwick (NSW);

RCA means a company auditor who is registered and remains registered in accordance with Part 9.2 of the Corporations Act;

RCA Members of Hall Chadwick (NSW) means all partners of the firm that are an RCA at the time of execution of this court enforceable undertaking being Drew Anthony Townsend, Anthony Travers, Stewart Thompson, Vinay Sheoran and Martin Sabanos.

2 Background

2.1 ASIC's role:

- 2.1.1 Under s1 of the ASIC Act, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.
- 2.1.2 Auditor registration, cancellation and suspension is administered through Part 9.2 of the Corporations Act. Auditors may be registered with ASIC as either individual auditors or authorised audit companies.
- 2.1.3 Division 1 of Part 2M.4 of the Corporations Act provides a firm may be appointed as auditor for a company, and that the appointment is taken to be an appointment of all individual registered company auditor members of the firm at the date of the appointment.
- 2.1.4 ASIC may bring an application to the CADB pursuant to s1292(1) of the Corporations Act where an individual who is registered as an auditor has (amongst other things):
 - i. contravened s324DB of the Corporations Act; or
 - ii. has failed to carry out adequately and properly the duties of an auditor.

3 Duties of an auditor

- 3.1 Division 5 of Part 2M.4 of the Corporations Act outlines the auditor rotation requirements for listed companies and other entities, generally requiring an individual auditor to rotate off auditing a listed company after five successive financial years (**eligibility term**). The term of the individual auditor's involvement may be extended for one or two successive financial years as set out in s324DAA to s324DAC of the Corporations Act. A purported approval to extend the eligibility term is ineffective under s324DAD of the Corporations Act, unless it complies with all of the requirements of s324DAA to s324DAC.
- 3.2 An individual contravenes s324DB of the Corporations Act when they play a significant role in the audit of a listed company for a financial year and they are not eligible to play that role. An individual who has contravened the

rotation requirements outlined in paragraph 3.1 would not be eligible to play a significant role.

- 3.3 “[P]lay a significant role” is defined in s9 of the Corporations Act to include where a firm is appointed as an auditor of a company for a financial year, a person is a registered company auditor and that person acts on behalf of the firm as the company’s lead or review auditor within that financial year.
- 3.4 In accordance with ASQM 1, a firm that performs an audit of a financial report in accordance with the Corporations Act was required to have a system of quality management implemented by 15 December 2022 and to have that system of quality management evaluated within the following year. Prior to this, ASQC 1 contained the requirement to have a system of quality control in place.
- 3.5 An ASQM 1 system of quality management is designed, implemented and operated by a firm to provide reasonable assurance that the firm and its personnel fulfill their responsibilities in accordance with AUASB standards and applicable legal and regulatory requirements, and that engagements are conducted in accordance with such standards and requirements. One component of a system of quality management is the ‘relevant ethical requirements’.
- 3.6 In accordance with ASQM 1, the firm, its personnel and others within its network are to:
 - 3.6.1 Understand the relevant ethical requirements, including those related to independence, to which the firm and the firm’s engagements are subject or that apply to them; and
 - 3.6.2 Fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm’s engagements are subject or that apply to them.
- 3.7 Relevant ethical requirements, including those related to independence, are outlined in ASA 102, and mean ethical requirements that apply to the auditor. ASA 102 states these include (amongst other things) the applicable requirements of APES 110 and applicable provisions of the Corporations Act. The applicable provisions of APES 110 and the Corporations Act are found in:
 - 3.7.1 Part 4A of APES 110 which specifies independence requirements for audits, including but not limited to, section 540 *Long association of personnel (including partner rotation) with an audit client*.
 - 3.7.2 Part 2M.4 Division 3 of the Corporations Act titled ‘Auditor independence’ which states registered company auditors are required to maintain independence by avoiding and promptly addressing any general and specific conflict of interest situations.
 - 3.7.3 Part 2M.4 Division 5 of the Corporations Act titled ‘Auditor rotation for listed companies, listed registered schemes and registrable

superannuation entities' which states registered company auditors of specific entities are subject to a limited term of eligibility to play a significant role in an audit, after which they must rotate off the audit.

4 Details of conduct and ASIC's surveillance/investigation into the auditor rotation breaches

4.1 In October 2024 ASIC issued a letter to all registered company auditors, including the RCA Members of Hall Chadwick (NSW) with the exception of Mr Sheoran¹, directly to their email address used on their last electronic lodgement, and publicly via an ASIC media release. This letter warned them of the commencement of a surveillance initiative focussing on auditors' adherence with independence and conflicts of interest obligations under the Corporations Act. ASIC encouraged auditors to self-identify and self-report non-compliance with these obligations.

4.2 ASIC's surveillance activity identified Mr Drew Townsend, a current partner of Hall Chadwick (NSW):

4.2.1 audited two listed companies while holding directors' resolutions purporting to extend the eligibility term, which were ineffective under s324DAD of the Corporations Act because all the requirements of s324DAA to s324DAC of the Corporations Act were not complied with; and

4.2.2 acted as lead auditor across these two listed companies, for a total of three financial years between 1 July 2021 to 30 June 2023 when he was ineligible to do so.

4.3 ASIC's surveillance activity identified a former partner of Hall Chadwick (NSW):

4.3.1 audited a listed company for an additional two financial years after the end of the eligibility term under the belief they had extended the eligibility term to continue as auditor in compliance with s324DAA to s324DAC of the Corporations Act, when no directors' resolution could be produced to ASIC;

4.3.2 was appointed as auditor for a listed company and held directors' resolutions purporting to extend the eligibility term, which were ineffective under s324DAD of the Corporations Act because all the

¹ Mr Sheoran became a registered company auditor in May 2025.

requirements of s324DAA to s324DAC of the Corporations Act were not complied with; and

4.3.3 acted as lead auditor for a combined total of four financial years across these two listed company audits, between 1 July 2019 to 31 December 2021 when they were ineligible to do so.

4.4 ASIC's surveillance activity identified a second former partner of Hall Chadwick (NSW):

4.4.1 audited four listed companies while holding directors' resolutions purporting to extend the eligibility term for each company, which were ineffective under s324DAD of the Corporations Act because all the requirements of s324DAA to s324DAC of the Corporations Act were not complied with; and

4.4.2 acted as lead auditor for a combined total of seven financial years across these four listed companies, between 1 July 2020 to 30 June 2023 when they were ineligible to do so.

5 Details of ASIC's review of Hall Chadwick (NSW)'s policies and procedures

5.1 As a result of ASIC's investigation and surveillance activities in paragraph 4, which identified auditor rotation breaches by multiple RCA members of Hall Chadwick (NSW) at the time, ASIC reviewed Hall Chadwick (NSW)'s current audit independence policies and procedures required by ASQM 1, as outlined in paragraphs 3.4 to 3.7.

5.2 In ASIC's view, Chapter 3 of the Hall Chadwick (NSW)'s Audit Manual entitled 'Audit Independence' is deficient. The Manual refers to superseded standards and regulatory policy. The relevant ethical requirements outlined at paragraph 3.7 have not been adequately incorporated into Hall Chadwick (NSW)'s policies in a way that provides reasonable assurance that the firm's personnel are complying with relevant ethical standards.

5.3 Overall, ASIC considers that Hall Chadwick (NSW)'s system of quality management in so far as it relates to auditor independence and conflicts of interest obligations, does not comply with ASQM 1. ASIC acknowledges as a result of its investigation and surveillance activities in paragraph 4, Hall Chadwick (NSW) has adopted an updated 'Rotation of Auditors' policy, which will be subject to a review by an independent expert as undertaken below.

6 ASIC's views on contraventions and breaches of duties

6.1 As a result of ASIC's surveillance and investigation findings outlined at paragraph 4, ASIC holds the view that Mr Townsend contravened s324DB by playing a significant role in the audits of listed companies for three financial year/s that he was not eligible to play that role.

6.2 As a result of ASIC's review of Hall Chadwick (NSW)'s audit independence policies and procedures at paragraph 5, ASIC holds the view that the RCA

Members of Hall Chadwick (NSW) have failed to adequately and properly design, implement and operate a system of quality management to fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm's engagements are subject to in so far as they relate to auditor independence and conflicts of interests obligations, in accordance with their duties in relation to ASQM 1 and ASA 102.

7 Admissions

- 7.1 Mr Townsend acknowledges and admits that he contravened s324DB by playing a significant role in the audits of listed companies for three financial year/s that he was not eligible to play that role, and as a result, he has agreed to accept the undertakings as outlined in paragraphs 8.2 to 8.16 below.
- 7.2 The RCA Members of Hall Chadwick (NSW) acknowledge and admit that they have failed to adequately and properly design, implement and operate a system of quality management to fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm's engagements are subject or apply in so far as they relate to auditor independence and conflicts of interests obligations,, in accordance with their duties in relation to ASQM 1 and ASA 102, and as a result, have agreed to accept the undertakings as outlined in paragraphs 8.2 to 8.16 below.

8 Undertakings

- 8.1 Under s93AA of the ASIC Act, the RCA Members of Hall Chadwick (NSW) have offered, and ASIC has agreed to accept, as an alternative to applying to the CADB for contraventions of s324DB (in the case of Mr Townsend) and the admission described in paragraph 7.2 (in the case of each RCA Members of Hall Chadwick (NSW)), the undertakings in paragraphs 8.2 to 8.16 below.

Auditor reporting of extending the eligibility term

- 8.2 From the Acceptance Date to full implementation of the Remediation Plan referred to in paragraph 8.9, but no less than 12 months from the Acceptance Date, the RCA Members of Hall Chadwick (NSW) that remain partners of Hall Chadwick (NSW) during that period, undertake to inform ASIC of any extension of the eligibility term for an individual, when Hall Chadwick (NSW) is the appointed auditor, to play a significant role in the audit of a listed company, listed registered scheme or registrable superannuation entity. In informing ASIC and prior to all the relevant deadlines,² the relevant RCA Member of Hall Chadwick (NSW) undertake to submit to ASIC evidence of compliance, or the planned steps to fully comply, with Division 5 of Part 2M.4 of the Corporations Act, particularly s324DAA to s324DAC.

Independent Expert review of system of quality management

- 8.3 The RCA Members of Hall Chadwick (NSW) undertake to have Hall Chadwick (NSW)'s system of quality management in so far as it relates to

² With sufficient time before the end of the five successive financial years (specified in s324DAA) and the director's resolution 14 day lodgement timeframe (specified in s324DAC).

auditor independence and conflicts of interests obligations, evaluated by an independent expert to ensure it is adequately and properly designed, implemented and operating to fulfill their responsibilities in relation to the relevant ethical requirements to which Hall Chadwick (NSW) and its engagements are subject or apply, in accordance with their duties in ASQM 1 and ASA 102.

- 8.4 The RCA Members of Hall Chadwick (NSW) undertakes to assign operational responsibility for the implementation of this court enforceable undertaking to a suitable RCA Member (**Responsible Partner**) of Hall Chadwick (NSW). The RCA Members of Hall Chadwick (NSW) undertake to ensure that the Responsible Partner complies with the undertakings provided by the Responsible Partner under this court enforceable undertaking.
- 8.5 The Responsible Partner undertakes to notify ASIC within 7 days of their assignment. If the individual assigned as the Responsible Partner changes throughout the duration of this court enforceable undertaking, the newly assigned Responsible Partner undertakes to notify ASIC of their assignment within 7 days of being assigned.
- 8.6 The Responsible Partner undertakes to nominate to ASIC within 30 days of the Acceptance Date, for ASIC's approval (or within such longer period as may be agreed by ASIC and the Responsible Partner), an independent expert who, in the RCA Members of Hall Chadwick (NSW)'s opinion:
 - 8.6.1 has the necessary expertise, experience and operational capacity to perform the role contemplated by this court enforceable undertaking; and
 - 8.6.2 is independent of Hall Chadwick (NSW), its related firms, related bodies corporate and its officers at the time of the appointment, and who will at all material times be capable of exercising objective and impartial judgement.
- 8.7 The Responsible Partner undertakes to request ASIC to approve within 30 days of the Acceptance Date (or within such longer period as may be agreed by ASIC and the Responsible Partner) the draft terms and scope of engagement for that expert that meet the requirements of this court enforceable undertaking in paragraph 8.9.
- 8.8 If ASIC approves the draft terms and scope of engagement and the independent expert, the RCA Members of Hall Chadwick (NSW) undertake to procure that Hall Chadwick (NSW) appoints the approved independent expert (**the Independent Expert**) on the terms and scope of engagement

approved by ASIC, within 14 days of receiving ASIC's approval (or within such longer period as may be agreed by ASIC and the Responsible Partner).

8.9 The RCA Members of Hall Chadwick (NSW) undertake to ensure the terms of the Independent Expert's engagement provided to ASIC for approval under paragraph 8.7:

- 8.9.1 include a statement to the effect that the work of the Independent Expert is being carried out for Hall Chadwick (NSW) and ASIC, and acknowledging that ASIC is relying on the work of the Independent Expert;
- 8.9.2 include a statement that upon request by ASIC, ASIC is to be copied into all or some communications between Hall Chadwick (NSW) and the Independent Expert;
- 8.9.3 require the Independent Expert to notify ASIC where a conflict of interest arises during the engagement or when the Independent Expert becomes aware of information that adversely affects its ability to exercise objective and impartial judgement;
- 8.9.4 require the Independent Expert, within four months of engagement (or within such longer period as may be agreed by ASIC and the Responsible Partner), to provide a written report (**the Expert Report**) to Hall Chadwick (NSW) and ASIC which sets out the Independent Expert's evaluation of Hall Chadwick (NSW) compliance with ASQM 1, in so far as it relates to auditor independence and conflicts of interests obligations, including recommendations for actions that, in the opinion of the Independent Expert, would be necessary for Hall Chadwick (NSW) to implement to rectify any non-compliance with the ASQM 1 obligations referred to above, identified by the Independent Expert;
- 8.9.5 shall, for the avoidance of doubt, specifically address Chapter 3 of the Hall Chadwick Audit Manual entitled 'Audit Independence', its related appendices and any connected procedures, tools, templates, change management, updates and evaluation/monitoring, that provides reasonable assurance that the firm and its personnel fulfill their responsibilities to comply with the 'relevant ethical requirements' as defined in ASQM 1 in so far as it relates to auditor independence and conflicts of interests obligations,;
- 8.9.6 within one month (or such later date as agreed between ASIC and the Responsible Partner) of receipt of the Expert Report, the Responsible Partner must provide to ASIC and the Independent Expert, a plan prepared by the RCA Members of Hall Chadwick (NSW), to

implement the recommendations (if any) contained in the Expert Report (**the Remediation Plan**) which:

- 8.9.6.i.1 sets out the actions Hall Chadwick (NSW) proposes to take to implement recommendations identified in the Expert Report;
- 8.9.6.i.2 ensures that sufficiently qualified and skilled staff are employed to discharge the Remediation Plan; and
- 8.9.6.i.3 specifies the date by which each action will be taken;
- 8.9.7 require the Independent Expert to review the Remediation Plan and inform ASIC within 14 days of receiving the Remediation Plan, whether in the opinion of the Independent Expert, the Remediation Plan requires any modification to ensure it addresses the recommendations made in the Expert Report;
- 8.9.8 require the Independent Expert to test whether the recommendations identified in the Expert Report and actions identified in the Remediation Plan have been implemented four months after the date of the Expert Report (or such other date as may be agreed between the Responsible Partner, the Independent Expert and ASIC) and to provide a report (**the Remediation Implementation Report**) on the outcome of such testing to Hall Chadwick (NSW) and ASIC within two months after the Independent Expert begins the testing.
- 8.10 The RCA Members of Hall Chadwick (NSW) undertake to make all reasonable modifications to the Remediation Plan requested by ASIC within 14 days of receiving the relevant request.
- 8.11 The RCA Members of Hall Chadwick (NSW) undertake to implement the Remediation Plan in full, and within the timeframes specified in the Remediation Plan, or such varied timeframes agreed by ASIC.
- 8.12 The RCA Members of Hall Chadwick (NSW) undertake to notify ASIC within seven days of full implementation of the Remediation Plan.
- 8.13 The RCA Members of Hall Chadwick (NSW) undertake to:
 - 8.13.1 permit the Independent Expert, to the extent that it is reasonable having regard to the requirements of this court enforceable undertaking, to have access to Hall Chadwick (NSW)'s books and to interview current employees;
 - 8.13.2 give the Independent Expert any information or explanation reasonably requested by the Independent Expert of any matter in any way connected with the report required to be prepared by the Independent Expert under this court enforceable undertaking; and
 - 8.13.3 otherwise reasonably assist the Independent Expert in carrying out the terms of its engagement and producing the reports required to be

prepared by the Independent Expert under this court enforceable undertaking.

- 8.14 The RCA Members of Hall Chadwick (NSW) undertake to seek approval under paragraph 8.9 for the appointment of a new independent expert, within 21 days of becoming aware the appointed Independent Expert is unable to continue its appointment.

Other

- 8.15 The RCA Members of Hall Chadwick (NSW) undertake to pay the costs of their compliance with this court enforceable undertaking.

- 8.16 If ASIC requests information and documents for the purpose of assessing compliance with the terms of this court enforceable undertaking, the Responsible Partner undertakes to provide the requested information and documents to ASIC within seven days of the request.

9 Acknowledgements

- 9.1 The RCA Members of Hall Chadwick (NSW) acknowledges that ASIC:
- 9.1.1 may issue a media release on execution of this undertaking referring to its terms, the findings outlined in paragraphs 4 and 5 above, and the admissions outlined in paragraph 7 above;
 - 9.1.2 may from time to time publicly refer to this undertaking;
 - 9.1.3 will from time to time publicly report about compliance with this undertaking;
 - 9.1.4 will make this undertaking available for public inspection; and
 - 9.1.5 may issue a media release referring to the content of the Independent Expert reports at paragraphs 8.9.4 and 8.9.8;
 - 9.1.6 may from time to time publicly refer to the content of the Independent Expert reports at paragraphs 8.9.4 and 8.9.8; and
 - 9.1.7 will make available for public inspection a summary of the content of the Independent Expert reports at paragraphs 8.9.4 and 8.9.8, or a statement that refers to the content of those Independent Expert reports.
- 9.2 ASIC acknowledges that it will not refer to any information from the Independent Expert reports at paragraphs 8.9.4 and 8.9.8 that:
- 9.2.1 consists of personal information of an identified natural person whose acts or omissions are not the subject of, or a concern mentioned in, the court enforceable undertaking;
 - 9.2.2 ASIC is satisfied would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs of Hall Chadwick (NSW) or a third party otherwise

than in a way that arises from the execution, implementation and reporting of the outcomes of the court enforceable undertaking;

9.2.3 ASIC is satisfied should not be released because it would be against the public interest to do so; or

9.2.4 Hall Chadwick (NSW) has asked not to be released and ASIC is satisfied:

- i. it would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs of Hall Chadwick (NSW) otherwise than in a way that arises from the execution, implementation and reporting of the outcomes of the court enforceable undertaking; or
- ii. it should not be released because it would be against the public interest to do so.


9.3 Further the RCA Members of Hall Chadwick (NSW) acknowledge that:


9.3.1 ASIC's acceptance of this undertaking does not affect ASIC's power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order in relation to any contravention not the subject of ASIC's concerns in this court enforceable undertaking or arising from future conduct;


9.3.2 this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this undertaking or arising from future conduct.

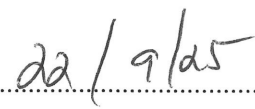
9.4 The RCA Members of Hall Chadwick (NSW) acknowledge that this undertaking has no operative force until accepted by ASIC, and the RCA Members of Hall Chadwick (NSW) and ASIC acknowledges that the date of the court enforceable undertaking is the date on which it is accepted by ASIC.

Signed by Drew Anthony Townsend in the presence of:



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Signature of Witness


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) Signature:



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Name of Witness in full


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Date

Signed by Anthony Travers in the presence of:

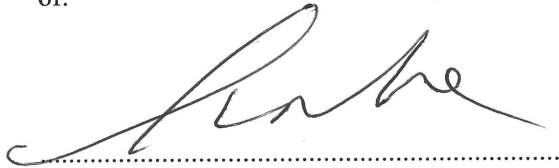

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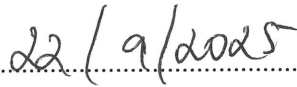
Signed by Stewart Thompson in the presence of:)



Signature of Witness

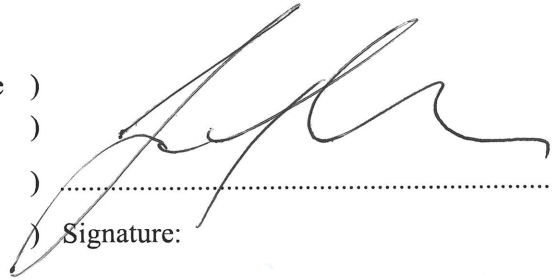


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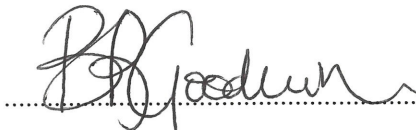


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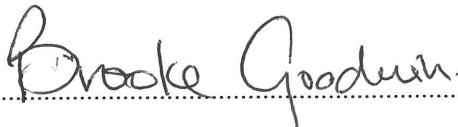
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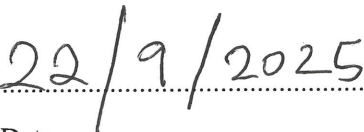
Signed by Vinay Sheoran in the presence of:)



Signature of Witness

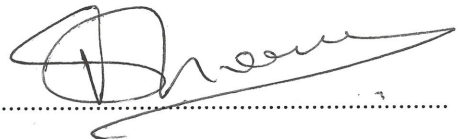


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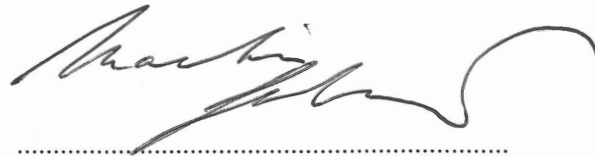


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Signature:



Signed by Martin Sabanos in the presence of:

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Signature of Witness

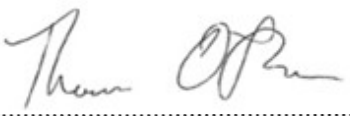

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Name of Witness in full


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Date

**Accepted by the Australian Securities and Investments Commission under s93AA
of the ASIC Act by its duly authorised delegate:**


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Tom O'Shea

Delegate of Australian Securities and Investments Commission

23/09/2025
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Date