



AUDITOR INDEPENDENCE POLICY

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1. POLICY OVERVIEW

The Auditor Independence Policy (the “**Policy**”) is a comprehensive policy governing all aspects of Bell Aliant’s relationship with the External Auditor, including:

Engaging the External Auditor:

- establishing a process for determining whether various audit and other services provided by the External Auditor affect its independence
- identifying the services that the External Auditor may and may not provide to the Corporations
- pre-approving all services to be provided by the External Auditor of the Corporations

Hiring personnel of the External Auditor:

- establishing a process for hiring current or former personnel of the External Auditor in a financial oversight role to ensure auditor independence is maintained

1.1 Purpose

The purpose of this Policy is to establish procedures with respect to auditor independence to govern all aspects of Bell Aliant’s relationship with the External Auditor. The Board of Directors has adopted this Policy pursuant to the relevant U.S. and Canadian rules and regulations regarding corporate governance.

This Policy demonstrates the Corporations’ commitment to maintaining a high standard of internal controls and transparency and its intention to avoid any possible impairment to the independence of Bell Aliant’s External Auditor. Audit committees of listed companies are required to pre-approve all permitted non-audit services and all audit, review or attest engagements of external auditors. The External Auditor’s independence could be impaired if the External Auditor performed services for Bell Aliant that involved a delegation of management’s authority or decision-making power or impeded their ability to provide reasonable assurance on the financial results of the accounts which they audited. As well, independence could be impaired if Bell Aliant or a Business Unit were to hire former personnel of the External Auditor who could, by reason of their knowledge of and relationships with the External Auditor, adversely influence the effectiveness and quality of an audit. There may also be a loss of independence to the extent that personnel of the External Auditor may be perceived to be influenced by the prospect of potential employment by the Corporations.

1.2 Defined Terms

In this Policy:

“**Bell Aliant**” refers to Bell Aliant Inc. and its subsidiaries, including those specifically listed in *Appendix A*. These entities are also collectively referred to as the “**Corporations**” or individually referred to as a “**Business Unit**”.

“**Committee**” means the Bell Aliant Inc. Audit Committee.

“**External Auditor**” means the public accounting firm as appointed by the Board of Directors in respect of the Corporations being Deloitte & Touche. Should there be a change in the External Auditor to the Corporations, the definition will be deemed to cover such replacing public accounting firm

1.3 Scope

All Business Units including those specifically listed in *Appendix A* hereto shall be subject to this Policy.

All directors and officers of the Corporations and employees who interact with the External Auditor shall be advised of this Policy and its importance. A copy of this Policy shall be available on Bell Aliant’s website and the Corporations’ intranet websites, where applicable. A copy of this Policy shall also be provided to the directors, officers and employees of Bell Aliant and its Business Units who are, and may be, involved in assisting in the

administration of this Policy. Such directors, officers and employees are required to understand this Policy and its operation to ensure compliance with its terms.

2. ENGAGING THE EXTERNAL AUDITOR

This section of the Policy discusses the types of services that the External Auditor may perform for the Corporations and the procedures Business Units must follow to engage the External Auditors.

2.1 Prohibited Services

The Committee shall ensure that the only services performed by the External Auditor are “permitted services”. The External Auditor’s independence will be impaired if the External Auditor provides to any Business Unit it serves as auditor, contemporaneously with the audit, any non-audit services as specifically listed below and referred to as “prohibited services”.

The principles of independence with respect to services provided by the External Auditor are predicated on three basic principles:

- (1) an external auditor cannot function in the role of management;
- (2) an external auditor cannot audit his/her own work; and
- (3) an external auditor cannot serve in an advocacy role for his/her client.

The External Auditor cannot perform any prohibited services.

Prohibited services include the following:

- Bookkeeping services or other services related to accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources functions
- Broker-dealer, investment advisor or investment banking services
- Legal services
- Expert services unrelated to the audit

Refer to *Appendix B* for further details on the prohibited services noted above.

2.2 Permitted Services

On the other hand, a “**permitted service**” is a service believed to be naturally aligned with the audit function. Generally, such permitted services do not involve a delegation of management’s authority or decision-making power to the External Auditor, and do not impede the External Auditor’s ability to provide reasonable assurance on the financial results reflected in the accounts audited.

Permitted services can be performed by the External Auditor subject to pre-approval by the Committee.

Permitted services include the following:

- Audit and review of financial statements
- Prospectus work
- Audit of pension plans
- Special audits on control procedures
- Accounting research
- Due diligence on mergers and acquisitions
- Tax compliance services
- Audit services related to the design and operating effectiveness of internal controls over financial reporting
- Other services not specifically prohibited

Although tax planning and consultation services are not “prohibited services” under applicable legislation, such services shall not normally be provided by the External Auditor, and would require Committee pre-approval.

Accounting research includes:

- Accounting Research (Audit) which is any work performed as part of the audit to support the audit opinion such that the auditor may meet all necessary requirements under Generally Accepted Auditing Standards.
- Accounting Research (Audit-related) which is work performed to determine the accounting impact related to a proposed transaction. Once a transaction closes, any further work would be considered Accounting Research (Audit).

2.3 Pre-approval of permitted services by the Committee

The Committee must pre-approve all permitted services. In making its determination, the Committee shall exercise judgment and discretion in assessing whether the performance of the service will impair the independence of the External Auditor. The Bell Aliant Vice President – Risk, Controls & Financial Governance will assist the Audit Committee in discharging its responsibility related to this Policy. In addition, pre-approval from the BCE Inc. Audit Committee is also required to be obtained (over and above the approval the Committee) for audit services provided to Bell Aliant or any of its Business Units. Permitted non-audit services are not required to be pre-approved by BCE Inc. Audit Committee.

In the interest of efficiency, the Committee can pre-approve certain basic and recurring permitted services. Accordingly, the Committee will grant, on an annual or quarterly basis, pre-approval of specific services or categories of services up to pre-determined dollar limits. Such services or categories of services shall meet all the following criteria: a) are permitted services; b) are provided on a regular basis (i.e. annually) and are recurring in nature; and c) are known in advance and fees can be estimated or are for Accounting Research (Audit). Refer to *Appendix C* for examples of pre-approved services and *Appendix D* for examples of pre-approved categories of services.

The Committee may also delegate the pre-approval of specific services to the Committee Chair (or its designated member), provided that the pre-approval is presented to the full Committee at its next regularly scheduled meeting.

Upon pre-approval of the services or categories of services by the Committee, the Bell Aliant Vice President – Risk, Controls & Financial Governance shall approve each individual service request by a Business Unit to ensure that the request falls within a pre-approved service or category of service. However, service requests by a Business Unit that are not captured within the pre-approved services or categories or services or fees in excess of the pre-approved amounts will require separate pre-approval by the Committee, which will be coordinated by the Bell Aliant Vice President – Risk, Controls & Financial Governance. Further pre-approval will be required by the

Committee (or its designated member) if the actual fees are in excess of more than 10% of the estimated fees for such pre-approved service.

2.4 Reporting to the Audit Committee

On a quarterly basis, a consolidated summary of all pre-approved services or categories of services and all fees paid by service or category of service will be presented to the Committee by the Bell Aliant Vice President - Risk, Controls & Financial Governance.

2.5 Business Unit Procedures for engaging the External Auditor

All Business Units must abide by the following internal control procedures when considering engaging the External Auditor:

- For prohibited services as discussed under section 2.1, the External Auditor cannot be engaged to perform these services.
- For permitted services as discussed under section 2.2, pre-approval must be granted by the Committee prior to engaging the External Auditor. Business units must submit their requests for permitted services to the Bell Aliant Vice President - Risk, Controls & Financial Governance who will in turn review for compliance with this Policy and obtain pre-approval from the Committee or will ensure that the service request falls within such services or categories of services that have been pre-approved annually or quarterly, by the Committee.

3. HIRING OF PERSONNEL OF THE EXTERNAL AUDITOR

This section of the Policy discusses the hiring of personnel of the External Auditor of the Corporations to certain positions that might compromise the arm's length relationship that exists between the Corporations and the External Auditor. Individuals occupying these positions are reasonably expected to have significant influence over matters that routinely are the object of external audits.

Accordingly, the key consideration is whether the candidate would be hired in a financial reporting oversight role, meaning a role in which a person is in a position to (i) exercise more than minimal influence over the contents of the accounting records or anyone who prepares them; or (ii) exercise influence over the content of the financial statements or anyone who prepares them (a "**Prime Decision Maker**"). The following positions either at Bell Aliant or at any Business Units are deemed to be Prime Decision Makers: Member of the Board of Directors, President and Chief Executive Officer, Chief Operating Officer, Chief Legal Officer, Chief Financial Officer, Treasurer, Controller, and Head of each of Internal Audit, Tax and Marketing. Individuals occupying clerical positions and positions like Manager are not considered to be Prime Decision Makers. Refer to *Appendix E* for examples of prime and non-prime decision makers.

For the purposes of this Policy, members of the "**Audit Engagement Team**" include all partners, principals, and professional employees of the External Auditor who participated in the audit, review or attestation engagement of Bell Aliant or any of its Business Units for at least 10 hours during the annual audit period. The "**Annual Audit Period**" starts on the day after Bell Aliant's annual Financial Statements and Management's Discussion and Analysis (MD&A) for the prior year are filed with the Canadian Securities Commissions and ends on the day the current year's annual Financial Statements and MD&A are filed. This applies equally to current and former partners and current and former employees of the External Auditor.

Note that regardless of the time spent on the audit, the lead and concurring audit partners of the External Auditor are always considered to have participated in the audit during the Annual Audit Period and therefore are always considered to be members of the Audit Engagement Team.

3.1 Hiring of personnel of External Auditor

Anyone hired from the External Auditor in a Prime Decision Maker capacity is subject to a one-year cooling-off period prior to being hired by Bell Aliant or any Business Unit. This means that during the most recently completed Annual Audit Period, such person must not have been a member of the Audit Engagement Team,

There are no restrictions for hires *outside this condition*.

3.2 Change of External Auditor

Should the Corporations replace the External Auditor the same rules specified above will apply. The cooling-off period will include the time that has elapsed since the previous External Auditor was replaced.

3.3 Procedures for Hiring Personnel of the External Auditor and Activity Reporting

In respect of any hiring of personnel from the External Auditor in a Prime Decision Maker capacity at Bell Aliant or at any Business Unit, such hire must first be approved by the Chief Financial Officer.

3.4 Reporting to the Audit Committee

On an annual basis, or upon request, the Bell Aliant Vice President - Risk, Controls & Financial Governance shall prepare a compliance report to the Committee. Such report shall provide comfort that all hiring within the Internal Audit and Finance Departments of Bell Aliant and all Business Units were in accordance with this Policy.

4. POLICY ADMINISTRATION

4.1 Roles and responsibilities

Business unit	Role and/or responsibility
Bell Aliant Audit Committee	The Committee has the ultimate responsibility for the stewardship of this Policy.
Bell Aliant Vice President - Risk, Controls & Financial Governance	Under the direction of the Committee and the Bell Aliant Chief Financial Officer, the Bell Aliant Vice President - Risk, Controls & Financial Governance has the responsibility of administering this Policy and ensuring compliance by all Business Units. The Bell Aliant Vice President - Risk, Controls & Financial Governance shall report to the Committee on engaging the External Auditor on a quarterly basis and on hiring the External Auditor on an annual basis.
Business Units Responsibility	The management of each of the Business Units shall comply with this Policy. Such management shall also obtain advice and approval from the Bell Aliant Vice President - Risk, Controls & Financial Governance, and ultimately from the Committee, for mandates to be performed by the External Auditor.

Appendix A – Business Units Subject to this Policy

Bell Aliant Inc.

Bell Aliant Regional Communications Inc.

Bell Aliant Regional Communications, Limited Partnership

NorthernTel, Limited Partnership

Télébec, Limited Partnership

Appendix B – Definitions of Prohibited Services

Definitions of Prohibited Services:

1. **Bookkeeping or other services related to the accounting records or financial statements of the audit client.** Any service, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the audit client's financial statements, including:
 - (A) Maintaining or preparing the audit client's accounting records;
 - (B) Preparing the audit client's financial statements that are filed with the securities commissions or that form the basis of financial statements filed with the securities commissions; or
 - (C) Preparing or originating source data underlying the audit client's financial statements.
2. **Financial information systems design and implementation.** Any service, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the audit client's financial statements, including:
 - (A) Directly or indirectly operating, or supervising the operation of, the audit client's information system or managing the audit client's local area network; or
 - (B) Designing or implementing a hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the audit client's financial statements or other financial information systems taken as a whole.

(However, the External Auditor is not precluded from working on hardware or software systems that are unrelated to the audit client's financial statements or accounting' records as long as these services are pre-approved by the Committee.)
3. **Appraisal or valuation services, fairness opinions, or contribution-in-kind reports.** Any appraisal service, valuation service, or any service involving a fairness opinion or contribution-in-kind report for the audit client's unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the audit client's financial statements.

(However, providing such services for non-financial reporting purposes is not prohibited.)
4. **Actuarial services.** Any actuarially-oriented advisory service involving the determination of amounts recorded in the financial statements and related accounts for the audit client other than assisting the audit client in understanding the methods, models, assumptions, and inputs used in computing an amount, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the audit client's financial statements.
5. **Internal audit outsourcing services.** Any internal audit service that has been outsourced by the audit client that relates to the audit client's internal accounting controls, financial systems, or financial statements, for the audit client unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the audit client's financial statements.
6. **Management functions.** Acting, temporarily or permanently, as a director, officer, or employee of the audit client, or performing any decision-making, supervisory, or ongoing monitoring function for the audit client.

- 7. Human resources functions.** These services include:
- (A) Searching for or seeking out prospective candidates for managerial, executive, or director positions;
 - (B) Engaging in psychological testing, or other formal testing or evaluation programs;
 - (C) Undertaking reference checks of prospective candidates for an executive or director position;
 - (D) Acting as a negotiator on the audit client's behalf, such as determining position, status or title, compensation, fringe benefits, or other conditions of employment; or
 - (E) Recommending, or advising the audit client to hire, a specific candidate for a specific job (except that External Auditor may, upon request by the audit client, interview candidates and advise the audit client on the candidate's competence for financial accounting, administrative, or control positions).
- 8. Broker-dealer, investment adviser, or investment banking services.** Acting as a broker-dealer (registered or unregistered), promoter, or underwriter, on behalf of the audit client, making investment decisions on behalf of the audit client or otherwise having discretionary authority over the audit client's investments, executing a transaction to buy or sell the audit client's investment, or having custody of assets of the audit client, such as taking temporary possession of securities purchased by the audit client.
- 9. Legal Services.** Providing any service to the audit client that, under circumstances in which the service is provided, could be provided only by someone licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is provided.
- 10. Expert services unrelated to the audit.** Providing an expert opinion or other expert service for the audit client, or the audit client's legal representative, for the purpose of advocating the audit client's interests in litigation or in a regulatory or administrative proceeding or investigation. In any litigation or regulatory or administrative proceeding or investigation, the External Auditor's independence shall not be deemed to be impaired if the External Auditor provides factual accounts, including in testimony, of work performed or explains the positions taken or conclusions reached during the performance of any service provided by the External Auditor for the audit client.

(However, the engagement of the External Auditor to perform internal investigations or fact-finding engagements is not precluded.)

Appendix C – Examples of annually pre-approved services

<u>Pre-approved services</u>	<u>Estimate of fees</u>
Audit and reviews, including Accounting Research (Audit)	
– Bell Aliant Inc.	[\$ ■]
– Bell Aliant Regional Communications Inc.	[\$ ■]
Regulatory Audits	
– CRTC Reports	[\$ ■]
– CFA, CNAC audits	[\$ ■]
– Quality of Service audits	[\$ ■]
Pension Plan Audits	[\$ ■]
Non Statutory Audits	
– Section 5900 audit reports	[\$ ■]

Appendix D – Examples of pre-approved categories

The pre-approved amount for categories may vary from quarter to quarter. Should a service not be captured within a specific category or the pre-approved amounts are exceeded, separate and individual requests must be made to the Committee or its designated member (Chair) through the Bell Aliant Vice President – Risk, Controls & Financial Governance. Categories:

- Audit and Reviews
- Accounting Research (Audit)
- Accounting Research (Audit-related)
- Due diligence work on mergers and acquisitions
- Review of prospectuses and offering circulars
- Non-statutory audits

Appendix E – Examples of Prime and Non-Prime Decision Makers

The following examples of prime and non-prime decision makers are At Bell Aliant level or at any Business Unit level:

Prime Decision Makers:

Member of Board of Directors
President and Chief Executive Officer
Chief Financial Officer
Chief Operating Officer
Chief Legal Officer
Executive Vice-President
Senior Vice-President
Vice-President, Corporate Development and Strategy
Vice-President & Treasurer
Vice-President, Investor Relations & Associate Treasurer
Vice-President, Risk, Controls and Financial Governance
Vice-President, Finance
Vice-President, Taxation
Any other equivalent positions
All finance positions reporting directly to the above positions

Non-Prime Decision Makers:

Manager – Finance Department
Clerical accounting positions (bookkeeping, account reconciliation, etc.)

Policy Details

Policy	Auditor Independence Policy
Issuing Business Unit	Finance
Policy Sponsors	Glen LeBlanc, Chief Financial Officer (902) 487-4204
Policy Owner	Cathy Sawler, Vice President, Risk, Controls and Financial Governance (902) 487-2421
Required Approvals	Board of Directors
Effective Date	July 7, 2006
Review Cycle	Annual

Revision History

Date	Change Owner	Approved By	Version	Description
July 2006	(n/a)	Board of Directors / Trustees	1.0	- original release
October 2007	VP & Corporate Controller	Board of Directors / Trustees	2.0	- annual review and update - minor revisions and editorial changes
October 2008	VP & Corporate Controller	Board of Directors / Trustees	3.0	- annual review and update - minor revisions and editorial changes
November 2009	VP & Corporate Controller	Board of Directors / Trustees	4.0	- annual review and update - minor revisions and editorial changes
November 2010	VP, Risk, Controls and Financial Governance	Board of Directors / Trustees	5.0	- annual review and update - minor revisions and editorial changes
January 2011	Corporate Secretary	Board of Directors	6.0	- changes to reflect new corporate structure