

## **RADIUS RESIDENTIAL CARE LIMITED EXTERNAL AUDITOR INDEPENDENCE POLICY**

### **1. POLICY STATEMENT**

Radius Residential Care Limited (“**Radius**”) will maintain audit independence consistent with NZX Listing Rules and best practice, with the objective of ensuring that Radius’ external financial reporting is reliable and has been subjected to an independent external review.

### **2. PURPOSE**

Review of Radius’ external audit arrangements is the responsibility of the Audit and Risk Committee (“**ARC**”). Ensuring that external audit independence is maintained, both in fact and in appearance, is one of the key aspects in discharging this responsibility. This formal External Auditor Independence Policy has been adopted to meet this requirement. It covers:

- a. Approval of the external auditor, including the pre-approval process;
- b. Provision of other assurance services by Radius’ external auditor;
- c. Audit Partner rotation and
- d. Relationships between the external auditor and Radius.

### **3. APPROVAL OF EXTERNAL AUDITOR**

The ARC shall only recommend to the Board an External Auditor if that firm:

- a. Would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgment on all issues encompassed within the auditor’s engagement;
- b. Has not, within two years prior to the commencement of the audit, had as a member of its audit team a member of senior management or the finance team at Radius;
- c. Does not allow the direct compensation of its audit partners for selling non-audit services to Radius; and
- d. Is qualified to perform audit services.

The procedures for the selection and appointment of Radius’ External Auditor are based on the following framework:

- i. The Shareholders give authority to Directors at the Annual Meeting of Shareholders for the Director’s to approve the reappointment of, and the fees for, the External Auditor for the next year unless:
  - Radius passes a resolution at the meeting appointing another person to replace him or her as External Auditor; or
  - The External Auditor has given notice to Radius that he or she does not wish to be reappointed.

In the case of the second bullet point above, Radius will appoint a new external auditor at the relevant Annual Meeting of Shareholders in accordance with the Companies Act 1993.

- ii. Radius' ARC is responsible for:
  - Monitoring the performance and independence of Radius' External Auditor; and
  - Implementing a selection process and making a recommendation to the Board, if required.

The assessment of responses from potential External Auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, independence, global resources, key personnel, and cost.

Once the review process is complete, the ARC provides the Board with a recommendation.

#### **4. GUIDELINES / GENERAL PRINCIPLES**

The guidelines that follow are designed to ensure that related assurance and other services provided by Radius' External Auditor are not perceived as conflicting with the independent role of the External Auditor.

The general principles to be applied in assessing the acceptability of related assurance and other services are as follows:

- a. The External Auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information; it also includes the design or implementation of financial information systems;
- b. The External Auditor should not perform any function of management or be responsible for making management decisions. This includes responsibility for the performance of internal audit functions;
- c. The External Auditor should not be an advocate of Radius. This includes being a promoter of Radius shares or legal advocacy.

#### **5. SERVICES PERMITTED TO BE PERFORMED**

The ARC must pre-approve all non-audit services provided by the External Auditor within the guidelines below.

##### **Audit Services**

- a. Statutory audits of the financial statements of Radius and any subsidiary or affiliate required to be audited in order for the External Auditor to render an opinion with respect to the audit of the consolidated financial statements;
- b. Limited reviews of the half-year results and financial position, together with a review of agreed-upon procedures.
- c. Review engagements including negative assurance engagements in relation to financial statements of Radius and any other review engagements;
- d. Consultations with management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards;
- e. Engagements on internal controls for financial reporting and information systems reviews, performed in connection with the audit.

##### **Audit-Related Services**

- a. General assistance with understanding auditing standards and applicable regulatory rules;

- b. General advice regarding accounting treatments;
- c. Consultations and recommendations in connection with internal control reporting requirements including audit or compliance plans;
- d. Information systems review not performed in connection with the audit and that will not be subject to audit procedures;
- e. Assurance services with respect to specific requests or legal requirements such as compliance with banking covenants and/or review of employee and executive bonus entitlements (including agreed-upon procedures in relation to banking covenant compliance);
- f. Due diligence review of prospective and other financial information as requested by the Board in connection with a public filing;
- g. Other audit-related services where the general principles outlined above are complied with, and there is a clear cost/benefit advantage of using the incumbent auditor through existing company knowledge and/or expertise.

#### **Other Services**

- a. Tax services:
  - i. Assistance with queries of data gathering assignments (direct and indirect taxation), where indirect taxes include GST, FBT, RWT, and payroll taxes;
  - ii. Assistance with IRD queries, requests for information, investigations, and audits.
- b. Financial due diligence on prospective acquisitions or transactions.
- c. Secondment of junior staff from the audit firm to supplement Radius' resources to achieve project outcomes.
- d. Other services where the general principles outlined above are complied with, and there is a clear cost/benefit advantage and specialist knowledge of using the incumbent audit firm through existing company knowledge and/or expertise.

All other services must be pre-approved by the Chair of the ARC.

#### **6. SERVICES NOT PERMITTED**

Unless specifically authorised by the Chair of the ARC, Radius' External Auditor is not permitted to provide the following services to Radius or any of its subsidiaries:

- a. Bookkeeping/other services related to accounting records or financial statements;
- b. Financial information systems design and implementation;
- c. Appraisal/valuation services/opinions as to fairness;
- d. Internal audit services;
- e. Legal services (these are services that could only be provided by a person who is qualified in law);
- f. Preparation of tax computations and tax planning advice;
- g. Management functions;
- h. Broker/dealer/investment adviser/investment banking services;
- i. Services of an expert as an advocate;
- j. Actuarial services;
- k. Human resource services; or
- l. Expert witness services.

In the event that the Chair of the ARC approves the provision of other services, the Chair of the ARC must notify the Board at the next scheduled Board Meeting.

**7. BILLING ARRANGEMENTS**

The billing arrangements for services provided by Radius' External Auditor should not include any contingent fees (e.g., where a success fee is paid depending upon whether a transaction proceeds or not).

The ARC should ensure transparency in reporting of all fees paid to the External Auditor, to be provided annually. As a minimum, fees should be disclosed under three categories of audit services, taxation, and other, with further breakdown to be considered based on materiality as determined by the ARC.

**8. OTHER PROCEDURAL REQUIREMENTS**

Regardless of Radius' policies, it is expected that the External Auditor will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issued by the CAANZ, NZX, and the Financial Markets Authority).

Self-certification of External Auditor compliance with the policy and all independence requirements is to be reported to the ARC annually.

While this policy does not prescribe any particular ratio of 'other service' fees to audit fees, this ratio will be monitored by the ARC.

**9. POWERS AND AUTHORITY**

The Chair of the ARC, Radius' CEO, and the External Auditor each have overall responsibility for meeting the requirements of this policy.

**10. EXTERNAL AUDITOR ROTATION**

The recommendation of the continued appointment of Radius External Auditor is to be recommended annually by the ARC to the Board prior to the Annual Meeting of Shareholders.

Rotation of the Engagement and Quality Review audit partners of Radius will be required every five years. Those partners will be subject to a two-year cooling-off period following rotation.

**11. HIRING OF STAFF FROM THE EXTERNAL AUDIT FIRM**

The hiring by Radius of any former audit partner or audit manager must first be approved by the ARC. There are no other restrictions on the hiring of other staff from the audit firm.

**12. REVIEW**

This policy was approved by the Board in November 2022 and will be reviewed by the Board every two years.