



EXTERNAL AUDITOR INDEPENDENCE POLICY

February 2022



RESPONSIBILITIES

| Tasks to be undertaken | Responsible Position |
|-------------------------------------------------------------------|-----------------------------------|
| Position responsible for final review and approval of this Policy | Board |
| Position responsible for monitoring compliance with this Policy | Group Financial Controller |
| Position responsible for enforcing this Policy | Finance, Risk and Audit Committee |
| Position responsible for recommending any updates to this Policy | Group Financial Controller |
| How often this Policy to be reviewed | Every 2 years or as required. |

PURPOSE

Ricegrowers Limited and its controlled entities (“SunRice”) are committed to designing and implementing effective systems and processes to enable delivery of its business objectives.

Per article 4.4 of its charter, the SunRice Finance, Risk and Audit Committee (“FRAC”) is responsible for recommending the appointment, assessing the performance and ensuring the independence of the external auditors.

Audit firms have a legal obligation to ensure and maintain their independence from the company they audit (Divisions 3, 4 and 5 of Part 2M.4 and s307 of the *Corporations Act 2001* and APES 110 Code of Ethics for Professional Accountants) but management and the FRAC are responsible for establishing a policy to satisfy themselves of the auditor’s independence.

The *Corporations Act 2001* (Cth) also requires SunRice’s annual directors’ report to include:-

- Mandatory disclosure of fees for non-audit services provided, during the relevant financial year, by the external audit firm; and
- A statement by the Board that it is satisfied that the provision of non-audit services by the external audit firm during the relevant financial year is compatible with the general standard of external auditor independence, and the Board’s reasons for being satisfied that the provision of those non audit services did not compromise external auditor independence. This statement must be made in accordance with advice provided by the FRAC.

This policy specifically addresses the selection and appointment of external auditor to perform audit and Non-Audit services. It also covers the employment of former auditors.

This policy does not cover the mechanisms by which the FRAC assesses the performance of external auditors.

SCOPE

This policy applies to all services provided by the external auditor, irrespective of the nature and amount. It also deals with the employment or appointment as director of former partners of an audit firm.

Independence of the auditor (understand the audit firm, any of its current or retired partner or any key member of the audit team involved on the audit of SunRice and its subsidiaries) is traditionally assessed by analysing the existence and materiality of the:

- Business relationships: SunRice and its external auditor should not be involved in business relationship other than for the professional services provided by the auditor (including sponsorships). In addition, the proportion of non-audit services should not be materially unbalanced compared to the amount of audit fees.
- Employment relationships: SunRice should not employ or appoint as director a former audit partner within the three years following the resignation from an audit firm.
- Financial relationships: SunRice and the external auditor should not have investments, loans or any other financial relationship in common.

This policy is set out to ensure that independence principles are respected when appointing the external auditor or during the period the external auditor is in function.

POLICY

1. Appointment and reappointment of external auditors

The selection of external auditor must follow the requirements of the Group Procurement policy. In particular, and based on the quantum of audit fees, a tender process would be organised by management and the FRAC to recommend to the Board a reputable and independent external audit firm able to coordinate international audits.

In order to leverage on the global network of a single audit firm, it is recommended, where possible, to use the same auditing firm for the Group audit and the local statutory requirements if any.

The annual reappointment of external auditors does not need to follow the Group Procurement Policy as it is only a confirmation that the auditor remains in function.

The *Corporations Act 2001* does not currently mandate the rotation of audit firm, only the rotation of the audit partner after 5 years. The “cooling-off” period is for a minimum of 2 years before the partner can play a significant role in the audit again.

SunRice does not intend to introduce a mandatory rotation policy and the FRAC will consider the need for rotation in conjunction with the periodic assessment of the auditor’s performance.

2. Non-Audit services rendered by the external auditor

Generally it is considered appropriate for the external audit firm to provide services which management believes the firm has significant expertise and the provision of which will not impair the firm’s independence.

The services provided however should not result in a position where:

- The auditor is reviewing its own work to form an opinion on the financial statements.
- The auditor is assuming management responsibilities (which are those which involve leading and directing an entity, including making significant decisions regarding the acquisition, deployment and control of human, financial, physical and intangible resources).
- The amount of Non-Audit fees becomes disproportionate compared to the audit fees, creating a risk of complacency on the performance of an independent external audit. **The annual amount of Non-Audit service fees is limited to 1.5 times the SunRice group annual external audit fees. In specific circumstances and by exception, the Board retains the power to approve Non-Audit fees in excess of this cap, where this is in the best interest of the Group.**

The requirements of the Group Procurement policy also apply for Non-Audit services and several quotes or a tender process may be required on large consulting projects.

2.1. Pre-Approved Audit Related and Non-Audit services

Pre-Approved services that do not require FRAC approvals are in relation to the following services, provided the audit firm complies with general independence principles (compliance with the Delegation of Authority Matrix applies):

- Reporting compliance requirement (new local statutory audit for instance when not initially approved by the Board – constitutes a variation to the approved audit fees).
- Accounting advice on the appropriateness of proposed accounting treatments or the impact of new or revised accounting standards.
- Accounting assistance on the preparation of financial information and financial statements.
- Agreed-upon procedures and other assurance engagements on a component of the financial statements (whether historical or prospective).
- Capital market compliance and advice (excluding on structuration of corporate finance transaction, see prohibited services below)
- Risk assessment on the control environment and forensic audit services.
- Provision of administrative services such as preparation and lodgment of administrative or statutory form under SunRice supervision and instruction.
- Taxation assistance and more particularly:
 - Compliance assistance with the preparation of tax returns including in relation to fringe benefits, goods and services (or value added) and payroll tax, and correspondence with tax authorities.
 - Assistance on tax matters, recent developments and/or complex or high risk areas, including responding on behalf of SunRice to the tax authorities' requests for additional information and analysis.
 - Expatriate tax matters (although it is recommended to use alternative providers where possible).
 - Valuations for tax purposes that will not have a direct effect on the financial statements.
 - Transfer price documentation and benchmarking.

2.2. Prohibited Non-Audit services

Prohibited services include, but are not limited to, the following:-

- Preparation of accounting records and financial statements.
- Payroll services.
- Preparation of current and deferred tax calculations.
- Certain types of tax advice such as tax planning and tax structure advisory services.
- Valuation services (excluding those that may be needed for tax purposes where there is no material impact on the financial statements).
- Internal audit function.
- Design, development or implementation of internal controls impacting financial information.
- Information technology system design and implementation when related to information forming part of the accounting records or their control.
- Dispute and litigation resolution support (including with regards to tax matters), outside a mere advisory role.
- Recruitment of directors or senior management.
- Corporate finance and similar activities, including (but not limited to) assistance in the development of corporate strategy, identification of targets to acquire, assistance in finance raising transactions
- Any other services where the external auditor would assume a management responsibility or involving a contingent or success fee.

2.3. Restricted Non-Audit services requiring FRAC approval

For any other non-prohibited services (for instance vendor due diligence services, risk advisory services, sustainability services), management will present a list to the FRAC for approval as and when needed and relevant. Both management and the external auditor will have performed the assessment of any perceived or identified independence threats and the proposed safeguards to be implemented for the proposed services prior to presentation to the FRAC.

2.4. Process for authorisation of Non-Audit services

Where there are Non-Audit services falling within the Permitted or Restricted categories of services for which management believes the external audit firm has significant expertise and the provision of which will not impair the external auditor's independence, the following procedures are to apply:-

- The Group Financial Controller will prepare a "request for authorisation services" form (see appendix) to assess whether there is any threat of independence. If such threat exists, the Group Financial Controller will either ask for more safeguards to be put in place or request for the services to be rendered by another professional service firm.
- Once the Group Financial Controller satisfied itself that independence threats are acceptable, the form along with the internal risk assessment conducted by the external auditor are both communicated to the Chief Financial Officer ("CFO").
 - Pre-Approved services can be authorised, provided the amount of fees is within the delegation of authority matrix limits of the initiator of the services.

- Restricted services must obtain FRAC approval. If the work is to be undertaken before the next FRAC meeting, the CFO will contact the Chairman of the FRAC to obtain approval of the services prior to the work starting.
- The FRAC, at its discretion, may refer the matter to the full Board for a decision on significant or sensitive issues.
- Whether Pre-Approved or Restricted, FRAC authorisation is required for every single service when the cumulated amount of Non-Audit services reach the limit stated in this policy.

2.5. Reporting and governance

Annually, the CFO will provide a summary of all expenditure incurred with the external audit firm for Non-Audit services (whether Pre-Approved or not) to the FRAC. This reporting will serve as a basis for the disclosure in the annual financial statements of the Audit and Non-Audit fees. An update will also be provided as and when needed throughout the year in case the actual or expected spend for the year is at risk of nearing or reaching the fee limit discussed earlier.

In accordance with the *Corporations Act 2001*, the external auditor will also provide the FRAC with an annual letter confirming their independence having assessed all identified or perceived threats to independence.

3. Appointment of former auditor

SunRice policy requires management to inform the FRAC of its intent to employ a former auditor in a senior position (FLT or above). An analysis of independence threats should also be communicated to the FRAC before confirming the employment.

A former audit partner should not be employed or appointed director of SunRice within the 3 years following the resignation from an audit firm.

Any breaches of this Policy should be reported to the FR&A Committee for appropriate action.

This Policy is designated a key policy of SunRice and is subject to the periodic review and approval of the SunRice Board.

DOCUMENT CONTROL

| Version | Date | Approved by | Sign-off date |
|---------|---------------|-------------------|---------------|
| 6 | February 2022 | Dimitri Courtelis | March 2022 |



APPENDIX



[insert most recent review date]
This policy may be amended at the discretion of the SunRice Group.
This policy does not form part of employees' contracts of employment

Request for authorisation services

| Information | Description |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Name of project / proposal: | |
| Service requested by: | |
| Date of issuance of request: | |
| Estimate of fees: | |
| Nature of services to be provided (with reference to the list of services referred to in the External Auditor Independence Policy): | |
| Motivation for the External Auditor to undertake the work: | |

Non-Audit Fees paid to Auditor YTD (to be completed by Group Finance Controller):

| | |
|-----------------------------|-----------------|
| - Other assurance services: | \$ _____ |
| - Tax advisory services: | \$ _____ |
| - Transaction services: | \$ _____ |
| - Other services: | \$ _____ |
| Total: | \$ _____ |

| | |
|--------------------------------------|------|
| Signed by Group Financial Controller | Date |
| Signed by CFO | Date |

Join in appendix to this form the external auditor independence assessment.