



The Rice Food Experts

Finance and Audit Committee Charter

Ricegrowers Limited
ACN 007 481 156

Approved 7 February 2008

**RICEGROWERS LIMITED
FINANCE AND AUDIT COMMITTEE
CHARTER**

1. PREAMBLE

- 1.1 In accordance with its Charter, the Board of Ricegrowers Limited has established the Finance and Audit Committee to assist it in carrying out its responsibilities, to share detailed work, and to consider certain issues and functions in detail.
- 1.2 The Board requires that each Board Committee must have its own Charter to set out matters relevant to the Committee's composition, responsibilities and administration. It is also required that the Committee Charter is approved by the Board and reviewed by the Committee annually.

2. PURPOSE

- 2.1 The Committee is to assist the Board in fulfilling its corporate governance responsibilities. This will include overseeing controls and the financial reporting **and crop budgeting** process to ensure the transparency and integrity of financial information.
- 2.2 In connection with 2.1, the Committee will also review:
- 2.2.1 The effectiveness of internal controls and risk management systems
 - 2.2.2 The effectiveness of the internal audit function
 - 2.2.3 The appointment, and assessment of the performance, of the external auditors
 - 2.2.4 The processes for monitoring compliance with laws, regulations, internal requirements and policies and expectation of key stakeholders
 - 2.2.5 The integrity of the annual Crop Budget, including key assumptions**
- 2.3 To perform its duties, the Committee will maintain effective relationships with the Board, management and internal and external audit. To perform effectively, each committee member must develop and maintain appropriate skills and knowledge, including an understanding of the responsibility of the Committee and the Ricegrowers business.

3. AUTHORITY

- 3.1 The Committee is authorised by the Board to:
- 3.1.1 Perform activities within the terms of its Charter
 - 3.1.2 Seek such information as it requires from any employee, or external party, and to secure the attendance of external parties with relevant experience, in order to carry out its responsibilities
 - 3.1.3 Establish procedures to deal with the concerns of employees and any complaints regarding accounting, internal controls or auditing matters
 - 3.1.4 Be responsible for recommending the appointment, remuneration, retention and oversight of the external auditor
 - 3.1.5 Approve external audit fees and terms and policies for the provision of non audit services by the external auditor

4. ORGANISATION

4.1 Membership

- 4.1.1 The Committee will be nominated by the Board and the Chairman of the Committee shall be elected by the Board. Chairmanship of the Board and the Committee cannot be held simultaneously
- 4.1.2 The Committee shall comprise of at least 4 Non Executive Directors of Ricegrowers Limited *and may include members who are not Directors of Ricegrowers Limited***
- 4.1.3 The quorum will be 3 Non Executive Directors of Ricegrowers Limited
- 4.1.4 The members of the Committee will be financially literate. At least one member of the Committee is to have formal accounting qualifications
- 4.1.5 The duties and responsibilities of a member of the Committee are in addition to any held as a member of the Board.
- 4.1.6 The Company Secretary shall be the Secretary of the Committee

4.2 Meetings

- 4.2.1 Only Committee members are entitled to attend meetings. Other Board members may attend meetings with reasonable notice and may request copies of Committee papers
- 4.2.2 Employees and relevant advisors, such the external auditor may be invited to attend meetings but shall not be entitled to vote
- 4.2.3 The Chairman of the Committee shall call meetings as necessary, but not less than quarterly
- 4.2.4 The Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer or the auditors of the company may consult with the Chairman with a view to the Chairman convening a meeting if it is considered necessary.
- 4.2.5 Notice of Meeting, the agenda, and supporting documentation for each meeting must be given to each member of the Committee and the Secretary within a reasonable time for each meeting. However, the non-receipt of any notice of a meeting does not affect the validity of the convening of the meeting. Each Board member, who is not a member of the Committee, shall receive notice of a meeting
- 4.2.6 Unless determined otherwise by the Committee, or waived by a majority of members of the Committee to whom notice of a particular meeting is sent, the period of notice for each meeting is at least 7 days
- 4.2.7 Decisions at a meeting of the Committee shall be determined by a majority of votes of the members involved and voting. The Chairman of the Committee shall have a casting vote in addition to a deliberative vote
- 4.2.8 Minutes of meetings shall be circulated to all Members after approval by the Chairman. The minutes will be tabled for discussion at the following Board Meeting
- 4.2.9 Members should use their best endeavours to attend every meeting of the Committee which may be by telephone or videoconference, if appropriate
- 4.2.10 The Committee will meet with representatives of external audit and internal audit without management present, as required
- 4.2.11 A resolution in writing (which may consist of several documents in like form) signed by all members of the Committee and which contains a statement that the members of the Committee are in favour of the resolution is as valid and effectual as if it had been passed at a meeting of the Committee held at the time when the written resolution was last signed by a member of the Committee
- 4.2.12 The Committee may conduct meetings without members of the Committee being in the physical presence of other members provided that all the members involved in the meeting are able simultaneously to hear each other and to participate in discussion

5. ROLES AND RESPONSIBILITIES

5.1 Risk Management and Internal Control

- 5.1.1 Ensure that systems are in place to identify, minimise, and manage business and technology risks (within acceptable limits), and that those systems are working effectively
- 5.1.2 Ensure that internal control systems are practical and cost efficient; appropriately implemented and are working effectively
- 5.1.3 Ensure that the security of computer systems and relevant contingency plans are efficient and cost effective
- 5.1.4 Evaluate the overall the effectiveness of the internal control and risk management systems and ensure that management has implemented recommendations made by external and internal audit
- 5.1.5 Assess the adequacy of insurance coverage, given Ricegrowers prevailing circumstances
- 5.1.6 Review policies for the prevention of fraud and their implementation
- 5.1.7 Commission, monitor and review the results of any special investigations
- 5.1.8 Review policies on sensitive issues or practices such as trade practices and environmental issues
- 5.1.9 Review policies to avoid conflicts of interests and, as required, review past or proposed transactions between Ricegrowers and members of the Board and management

5.2 Finance and Financial Reporting

- 5.2.1 Ensure that systems are in place to identify, minimise and manage financial risks (within acceptable limits) and that those systems are working effectively
- 5.2.2 Understand relevant statutory and regulatory requirements and ensure that they are complied with at all times, including oversight with regard to requirements relating to financial disclosure, tax related matters, and regulatory reporting standards regarding GAAP and IFRS
- 5.2.3 Understand complex and unusual accounting policies and ensure an awareness of the decisions which require elements of judgement
- 5.2.4 Meet with management and external audit to review key accounting policies, interim and annual financial statements, and the results of the external audit prior to finalisation and release of the financial statements
- 5.2.5 Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices are discussed with external audit
- 5.2.6 Review of the Annual Report and consider if it aligns with statutory information and information derived from the financial reporting and audit processes, including related party transactions
- 5.2.7 Review key accounting policies and any proposed changes thereto
- 5.2.8 Assess the performance of Financial management and ensure that financial reporting is timely, concise and informative
- 5.2.9 Review group structure and group tax position

5.3 External Audit

- 5.3.1 Review the performance and remuneration of the external auditor annually and make recommendations on appointment, reappointment or termination to the Board.
- 5.3.2 Ensure the independence of external audit and that all work is conducted with the utmost objectivity
- 5.3.3 Review the proposed scope and effectiveness of the annual audit plan in the light of the company's circumstances and changes in regulatory and other requirements
- 5.3.4 Ensure that significant findings and recommendations made by the external auditor and management responses thereto are received, considered and acted upon in an appropriate manner

- 5.3.5 Review with the external auditor the appropriateness of accounting policies applied to the company's financial reports
- 5.3.6 Meet separately with external audit to provide the opportunity to discuss any items that the committee or external audit would like to discuss privately. Ensure external audit has access to the Chairman as required
- 5.3.7 Ensure that effective policies are in place for the provision of non – audit services by external audit including appropriate approval processes
- 5.3.8 Ensure that the company has appropriate policies for the hiring of audit firm personnel for senior positions after they have left the firm

- 5.4 Internal Audit
 - 5.4.1 Review the activities, resources and organisational structure of internal audit to ensure that there are no unjustified restrictions or limitations
 - 5.4.2 Review and monitor the effectiveness of internal audit and ensure it is efficient and cost effective
 - 5.4.3 Participate in the appointment of the Internal Audit Manager
 - 5.4.4 Meet separately with the Internal Audit Manager to provide the opportunity to discuss any items that the committee or internal audit would like to discuss privately. Ensure internal audit has access to the Chairman as required
 - 5.4.5 Ensure that significant findings and recommendations made by internal audit and management responses thereto are received, considered and acted upon in an appropriate manner
 - 5.4.6 Review the proposed internal audit plans and areas of risk and that there is effective co – ordination with external audit
 - 5.4.7 Assess the achievements of internal audit with relevance to approved plans and other appropriate criteria

- 5.5 Reporting Responsibilities
 - 5.5.1 Regularly update the Board, to ensure it is aware of matters that may affect the financial position of the Company, and make recommendations as required
 - 5.5.2 Prepare any reports required by legislation, listing rules, or at the request of the Board

- 5.6 **Crop Budget**
 - 5.6.1 ***Review of the Crop Budget, including key assumptions, and consider if it represents a fair and comprehensive plan against which to measure performance, and make advance payments, for the forthcoming crop year***

- 5.7 Evaluating Performance
 - 5.7.1 Evaluate the performance, of the Committee both on an individual member basis, and a collective basis, once every two years
 - 5.7.2 Assess the achievement of the requirements of the charter and report the results to the Board
 - 5.7.3 Obtain feed back on the Committee's performance from external audit, internal audit, Chief Executive Officer and Chief Financial Officer and the Board

- 5.8 Whistle Blowing
 - 5.8.1 Ensure that effective policies and procedures are in place in relation to “whistle blowing” and that the policies and procedures are regularly reviewed.

- 5.9 Related Party Transactions
 - 5.9.1 Ensure that systems are in place to identify, and disclose related party transactions

- 5.10 Review of the Committee Charter
 - 5.10.1 Review the Committee charter annually and have it approved by the Board