



The Rice Food Experts

Board Charter
Ricegrowers Limited
ACN 007 481 156

Approved 25 October 2007

Board Charter

A. Introduction

- A.1 Ricegrowers Limited ACN 007 481 156 trading as SunRice (**SunRice**) is a public company registered under the Corporations Act 2001 (Cth).
- A.2 The purpose of this charter is to:
- (a) clarify the roles and responsibilities of the Board;
 - (b) identify the structure of the Board and confirm its commitment to effective and diligent decision making.
- A.3 This charter is supported by the charters for various Board Committees, including Finance & Audit Committee, Grower Services Committee and Remuneration Committee.
- A.4 This board charter will apply subject to applicable legal and regulatory requirements, including, without limitation, duties and obligations imposed on the directors by statute and general law.
- A.5 The Board may review and amend this charter at any time.

B. Board Composition

- B.1 The composition of the Board is prescribed in SunRice's constitution.
- B.2 The constitution provides that the Board will comprise:
- (a) Up to 3 Directors who are elected members of the Rice Marketing Board ("RMB") and who hold, or are the representative of a body corporate that holds, an A Class share; and
 - (b) Up to 3 Directors who are nominated by the Board of whom only one may be an employee with the others being persons with appropriate experience to be directors; and
 - (c) Up to 4 Directors who hold, or are the representative of a body corporate that holds, an A Class Share, not counting the elected RMB members who are directors.

C. The Board's Role and Responsibilities

- C.1 Under SunRice's constitution, the responsibility for managing SunRice's business is vested in the Board and not the shareholders. The Board has appointed a Chief Executive Officer and assigned to him responsibility for the day to day operations of SunRice. The Board retains responsibility for the overall strategic direction of SunRice and the supervision of management's performance. The following sets out further details of the key responsibilities of the Board.

Board and executive issues

- (a) approving the appointment and removal of:
 - (i) Chairperson;
 - (ii) Chief Executive Officer;
 - (iii) Company Secretary; and
 - (iv) Chief Financial Officer;
 - (v) Directors of Subsidiary Companies;

- (b) assessing SunRice's and the Chief Executive Officer's performance;
- (c) establishing committees of the Board and in relation to each committee:
 - (i) appoint members and chairperson;
 - (ii) set the Committee's charter; and
 - (iii) may, if necessary, delegate authority to that Committee;
- (d) on advice from the Board Remuneration Committee, approving payment of any retirement benefits to directors;
- (e) subject to the constitution, nominating candidates for election to the Board by the shareholders;
- (f) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (g) approving succession plans for the Chief Executive Officer and his direct reports;

Strategic issues

- (h) providing strategic *direction* to management;
- (i) approving SunRice's strategic plan;
- (j) approving material strategic investment or business acquisitions and divestments;

Financial items

- (k) issuing and redeeming shares in accordance with SunRice's constitution;
- (l) approving material Group funding facilities;
- (m) approving by the end of April of each year an operating and capital budget for SunRice, for the financial year ahead, consistent with SunRice business plan;
- (n) determining the Paddy Price in accordance with the Paddy Pricing Policy;
- (o) approving the establishment of a dividend re-investment scheme;
- (p) approving SunRice's annual financial statements and reports to shareholders;
- (q) on advice from the Finance & Audit Committee, approving SunRice's key accounting policies;

Capital expenditure items (investments and divestments)

- (r) approving all capital expenditure exceeding A\$250,000 per item;
- (s) approving divestments of capital assets of SunRice (other than financial assets) exceeding A\$500,000 per asset;

Professional appointments/advice

- (t) recommend the appointment and removal of external auditors of SunRice;
- (u) considering and, if appropriate, accepting external audit reports including management letters;
- (v) reviewing any recommendation from the Finance & Audit Committee arising from internal audit reports;

Risk management

- (w) reviewing reports and appraisals from the Finance & Audit Committee on market and operational controls;
- (x) reviewing and overseeing the implementation of SunRice's code of conduct;
- (y) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies;
- (z) monitoring and ensuring compliance with best practice corporate governance requirements;

Human resources

- (aa) approving SunRice's remuneration policy and all other material human resources policies;
- (bb) on advice from the Remuneration Committee, approving the annual bonus pool for employees and to approve increases in aggregate remuneration levels across SunRice;
- (cc) on advice from the Remuneration Committee, determining the remuneration and incentive package for the Chief Executive Officer;

Public affairs/stakeholder relations

- (dd) convening meetings of shareholders (including the annual general meeting) and to exercise all other powers relating to shareholders' meetings given to directors in SunRice's constitution;
- (ee) approving all resolutions being put and matters concerned with a notice of general meeting or annual general meeting;
- (ff) approving SunRice's Disclosure Policy and monitoring compliance with this policy;

C.2 The Board will provide the opportunity for Active Growers to accumulate B class shares and maintain an ownership interest in SunRice and will seek alignment between the interests of Active Grower and ex-grower shareholders.

D. The Board and Management

- D.1 The Chief Executive Officer manages SunRice in accordance with the Strategic Business Plan approved by the Board.
- D.2 In exercising his authority, the Chief Executive Officer is obliged to periodically consult with and report to the Board significant matters. Specifically, this includes:
- (a) reporting to, and consulting with, the Board or the relevant Board committee prior to approving any material project or other material decision which in the opinion of the Chief Executive Officer:
 - (i) amounts to a major initiative;
 - (ii) is a significant policy change or a significant departure from SunRice's strategic plan approved by the Board; or
 - (iii) is likely to be of significant member interest;
 - (b) periodically reporting to the Board or to the relevant Board committee on all material matters affecting SunRice and significant decisions made in exercise of the Chief Executive Officer's authority, including but not limited to:
 - (i) all material compliance issues;

- (ii) material litigation or potential litigation involving SunRice;
 - (iii) any unbudgeted capital expenditure approved by the CEO of more than \$250,000 that the Chairperson has first approved;
 - (iv) foreign exchange and derivative activity;
 - (v) charitable contributions by SunRice over A\$20,000;
 - (vi) appointments to and resignations from the boards of subsidiary companies; and
 - (vii) appointments and resignations of staff who report directly to the Chief Executive Officer;
- (c) bringing to the Board as soon as it is available:
- (i) any material or relevant correspondence from regulators; and
 - (ii) any material potential financial or regulatory impact which is considered likely to arise.

E. Board Committees

E.1 The Board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- (a) Finance & Audit Committee;
- (b) Remuneration Committee; and
- (c) Grower Services Committee.

E.2 The charter or terms of reference of each Board Committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter from time to time as appropriate.

F. Chairperson of the Board

F.1 The chairperson of the Board:

- (a) is appointed by the Directors; and
- (b) may not be the same person as the Chief Executive Officer, and the Chief Executive Officer may not become the chairperson of the Board.

F.2 The responsibilities of the chairperson of the Board include:

- (a) providing leadership to the Board;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) monitoring the performance of the Board;
- (d) facilitating Board discussions to ensure core issues facing SunRice are addressed;
- (e) encouraging the effective contribution and ongoing development of all directors;
- (f) promoting constructive and respectful relations between Board shareholders and between the Board and management; and
- (g) chairing general meetings.

G. Directors

- G.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- G.2 In order to contribute to the performance of the Board, and to properly discharge their responsibilities, Directors are expected to spend the time needed, meet as required and review meeting materials before Board and committee meetings. Directors are also encouraged to ask questions of, request information from, and raise any issue of concern with, management.
- G.3 Directors must exercise independent judgment when making decisions.
- G.4 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- G.5 Directors are expected to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of SunRice;
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

H. Conflicts

- H.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- H.2 Directors must disclose to the Board any material personal interest in any matter that relates to the affairs of the Company in accordance with the Corporations Act
- H.3 If a director has a material personal interest in a matter that is being considered at a Board meeting, the director must not be present while the matter is being considered or vote on the matter, unless permitted to do so in accordance with the Corporations Act.

I. Access to Information and Independent Advice by Directors

- I.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- I.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) following consultation with the Chairman, auditors, both internal and external, to seek explanations and information from them without management being present.
- I.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- I.4 If the chairperson of the Board consents, SunRice will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.



J. Ethical Standards

- J.1 The Directors and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with shareholders, clients, contractors and competitors, the community and each other, striving at all times to enhance the reputation and performance of SunRice.

K. Communication of Information

- K.1 The Board will:
- (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about SunRice and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- K.2 The Board has adopted a disclosure policy and a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

L. Review of Board Performance

- L.1 The performance of the Board and the directors will be reviewed every two years and will take place prior to the election of Directors who hold, or are the representative of a body corporate that holds, an A Class Share.
- L.2 This review will consider:
- (a) the Board's role;
 - (b) the processes of the Board and Board Committees;
 - (c) the Board's performance; and
 - (d) each director's performance before the director stands for re-election.

M. Approved and Adopted

This charter was approved and adopted by the Board on 25 October 2007.

Date _____

Signed _____

Chairperson of the Board of Directors of Ricegrowers Limited