



The Rice Food Experts

Corporate Governance Statement

Ricegrowers Limited
ACN 007 481 156

Approved 15 June 2007

Corporate Governance Statement

Role of the Board

The Board is responsible for the governance of the Company, and oversees its operational and financial performance. It sets strategic direction, determines the appropriate risk profile and management systems and monitors compliance, in terms of regulatory and ethical standards.

The Board has adopted formal written charters detailing the roles and responsibilities of the Board, and each Committee, and management through the Chief Executive Officer, to ensure these roles are clearly defined, separated and enable an effective process of evaluation.

Corporate governance is of vital importance to the Company, and is undertaken with due regard to all the Company's stakeholders.

The main corporate governance practices employed during the year are described in this section

Composition of the Board

The Board's composition is determined by the Company's constitution and has been established as four Directors who are A Class Shareholders, three elected members of the Rice Marketing Board (who are also A Class Shareholders), and up to three Directors who are persons with appropriate experience to be appointed as a Director (one of whom may be an employee of the company).

This structure of ten Directors provides a mix of representation and skills that reflects the company's ongoing commitment to active growers and the needs of its large global business.

Elections are held for the four Directors, who are A Class Shareholders, each four years. A retiring Director is eligible for re election. Prior to the election of any Director, candidate information, with appropriate detail to support an informed decision, is provided to shareholders.

The three elected members of the Rice Marketing Board are appointed to the Board on their election to the Rice Marketing Board. This appointment is confirmed by shareholders at the next Annual General Meeting of the Company for the period of their term on the Rice Marketing Board, which is currently four years.

The relevant skills, experience and expertise held by each Director in office at the date of the Annual Report, are provided in the Annual Report section titled "Board of Directors"

Particulars of each Director's Board meeting attendance for the past twelve months are included in Directors' Report.

Board Operations

The Board monitors the Company's performance by monthly analysis of financial and operating results and an evaluation of performance against targets and forecasts. Directors also read and analyse reports and receive regular presentations and briefings from management on key issues. Senior management routinely attend Board and Committee meetings to report on particular matters. The Board also attends regular site visits to the Company's operations.

Director Performance Evaluation

The Board acknowledges the importance of regular review of Board performance and ongoing communication between Directors and the Chairman. An annual review of the requirements and performance of all Directors is conducted. The performance of Directors is continually monitored by the Chairman and peers.

Access to Information

The Board's policy is to enable Directors to seek independent professional advice at the Company's expense, after first discussing such intentions with the Chairman. The Chairman determines if the estimated cost is reasonable, but without impeding the seeking of advice. In the case of Chairman related issues, reference is made to the Deputy Chairman.

All Directors have access to the Company Secretary. The Company Secretary has accountability to the Board, through the Chairman, on all governance matters.

Finance and Audit Committee

The role of the Finance and Audit Committee is to provide the Board with additional assurance regarding the quality and reliability of both the financial information prepared for the Board, and the internal control and risk management systems of the Company.

The conduct, objectives and proceedings of this Committee are governed by a Charter approved by the Board. All members of the Committee must be non executive Directors and the Chairman of the Board cannot be the Chairman of the Committee. The Chief Executive Officer, the Chief Financial Officer, the Internal Audit Manager and representatives of the external auditor are invited to attend the meetings.

The Committee meets regularly with the internal and external auditors, without senior management, to review the scope and adequacy of their work and to consider the implementation of recommendations from the audit processes.

The Chief Executive Officer and the Chief Financial Officer annually declare, in writing to the Board, that the Company's financial reports present a true and fair view, in all material respects, of the company's financial position and operational results are in accordance with the relevant accounting standards.

The Committee conducts a formal assessment of the external auditor's performance annually and reports the outcome to the Board. The Committee also meets with the external auditor to discuss audit planning matters, statutory reporting and, as required, for any special reviews or investigations deemed necessary by the Board. The Company's external auditor has a policy for the rotation of lead audit partners.

The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence. A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance and Audit Committee.

The names, qualifications and attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Remuneration Committee

The role of the Remuneration Committee is to review and make recommendations to the Board on the company's approach to remuneration and related matters to recognise and reward performance. The Committee also specifically considers the packages and policies applicable to Directors, the Chief Executive Officer and senior management and serves a role in the evaluation of the performance of the Chief Executive Officer.

Remuneration policies are competitively set to attract and retain qualified and experienced employees. The Committee obtains independent advice on remuneration packages and trends in comparative companies.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

The names, qualifications and attendance at the meetings of the Committee are included in the Directors' Report of the Company's Annual Report.

Remuneration Report

The Remuneration Report is included in the Directors' Report of the Company's Annual Report.

Risk Management

The Board oversees the establishment, implementation and review of the Company's risk management systems, which have been established by management to assess, monitor and manage operational, financial and compliance risks. The responsibility for ongoing review of risk management has been delegated to the Finance and Audit Committee who conduct formal reviews at least twice a year.

The Board's risk strategy is to minimise risk to the extent that it does not inhibit the Company from pursuing its goals and objectives. The Chief Executive Officer has responsibility for the establishment and maintenance of effective risk management strategies and for the reinforcement of a risk management culture throughout the company.

The Board recognises the wide spectrum of risk the Company faces in its daily operations and designated management functions, including treasury, taxation, information technology and internal audit work closely with operational and executive management to identify and manage business risk.

The Company has established a well documented system of internal controls that take account of key business exposures. The system is designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is timely and reliable.

The internal audit function plays a key role in providing an objective and continuing assessment of the effectiveness of the Company's internal control systems and is independent of the external audit function. It ensures information is reliable and has integrity, operations are efficient and effective and policies and regulations are adhered to. The Internal Audit Manager has direct access to the Finance and Audit Committee and to the Board.

The Company has implemented insurance arrangements and constantly evaluates the economic balance between self insurance of risks and risk transfer.

Ethical Standards

All Directors, senior management and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has approved a Code of Conduct and Share Trading Policy.

Code of Conduct

The Board recognises the Company's legal and commercial obligations to all legitimate stakeholders, and this is formally recognised in the company's Code of Conduct which addresses its commitment to compliance with its legal obligations to stakeholders.

Trading in Company Securities

The Board have adopted a Share Trading Policy, which applies to all Directors. The policy specifies the periods during which the purchase and sale of the securities may occur and sets out a notification procedure concerning any such transactions.

Continuous Disclosure to the NSX

The Board aims to ensure that shareholders are informed of all major developments affecting the Company. The Board has adopted a policy to identify matters that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Continuous Disclosure Policy is overseen and coordinated by the Company Secretary, who has responsibility for ensuring compliance with the continuous disclosure requirements of the National Stock Exchange (NSX) Listing Rules.

Communication with Shareholders

The Company has a communication strategy to promote effective communication with all stakeholders, including shareholders, to assist them in making informed decisions and to encourage effective participation. Communication initiatives undertaken by the Company include regular business updates, grower briefings, media announcements, and the Company web site (www.sunrice.com.au).

When any stakeholders are updated on aspects of the Company's operations, the material is provided to shareholders, and if appropriate, posted on the Company's web site, and disclosed to the NSX. All recent company announcements, media releases, details of company meetings and annual reports are also available on the Company's website.

Any other information disclosed to the NSX is posted on the Company's web site as soon as it is disclosed to the NSX.

Access to price sensitive information is rigorously controlled and procedures have been established to ensure that any such information is immediately released to the market, should it be inadvertently disclosed.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions.

Notice of the AGM, and related papers, are sent to all Shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Directors' Remuneration Report.