



**The Rice Food Experts**

## Share Trading Policy

Ricegrowers Limited

ACN 007 481 156

Approved 28 April 2011

## Executive Summary

This document sets out the share trading policy that applies to Ricegrowers Limited (“**the Company**”), its subsidiaries, its related bodies corporate, its associated companies, the Complementary Businesses (“**Associated Entities**”) and their directors, executives and employees (“**Policy**”). Any consultants or professional advisors engaged to undertake work on behalf of the Company, its subsidiaries, its associated companies or Complementary Businesses (“**Agents**”) must also comply with this Policy.

### A. Ricegrowers Limited

The B class shares of the Company are listed on the National Stock Exchange of Australia (“**NSX**”). This means that the Company must comply with both the *Corporations Act 2001 (Cth)* (“**Act**”) and the NSX Listing Rules (“**Listing Rules**”).

### B. Definitions

For the purposes of this Policy:

- **Complementary Businesses** means the business activities controlled by SunRice which are not “Rice Milling and Marketing” activities including CopRice, rice cakes, rice flour, convenience rice, retorted rice, Riviana Foods Pty Ltd and Trukai Industries Limited;
- **Listing Rules** means the rules governing the listing of securities on the National Stock Exchange of Australia Limited (ACN 000 902 063);
- **Paddy Rice** means the return paid to growers for rice paddy.
- **Rice Milling and Marketing** means the business activities of SunRice which includes milling, marketing, packaging and branding, which includes all activities relating to the process of transforming raw paddy into bulk or packaged milled rice (Australian and non-Australian rice);
- **SunRice** means the principal business carried on by the Company.

### C. Australian Law

The Listing Rules and the Act contain several provisions which require listed bodies to make immediate disclosure of material information to the market via the NSX. The NSX is responsible for maintaining and enforcing compliance with its Listing Rules. Compliance with the Listing Rules is a requirement for admission to the official list and for continued listing. The Listing Rules are therefore contractually binding and may be enforced under the Act.

### D. Review of Policy

The Policy will be reviewed on a regular basis by the Disclosure Committee, who may suggest proposed amendments to the Policy. It is likely that this Policy will change over time to reflect legislative changes and developments of best practice.

## 1.1 Purpose

The Company recognises the importance of preventing insider trading and ensuring market confidence in trading of the Company's Financial Products.

The purpose of this Policy is to:

- reinforce the Company's commitment to the restrictions on share trading imposed by law and to describe the process implemented by it to ensure compliance;
- ensure that all directors, executives, employees and Agents are aware of the legal restrictions of trading whilst in possession of unpublished price-sensitive information;
- ensure that all directors, executives, employees and Agents comply with the Act and Listing Rules, and ensure they are aware of the consequences of breaching the restrictions on share trading;
- provide guidance to directors, executives, employees and Agents on the type of information that would be considered unpublished price sensitive information;
- provide guidance to the Company's directors on who to disclose any interest to the NSW; and
- preserve confidence in the share market in respect to the trade of the Company's Financial Products.

## 1.2 Definition

For the purpose of this Policy "**Financial Product**" means securities, derivatives, interests in managed investment schemes, debentures, stock, bonds, superannuation products and any other financial products that are to be traded on a financial market.

## 1.3 Legal Obligations

### The Corporations Act

#### 1.3.1 General

The insider trading provisions of the Act take effect when an insider possessing inside information about the Company or an Associated Entity (ie information that is not generally available to the public) uses the information to acquire or dispose of a Financial Product, either directly or indirectly.

### 1.3.2 Interpretation

Section 1042A of the Act defines “**insider information**” as follows:

1. Insider Information means information in relation to which the following are satisfied:
  - (a) the information is not generally available; and
  - (b) if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of a Financial Product.
  
2. For the purposes of Section 1042C of the Act, information is considered to be “**generally available**” if:
  - (a) it consists of readily observable matter; or
  - (b) both of the following subsections apply:
    - (i) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Financial Products of a kind whose price might be affected by the information; and
    - (ii) since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
  - (c) it consists of deductions, conclusions or inferences made or drawn from either or both of the following:
    - (i) information referred to in section 2(a);
    - (ii) information made known as mentioned in subsection 2(b)(i).
  
3. Under Section 1042D of the Act, a reasonable person would be taken to expect information to have a material effect on the price or value of a particular Financial Product if the information would, or would be likely to, influence persons who commonly acquire the Financial Product in deciding whether or not to acquire or dispose of the Financial Product.

### 1.3.3 Prohibited Conduct by Persons in Possession of Inside Information

Section 1043(1) of the Act states that a person (an insider) who possesses inside information and the insider knows, or ought reasonably to know that the information is inside information, the person must not:

1. apply for, acquire, or dispose of a Financial Product, or enter into an agreement to acquire, or dispose of a Financial Product; or
2. procure another person to apply for, acquire or dispose of a Financial Product, or enter into an agreement to apply for, acquire, or dispose of a Financial Product.

### **1.3.4 Communication of Inside Information to Others**

Communication of inside information to another is also prohibited by 1043A(2) of the Act. An insider who knows or ought reasonably to know that the information is inside information, must not directly or indirectly communicate the information, or cause the information to be communicated, to another person if the insider knows or ought reasonably to know that the other person would be likely to:

1. apply for, acquire, or dispose of, a Financial Product or enter into an agreement to apply for, acquire, or dispose of, a Financial Product; or
2. procure another person to apply for, acquire, or dispose of a Financial Product or enter into an agreement to apply for, acquire, or dispose of, a Financial Product.

### **1.3.5 Exception to the Insider Trading Provisions**

Sections 1043B to 1043K of the Act set out a number of exceptions to the insider trading provisions outlined in Sections 1.3.1 to 1.3.4 above. These exceptions include:

1. allowing underwriters to subscribe for and sell Financial Products and communicate information in accordance with the terms of an underwriting agreement;
2. the acquisition of Financial Products pursuant to a legal requirement imposed by the Act;
3. a situation where a chinese wall arrangement was in operation to ensure that the information was not communicated to the person who made the decision;
4. a situation where a natural person or body corporate enters into a transaction or agreement in relation to a Financial Product issued by another person and the person or body corporate is aware that they propose to enter into or has previously entered into a transaction or agreement in relation to the Financial Product;
5. a situation where a director, executive, employee or Agent is acting on behalf of a body corporate or natural person that falls within exception of 4 above; and
6. in certain circumstances where a financial services licensee or a representative of a financial services licensee acts as an agent in a transaction on behalf of another person.

### **1.3.6 Directors to Notify the NSX of Interests**

Section 205G of the Act requires directors of a listed public company to notify the NSX of any of the following interests of the director:

1. relevant interests in securities of the Company or a related body corporate; or
2. contracts;
  - (a) to which the director is a party or under which the director is entitled to a benefit; and
  - (b) that confer a right to call or deliver shares in, debentures of, or interest in managed investment scheme made available by, the Company or a related body corporate.

## **1.4 The Listing Rules**

Listing Rule 6.57 requires the Company to adopt by board resolution and enforce an internal code of dealing for directors and officers which restricts their ability to trade on the basis of unpublished price sensitive information. The code must as a minimum prohibit the directors and officers from dealing in the Company's listed securities for the period from when they become aware of the interim and full year results until those results are announced (generally referred to as a "blackout" period).

## **1.5 The Company's Policies**

### **1.5.1 Insider Trading**

All directors, executives, employees and Agents of the Company and its Associated Entities are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Trading includes applying for, acquiring or disposing of securities.

### **1.5.2 Advising Others on Trading**

In addition, while in possession of unpublished price sensitive information the directors, executives, employees and Agents of the Company and its Associated Entities must not advise others to trade in the Company's securities, or communicate information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's Financial Products.

### **1.5.3 Price Sensitive Information**

Unpublished price sensitive information is information regarding the Company, of which the market is not aware and that a reasonable person would expect to have a material effect on the price, or value of the Company's securities. This concept is discussed in Part 1 of this Policy and examples of price sensitive information are set out in Annexure A to this Policy.

### **1.5.4 Restrictions on Short-Term Trading**

The Company encourages its directors and executives to adopt a long-term attitude to their investment in the Company's securities. Consequently, they should not engage in short-term or speculative trading in the Company's securities.

### **1.5.5 Further Restrictions on Trading**

1. In accordance with Listing Rule 6.57, the Company's policy in relation to restrictions on trading for directors and executives is as follows:
  - (a) directors and executives may only buy and sell the Company's securities during the following periods, as long as they are not in possession of any price sensitive information:

- (i) 4 weeks following the release by the Company of its half-yearly results to the NSX;
  - (ii) 8 weeks following the release by the Company of its annual results to the NSX; and
  - (iii) 8 weeks following the issue of a prospectus.
- (b) all other times of the year (to those outlined in section 1(a) above) are referred to as “**blackout periods**” and directors and executives are not permitted to buy and sell the Company’s securities at any of those times.
2. During the trading periods outlined in paragraph 1(a) above, the board of directors may impose an embargo upon trading in the Company’s securities if it believes that a market sensitive event has occurred or is likely to occur.

## **1.6 Notification of Proposed Trade in the Company Securities**

### **1.6.1 Obligations of the Chairman**

Prior to trading in (either buying or selling) the Company’s securities, the Chairman must notify the Deputy Chairman and Secretary, in writing, of his or her intention to trade and confirm that he or she is not in possession of any unpublished price sensitive information.

### **1.6.2 Obligations of the Directors**

Prior to trading in (either buying or selling) the Company’s securities, directors must notify the Chairman and Secretary of their intention to trade, in writing, and confirm that they are not in possession of any unpublished price sensitive information.

The requirement to provide notice of an intention to trade in the Company’s securities does not apply to the acquisition of securities through a supplier’s share plan or dividend reinvestment plan. However, the requirement does apply to the trading of the securities once they have been acquired.

## **1.7 Notification of Trade in the Company Securities**

### **1.7.1 Obligations of the Directors**

Directors must notify the Company Secretary of any trade in the Company’s securities within 2 days of such trade occurring so that the Company Secretary may notify NSX in compliance with Section 205G of the Act.

### **1.7.2 Obligations of the Secretary**

1. The Company Secretary will maintain a register of all trades and holdings in the Company securities by directors.
2. The Company Secretary must notify the NSX of the following interests of the directors:
  - (a) relevant interests in securities of the Company or Associated Entities;
  - (b) contracts;
    - (i) to which the director is a party or under which the director is entitled to benefit; and
    - (ii) that confer a right to call for or deliver shares in debentures of or interests in a managed investment scheme made available by the Company or Associated Entity.

### **1.8 Limiting Risk**

The Company prohibits directors and executives from trading in Financial Products issued or created over the Company's securities by third parties, or trading in associated products. In addition, directors and executives may not enter into a transaction that operates to limit the economic risk of their security holding in the Company.

## ANNEXURE 'A'

Set out below are some examples of types of information that may be considered material and therefore may need to be disclosed to the NSX:

- the Company's plans to subsidise water purchases for growers;
- the key terms and conditions of a relevant contract, such as an exclusive agreement between a large dairy farmer and a Complementary Business, which would result in a material change in the profits of that Complementary Business;
- plans to sell part or all of any of the Complementary Businesses;
- a change in the method used to calculate the annual Paddy Price;
- a recommendation or decision that a dividend or distribution will not be declared (for example the profits of a Complementary Business will be used to supplement the Paddy Price);
- entry by the Company or a Complementary Business, into a new line of business or the discontinuance of a particular line of business;
- a material change in financial forecasts or expectations of the Company;
- a recommendation or declaration of a dividend or distribution;
- a recommendation or decision that a dividend or distribution will not be declared;
- a proposed acquisition or disposition of material assets to be announced by the Company, a controlled entity or joint venture partner;
- the giving or receiving of a notice of intention to make a takeover offer which is material;
- information about material changes to the beneficial ownership of shares in the Company;
- material events regarding the Company;
- any negative publicity regarding the company;
- significant developments in regard to a major project or venture;
- a material event regarding the Company's shares, securities, financing or any default on any securities (eg an under-subscription or over-subscription to an issue of securities or share repurchase program);
- changes in the board of directors, senior executive or auditors;

- the key terms and conditions of the relevant contract entered into (eg major components of remuneration) for a newly appointed CEO;
- an agreement between the Company (or a related party or subsidiary) and a director (or a related party of the director);
- any rating applied by a rating agency to the Company, or securities of the Company and any changes to that rating;
- a new development or invention that may result/affect the Company's business (for example a new type of rice seed);
- significant changes in technology or the application of technology which would affect the business of the Company;
- a matter that might impact on the Company's operations or its ability to carry on business;
- a natural disaster or accident that has particular relevance to the business of the Company (for example floods/fires or a drought);
- a matter that might have an effect on income, cash flow or the ability to generate profits;
- legal proceedings against or allegation of any breach of the law, whether civil or criminal, by the Company or any of its employees;
- the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Company or any controlled entity;
- a change in accounting policy adopted by the Company such as a change in accounting policy or paddy pricing policy;
- decisions on significant issues having a material impact on the Company by regulatory bodies in Australia (such as the Australian Competition and Consumer Commission);
- a proposed change in the regulations or laws that could materially affect the Company's business;
- a reasonably specific rumour or media comment in relation to the entity that has not been confirmed or clarified by an announcement by the entity to the market; or
- there is evidence that a rumour or comment is having, or NSX forms the view that the rumour or comment is likely to have, an impact on the price of the Company's "B" Class shares.