

# Appendix 4E

## Preliminary Final Report

### Ricegrowers Limited (ASX – SGLLV)

**ABN:**  
55 007 481 156

**Financial Year Ended:**  
30 April 2021

**Lodgment Date:**  
24 June 2021

This financial report does not include all of the notes of the type normally included in the full year statutory accounts. Accordingly, it is recommended that this report be read in conjunction with the Annual Report for the year ended 30 April 2021 and any public announcements made by Ricegrowers Limited (“SunRice” or ‘Group’) during the year ended 30 April 2021, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

### Reporting Period and Reported Information

The current reporting period is the year ended 30 April 2021 (FY2021 or CY20) and the previous corresponding period is the year ended 30 April 2020 (FY2020 or CY19). The information in this report is based on accounts which have been audited.

### Results for Announcement to the Market

	2021	2020	Change	Change	Up/Down
Consolidated Group	\$'000	\$'000	\$'000	%	
Revenue from ordinary activities	1,026,219	1,134,818	108,599	9.6	Down
Profit after tax	18,283	22,680	4,397	19.4	Down
Profit after tax attributable to B Class shareholders	20,767	27,013	6,246	23.1	Down

Dividends	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
<b>Final dividend</b>		
Amount per security	33.0 cents	33.0 cents
Franked amount per security	33.0 cents	33.0 cents
<b>Interim dividend</b>		
Amount per security	n/a	n/a
Franked amount per security	n/a	n/a

<b>Date the dividend is payable:</b>	<b>30 July 2021</b>
Record date to determine entitlements to the dividend	7 July 2021
If it is a final dividend, has it been declared?	Yes

#### The dividend or distribution plans shown below are in operation.

Ricegrowers Limited Dividend Reinvestment Plan (DRP).

## Appendix 4E

### Preliminary Final Report

### Continued

## NTA Backing and Earnings per B Class Share (EPS)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (\$) – NTA	6.62	7.82
Basic and diluted earnings per B Class Share (cents) – EPS	34.6	45.8

The decrease in the NTA backing has been primarily driven by the following factors:

- Goodwill and Brands of \$44m acquired under business combinations (which are excluded from net tangible assets) while these acquisitions have been funded exclusively from existing cash reserves and available financing facilities (which are included in net tangible assets)
- The significant swing in foreign currency exchange rates (primarily the AUD:USD and AUD:PGK) between 30 April 2020 and 30 April 2021 which has had an unfavourable impact on the translation of the results and financial position of the Group's foreign operations (reducing the foreign currency translation reserve in equity by \$25m) and consequently on the net asset position of the Group.

## Commentary on results for the period

Financial results were driven by a combination of several factors that included:

- Continued impacts of COVID-19, including disruptions to the international shipping industry; and increasingly deteriorating conditions in key Pacific markets
- Critically low rice production in the Riverina, which resulted in the Rice Pool being unable to absorb all its overheads, leading to a pre-tax loss of \$22.1 million in that segment
- Further expansion of the Group's international sourcing capabilities to meet global demand given only 5% of total supply was available from the Riverina
- Resulting performance of the International Rice segment more than offsetting deteriorating results of the Rice Pool and Corporate segments
- Ongoing shortage, and significantly increased cost, of the Australian crop due to record fixed price contracts offered in CY20 of \$750-\$1,500, which reduced performance of the CopRice and Rice Food segments, whose results in part rely on inputs and by-products from the Rice Pool business
- Improved seasonal conditions in eastern Australia, which led to high pasture availability, in turn reducing demand for supplementary feed products across multiple CopRice product categories
- Unexpected negative step change in commodity prices due to international trade conditions, which further reduced CopRice performance
- Adverse foreign exchange fluctuations
- Improved performance driven by a range of factors in the Riviana Foods segment.

Further details of the FY2021 financial position, performance and cash flows are set out in the 2021 Annual Report, which is provided together with this Appendix 4E - Preliminary Final Report (in a separate announcement).

## Details of associates and joint venture entities

Trukai Industries Limited, which is 66.23% owned by Ricegrowers Limited, has the following associate:

### Name of associate or joint venture

Pagini Transport (incorporated in Papua New Guinea). Principal activity: Transport

### Reporting entities percentage holding

Pagini Transport: 30.44% (30 April 2020: 30.44%)

## Controlled entities

On 22 December 2020, SunRice's subsidiary, Riviana Foods Pty Ltd, completed the acquisition of 100 per cent of KJ&Co Brands Pty Ltd.

On 9 March 2021, SunRice Trading (Shanghai) Co Ltd, a wholly owned subsidiary of Ricegrowers Singapore Pte Ltd (being a wholly owned subsidiary of Ricegrowers Limited) was incorporated in China.

There have been no other changes in controlled entities in the year ended 30 April 2021 but on 16 May 2021, Silica Resources Pty Ltd, a wholly owned dormant subsidiary of Ricegrowers Limited was voluntarily deregistered.

## **Appendix 4E**

# **Preliminary Final Report**

### **Continued**

## **About SunRice's structure**

The structure of Ricegrowers Limited (SunRice) contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

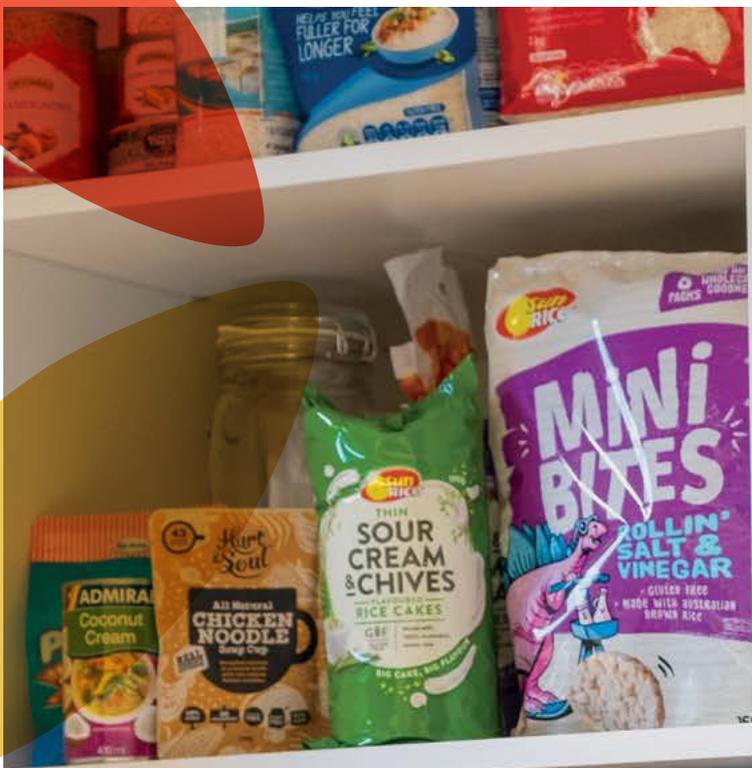
A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on the ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.

B Class Shares are quoted on the ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see <https://corporate.sunrice.com.au/investors/>.

## **Other information required**

Please refer to the attached 2021 Annual Report including the full year statutory accounts for the year ended 30 April 2021 for other information required.



Annual Report  
2021

## About This Report

The SunRice Group seeks to continuously improve the way we communicate long-term sustainable value to A and B Class shareholders and other important stakeholders. From FY2020, we integrated our financial and non-financial reporting to provide information on all aspects of our performance in one report, the Annual Report, supported where required by supplementary information (see 2021 reports portfolio).

### Reporting boundary and period

SunRice's Annual Report covers Ricegrowers Limited ABN 55 007 481 156 and its controlled entities. Unless otherwise stated, all disclosures in the Annual Report relate to the Financial Year ending 30 April 2021 (FY2021). In this report, 'the year', 'this year', 'crop year 2020' and 'CY20' all refer to FY2021. The '2021 harvest', 'crop year 2021' and 'CY21' all refer to the rice crop harvested in 2021, which will be processed and marketed in the Financial Year ending 30 April 2022 (FY2022). 'SunRice', 'SunRice Group', 'Group', 'we' and 'our' refer to Ricegrowers Limited ABN 55 007 481 156 and its controlled entities, as defined in this report.

### Reporting frameworks

The FY2021 Financial Report (on pages 81 – 134) and Directors' Report (on pages 60 – 79) have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Operating and Financial Review, which is a required element of the Directors' Report, can be found on pages 14 – 49 and includes the Our Strategy in Action, Our Financial Performance and Position, Our Outlook, Our Approach to Sustainability, Our Growers, Our People and Our Approach to Risk sections. The content of Our Approach to Sustainability section of this report and supporting sustainability information, has been prepared in accordance with the GRI Standards: Core option. The GRI index (see Reports Portfolio) highlights where the required FY2021 GRI Core disclosures can be found. The sustainability disclosures in this report and the information on SunRice's sustainability website [www.sunrice.com.au/sustainability](http://www.sunrice.com.au/sustainability) serve as our Communication on Progress for the United Nations (UN) Global Compact.

### Report assurance

The Remuneration report on pages 62 – 78 and the Financial Report on pages 81 – 134 have been audited. All disclosures in the Annual Report have been subject to SunRice's internal review and approval processes by management, the executive and the Board, as appropriate.

### Stakeholder engagement and materiality

SunRice undertakes both a formal materiality process to identify the issues that are significant to the business and to key stakeholders, as well as informal engagement throughout the year, through a variety of channels in order to respond to our stakeholders' insights. SunRice's material topics are discussed in the SunRice Stakeholder Engagement Statement at [www.sunrice.com.au/sustainability-reports](http://www.sunrice.com.au/sustainability-reports). In FY2021, as part of our approach to sustainability, SunRice identified six priorities that address these material topics and provide a framework for the Group's response. These priorities and related ambitions and actions are described in Our Approach to Sustainability on pages 28 – 39.

### 2021 reports portfolio

- **Annual Report** – provides information on SunRice, including governance, strategy, key risks, financial and non-financial performance and outlook, and includes the Annual Directors' Report and Annual Financial Report. [www.sunrice.com.au/annual-reports](http://www.sunrice.com.au/annual-reports)
- **Interim (Half Yearly) Financial Report** – provides information on SunRice's half-yearly financial and non-financial performance and outlook. [www.sunrice.com.au/financial-reports](http://www.sunrice.com.au/financial-reports)
- **Corporate Governance Statement** – provides an online overview of our policies, procedures and practices to ensure application of the ASX Corporate Governance Principles and Recommendations (4th Edition). [www.sunrice.com.au/corporate-governance](http://www.sunrice.com.au/corporate-governance)

### Other reports and information

- **Sustainability information** – provides further online information on SunRice's sustainability strategy, performance and future plans. [www.sunrice.com.au/sustainability-reports](http://www.sunrice.com.au/sustainability-reports)
- **GRI Index** – is a summary of how SunRice has addressed each of the GRI reporting core standards, with references to where the detailed information can be located across the 2021 reports portfolio. [www.sunrice.com.au/sustainability-reports](http://www.sunrice.com.au/sustainability-reports)
- **Tax Transparency Disclosures** – in FY2021, SunRice voluntarily adopted the Board of Taxation's Tax Transparency Code to complement the Group's existing tax disclosures and enhance our stakeholders' understanding of the Group's compliance with Australia's tax laws. SunRice's first Tax Transparency report will be issued in late 2021.
- **Other information** – presentations and announcements made to stakeholders during the year. [www.sunrice.com.au/presentations](http://www.sunrice.com.au/presentations)  
[www.sunrice.com.au/announcements](http://www.sunrice.com.au/announcements)

### About SunRice's structure

**The structure of Ricegrowers Limited (SunRice) contains non-standard elements, including its dual class share structure comprising A Class Shares and B Class Shares.**

**A Class Shares** confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on the ASX and may only be held by Active Growers. No person may hold more than five A Class Shares, and the right to vote is currently based on one member, one vote. In practical terms the voting rights held by A Class shareholders give those shareholders the right to control the election of directors and any changes to SunRice's Constitution.

**B Class Shares** are quoted on the ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means that B Class shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see [investors.sunrice.com.au](http://investors.sunrice.com.au).

## Contents

<b>2</b> FY2021 Highlights	<b>4</b> Chairman's Report	<b>6</b> CEO's Report	<b>8</b> About SunRice	<b>10</b> Our Brands and Products
<b>12</b> Our Strategy	<b>14</b> Our Strategy in Action	<b>16</b> Our Financial Performance and Position	<b>26</b> Our Outlook	<b>28</b> Our Approach to Sustainability
<b>40</b> Our Growers	<b>42</b> Our People	<b>44</b> Our Approach to Risk	<b>50</b> Corporate Governance Overview	<b>58</b> Corporate Management Team
<b>60</b> Directors' Report	<b>80</b> Auditor's Independence Declaration	<b>81</b> Financial Report	<b>135</b> Directors' Declaration	<b>136</b> Independent Auditor's Report
<b>142</b> Shareholder Information	<b>144</b> Corporate Directory			



# FY2021 Highlights

**\$1.03 billion**  
Group Revenue

**\$18.3 million**  
Net Profit After Tax

**33 cents** Fully franked dividend per B Class Share  
**5.0%<sup>1</sup>** Dividend yield

**\$49.1 million**  
EBITDA

**\$750 – \$1,500** per tonne  
CY20 fixed price contracts paid for medium grain Reiziq to organic varieties

**2000** suppliers  
Engaged through the implementation of the SunRice Supplier Sustainability Program, the foundation for the release of SunRice's inaugural Modern Slavery Statement

**100+**  
Community organisations supported across 6 countries

**40%**  
Of our senior leadership roles are held by women, 12 months ahead of our FY2022 goal

**28**  
University and rice research partnerships

**\$66 million**  
Invested in mergers and acquisitions, the most significant spend in the Group's recent history

**2 silver awards**  
In the Australasian Reporting Awards for SunRice's FY2020 Annual Report

**150+**  
A Class shareholders engaged by Directors across 8 meetings on critical issues

**6**  
Key brands added to the SunRice Group's portfolio, including Toscano, Hart & Soul, Bare Bakers, as well as Top Cow, Top Calf and Longacre in New Zealand

## Chairman's Report

Once again, dealing with a difficult year is a feature of my Chairman's Report for the year ended 30 April 2021 (FY2021). The continuing drought in the Riverina, combined with disruption from COVID-19, set the scene for FY2021. I admire the resilience of our Australian growers and employees who have made do with very little. There was minimal Australian paddy to mill and minimal water, at very high prices, to grow rice with. However this last year – when Australian rice has been in short supply – has demonstrated once again the complementary nature of the SunRice business model, and with improved conditions we can see a return to better times on the horizon.

SunRice has taken advantage of every opportunity that was presented, and the Board retained a clear focus on the progression of the Group's Growth Strategy. Our global sourcing strategy has shown its strength by keeping SunRice's brands in markets around the world. We have used our balance sheet strength to continue with our merger and acquisition activity and continued to invest in our operations. I am very pleased we have been able to reward our B Class Shareholders with a dividend of 33 cents per B Class Share from profits generated in one of the company's toughest years.

However, the 45,000 paddy tonnes achieved for the 2020 Riverina rice crop was the second-smallest crop on record; contracted at a record \$750 per tonne for medium grain Reiziq. The Group took this decision to secure sufficient volume of paddy to maintain a baseline milling program in our Riverina operations, and to replenish seed stocks for the 2021 season. The downside, given the extremely difficult conditions for rice production, was only 105 growers were able to grow. As you would appreciate, this minimal crop has placed a burden on SunRice, with lost sales and infrastructure that could not be used efficiently.

Thankfully the improvement of seasonal conditions, increased water allocations and lower water prices, particularly in the Murrumbidgee, has seen a return to a larger Riverina crop for 2021. A crop of ~420,000 paddy tonnes harvested and delivered in spite of one of the coolest summers in many years. It is a credit to our growers that they managed the cold induced floret sterility and yield reduction as well as they did.

Our new bold medium grain variety V071, developed through the Australian Rice Partnership breeding program in conjunction with the Australian Government (AgriFutures), NSW Department of Primary Industries and other industry partners, performed well in the cool conditions.

The intention is that the variety will be rolled out for the 2022 season when planting commences later in 2021. SunRice is committed to assisting our growers with programs like GrowRice and a major research program to drive a transformative step-change in water-use efficiency in the Australian rice industry is being negotiated now.

The CY21 crop, which is now being processed in our Riverina facilities, is anticipated to mark the end of a difficult cycle for the SunRice Group and set the path for a progressive recovery. The whole business thrives when Australian rice is plentiful – it underpins segments like CopRice and Rice Foods which rely on inputs, and allows the Rice Pool to fully recover all of its overheads.

This anticipated recovery does not, however, address the significant challenges our growers and SunRice continue to face as a result of the inequitable roll-out of water reform by both the state and federal government. Water reform has had a significant impact on the volatility of Australian rice production in recent years.

All Australian irrigators have now been turned into high-cost producers and this is having an impact on Australia's sovereign capability. Early indications are that the impacts of climate change will be focused on annual croppers despite guarantees from government that this would not be the case. SunRice will continue to work with the Ricegrowers' Association of Australia to demand that agreements reached on water reform are honoured. This is why ongoing investment in research and development, to breed more water productive varieties that are more resilient, is so important.

International rice markets are highly complex and have significant trade restrictions which mean the commodity is not freely traded. It is for these reasons that our Riverina rice industry has had a coordinated approach to market access in the form of vesting or single desk arrangements for many years. The NSW Government has commenced its periodic review of these structured marketing arrangements. SunRice has demonstrated, as the holder of the Sole and Exclusive Export Licence that it continues to deliver benefits that are provided to all Riverina growers in the form of export price premiums and freight scale advantages. The vesting arrangements remain the most appropriate way for the Riverina rice industry to compete effectively in world markets, and we will be presenting this evidence to the NSW Government for consideration as part of its review.

Keeping a strong connection with our growers and A Class Shareholders is fundamental to the ongoing success of SunRice. As we have demonstrated, the recent droughts could have reduced the number of A Class shareholders to 102 under the current rules, had the Board not exercised its discretionary powers. The Board has developed new criteria to help growers keep their base A Class Share through longer periods of drought and reward more consistent growers an additional A Class Share based on production. I believe this is an important step in the right direction, and will be seeking support of A Class shareholders for the proposal at our Annual General Meeting (AGM) in August 2021.

Beyond our focus on these important matters, the Board completed key recommendations of the 2019 external Board evaluation during the year. This included adoption of new Charters for the Board and its Committees; as well as an amendment to the Constitution to reduce the size of the SunRice Board; and the staggering of the elections of non-Executive directors to 'smooth out' the director election cycle. I note the proposal to reduce the Board size received overwhelming support at our 2020 AGM. As we indicated then, we will now seek support to finalise the reduction to nine Directors at the 2021 AGM, while importantly retaining our Grower Director majority.

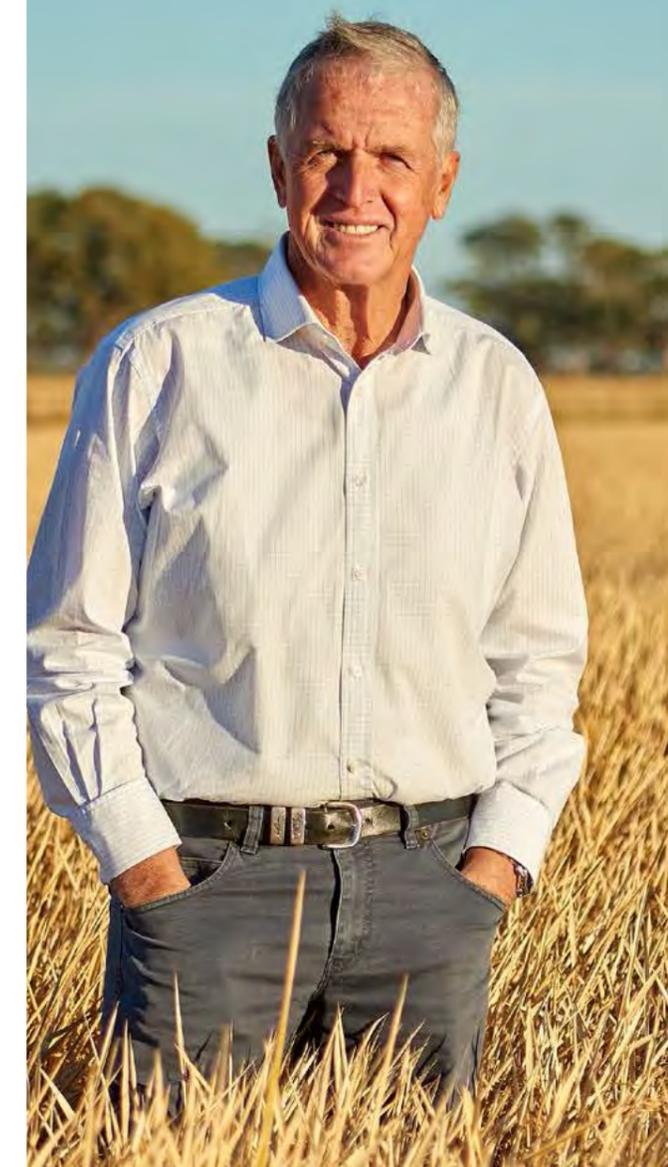
I continue to take great pride in the way SunRice is developing into a truly global company, with our international subsidiaries working towards that goal. A notable performer for me has been SunFoods in California. SunFoods not only continues to build its footprint; but makes a valuable contribution to the Group in areas like milling innovation, and as an important part of our global rice supply network.

I extend my thanks to the Chair of the Rice Marketing Board of NSW (RMB), John Culleton, and other RMB Directors, and the President of the Ricegrowers' Association of Australia (RGA), Rob Massina, and the RGA more broadly. I am always thankful that RGA brought growers to the Whitton Hall in 1950 to create the Ricegrowers Mills Co-operative Limited, which has now of course evolved into the SunRice Group as it stands today – one of the world's largest rice food companies, and a true success story of Australian agriculture and branded food exporters.

SunRice's continuing success is dependent on strong management under the leadership of Group CEO Rob Gordon and his team. I must also acknowledge my fellow Board members for their devotion to our cause: building a great Australian company.



Laurie Arthur  
SunRice Chairman



**“Keeping a strong connection with our growers and A Class Shareholders is fundamental to the ongoing success of SunRice.”**

## CEO's Report

In such a challenging year, when we responded to the COVID-19 pandemic and the second consecutive year of near-record low rice production in the Riverina, the SunRice team has delivered a resilient set of financial results.

Group Revenue was \$1.03 billion for the financial year ending 30 April 2021 (FY2021), down 9% on the prior corresponding period, while SunRice reported Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of \$49.1 million and Net Profit After Tax (NPAT) of \$18.3 million, down 25% and 19% on FY2020 respectively.

Despite the challenging circumstances which impacted financial performance in FY2021, a coordinated effort led to a creditable NPAT, which allowed us to pay a fully franked dividend in line with the prior year while maintaining the strength of our balance sheet.

We always knew the 2021 Financial Year was going to be difficult, and planned accordingly.

Coming off the back of the critically low 2019 (CY19) crop of 54,000 paddy tonnes, conditions were pointing towards an even worse planting for the 2020 (CY20) crop, which would be processed and marketed in FY2021. This came to pass – with a crop of just 45,000 tonnes able to be planted, due to worsening drought, water availability and high water prices. We took the difficult decision to reduce our cost base in the Riverina in the prior year given the anticipated low CY20 production, while offering record fixed price contracts to secure enough rice to maintain baseline production, retain core skills in our operations and replenish seed stocks so that if conditions improved a larger crop could be planted in 2021.

There is no escaping the significant impact the two years of extremely low production in the Riverina has had on our Australian Rice Pool Business and some of our other businesses. With such a low volume of rice available to be milled throughout the year, costs were significantly under-recovered in our Australian Rice Pool Business due to the under-utilisation of our assets, and the necessary high rice prices had a significant impact on the cost of our manufactured products and contracted margins.

We have executed a deliberate strategy to build our international sourcing capability, including establishing our successful Ricegrowers Singapore trading business, stepping out into Vietnam with the acquisition of our mill in 2018, increasing capability in our SunFoods facility in California, and entering into significant supply arrangements from countries including China and India. We sourced rice from 12 countries – which enabled the business to meet growing global demand in excess of 1 million paddy tonnes, even though only 5% of that rice supply was available from our Australian supply chain.

The Group's global sourcing strategy has helped keep markets open despite the low production in the Riverina. Pleasingly, improved conditions have seen Australian production increase to an anticipated 2021 (CY21) crop size of ~420,000 paddy tonnes, and we will be immediately reintroducing our value-added and branded Australian rice products to our premium global markets, which should see

our Rice Pool Business and other segments that benefit from its inputs strongly positioned to recover. The variety of high-quality origins of rice across our international supply network provides an opportunity to meet demand for bulk and branded products targeted at different price points for different markets. We will continue to maintain and build our capability in multi-origin, multi-price international rice sourcing as this improved capability makes our business model stronger, particularly with the recovery in Australian rice production.

The increased earnings in our International Rice segment in FY2021 more than offset the deteriorating results in the Rice Pool and Corporate segments, demonstrating the complementary nature of our business model. We delivered these results while not only managing the continuing low rice production in Australia, but a myriad of challenges related to COVID-19. This included incredible disruption to global shipping lines, in a year when we were leveraging our significant international sourcing capability to move rice products from 12 different source countries and complex supply chains to meet global demand in approximately 50 markets. It also included unprecedented challenges for our people, with differing regulatory requirements, restrictions on movement, and other complexities across the 11 countries where we have operations around the world. The continuing limits on travel made it difficult for our teams to maintain relationships and build new partnerships face to face, although they have done an admirable job of this through other means.

In FY2021, we maintained our focus on the future, leveraging the strength of our balance sheet to execute against our Growth Strategy on a number of strategic projects, investments and acquisitions.

In fact it was our most significant year of investment in acquisitions in recent history, with some \$66 million in capital outlay in investments focused on building scale, diversification and consistency of earnings, particularly for our Riviana Foods and CopRice segments. This included acquiring two new businesses – branded food importer KJ&Co Brands for \$51 million, which is a transformative acquisition for our Riviana segment, and a dairy nutrition business in New Zealand for \$11 million, which marked the operational expansion of our CopRice segment into its first overseas market. CopRice also acquired the dairy and beef business of Riverbank Stockfeeds in the strategically important region of Gippsland in Victoria. We continued the integration and upgrade of acquisitions from prior years, with growing benefits from Roza's Gourmet and upgrades to our Wangaratta CopRice facility and Leeton Specialty Rice Foods Facility.

These initiatives, along with the investments in a \$10 million bran stabilisation plant in Leeton and conversion of the former Coleambally rice mill to a CopRice facility from the prior year, are expected to progressively realise benefits in FY2022. We are continuing to invest time in exploring further acquisition

opportunities that have the potential to meet our strategic and financial investment criteria. We also undertook a significant amount of work in FY2021 in planning to optimise our Australian Riverina production base for low-cost, efficient production. This will maintain our global competitiveness, and see us invest further in value-added processing capabilities in coming years.

Organic growth initiatives were progressed, such as the launch of the Riviana Basmati microwave range, SunRice's new Flavour Your Rice sachets, Brown Rice Chips and Rice Cracker Chips in multiple international markets, Australian Infant Rice Cereal into Australian retail channels, and a new more affordable Asian-sourced rice brand, SunGold, into the Australian food service market.

SunRice maintained focus on key Environmental, Social and Governance initiatives in FY2021, including further work to respond to the Taskforce on Climate-related Financial Disclosures recommendations, the release of our inaugural Modern Slavery Statement in December 2020 and defining the six priority issues that support our sustainability framework and growth ambitions. We remain strongly committed to the United Nations Global Compact and Sustainable Development Goals.

We continued to support our 2000 employees around the world, and we have met a key diversity target, with 40% of our senior leadership roles held by women, which was achieved ahead of our goal of FY2022. Throughout FY2021 we focused on keeping our employees safe, and improving our key safety, health and environment systems and processes, while we also refreshed our core values and behaviours.

The Board recently confirmed that the core fundamentals of our Growth Strategy remain appropriate, and extended the timeframe for delivery from 2022 to 2024.

With the return of Australian rice to key markets, and benefits of strategic initiatives and acquisitions within the period, I am confident we will see an improvement in operating performance and earnings in FY2022. However, the scale of recovery will be dictated by the ongoing disruption and impacts of COVID-19.

I thank the Board for its support and the management team for delivering such an ambitious agenda despite constrained resources in such difficult circumstances. I look forward to working with our people, growers, investors, Board and other important stakeholders to continue to execute our Growth Strategy throughout FY2022 and beyond.



**Rob Gordon**  
SunRice CEO

**“I am confident we will see an improvement in operating performance and earnings in FY2022. However, the scale of recovery will be dictated by the ongoing disruption and impacts of COVID-19.”**

# About SunRice

**The SunRice Group is an Australian ASX-listed branded food group, comprising multiple businesses, assets and operations across Australia, New Zealand, the Middle East, the United States, the Pacific Islands and Asia.**

In addition to rice foods, the Group's diversified portfolio includes gourmet and 'free from' food products, and animal feeds and nutrition. Our ~35 major brands are sold in ~50 global markets and we hold leading brand positions in ~15 countries. Our ~2000 employees have a strong focus on delivering value for all stakeholders as part of our Group Strategy, underpinned by SunRice's values and behaviours.

**Our objective is to optimise returns for both classes of shareholders.**



## SunRice's Structure

SunRice's structure supports the interests of both our B Class shareholders or investors, who have the right to receive dividends through our **Profit Businesses**; and our A Class shareholders, who must be Active Growers, and who are paid for their paddy through the **Rice Pool Business**, and have control of the company.

While separate, the two business groups have mutual benefits and purposes. They ultimately complement each other, strengthening the alignment between our investors and growers.

## What Drives Us

### Our values



**Integrity**  
We will always do the right thing



**Dynamic**  
We are fast, flexible and energetic



**Collaborative**  
Everything is better when we work together



**Innovative**  
We constantly seek new ideas and better ways



**Community**  
We care deeply for the people and places that care for us

### Our behaviours

#### Customer focussed

Without our customers, nothing matters. So we work tirelessly to deliver the highest quality product, demonstrating an unbridled passion for customer service excellence, safety and sustainability.

#### Intellectually curious

We will create an environment that will keep curious minds active. We will encourage open engagement and collaboration and look at challenges as opportunities to unearth fresh, creative ideas, or new solutions.

#### Decisive

We do what we say and say what we do, making smart, enterprise-wide decisions as well as taking personal accountability for results or outcomes. Being decisive also means being brave, so we're not afraid to take calculated risks to make a difference in the way we work.

#### Good communicators

We work hard on being respectful communicators, and pride ourselves on taking the time to listen and respond (not react). We practice coaching and the more we communicate, the deeper the understanding. That way, everyone has the same set of facts.

## Our Stakeholders

We are committed to providing our stakeholders with credible, transparent and timely information. We engage with them on the topics that matter most through a variety of channels and respond to their insights, both directly and as a Group.

In FY2021, this included face-to-face Director-led meetings with ~150 of our A Class Shareholders, receiving feedback from ~1200 team members through our employee engagement survey and reaching out to ~2000 suppliers as part of our Supplier Sustainability Program.

SunRice's Stakeholder Engagement Statement, which outlines the **material topics** identified by our key stakeholders and our business, and how SunRice engages with each stakeholder and responds to these issues, can be found at: [www.sunrice.com.au/sustainability-reports](http://www.sunrice.com.au/sustainability-reports)

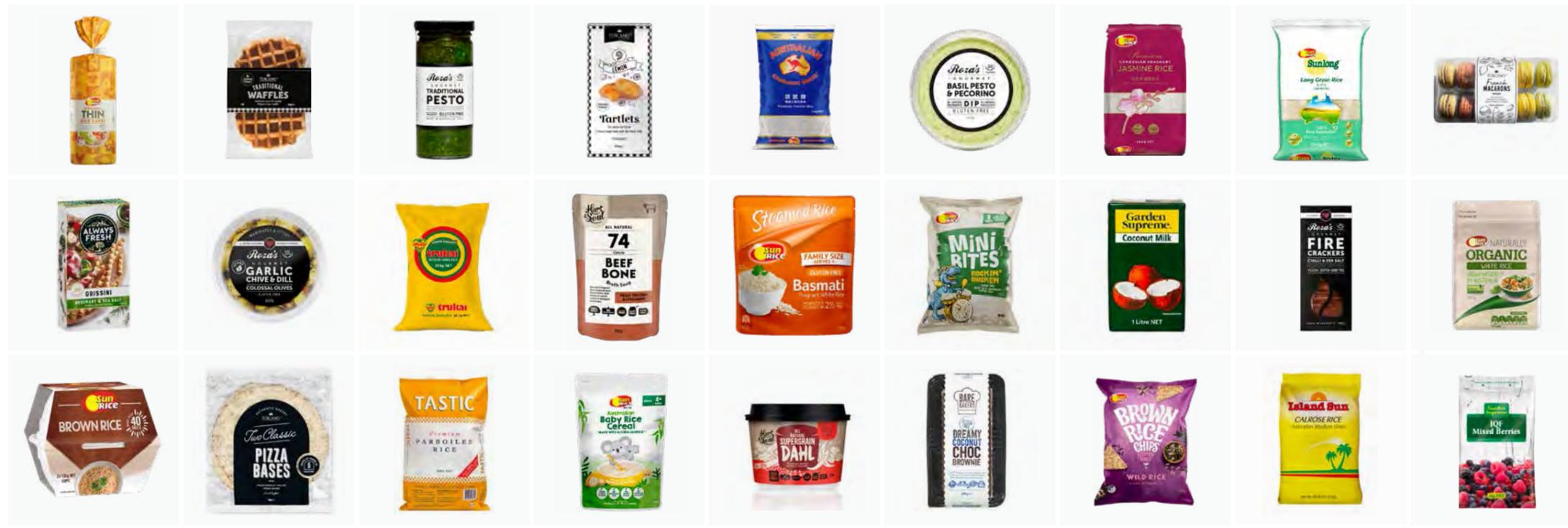


# Our Brands and Products

**With ~35 major brands and market leading positions in ~15 countries, the SunRice Group continues to grow in key markets.**

In FY2021, we added 12 brands and more than 150 related products to our portfolio. This included SunGold, Toscano, Hart & Soul and Bare Bakers, as well as Top Cow, Top Calf and Longacre in New Zealand.

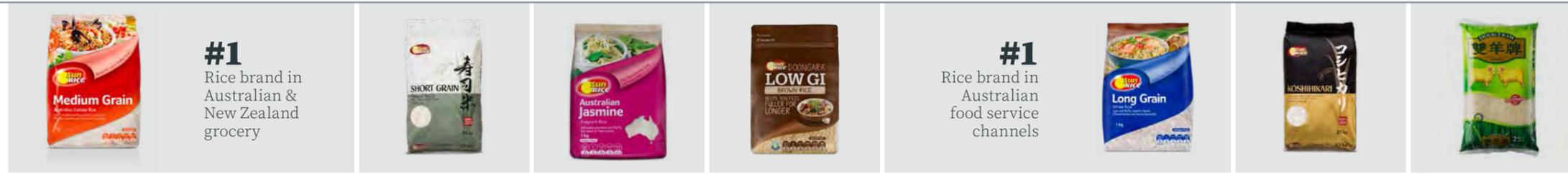
Our business segments, product mix and markets are directly aligned to our 2024 Growth Strategy.



## RICE POOL BUSINESS

### Australian Rice Pool

Supplying premium branded Australian rice, built on provenance and our heritage.



**#1**  
Rice brand in Australian & New Zealand grocery

**#1**  
Rice brand in Australian food service channels

## PROFIT BUSINESSES

### International Rice

A growing global supply chain and distribution network, delivering quality and sustainability.



**#1**  
Rice brand in PNG & the Solomon Islands

**#1**  
Medium grain rice brand in the Middle East

**#1**  
Rice brand across 10 other Pacific Island markets

### Rice Food

Innovation in healthy snacking and food ingredients aligned to global food trends.



**#1**  
Microwave rice brand in Australia

**#1**  
Rice cakes brand in Australia and New Zealand

### Riviana Foods

Brand led food business building on "special occasions" and key consumer trends.



**#1**  
Pickled vegetables brand in Australia

**#1**  
Olives brand in Australia

### CopRice

Innovative animal nutrition that leverages SunRice's Riverina rice by-products.



# Our Strategy

**Our 2024 Growth Strategy is designed to cement the SunRice Group's position as a truly global, multi-origin, multi-market FMCG business. Importantly, we are proudly Australian-owned and our business is designed to benefit our investors, our growers, our employees and the communities in which we operate.**

Over the last two years, a range of extraneous factors in the form of the drought and COVID-19 has delayed our ability to execute the Group's original five-year growth plan, due to end in 2022. The plan and its targets still remain responsive to and appropriate for the external macro factors and specific business challenges that influence SunRice. Accordingly, we have extended the Growth Strategy's timeline by two years to 2024, as we focus our efforts to achieve our goals and build on the significant foundational work undertaken to date (see Our Outlook on page 26 for further details).

## Objectives To optimise returns for both classes of shareholders by...



**Increasing**  
profits and reducing earnings volatility



**Adapting**  
our product range to take advantage of changing food trends



**Securing**  
a sustainable and reliable global supply chain



### The external macro factors<sup>2</sup> that influence us are:

#### Macroeconomic considerations

- Growing demand for health, wellness and nutrition
- Trust, traceability and transparency
- Demographic shifts
- The rise of the Asian consumer
- Food security
- Supply chain stress

#### Sustainability considerations

- Climate change
- A global waste crisis
- Water scarcity
- Chemicals and pesticides
- Habitat and biodiversity loss
- Poverty, slavery and inequality
- Population growth



### Challenges:<sup>3</sup>

- Increasing global competition.
- Volatility of Australian rice supply.
- Alternative crops competing for limited water and land.
- Market diversification and access.
- Foreign exchange volatility.
- Economic conditions, including geopolitical instability.
- Climate change.
- Market impacts of COVID-19, including disruptions to the shipping industry.
- Competition for talent, resources and capabilities.

Perry and Catherine Hardy  
Coleambally rice growers



## What success looks like:

### Strong financials

An aspirational revenue target of \$2bn<sup>4</sup>, which may take longer to achieve than by 2024, and to maintain double digit returns on capital employed.

### Premium branded player

Leverage our reputation for quality and innovation in premium varieties, healthy eating and snacking.

### Asian presence

Expand sales in high-growth Asian consumer markets.

### Diversified earnings

Expand our CopRice and Riviana Foods segments through strategic growth opportunities.

### Food ingredients expansion

Build our tailored food ingredients offering to service industrial customers.

### Resilient global supply chain

Secure a multi-varietal and resilient global supply chain with Australian growers at its centre.

### How we're responding:

1  
2  
3

**Cementing a global supply chain in response to increased demand in branded products, ensuring quality and sustainability.**

**Repositioning Australia as the supply source of choice for premium branded rice markets.**

**Using our capabilities to meet evolving global food trends, especially in healthy eating and snacking, in particular through:**

- **Diversifying into new markets** to offer high-quality and convenient packaged rice of trusted provenance.
- **Playing a pioneering role** in addressing the obesity and diabetes epidemics with our unique Low GI rice.
- **Leveraging our unique position** to take advantage of the global fascination with sushi.
- **Being recognised as a leader in healthy snacking** through a range of innovative snacks.
- **Operating a strong food ingredients business** with diversified, high-value rice derivatives servicing global food companies.
- **Assurance of quality and sustainability** with traceability, no matter where we grow our rice.

4  
5

**Being recognised for our high performance, delivered by a positive, inclusive and accountable culture.**

**Accelerating the growth and diversity of our strong, cash-generative portfolio, including through further investment in Riviana and CopRice.**



2. See pages 11 – 12 in our FY2020 Annual Report for further information on our global context.



3. Further detail about our approach to these challenges can be found in Our Approach to Sustainability on pages 28 – 39 and Our Approach to Risk on pages 44 – 49.

4. This is an aspirational target, not a budget or forecast and assumes reasonable macro conditions.

# Our Strategy in Action

Despite challenging operating conditions, which included the ongoing impacts of low Australian rice production, COVID-19 and instability in key global markets, the Group retained a sharp focus on executing SunRice's 2024 Growth Strategy.

This included leveraging a strong balance sheet to invest for the future at a time when many businesses were focused solely on survival. Our investment in developing global supply sources over many years also ensured we were well placed to service our markets despite the difficult circumstances.

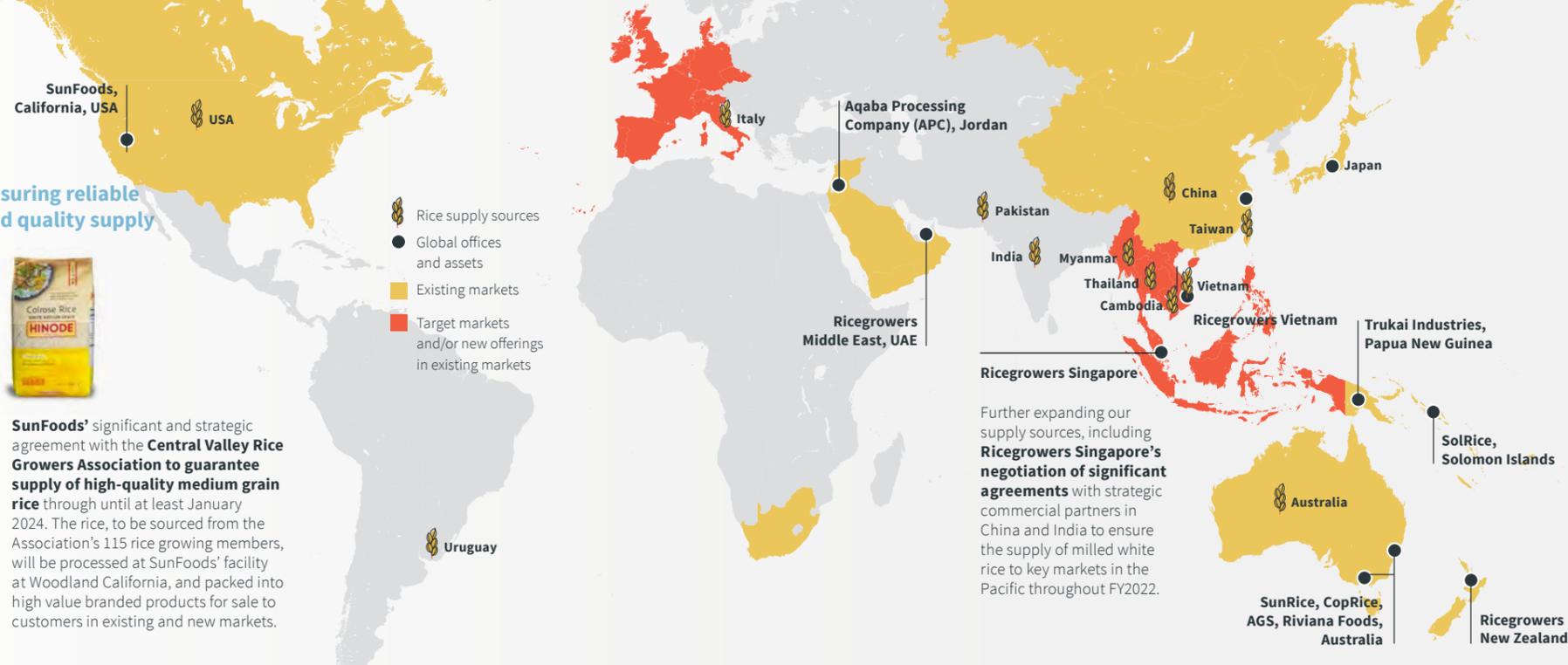
SunRice's investment in our people, our brands and our environment, supply chain and assets hold us in good stead for the future. Across the Group, our strategy in action included the following highlights for FY2021.

SunFoods, Hawaii, USA

Ensuring reliable and quality supply



SunFoods' significant and strategic agreement with the **Central Valley Rice Growers Association to guarantee supply of high-quality medium grain rice** through until at least January 2024. The rice, to be sourced from the Association's 115 rice growing members, will be processed at SunFoods' facility at Woodland California, and packed into high value branded products for sale to customers in existing and new markets.



Further expanding our supply sources, including **Ricegrowers Singapore's negotiation of significant agreements** with strategic commercial partners in China and India to ensure the supply of milled white rice to key markets in the Pacific throughout FY2022.

A focus on product innovation and new launches

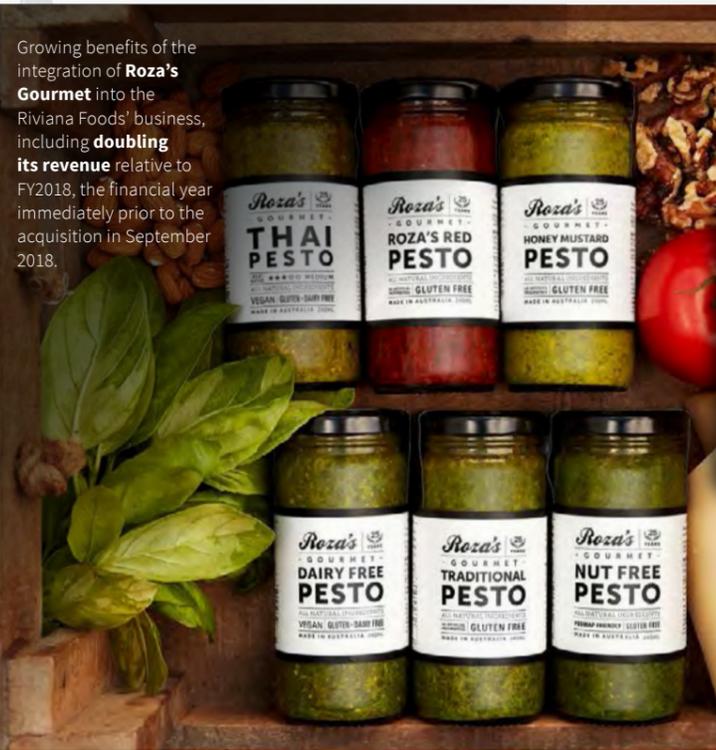
SolRice's launch of **Solrais Famili**, which underpinned the business's market leading position in the Solomon Islands in FY2021.

Growth through strategic M&A and capital investment



Riviana Foods' transformative acquisition of branded food importer, **KJ&Co Brands**, for \$51 million, which is already delivering benefits and is expected to be earnings per share accretive in the first full year of ownership. The acquisition included KJ&Co's exciting brand portfolio, featuring Toscano, Hart & Soul and Bare Bakers amongst others, which are sold into the Australian retail markets, including through Coles and Woolworths, and distributed in New Zealand.

Growing benefits of the integration of **Roza's Gourmet** into the Riviana Foods' business, including **doubling its revenue** relative to FY2018, the financial year immediately prior to the acquisition in September 2018.



New product innovation in Australia, including the launch of the **Riviana Basmati microwave range and SunRice's new Flavour Your Rice sachets**.



Increased product innovation and export opportunities, including the launch of **Brown Rice Chips and Cracker Chips** in China, Singapore, Hong Kong, United Arab Emirates, Kuwait and Qatar, as well as the launch of **health and wellbeing and microwave** rice ranges into the United Arab Emirates.



CopRice's acquisition of the dairy and beef business of Victorian-based producer of livestock products **Riverbank Stockfeeds** for \$5 million, including a feed mill at Leongatha and a dairy business across Gippsland and south west Victoria. Having a manufacturing facility in Gippsland complements CopRice's existing facilities, securing coverage across all key dairy regions in Victoria.

CopRice's expansion into **New Zealand** following the acquisition of **Inghams' dairy nutrition business**, which produces and sells dairy and calf feed products. The \$11 million acquisition represents CopRice's first operational expansion into the important New Zealand dairy market, and included Inghams' feed mill at Hamilton, and direct-to-farm and packaged dairy business in New Zealand under the 'Top Cow', 'Top Calf' and 'Longacre' brands.



The completion of the **FeedRite site upgrade**, which was acquired by CopRice in FY2020. With a total investment of \$6 million, the Wangaratta facility reopened in FY2021 as a pet food and companion animal product manufacturing plant.

The completion of the \$4.5 million **upgrade of the Leeton Specialty Rice Foods Facility** to reduce operating costs and improve product innovation and quality of our microwave rice. The facility was formally opened by NSW Minister for Finance and Small Business, Damien Tudehope MLC in April 2021.



Further details can be found in the relevant segment performance sections on pages 16 – 25 and in the Our Approach to Sustainability section on pages 28 – 39. Further strategic initiatives are discussed in Our Outlook on pages 26 – 27.

An ongoing focus on sustainability

Building our sustainability framework for the future, including the identification of **six priorities for SunRice's sustainability targets** where we can make a difference, including SunRice's ambition and the actions to be taken as we develop measurable and meaningful goals for each.

The implementation of the Group's new **Supplier Sustainability Program**, with a focus on labour standards in the supply chain as a part of SunRice's commitment to United Nations Sustainable Development Goals. This included reaching out to more than 2000 suppliers worldwide.

SunRice's adoption of the Board of Taxation's **Tax Transparency Code** to complement the Group's existing tax disclosures and enhance our stakeholders' understanding of the Group's compliance with Australia's tax laws. Our first Tax Transparency report will be issued in late 2021.



The launch of a new more affordable Asian-sourced rice brand, **SunGold** into the Australian food service market.



The launch of SunRice's **new Australian Infant Rice Cereal**. While ranging was achieved in Australian retail channels, entry into China via the daigou sales channel was impacted by COVID-19.



The release of SunRice's inaugural **Modern Slavery Statement** in response to the requirements of the Australian Modern Slavery Act 2018 (Cth). The statement reflects the work undertaken across SunRice to better understand and manage the risks of modern slavery and human rights abuses in our operations and supply chain.

# Our Financial Performance and Position



## SunRice Group Overview

**In a year marked by unprecedented challenges for both communities and industries around the world, SunRice remained firmly focused on the future in FY2021.**

The Group demonstrated resilience and dynamism to deliver a strong full year result against the backdrop of multiple headwinds, including the escalating impacts of low Australian rice production, instability in key global markets and the ongoing impacts of COVID-19.

Despite the challenging conditions, the Group maintained a sharp focus on executing SunRice's 2024 Growth Strategy, capitalising on opportunities to acquire and further integrate value-accretive businesses, make ongoing capital investment in manufacturing facilities, secure new supply sources and maintain a strong innovation pipeline which saw the launch of multiple products into new categories. FY2021 also marked SunRice's most significant year of merger and acquisition activity in recent years, with investments totalling \$66 million in our Riviana and CopRice segments (see details on page 22 and 23) and saw important progress towards our sustainability goals.

These achievements (see Our Strategy in Action on pages 14 – 15) positively position the company for FY2022, as does the recent return to more favourable conditions for rice production in the Riverina. The Group has strategically invested for growth during the low point of the Australian agricultural cycle and, as a result, anticipates a rebound in both revenue and NPAT in FY2022, as discussed in Our Outlook on page 26.



### Group financial performance

Revenue for FY2021 was \$1.03 billion, down 9% on FY2020. EBITDA was \$49.1 million, down 25% on FY2020. Net Profit After Tax (NPAT) was \$18.3 million, down 19% on FY2020.

### Overcoming the drought cycle

The Australian Rice Pool Business was significantly affected during FY2021 by the escalating impacts of drought, restricted water allocations and high water prices on paddy supply. The CY20 Riverina crop of approximately 45,000 paddy tonnes was the second smallest Australian crop on record despite the attractive fixed price contracts offered, following an already subdued CY19 crop of only 54,000 paddy tonnes.

With such a small CY20 crop and without sufficient carry over crop from the previous year, rice available for processing in FY2021 was exhausted in the final quarter, with some Riverina facilities ceasing production temporarily. In light of these conditions the Rice Pool Business was unable to absorb all of the overheads in the business in FY2021. For a second consecutive year, the Pool incurred a loss, which impacted the overall profitability of the Group. This is discussed further on page 19.

To offset the low availability of Australian rice, the Group was required to further expand its international sourcing capabilities to successfully meet both domestic and global demand for SunRice's products in FY2021. The resulting improved performance of the International Rice segment (further discussed on page 20) more than offset the deteriorating results experienced by the Rice Pool and Corporate segments combined. This is a strong illustration of our 2024 Growth Strategy in action, and in particular the focus on global sourcing over the past five years. This outcome also demonstrates the resilience and efficiency of the Group's business model, the complementary nature of the Rice Pool Business and the Profit Businesses and the Group's ability to deliver value for A and B Class Shareholders and other important stakeholders even in times of low Australian rice production.

The ongoing shortage and significantly increased cost of the Australian crop due to fixed price contracts offered in CY20 also impacted the CopRice and Rice Food segments in FY2021, whose results in part rely on inputs and by-products from the Rice Pool Business.

In particular, this lack of throughput meant the benefits of the Group's recently completed \$10 million Bran Stabilisation Plant could not be realised during FY2021, despite the Group fully incurring some of the costs associated with the plant now being operational. This is discussed further on pages 21 and 23.

In addition, while the recent improved seasonal conditions in eastern Australia should support the Group's recovery in the future (as discussed in Our Outlook on page 26), these conditions put further pressure on CopRice's results in FY2021, as they provided farmers with more opportunity for pasture feeding, in turn reducing demand for supplementary feed products (see further details on page 23).

### Challenging global conditions

A range of challenging global conditions affected the SunRice Group in FY2021. These included the impact of an unexpected negative step change in commodity prices on CopRice due to international trade conditions, and the sharp and sudden depreciation of the AUD against the USD and EUR in late FY2020 at the height of the COVID-19 crisis. At that time, the Group strategically secured a significant amount of hedging covers on future purchases (noting offsetting opportunities to do the same on sales were constrained due to the limited availability of Australian rice for export), as ongoing uncertainty due to COVID-19 was fuelling the risk of a further deterioration in foreign exchange rates. This increased the cost of imported products for some segments (Rice Food and Riviana Foods in particular) in early FY2021, preventing the Group from immediately and fully benefiting from a subsequent recovery in foreign exchange rates throughout FY2021, the timing and extent of which was largely unpredictable.

In the International Rice segment, there were increasingly deteriorating economic conditions in key Pacific markets, including political instability, an increasingly depreciating PNG Kina for which no hedging opportunities currently exist, and ongoing competitive pressure. These factors weighed against profitability, even though the Group was able to implement successful action plans to mitigate their impact. Rising world rice prices also challenged the Group during FY2021, as did COVID-19 related disruptions to international shipping routes.

### Continued impacts of COVID-19 and our response

COVID-19 continued to significantly affect the economies of key global markets for SunRice during FY2021, including Hawaii and other Pacific Islands where tourism is a major contributor and was brought to a sudden and prolonged halt, as well as in the Middle East, where a number of governments imposed restrictions. Margins were placed under pressure, with government intervention motivated by food security and affordability concerns in some markets restricting the Group's ability to access supplies and pass on to customers the full impact of rising input costs. The Group's focus during this time was on protecting the health and wellbeing of employees, while maintaining business continuity and production. This required flexibility, innovation in the delivery of key services, and close contact with key stakeholders.

Increased consumer demand for the Group's retail rice products linked to COVID-19 also contributed to an accelerated exhaustion of available inventory for the Australian Rice Pool Business. The reconfiguration of our Riverina operations ahead of the CY20 harvest in FY2020 meant that the business was well placed entering FY2021. However, the lack of Australian rice ultimately meant that the Rice Pool Business operated on reduced shift structures for the entire year. Consumer demand for a number of the Group's products in most other retail markets remained strong given the higher proportion of meals being consumed at home, however the corresponding contraction and slow recovery of the food service sector partly offset this benefit.

Significant disruption to the global shipping industry also threatened our ability to service markets in FY2021 and this intensified as the year closed. SunRice's supply chain team successfully navigated multiple challenges, including demand for cargo space and containers outstripping supply, vessels booked to capacity up to seven weeks prior to sailing, major delays due to congestion and scheduling issues at ports and material increases in spot freight rates. Our team's ability to generally maintain supply during these circumstances was a clear illustration of our values in action, and highlighted the role we play in food security for key markets.

Significantly, the Group was able to navigate all COVID-19 related challenges during FY2021 without requiring any Government support in Australia (no payments were received by the Group under the JobKeeper program despite the clear impacts to our operations). Our US subsidiary, SunFoods, was able to receive a \$1.3 million employment-related grant from local authorities, but this was linked to specific spending and actions being undertaken by the business rather than support being offered for lost activity.

As market confidence progressively returned throughout the period, the Group was also able to offset some of the operational challenges of FY2021, as some costs associated with the COVID-19 pandemic (primarily recorded as "other expenses" in the Group's Consolidated Income Statement) were not as high as initially expected. In particular, this led to the release in FY2021 of risk provisions totalling \$4.5 million, which had been recognised at 30 April 2020.

### Other non-recurring items

A range of other non-recurring items impacted the Group's results in FY2021. These included:

- A \$3.2 million reduction in depreciation expense driven by the revision of the useful lives of some of the Group's storage assets, due in part to capital improvements made to various sites over the years;

- A \$1.6 million profit generated on the sale of non-core Riverina assets (see the capital management section on page 25 for further details); and
- A \$1.6 million profit realised on the acquisition of Inghams' New Zealand dairy business.

These items were offset by approximately \$1.3 million of acquisition related costs incurred on the Riverbank, KJ&Co Brands and Inghams' transactions and another \$0.8 million on foreign income tax credits that were lost in FY2021 due to the Australian Tax Consolidated Group being in a loss position.

In addition, and as further detailed in the balance sheet items commentary on page 25, a number of income and expense items were reduced by a significant swing in average foreign currency exchange rates (primarily the AUD against the USD and PGK) between FY2020 and FY2021. This materially impacted the translation of the results of some of SunRice's foreign operations in the consolidated results of the Group.

### Other operating expenses

In light of the challenging conditions, there was an enhanced focus on cost reduction in FY2021. Lower operational activity levels in Australia resulting from the small volume of Australian rice available, as well as restrictions on employee movements imposed by COVID-19 also drove reductions in several expense categories in the Group's consolidated income statement compared to FY2020. This included finance costs, for which the decrease was exacerbated by lower average debt levels throughout the year and lower interest rates charged to the Group's bank facilities following the successful refinancing process completed in April 2020. This was however partly offset by a steep increase in general market insurance premiums and additional marketing costs incurred in supporting the launch of various new products during the year, as discussed in "Our Strategy in Action" on pages 14 – 15.

### Effective tax rate

The Group's effective tax rate for FY2021 was 4%, compared to 27% for FY2020. This result was primarily due to the mix of jurisdictions in which profit was generated, with an increased proportion of profits coming from the Group's lower taxed Asian operations, as a consequence of the increase in international sourcing required to offset the low availability of Australian rice and meet the Group's global demand.

The low rate further reflects the impact of tax losses generated in the Australian Tax Consolidated Group in FY2021, which were recognised as deferred tax assets in the Group's consolidated balance sheet at 30 April 2021 (see note 2f in the Consolidated Financial Statements for further details).

### Dividend declared

A fully franked dividend of 33 cents per B Class Share is payable for FY2021, representing the same outcome as FY2020. This delivered a dividend yield of 5.0% for our investor shareholders based on the applicable B Class Share price at 30 April 2021. Despite the very challenging circumstances of FY2021, this dividend demonstrates the Group's ongoing commitment to deliver value to both A and B Class shareholders (see further details in the capital management section on page 25).



## Australian Rice Pool Business

**Revenue from external customers attributable to the Australian Rice Pool Business for FY2021 was \$114.8 million, down \$108.4 million or 49% on FY2020. A Net Loss Before Tax of \$22.1 million was recorded for the year, compared to a \$4.1 million loss in FY2020.**

The severe and persistent drought conditions, low water availability and high water prices resulted in the CY20 crop being the second-smallest Australian crop on record. In order to incentivise a minimum level of production to maintain baseline operations in the Riverina and build pure seed inventory levels for future years, the Group offered growers record fixed price contracts of \$750 per paddy tonne for medium grain Reiziq and up to \$1,500 per paddy tonne for organic varieties. Despite this, only 45,000 paddy tonnes were harvested, which followed the small 54,000 paddy tonne crop harvested in CY19 (the third-smallest crop on record).

As experienced in FY2020, this combination of lower harvested volume and higher fixed price contracts meant that despite the reconfiguration of Riverina operations in late FY2020 to reduce operating costs, the Rice Pool was unable to absorb all of the overheads in the business. As a result, for the second year running the Australian Rice Pool recorded a loss, which weighed on overall Group profitability.

While approximately 300,000 paddy tonnes were carried over from FY2019 into FY2020, which supported both sales and our Riverina operations and contributed positively to the absorption of manufacturing overheads in FY2020, there was no comparable carry over for FY2021. The limited rice availability contributed to a significant downturn in revenue and increased the loss incurred in FY2021. The impact to the Rice Pool was further exacerbated by increased consumer demand linked to the COVID-19 pandemic, which exhausted existing inventory more quickly than initially anticipated. Despite a favourable impact on revenue, this lack of inventory meant both the Leeton and Deniliquin Mills ran sub-optimally on reduced shifts during FY2021, with production ceasing completely until rice was available from the CY21 harvest. Careful management of paddy contained the cessation of production to just three weeks rather than several months, as initially anticipated. A key factor in this result was our employees' collaboration with the



business in taking leave and modifying their work arrangements, which meant there were no redundancy costs in FY2021, compared to the \$4.5 million incurred in FY2020. In this way, the Company maintained a core workforce, which in turn enabled production at our facilities to be quickly ramped up once harvest of the larger CY21 crop commenced as the year closed (see Our Outlook on page 26).

Concurrently, the Rice Pool Business remained focused on minimising both existing and future costs while prioritising the supply of Australian rice at higher prices into premium markets, including the launch of our health and wellbeing range into the United Arab Emirates. Such initiatives, combined with savings associated with the revision of the useful lives of some of the Group's storage assets; and costs associated with the COVID-19 pandemic not being as high as initially expected, further helped contain the Rice Pool loss in FY2021.

The reduced revenue, inventory levels and operational activity in FY2021 also resulted in the Rice Pool Business incurring significantly lower brand and asset financing charges from the Corporate segment, as well as a smaller manufacturing overhead allocation, providing further relief. As a result, the manufacturing overhead cost allocation was absorbed primarily by International Rice, due to the higher volume of rice sold in that segment.

The Australian Rice Pool Business remains a key element of SunRice's business model, and is well positioned to resume its role as a supplier of premium rice to key domestic and export markets during FY2022 as discussed in Our Outlook on page 26.

OUR FINANCIAL PERFORMANCE AND POSITION CONTINUED



Where FY2021 International Rice revenue was generated

## Profit Businesses

### International Rice

International Rice recorded revenues from external customers of \$548.5 million in FY2021, up \$17.1 million or 3% on FY2020. A Net Profit Before Tax of \$22.6 million was recorded for the year, compared to a FY2020 Net Loss Before Tax of \$1.4 million.

In the traded rice business, Ricegrowers Singapore successfully increased its international sourcing capabilities in response to the small Australian crop, sourcing rice from 11 other countries to allow demand for SunRice's products to be met in key existing markets, including those previously supplied by Australian rice. Servicing these markets with internationally sourced rice allowed SunRice to maintain positions for when Australian rice becomes available again in FY2022.

The Group's United States' subsidiary SunFoods also contributed to the supply of markets that typically purchase Australian rice in FY2021. This, coupled with a generally better asset utilisation in the SunFoods business following improvements in milling yields, the deployment of additional stabilised bran processing capabilities and a COVID-19 related grant from local authorities, supported a significant uplift in performance compared to FY2020. These factors more than offset the reduced activity in the Hawaiian markets caused by the COVID-19 pandemic, which decimated the tourism industry in the region.

Significantly, SunFoods signed a strategic agreement with Central Valley Rice Growers Association in FY2021 to guarantee supply of high-quality medium grain rice through until at least 31 January 2024. The agreement will enable SunFoods to support domestic growth projects, participate more regularly in Asian tenders and provide SunRice additional supply from the northern hemisphere to hedge against supply fluctuations in Australia.

In FY2021, new territories for rice sales were also established and the new brand SunGold was released in Australia to service the Asian grocery and food service markets. In addition, new opportunities to assist with food security initiatives in Singapore in the context of COVID-19, successful participation in Japanese tenders and the transfer of Riviana Foods' rice business to the International Rice segment also assisted year-on-year trading volumes and delivered improved performance.

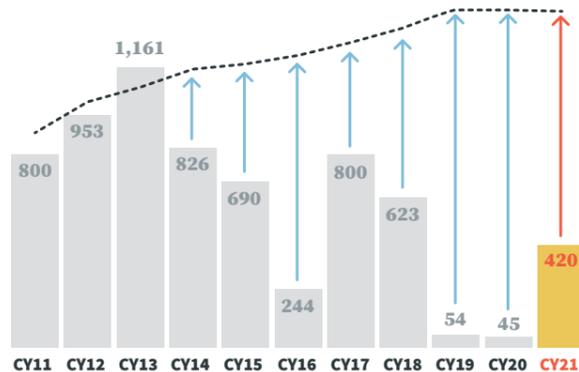
During the year, the Group renegotiated two significant agreements with strategic commercial partners in China and India to ensure the supply of milled white rice to key markets in the Pacific throughout FY2022. However, sales and margins in key Pacific markets suffered from difficult and deteriorating economic conditions, unfavourable foreign exchange rate



movements, particularly the PNG Kina against the USD (for which no hedging opportunities currently exist), and aggressive competition. Despite significant success off the back of the 'SolRais Famili' range launch in the Solomon Islands and a range of initiatives to grow sales and contain costs undertaken by Trukai in Papua New Guinea, these factors continued to weigh on the overall profitability of the International Rice segment. COVID-19's significant impact on global economies, including those in the Middle East and tourism-reliant Pacific Islands, as well as disruption to shipping routes, also affected performance.

Despite these challenges and an increase in manufacturing overhead allocations primarily due to the reduced operational activity in the Australian Rice Pool Business, the International Rice segment's increase in profit more than offset the combined downturn in results in the Australian Rice Pool and Corporate segments during FY2021. This once again demonstrates the efficiency of the Group's business model, the complementary nature of the two business groups, as well as SunRice's ability to positively deliver and keep its markets open particularly in times of lower Australian rice production.

Fig 1 - Riverina supply vs. global demand for SunRice products (paddy tonne equivalent)



Where FY2021 Rice Food revenue was generated

### Rice Food

Rice Food recorded revenues from external customers of \$96.1 million in FY2021, down \$3.5 million or 4% on FY2020. A Net Loss Before Tax of \$1.9 million was recorded for the year, compared to a Net Profit Before Tax of \$4.6 million in FY2020.

The Rice Food segment significantly expanded its offering in FY2021. Initiatives included the launch of SunRice's new Flavour Your Rice sachets and the launch of Brown Rice Chips and Cracker Chips in China, Singapore, Hong Kong, United Arab Emirates, Kuwait and Qatar. FY2021 also saw the launch of SunRice's new infant rice cereal. While ranging was achieved in Australian retail channels, entry into China via the daigou sales channel was impacted by COVID-19, with sales into this important market only commencing into mainland China in May 2021, following year end.

Despite the strong innovation pipeline, sales volumes in a number of this segment's categories, in particular rice flour and microwave products, were down on FY2020. This was in part due to the lack of inputs available from the Rice Pool Business as a result of the smaller Australian crop. In particular, this affected the performance of the newly commissioned Leeton Bran Stabilisation plant, which consequently temporarily operated at sub-optimal levels in FY2021, while incurring all depreciation and other associated costs. COVID-19 and the resulting lengthy Victorian restrictions also contracted food-service demand which compounded with missed sales opportunities in the early part of the year as production constraints limited the ability to meet the surge in consumer demand for food products.



Profitability was further hampered across several product categories by rising input costs (most notably the high CY20 paddy price of \$750 per tonne); the absorption of one-off launch costs of new products and an increase in manufacturing overhead allocations resulting from the contraction of the Rice Pool Business. This was further exacerbated by an unfavourable change in product mix, with lower-margin consumer categories outperforming the segment's higher margin food service categories due to COVID-19 related changes to both in and out-of-home consumption.

Despite these challenges, the Group continued to work on strategies to improve efficiencies, take costs out of the business and further support innovation in this segment during FY2021. This included the completion of a \$4.5 million investment in technology at the Leeton Specialty Rice Foods Facility. The facility was formally opened by NSW Minister for Finance and Small Business, the Hon. Damien Tudehope MLC in April 2021 and is expected to bring benefits to the Group for the future with improved quality and manufacturing efficiency.

**100%**  
Australia and New Zealand

Where FY2021 Riviana Foods revenue was generated  
Note: Riviana's exports are carried out by Australian-based distributors.

**Riviana Foods**

Riviana Foods recorded revenues from external customers of \$148.4 million in FY2021, up \$11.8 million or 9% on FY2020. Net Profit Before Tax was \$9.2 million, up \$1.1 million or 14% on FY2020.

The acquisition of KJ&Co Brands for \$51 million in December 2020 was transformative for Riviana Foods and further diversified its presence across new categories within the Australian retail market in FY2021. KJ&Co has already generated revenue of \$21.4 million and profit of \$0.3 million for the Riviana Foods segment in FY2021 and is expected to be earnings per share accretive in the first full year of ownership. KJ&Co's portfolio of brands includes the European bread, pizza bases, specialty breads and chilled dessert products brand 'Toscano'; the convenient healthy soups, ready meals, recipe bases and side dish products brand 'Hart & Soul'; and the 'free from' products, including gluten-free snacks and desserts brand 'Bare Bakers', along with a number of other smaller brands. KJ&Co Brands has experienced strong revenue growth and increase of market share across key categories in recent years and supports Riviana Foods' strategy to build a greater share of 'Special Occasions'. It also exposes the business to new occasions based on convenience while leveraging Riviana's ability to manage global supply chains.

As previously highlighted, the Riviana Foods rice business was transferred to the International Rice segment in FY2021. Adjusting both FY2020 and FY2021 for this transfer and the impact of the KJ&Co brands acquisition discussed above, Riviana Foods' revenue from external customers increased by 5% and Net Profit Before Tax by 70% compared to FY2020.

This improved underlying performance reflects strong brand performance across retail (with a 20% uplift in sales volumes due in part to COVID-19 restrictions driving higher demand for in-home entertaining products) and in Roza's Gourmet (with a 30% uplift in sales volumes driven by a strong performance in both premium independent and home delivery channels). Riviana has doubled the revenues attributable to Roza's brands, relative to FY2018, being the financial year immediately prior to the acquisition of the business in September 2018. This demonstrates the business' ability to successfully integrate and scale acquired businesses, while leveraging its brands, marketing expertise and supply chain partnerships.

FY2021 also saw the launch of Always Fresh Sweet Biscuits, the additional ranging of 12 products in New Zealand, as well as the positive effect on costs of recently achieved operational efficiencies and synergies. These factors more than offset the challenges of a significantly contracted Food Service sector due to COVID-19 restrictions on out of home entertaining, and the impacts of both local and global supply chain disruptions (notably on freight costs).



**94%** Australia  
**6%** New Zealand

Where FY2021 CopRice revenue was generated

**CopRice**

CopRice recorded revenues from external customers of \$114.5 million in FY2021, down \$25.4 million or 18% on FY2020. A Net Loss Before Tax of \$4.5 million was recorded for the year, compared to a Net Profit Before Tax of \$3.6 million in FY2020.

Despite gains in companion animal sales and a favourable product mix, CopRice faced multiple headwinds during FY2021. Falling commodity prices, exacerbated by an unexpected step change in international trade conditions, impacted the business negatively, as did the shortage of Australian rice by-products used as one of the main components in CopRice's manufacturing process. The lack of rice by-products also affected the performance of the newly commissioned Leeton Bran Stabilisation Plant, which temporarily operated at sub-optimal levels in FY2021, while incurring all depreciation and other associated costs.

While the business already faced depleted herd sizes on the back of two consecutive drought years, the recent upturn in weather conditions provided farmers with an abundance of natural pasture to feed remaining stock. This significantly reduced the demand for supplementary feed products in FY2021 and placed additional pressure on margins due to increasing pricing competition on this significantly contracted market. The return to more favourable conditions and the larger CY21 Australian rice crop should however provide relief to CopRice in FY2022 and beyond, through increased throughput, sourcing of raw material at more competitive conditions, better utilisation of assets and the return of greater demand for feed products as livestock numbers progressively rebuild.

Despite the challenging conditions, CopRice continued to pursue growth initiatives in FY2021, acquiring, upgrading and expanding well-priced assets during the low point in the drought cycle, which are setting solid foundations for the future and are expected to yield benefits as key markets recover.

**\$114.5m** **\$139.9m**  
2021 2020  
**(\$4.5m)** **\$3.6m**  
2021 2020

Revenue Net Loss Before Tax  
**\$114.5m (\$4.5m)**

In particular, CopRice expanded its operational footprint and expertise into the New Zealand dairy feed market for the first time, through the completion of the acquisition of Inghams' dairy nutrition business in March 2021. This strategic \$11 million acquisition included Inghams' feed mill at Hamilton, and the direct-to-farm and packaged dairy business in New Zealand under the 'Top Cow', 'Top Calf' and 'Longacre' brands, building on CopRice's existing export business into New Zealand by adding local production capabilities. The completion of this acquisition also generated a profit of \$1.6 million for the segment.

CopRice has also invested for growth via its FeedRite operation, acquired in FY2020. The reopening of this facility was delayed due to COVID-19, however it is now operational as a second extrusion facility to support the fast growing pet food business, which delivered improved year-on-year revenue and margin gains.

In addition, CopRice completed the acquisition of Riverbank Stockfeeds' beef and dairy assets for \$5 million in September 2020, including a feed mill at Leongatha, and dairy and beef business across Gippsland and south west Victoria, complementing existing CopRice facilities and securing coverage of all key dairy regions in Victoria. This business is expected to provide incremental benefits to CopRice in FY2022 once upgrades of its facilities are complete in June 2021.

CopRice has historically been a strong contributor to Group Net Profit Before Tax, and is expected to be well positioned to rebuild post drought, particularly given the strategic investments made in acquisitions, capital expenditure and new product development.





\$14.6m \$18.3m  
2021 2020

Net Profit Before Tax

**\$14.6m**

## Corporate

**The Corporate segment's Net Profit Before Tax was \$14.6 million for FY2021, down \$3.7 million or 20% on FY2020.**

Net Profit Before Tax for this segment remains primarily driven by a range of inter-segment charges such as brand and asset financing charges, as well as items that are not allocated to other segments, such as costs or income items associated with various corporate activities. In FY2021 these included the sale of a non-core site in Coleambally that generated a profit of \$1.6 million.

Key factors driving the reduced profitability of the Corporate segment in FY2021 included:

- Significantly lower levels of Asset Financing Charges received from the Rice Pool Business with the reduction of inventory in the current period and a drop in the cost of capital driven by the low interest rate environment. The offsetting effect of these lower charges however helped contain the Rice Pool's loss;
- Lower levels of Brand Charges received from the other segments of the Group following the drop in revenue across the period;
- Increased consulting costs to support and improve information technology systems and security across the Group;
- Transaction costs of \$1.3 million on the KJ&Co Brands, Hamilton NZ and Riverbank Stockfeed acquisitions; and
- Foreign income tax credits of \$0.8m that were lost in FY2021 due to the Australian Tax Consolidated Group being in a loss position.

These factors were partly offset by costs associated with the COVID-19 pandemic not being as high as initially expected in FY2020. This included the reversal in FY2021 of risk provisions that had been recognised in FY2020, as market confidence progressively returned during the period.

## Operating, investing and financing cash flows

The continuous financial discipline exercised by the Group, in particular in managing its net working capital requirements, resulted in the generation of a net cash inflow from operating activities in FY2021 of \$39 million, despite the challenging conditions experienced. In an environment in which COVID-19 further tested the resilience and liquidity of a number of companies, this was a strong achievement which will support the ability of the Group to distribute a dividend of 33 cents per B Class Share in FY2021 (to be paid in FY2022). The net cash inflow from operating activities was however smaller than the \$90 million generated in FY2020, which reflects the general downturn in revenue and profit in FY2021.

Investing cash outflows in FY2021 were \$84 million compared to \$31 million in FY2020. Capital expenditure returned to lower levels in FY2021 following two consecutive years of significant investment in FY2020 and FY2019. This was in part due to constraints associated with COVID-19 and lower operational activity in the Riverina, as well as the focus placed on strategic acquisitions in the current year, as evidenced by the \$66 million spent on the combined acquisitions of Riverbank Stockfeed's beef and dairy assets, KJ&Co Brands and the dairy feed business of Inghams in New Zealand. In both FY2020 and FY2021, the total cash outflow from investing activities is a strong illustration of the execution of the Group's 2024 Growth Strategy, even in challenging times.

Financing cash inflows were \$40 million in FY2021, compared to outflows of \$38 million in FY2020. This reflects the increase in net debt over the period (see balance sheet items below for details), which was primarily due to the various acquisitions completed in the year being financed entirely through existing cash reserves and available financing facilities.

## Balance sheet items

### Banking facilities and covenants

As the year closed, the Group was successful in extending the maturity of its Seasonal bank facility for another year (no changes were made to the Core bank facility after it was renegotiated in late FY2020, with facility tranches now maturing in 2023 and 2024).

The Group also comfortably complied with all of its covenants throughout FY2021, highlighting once again the Group's balance sheet strength and resilience despite the challenging conditions experienced during the year.

### Net debt and gearing

Net debt of \$148 million and gearing of 24% at 30 April 2021 both increased compared to 30 April 2020 (\$83 million and 15% respectively). This is primarily driven by the \$66 million spent on merger and acquisitions in FY2021, with the acquisitions of the Riverbank beef and dairy assets, KJ&Co Brands and the dairy feed business of Inghams New Zealand having been financed through existing cash reserves and available financing facilities.

Despite this, the Group's balance sheet remains strong and SunRice remains in a favourable position to continue to pursue further business expansion and merger and acquisition opportunities in the short to medium term.



## Translation of foreign operations

A significant swing in foreign currency exchange rates (primarily the AUD:USD and AUD:PGK) between 30 April 2020 (at a time where the AUD was suffering the most from the emergence of the COVID-19 pandemic) and 30 April 2021 (at a time where the AUD had recovered to levels not seen since at least 2018 and the PGK dropped to historically low levels) has had a significant impact on the translation of the results and financial positions of some of the Group's foreign operations in the consolidated financial statements. All other things being equal, this has contributed to a general downward trend in a number of the Group's income statements and even more prominently balance sheet line items in FY2021 compared to FY2020. In particular, this has reduced the net asset position of the Group by \$25 million at 30 April 2021, compared to 30 April 2020 (which is recorded in the foreign currency translation reserve in equity).

## Other key movements

Other notable key movements in the Group's consolidated balance sheet included:

- A reduction in receivables and payables primarily driven by the lower level of operational activity in Australia in FY2021, off the back of the smaller CY20 crop and the absence of any significant amount of crop carried over from previous years;
- A significant increase in inventory and amounts payable to Riverina rice growers as a result of the larger CY21 crop for which harvest commenced in April 2021; and
- An increase in intangible assets due to brands acquired and goodwill generated as part of the various acquisitions completed in FY2021 (in particular KJ&Co Brands).

## Capital management

SunRice's established Dividend Reinvestment Plan continued to be active in FY2021 in relation to dividends paid for the year ended 30 April 2020. The company's existing Employee Share Scheme was also active in FY2021 and B Class Shares were also issued on the first vesting of the SunRice Employee Long Term Incentive Plan in relation to the three-year period ended 30 April 2020. Combined, these plans led to the issue of 1,069,818 new B Class Shares in FY2021 (see [note 4e](#) in the Consolidated Financial Statements), increasing capital by \$6.1 million in the process.

In an attempt to concentrate efforts on core assets of the Group during a time of significant challenges, SunRice took the opportunity to sell disused land in Coleambally during FY2021 for \$2.5 million, generating a \$1.6 million profit in the process. Similar opportunities will continue to be explored across the Group in FY2022, should they arise.

All of these activities were part of SunRice's commitment to efficiently manage capital, while maintaining balance sheet flexibility to pursue future growth and investment opportunities and continue to reward shareholders. This approach supported the declaration of a dividend of 33 cents per B Class Share in FY2021, at the same level to the prior year despite the challenging conditions endured in FY2021. Importantly, this dividend will be paid entirely out of profits and operating cash flows generated in FY2021.

## Our Outlook

**The CY21 crop, which was harvested from April to June 2021 and is now being processed in our Riverina facilities, is anticipated to mark the end of a difficult cycle for the SunRice Group and set the path for a progressive recovery.**

At ~420,000 paddy tonnes, the rice crop is approximately 10 times the volume of the CY20 crop of 45,000 paddy tonnes and our largest in three years. While it remains below our historical average crop size, the increased volume means the Australian Rice Pool Business should again be in a position to absorb its share of the overhead costs in FY2022 and deliver a naturally determined paddy price.

In FY2022, the return to more favourable seasonal conditions will also contribute to the Profit Businesses that in part rely on the Rice Pool Business products (in particular CopRice and Rice Food) and will enable recent investments such as the Leeton Bran Stabilisation Plant to yield a higher return through better asset utilisation and increased throughput. Cross charges between the Corporate segment and the Rice Pool Business, in particular asset financing charges, should also rebalance, delivering incremental benefits to B Class shareholders, with an upturn expected in both revenue and Net Profit After Tax.

The availability of Riverina rice will allow the Australian Rice Pool Business to re-enter premium export markets in FY2022. In recent communications with our Riverina growers, we have reinforced our desire for consistency of Australian supply and have proposed changes to the A Class Share criteria that are intended to incentivise this. With the return of a larger Australian crop in CY21, the dynamics of the Rice Pool business and International Rice segment should rebalance. As a result, less volume is anticipated in International Rice in FY2022 as the supply of some of our key markets, in particular the Middle East, will return to Australian rice. We will seek to build on the new territories recently established to offset this impact and continue the segment's expansion. Notably, International Rice will continue to service markets that are unable to afford Australian Rice, supported by the two significant agreements secured with strategic commercial partnerships in China and India, to ensure the supply of milled white rice to various markets in the Pacific.

While it is hoped that COVID-19 restrictions and supply chain disruptions will ease as vaccination rates increase globally, this is still an unknown, and regardless, the Group will continue to face a number of challenges in FY2022, including: potential long term damage to key economies; aggressive pricing strategies from competitors; and ongoing global uncertainty due to the COVID-19 pandemic, including significant disruption to the international shipping industry and increased associated costs. In addition, while at current levels, the Australian dollar should benefit the Group's segments reliant on imports, it will put pressure on exports in the Australian Rice Pool business, which may impact paddy pricing. SunRice continues to monitor these and other factors that have the potential to impact revenue, paddy price and Net Profit After Tax. More detail on our Approach to Risk can be found on pages 44 – 49.



As previously indicated, over the past two years a range of extraneous factors have delayed our ability to execute the Group's original five year 2022 Growth Strategy in full. As discussed in Our Strategy on page 12, we have reset our timeline to 2024. While our revenue growth ambition remains at \$2 billion<sup>5</sup>, we note that achieving this goal may occur beyond 2024. As we continue to pursue this target, our focus in FY2022 will be on accelerating identified opportunities and expanding and diversifying our earnings through:

- Consolidating our three acquisitions of FY2021, through optimising the first full year of earnings and strategic outlook for each of KJ&Co Brands, Riverbank Stockfeeds and the Hamilton New Zealand businesses;
- Capitalising on our recent infrastructure investments, including the Leeton Bran Stabilisation Plant and the upgrade of the Leeton Specialty Rice Foods Facility, as well as on the newly contracted supply sources in the U.S., China and India;
- Leveraging our strong balance sheet to pursue additional value-accretive acquisition opportunities to further diversify and grow earnings;
- Pursuing new product innovation initiatives across our business units to capture emerging trends in health and well-being;
- Building on our growing global supply sources to enter new territories and markets;
- Further internationalisation of our value-added products, including in the snacks, microwave and infant categories; and
- Exploration of expansionary capital projects to support greater diversification and resilience.

5. This is an aspirational target, not a budget or forecast and assumes reasonable macro conditions.

Several of these initiatives are expected to be earnings per share accretive over the short to medium term. In turn, combined with our investments in FY2021 during the low point of the agricultural cycle, we expect a resulting increase in both revenue and Net Profit After Tax in FY2022, but again note these results will be dependent on a number of factors, including COVID-19 recoveries in key markets. Any such anticipated upturn in performance will however likely gradually occur across the year, with the first quarter expected to be relatively slow. This is primarily due to significant levels of inventory being in place (including stock held by distributors) in some of SunRice's key markets as FY2021 closed, driven largely by COVID-19 related disruptions to international shipping. This inventory will need to be utilised before rice from the larger CY21 Australian crop (and other origins) can support additional sales. SunRice will continue to update the market as the year progresses.

Likewise, the paddy price guide of \$390–\$450 per tonne for Medium Grain Reiziq announced in September 2020 remains in place at this stage, assuming there will be no material changes to market conditions.

In terms of our broader sustainability framework, each business segment will continue to focus on individual sustainability initiatives during FY2022. However, as a Group, in line with our 2024 Growth Strategy, SunRice is focused on continuing to improve the governance framework around sustainability measurement in the year ahead. In particular, having improved our future planning by choosing six priority issues to focus our sustainability efforts on, FY2022 will focus on translating our stated ambitions into a plan of action towards measurable and meaningful goals. The Group

recognises that transparent and clear goals in key areas such as energy, packaging and climate change disclosures, is key to driving performance and delivering value to all stakeholders.

This work will be supported by important short-term initiatives focused on renewable energy, sustainable packaging and building a road map toward net zero emissions from our operations.

We remain committed to transparently disclosing our performance in line with the Global Reporting Initiative and to implement the recommendations of the Task Force on Climate-related Financial Disclosures (see Our Approach to Risk on page 46). In addition, SunRice's first Tax Transparency report for FY2021 will be issued later in the year to complement the Group's existing tax disclosures and enhance our stakeholder's understanding of the Group's compliance with Australia's tax laws. Building on recent improvements in health and safety performance, in FY2022 we intend to re-set our lead and lag indicators across leadership engagement, risk management, worker health and injury management and compliance, aligned to GRI standards.

As a business we are committed to enhancing our reliable, sustainable supply chain partnerships and building on our trusted portfolio of products. We remain focused on maintaining markets and tightly managing costs, whilst making prudent commercial decisions, purposefully investing and creating shared value with our growers, investors, employees and the environments and communities in which we operate.

We have invested for growth and for the future during a difficult year and look forward to the gains these initiatives are anticipated to deliver as we recover from the low point of the Australian agricultural cycle.

# Our Approach to Sustainability

Like all food products, rice relies on a healthy ecosystem and thriving rural and regional communities to deliver the highest quality outcomes. As such, looking after people and planet is core business.

Whether it be ensuring access to nutritious food, supporting regional communities in need or reducing the environmental impact of our operations, SunRice has a long history of looking after the people and planet that look after us.

This section provides a snapshot of SunRice's sustainability efforts, as well as our commitment to public and transparent communication of our ambition in our priority issues, goals and sustainability performance. It also serves as our Communication on Progress for the United Nations Global Compact.

For more information on our sustainability performance, please see: [www.sunrice.com.au/sustainability-reporting](http://www.sunrice.com.au/sustainability-reporting).

## Our Framework Making a difference to the sustainability of places and lives

by \_\_\_\_\_

### MAKING A DIFFERENCE TO OUR ENVIRONMENT

Minimise the environmental impact of our products from farm to table



### MAKING A DIFFERENCE TO OUR COMMUNITIES

Partner with communities to enrich lives socially and economically, leveraging our expertise wherever we operate



### MAKING A DIFFERENCE WITH NOURISHING PRODUCTS

Create nutritious products to improve the lives of consumers



by taking action to achieve our ambitions we will deliver on the following SDGs

and address the topics that are material to our business, creating value for all of our stakeholders.



## Our priority issues & ambitions

In FY2021, we took the next step in our sustainability journey, defining the six priority issues that support our sustainability framework and our growth ambitions.

We also worked with SunRice's Board to define our long-term ambitions for these areas. By leveraging our assets and our skills with focus on these six priority issues, we know we can deepen our impact and address the material topics to our business.<sup>6</sup>

We continue to evolve our approach and programs and in the following pages we share our short-term actions to support these ambitions. Our detailed targets and the roadmaps to deliver against them will follow.



WATER EFFICIENCY

**Towards the most water-efficient rice products in the world**



CLIMATE RESILIENCE

**Net zero emissions from our controlled operations**  
**Partner with growers to create a step change in reducing emissions**



WASTE REDUCTION AND SUSTAINABLE PACKAGING

**Toward zero waste from our products and packaging**



PARTNERING FOR RESILIENT COMMUNITIES

**Our communities consider SunRice a vital part of their ecosystem**



RESPECTING HUMAN RIGHTS

**Equity and equality across our operations and supply chain**



FOOD SAFETY, SECURITY & QUALITY

**Food security and quality products for our communities**

## Our Pathway

### 2018

Established Board governance of sustainability, including Sustainability Charter

**WE SUPPORT** UN GLOBAL COMPACT  
Became a signatory to UN Global Compact Australia

### 2019

Senior executive sponsorship for sustainability, followed by the appointment of the first Head of Sustainability

Materiality assessment completed  
Released inaugural SunRice Sustainability Report

### 2020

Integrated financial and non-financial reporting to provide information on all aspects of our performance in SunRice's annual report  
Introduced three-year performance data

### 2021

Identified key priority issues and ambitions  
First Modern Slavery Statement issued  
SunRice Supplier Sustainability Code implemented

### 2022

**Deliver short term actions identified in this report**  
**Create road maps toward targets in each priority area**

6. For detail on material topics identified by our key stakeholders and our business, and how SunRice engages and responds, please see: [www.sunrice.com.au/stakeholder-engagement](http://www.sunrice.com.au/stakeholder-engagement).

# Water efficiency

## World leaders in water efficiency

**Water is essential to all agriculture, including rice. Most Australian rice is grown using general water security allocations, meaning water is allocated to production after the needs of the environment, people, high-security water users and livestock have been met.**

Because rice is an annual crop, in years of limited water availability, our farmers either don't grow it or grow only very small quantities. They flex their production to respond to their environment. It's the perfect crop for the variability of Australian conditions.

When our farmers do grow rice, they are among the most water efficient in the world, using 50% less water than the global average and achieving some of the highest yields in the world.



**An industry committed to R&D**  
More than \$85 million invested in research and development programs by the Australian rice industry since 2012 resulting in water-efficient varieties such as Reiziq, Viand, Topaz and others suited to the Australian climate.

**Great tasting products with less water**  
Not only has our \$4.5 million upgrade to Leeton's Specialty Rice Foods Facility boosted the texture and quality of our best-selling microwave rice, but it will also reduce our fresh water use and wastewater.



### DEVELOPING NEW VARIETIES

Through the Australian Rice Partnership, SunRice's researchers have been involved in the development of a new cold-tolerant medium grain variety 'VO71', which was trialed in southern NSW in FY2021.

To date VO71 has responded well, with its built-in mechanisms to reduce the risk of cold damage. Early results show an increased yield and improved water use efficiency, even against our top performing current varieties.

The new variety is one of several developed through investment in research and development by SunRice, Australian rice growers and the NSW and Federal Governments. This has led to specialty varieties better suited to the Australian climate that are widely used across the Riverina region of Australia and have been adapted to suit SunRice's Northern Australian rice growing operations.

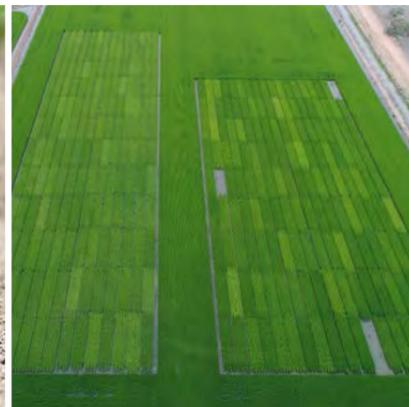


### SHARING BEST PRACTICE AND KNOW-HOW

Our leading water use efficiency is a result of the industry's collaborative approach to research and development and the adoption of world-best management practices.

Practices like delayed permanent water leverage techniques, including direct drilling, to allow growers to delay the time their crops need permanent water on them while continuing to produce higher yields and reduce greenhouse gas emissions. Variations on this technique are being adopted around the world as a solution to help make rice from other countries more sustainable.

In Australia, a network of extension officers ensures our growers have access to best practice information throughout the season. We then track and share results to drive continuous improvement. We're now working with our partners in Thailand and Vietnam to share what we know and work together to achieve better results.



### ENHANCING NATIVE VEGETATION THROUGH WATER FLOWS

In FY2021 our Rice Research facility participated in a native vegetation initiative with the NSW Department of Planning, Industry and Environment, the Commonwealth Environmental Water Office and the Murray Darling Wetlands Working Group to demonstrate how enhancing native vegetation can enhance biodiversity and in turn benefit the rice industry.

Under the initiative, rice irrigation systems were used to efficiently deliver water to the Black Box forest at our 'Old Coree' property, rejuvenating numerous native plants, including nitre goosefoot, lignum and nardoo without the need for overbank flows in these once flood prone regions. This environmental work complements rice growing activities, providing habitat for supporting plants and aquatic animal life in one operation.

## Our ambition

# Make SunRice products the most water efficient in the world

## FY2021 results

### 0.88T/ML

average water efficiency achieved across CY20 Riverina rice crops.

## A new

Australian rice variety tested, with positive results ready for next year.

### 492

growers trained by our supply partner in Thailand.

### 2,200+

recorded touch points with our growers, from field days to podcasts, all focused on sharing best practice.

## FY2022 actions

### Develop a road map

in partnership with the rice industry, including specific grower extension activities focused on improving water use.

### Develop a plan

to share insights with Vietnamese growers, including finalising a \$5 million research and development partnership with government and research institutes to underpin sustainability in the Vietnam supply chain.

## A BOLD NEW PLAN FOCUSED ON WATER USE EFFICIENCY

A wholly owned subsidiary of SunRice, Rice Research Australia Pty Ltd (RRAPL) was established more than 30 years ago for the specific purpose of carrying out rice research and development. It's part of a unique three-way Australian Rice Partnership between SunRice, the NSW Department of Primary Industries and AgriFutures Australia to deliver improvement in breeding, agronomy and extension.

To support the Australian Rice Partnership's work and build on our world leadership position in rice productivity and water use efficiency, AgriFutures has announced a bold new plan to increase water use efficiency in the Australian rice industry.

**Together, our goal for Australian rice production is to achieve an industry average of 1.5 paddy tonnes per megalitre by 2030.** This is a 75% water productivity improvement on FY2021 levels.

# Climate resilience

## Committed to climate action

**SunRice relies on natural resources in Australia and around the world to supply nutritious food products. Material changes in weather patterns and reduction in biodiversity, which are increasing with climate change, may negatively influence arable lands currently used for rice production, crop yields, nutritional composition of rice, farming cost and deplete the number of farmers.**

It is critical that we continue to reduce carbon pollution and position SunRice to manage the risks and opportunities of a changing climate.

In FY2021, across our businesses, we have ensured we have the data and information we need to continue working towards our ambition of net zero impact from our controlled operations.

In terms of climate resilience, our commitment has long been embedded in both the SunRice 2024 Growth Strategy and our risk management activity. We continue to work to implement all of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to provide continued transparency on these issues to our stakeholders.

## SunRice is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures

Since 2018 we've saved approximately 1,026MWh per annum through our ongoing program to install energy efficient lighting across our Australian operations. That's the equivalent of 1,088 tonnes of CO<sub>2</sub>.



### EXPERTS AT GLOBAL SOURCING

A key element of SunRice's 2024 Growth Strategy is the establishment of a secure, sustainable and reliable global supply chain that mitigates our exposure to weather events in any one region. This diversification strategy was initiated more than 10 years ago by investing in direct access to Californian rice and, more recently, by the acquisition of a mill in Vietnam.

As part of this, SunRice has accelerated establishment in recent years of strategic relationships with key suppliers to access suitable rice from other countries, such as Cambodia, China, India, Italy, Pakistan, Spain, Taiwan, Thailand and Uruguay.



### SUNFOODS: POWERED BY RENEWABLE AND CARBON FREE ENERGY

In FY2021, our U.S. based subsidiary SunFoods LLC moved to renewable and carbon free forms of energy to power its plant in Woodland, California. Sourced from Valley Clean Energy, 42% of the site's energy was renewable and 75% was carbon free.

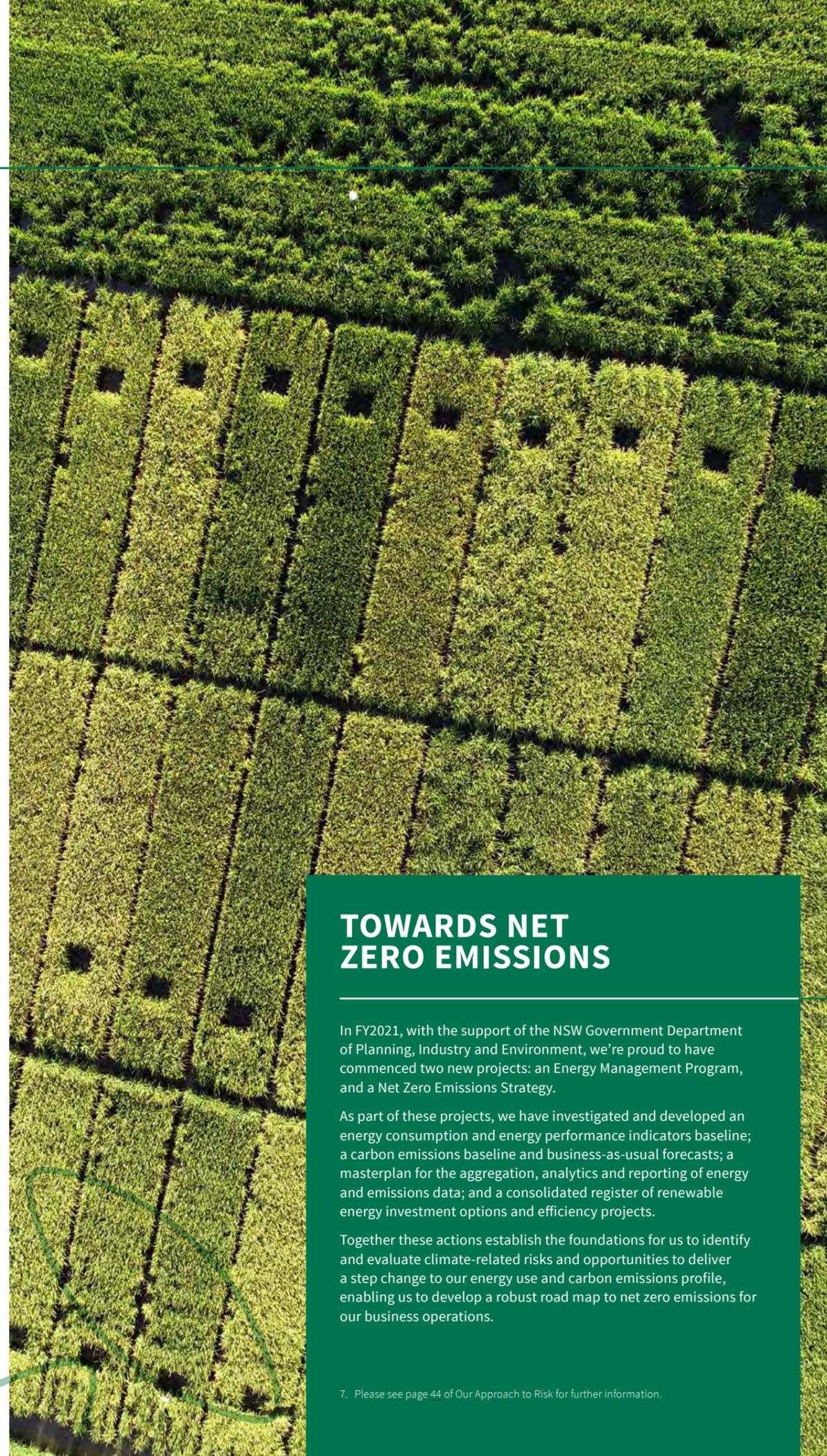
As the SunRice Group has worked to improve its energy management systems, SunFoods has provided a important pilot site for how this can lead to improved performance at a site level.



### REDUCING METHANE IN MOULAMEIN

SunRice Director, Dr. Leigh Vial's family has been farming rice for more than 50 years in southern NSW.

In 2005, Leigh commenced a program to reduce methane emissions at his property North Dale. By switching from aerial seeding, where germinated seed is dropped into water, to direct drilling where rice is drilled into unflooded soil, methane production has reduced significantly. This is complemented by a no-till approach to crop establishment, which preserves soil carbon. Some rice growers are pushing the boundaries further by using delayed permanent water, which can add to this reduction in methane production and increase nitrogen efficiencies. It's part of an industry-wide shift towards techniques that are delivering excellent outcomes for both on-farm performance and the environment.



## TOWARDS NET ZERO EMISSIONS

In FY2021, with the support of the NSW Government Department of Planning, Industry and Environment, we're proud to have commenced two new projects: an Energy Management Program, and a Net Zero Emissions Strategy.

As part of these projects, we have investigated and developed an energy consumption and energy performance indicators baseline; a carbon emissions baseline and business-as-usual forecasts; a masterplan for the aggregation, analytics and reporting of energy and emissions data; and a consolidated register of renewable energy investment options and efficiency projects.

Together these actions establish the foundations for us to identify and evaluate climate-related risks and opportunities to deliver a step change to our energy use and carbon emissions profile, enabling us to develop a robust road map to net zero emissions for our business operations.

7. Please see page 44 of Our Approach to Risk for further information.

## Our ambition

**Net zero emissions from our controlled operations**

**Partner with growers to create a step change in reducing emissions**

## FY2021 results

Group baseline projects for energy, waste and water were completed.

**~30,000GJ**

of renewable energy for drying rice in our Vietnam mills was generated from rice hulls.

Progress toward TCFD recommendations, including management presentation of progress plan to Finance Risk and Audit Committee (FRAC) and confirmation of FRAC oversight.

## FY2022 actions

Develop our **Net Zero Emissions** pathway by:

- Finalising our energy baseline and identifying opportunities.
- Reviewing potential for 100% renewable electricity at specific sites.
- Partnering with our growers to create an emissions baseline for our rice products.
- Continuing to progress TCFD adoption, including climate scenarios.

# Waste reduction and sustainable packaging

## We're on a mission to waste nothing

**Our ambition is to be a zero-waste business, meaning nothing goes to landfill from our operations or products. This is not without its challenges, but with waste becoming an increasingly valuable resource, SunRice is already well on the journey.**

More than 30 years ago, our CopRice business was created to make nutritious animal feed from rice by-products. Today, SunRice turns nearly all rice by-products into new and valuable products including nutritious stabilised rice bran, rice flour, quality stock feed products, companion animal food, animal bedding and pet litter. This year we expanded that approach to include by-products of other agricultural crops such as almonds and grapes.

When it comes to packaging, we continue to play our part in working towards a circular economy. Guided by the Australian National Packaging Targets and as members of the Australian Packaging Covenant Organisation (APCO), we have made some good progress. We also acknowledge there is still work to do.



### CREATING VALUE FROM EVERY GRAIN

By-products include the parts of the rice that don't end up in our core products, including rice hull, rice bran and broken rice. They are highly nutritious, so we process them into rice bran, rice flour, stock feed, companion animal food, animal bedding and pet litter. In FY2021, 100% of the rice hull by-products from milling our Australian rice crop were turned into new and valuable products.

In our Vietnam mill, our drying equipment is also powered by rice hulls, using approximately 30,000GJ of renewable heat energy.



### SHARING EXCESS PRODUCT

Excess products are those we can't sell. Wherever possible, we donate these products to charity to help those in need. We top this up with extra donations because it's the right thing to do.

Supporting our local communities is part of our values and we're proud to have been working with Foodbank since 2002. Last year, we donated 114,700 equivalent meals through Foodbank to help fight hunger in Australia. If excess product can't be used by communities in need, we look for options such as worm farms to ensure the goodness of the product is not lost. In FY2021, 89.9 tonnes of excess product went to Wormtech as part of a new pilot project to find new uses for waste.



### NEW WAYS TO DISPLAY SUSTAINABILITY

At SunRice, we're always looking for ways to bring sustainability to life for our business and for our customers.

In FY2021 we started using sustainable displays to showcase our products in Australian retailers. The displays, produced from recyclable materials in Australia, replace metal and plastic fittings with cardboard clips and struts, while still holding 16 kilograms of product per shelf. They look so good (and perform so well), we're expanding their use for our newly acquired Toscano and Hart & Soul branded products, as well as our Always Fresh and Fehlbergs products.

## Our ambition

# Toward zero waste from our products and packaging

**Creating new uses for difficult wastes**  
195 pallets of SunRice's Australian one tonne bulker bags used to transport rice were recycled into new bulker bags and other recycled plastic products, as part of a new pilot in FY2021.

**A global approach to waste**  
Our Vietnam operation reported recycling or reusing the majority of its wastes in FY2021, demonstrating local leadership on a global issue for the SunRice Group.



## FY2021 results

**400**  
SunRice, Riviana and CopRice branded products reviewed for packaging sustainability.

New Product Development assessments of packaging sustainability now included in all new packaging.

**41%**  
of SunRice branded products now display the Australasian Recycling Label.

## FY2022 actions

In line with APCO targets:

- Complete review of all Australian packaged products via APCO tools to determine sustainability.
- Continue roll out of ARL labelling for the Group products in Australia and New Zealand with a target of 100% by FY2024.
- Create baseline for waste and begin developing the road map towards zero.



## CAMPAIGN TO HELP CONSUMERS UNDERSTAND RECYCLING

We know that in Australia the amount of soft plastics that are being recycled is not high enough to meet Australia's National Packaging Targets. One thing we can do to contribute is to help consumers understand the types of packaging that can be recycled and the recycling system.

SunRice developed and launched campaigns via our social channels in FY2021 to share the details of how REDcycle works and remind our customers that in Australia 99.9% of our SunRice soft packaging can be recycled through that program (and a large percentage of our other Australian packaging can also be recycled through your kerbside recycling). We will continue to build this awareness through the adoption of the **Australasian Recycling Label (ARL), which will soon feature on 100% of all of our Australian SunRice branded products.**

In the future, innovation will help solve the challenge of recyclability of soft plastics and alternative packaging types that can protect and keep our products safe. Until then, we continue to proactively improve the sustainability of all our packaging for all our products by reducing, removing and improving it wherever we can. You can see our progress here: [www.sunrice.com.au/sustainable-packaging/](http://www.sunrice.com.au/sustainable-packaging/)



# Partnering for resilient communities

## Helping grow resilient communities

**Rice farming and production supports agriculture and farmers, sustains lives and improves the health of communities.**

With more than 70 years of operation in the NSW Riverina, we understand what investing in our communities looks like and what it can mean to those living there.

In years of average Riverina rice production, SunRice delivers close to \$400 million per annum directly in the Riverina region of NSW and supports more than 600 growers, 500 employees and 400 local suppliers.<sup>8</sup>

On top of this, SunRice invests significantly in local causes, including regional sponsorship, community engagement, training and development, as well as providing aid-based support where it is needed most. This approach to job creation and local community investment is replicated everywhere we operate, including in North Queensland, Vietnam, the U.S., the Solomon Islands and Papua New Guinea.



### SUPPORTING HEALTHY COMMUNITIES THROUGH BIODIVERSITY INITIATIVES

The Bitterns in Rice Project is about farming and wildlife conservation working together.

Since 2012, we have worked with the Ricegrowers' Association of Australia and Riverina Local Land Services to uncover the well-guarded secrets of the globally endangered Australasian bittern. We now know there is a large breeding population that descends on the rice crops of the NSW Riverina each year, numbering 500–1000 mature individuals in most years. This is remarkable, as there are only 1500–4000 of these bitterns remaining in the world.

The project provides growing tips and small incentives to help rice farmers implement practices that will best support the bittern population. In FY2021, 11 growers across 952 hectares participated and initial surveys revealed at least 24 bitterns at the incentive sites. These results show that the industry is on the right track and reinforce the value of the incentive program to this endangered species, as well as our regional communities.

Photo: Matt Herring.



### DELIVERING EDUCATION OUTCOMES, AS WELL AS RICE ACROSS THE PACIFIC

Our businesses Trukai Industries and SolRice have a long history of investing in campaigns related to health and nutrition, literacy and domestic violence across the Pacific.

Since FY2020, SolRice has partnered with the Solomon Islands Government's Ministry of Women, Youth, Children and Family Affairs, the Royal Solomon Islands Police Force and the Australian High Commission to distribute pamphlets with its SolRais-branded bags. The pamphlets include options and information for survivors of violence, while reminding perpetrators that violence against women, including their wives, is illegal.

During FY2021, the Solomon Islands health officials again relied on SolRice to get important COVID-19 health information out through our on-pack distribution network, further demonstrating our role in delivering education, as well as rice, across the many hundreds of islands that make up the Solomons.

8. Based on a crop year of ~600,000 paddy tonnes.

## Our ambition

**Our communities consider SunRice a vital part of their ecosystem**

### FY2021 results

**100+** community organisations supported across 6 countries.

**\$52.4m** in paddy payments to Riverina growers.

**114,700** SunRice meals donated via Foodbank in 2020.

### FY2022 actions

**Develop a community engagement strategy to reflect our ongoing commitment to support our vibrant global supplier and community ecosystem.**

**Review and relaunch our inclusion and diversity policy and practice and target our engagement to reflect our communities.**



# Human rights

## Respecting human rights

**SunRice fully supports the United Nations Guiding Principles on Business and Human Rights and expects our business, employees and suppliers to respect all human rights, including labour rights, throughout our operations and supply chain.**

We are proud to have released our first Modern Slavery Statement during FY2021, which reflects the work undertaken across SunRice to date, to better understand the risks of modern slavery and human rights abuses in our operations and supply chain and to determine a long-term approach working with our suppliers to tackle these challenges. With its release, we recognise the need for continued, increasing effort and stakeholder collaboration to achieve the shared goal of equity and equality across our operations and our supply chain.



### DEEPENING OUR UNDERSTANDING OF SUPPLY CHAIN RISKS

In FY2021 we launched SunRice's new Supplier Sustainability Program across our network of more than 2000 suppliers. As a part of our risk assessment process, approximately 40 suppliers were prioritised for deeper one-on-one engagement.

While we wanted to better understand how our priority suppliers are managing their risks, more importantly we wanted to understand how we can collaborate with them to improve performance across our supply chain. A pilot was launched to provide these suppliers with access to eLearning and resources to increase their awareness and understanding of modern slavery risks and help them complete risk-based self-assessment questionnaires transparently.

We have now received close to 90% of questionnaire responses and commenced analysis of the data. We will report the results and intended follow-up from these questionnaires in our second Modern Slavery Statement, due for release in October 2021.

We know there is more to do to engage with our suppliers on how to use these resources and this is part of our focus for the coming year.

In FY2021 we reached out to more than **2000** suppliers to engage them in our Supplier Sustainability Program

Access our inaugural Modern Slavery Statement at [www.sunrice.com.au/our-modern-slavery-statement](http://www.sunrice.com.au/our-modern-slavery-statement).



### BUILDING STRONG GOVERNANCE AND PROCESSES

As we dig deeper in engaging with our suppliers, it is critical that we have strong internal governance, processes and systems to be able to respond effectively to any modern slavery risks we uncover.

In FY2021, we reviewed our internal processes and engaged with legal, finance, people and culture, risk and quality assurance experts, with a longer-term view to embed an ethical sourcing mindset, enabling sustainable procurement practices and continuous improvement. This resulted in new clauses being inserted in our supply and procurement contracts, as well as proposed changes to the way we select and onboard new suppliers and report on potential human rights related issues.

We will continue to test, review and refine our processes to ensure the robustness of our internal governance systems. As a Group, we are committed to effectively surfacing and responding to modern slavery risks, in alignment with our broader SunRice risk and compliance approach.

## Our ambition

**Equity and equality across our operations and our supply chain**

### FY2021 results

Inaugural Modern Slavery Statement issued.

Sustainability Supplier Code implemented.

Interactive eLearning module developed and launched to communicate our Sustainability Supplier Program to our Board, employees and suppliers.

Targeted training sessions for our procurement and supplier relationship teams, prior to engaging with over 40 priority strategic suppliers.

### FY2022 actions

2021 Modern Slavery Statement.

**Three year road map outlining how we will minimise the risk of labour rights abuses in our operations and supply chain and, by fostering trusted supplier relationships, identify and address any issues uncovered.**

**Continue to strengthen our supply chain mapping and supplier engagement to improve our supply chain visibility and risk assessment.**

# Food safety, security and quality

Our ambition

**Rice is eaten by more people in the world than any other grain. It's a staple food for more than 3.6 billion people, who rely on rice for more than one meal a day.**

We appreciate the role rice plays in food security, particularly in the Pacific, where our support spans more than 50 years and where we partner with governments to provide vitamin enriched rice to positively contribute to local health outcomes.

Our processes and systems underpin the safe, nutritious, quality products we supply to around 50 countries. So, however you receive our products – whether in a restaurant, direct from the supermarket shelf or via aid assistance – you can count on the SunRice quality.

## Food security and quality products for our communities



### THE AUSTRALIAN QUALITY STORY

Ensuring supplies of genetically pure rice seed for our growers forms the basis of our pioneering Australian Pure Seed Scheme, which ensures the variety integrity and traceability underpinning our premium product.

Seed production is only able to occur in the region for our Riverina crops, which is a rice quarantine zone and further protects the quality of the rice we grow. The program is unique to SunRice and ensures growers have access to pure genetics, based on their region.

Complementing our Pure Seed Scheme, our subsidiary Rice Research Australia uses research and development levies paid by growers to fund, in partnership with the NSW Department of Primary Industries and AgriFutures Australia, the development of new varieties with enhanced agronomic properties and subsequently higher returns for growers. It's another way we're achieving superior research outcomes (and great tasting product) for the Australian rice industry.

### RIVERINA RICE NOURISHES BABIES IN AUSTRALIA AND CHINA

SunRice unveiled its first ever infant food offering in FY2021, providing Australian parents with an infant rice cereal alternative produced from Riverina grown rice.

While ranging was achieved in Australia, entry into China via daigou channels was impacted during the year by COVID-19. In May 2021, our infant rice cereal was shipped to distributors ahead of its launch to Chinese consumers via cross border e-commerce channels. Approximately 12 million babies are born in China each year and our new product should appeal to parents' desire for clean and safe foods, in line with Australia's strong reputation for this.

### INNOVATIVE PARTNERSHIP APPROACHES DURING DIFFICULT TIMES

During COVID-19, regional and international travel restrictions prevented our quality and technical experts from validating manufacturing processes and product in person. Instead, our Global Operations team developed new ways of working, including establishing innovative partnerships with third party experts, who acted as our teams' eyes and ears on the ground in multiple countries to ensure our product continued to be processed to the highest food quality and safety standards.

**Supporting those who support others**  
In FY2021, Trukai Industries supported Port Moresby General Hospital with monthly rice donations and extended support to St John Ambulance and three further hospitals as the pandemic escalated. Likewise, SolRice partnered with the Salvation Army to distribute rice and tuna to communities who were without food after local gardens were damaged by Cyclone Harold.

### Multigrain options for Asia and the Middle East

As SunRice experiences double digit growth in convenient microwave rice formats, our range was introduced into China, Hong Kong, and the United Arab Emirates in FY2021 with a particular focus on the multigrain offerings, which are increasingly appealing to time poor health-conscious consumers.

### FY2021 results

**100%**  
of our operations Hazard Analysis and Critical Control Point (HACCP) certified.

**100%**  
vitamin enrichment in our white rice provided to PNG and the Solomon Islands.

Infant rice cereal offering launched in Australia.

Health and wellbeing range launched in the Middle East.

Establishment of new third party quality and technical partners to validate products globally.

Aid, food security and COVID-19 related support offered to organisations where we operate.

### FY2022 actions

Continue to provide food security through our 'Good, Better, Best' framework – aligning local need to quality product.

Develop a method of capturing impact of our long-term partnership with food security organisations around the world.

Continue to provide targeted nutritional support through our vitamin enriched rice for specific local communities.

Continuous improvement in our Australian Pure Seed Scheme.

# Our growers

**Our growers are pivotal to SunRice's success in every way. As A Class shareholders, our Riverina growers have control of SunRice through our Constitution, and have a unique 70-year connection to the business producing and supplying high quality grain for our premium markets.**

From Vietnam to Uruguay, our Riverina growers are complemented by a growing network of global grower suppliers, spanning 12 countries, including Australia (see pages 14 – 15). Together, we bring the world 6 billion serves of rice, feeding around 19 million people every day.<sup>9</sup>

## Meet our growers

### THE SERGI FAMILY, GRIFFITH

SunRice growers Patrick and Hayley Sergi (pictured above), run a mixed cropping farm in Griffith, NSW.

*"This year we've got plenty of water and there's a big rice crop in the ground; it's going to benefit the whole community, right through the system. The whole town is vibrant because there's water and there's rice – it's really a fantastic feeling,"* says Patrick.

### THE GLENN FAMILY, MOULAMEIN

SunRice grower Robert Glenn, wife Alison and daughters, Samantha and Charleton, run a mixed farming business at Moulamein, NSW.

*"You're growing something for Australia; it's on the supermarket shelf – COVID-19 has really brought that home that people want to know where their food comes from – something we've always known,"* says Robert.



### Australian rice growers' sustainability framework

In FY2021 we continued to develop a farmer-led sustainability framework in collaboration with Local Land Services (LLS), the Ricegrowers Association of Australia (RGA) and 24 Riverina rice growing businesses. The framework, now officially known as the Rice Growers' Promise has been built from the ground up by Australian rice growers, for rice growers. It encompasses a number of priorities and goals that will be significant in maintaining and achieving sustainability outcomes both on farm and more broadly, as an important local agricultural industry.

In mapping out the framework, both on and off farm data will inform accurate benchmarking and goal setting, which will take place at the end of this season's harvest.

A critical part of the development will also be how we engage consumers and other stakeholders in the process to ensure that they have a greater connection to how their rice is grown in Australia. We want them to understand our growers' passion and pride for growing rice and their commitment to sustainability. We believe that the framework will provide a platform to bring together Aussie rice growers and our consumers, closing gaps in understanding of how Australian rice is delivered from paddock to plate.



### BRINGING SUNRICE BEST PRACTICE TO VIETNAM

The forthcoming season will be the third for rice grower Tran Phuoc Nhan, who has been supplying Ricegrowers Vietnam with short grain variety DS1 from the Hon Dat district, Ken Giang Province. This season will see the rollout of a research and development program to assist with managing inputs to improve grain quality and in turn, the number of export markets available for Vietnamese rice. SunRice agronomists will be involved on a weekly basis in the field to assist in managing the program and keeping a digital record of all activities.



### PARTNERING FOR GROWTH IN THAILAND

In Thailand, we're partnering with government breeding programs and multiple seed, paddy growing and packing partners to deliver 5,000 hectares of specialty rice grown specifically to support second tier brands within our supply chain. Through our partners and stakeholders in country, SunRice is funding the training of close to 500 Thailand farmers in SunRice systems, including farm record keeping, integrated pest management and technologies for climate-smart farming, including nutrient, straw and stubble management.

### CY20 Riverina Rice Harvest

**45,000**  
paddy tonnes harvested.

**90%**  
of crops drill sown.

**Overall CY20 Riverina yields were 2.2% above long-term industry averages:**

Exceptional whole grain yields of  
**64.9%**  
for Reiziq.

Average yield of  
**10.62**  
tonnes of paddy rice per hectare (all varieties, all locations).

Top Reiziq yields of  
**15.6**  
tonnes of paddy rice per hectare.

**Overall CY20 tonnages achieved per megalitre (ML) were favourable, considering the challenging conditions:**

Average  
**0.88T/ML**  
(all varieties, all locations).

Top return of  
**1.32T/ML**  
(drill sown crop).

9. Based on a 75 gram serving size.

# Our people

**From Deniliquin to Singapore, Leeton to Lae, Brandon to Aqaba, our people were required to work in extraordinary ways during FY2021.**

SunRice's employee value proposition is 'Make a Difference' and our ~2000 employees responded with both resilience and dynamism to do exactly that. As essential service providers, SunRice Group businesses worked throughout the COVID-19 pandemic, navigating changed working conditions, severe supply chain disruptions, international border closures and the impacts of changed shopping patterns, which resulted in our Australian rice supply being exhausted ahead of time.

Our team's approach to securing the long-term sustainability of our business and contributing to the communities where we operate was evident in workplaces across the globe and was underpinned by our People and Culture Strategy, values and behaviours, all of which were updated this year (see About SunRice on page 8).



**Erin Varndell's winning image.**

Erin Varndell says "Great things are never done by one person. Tackle the challenge together and move forward to success," which is why she chose this photo for the value **Collaborative**.

## BRINGING OUR VALUES AND BEHAVIOURS TO LIFE

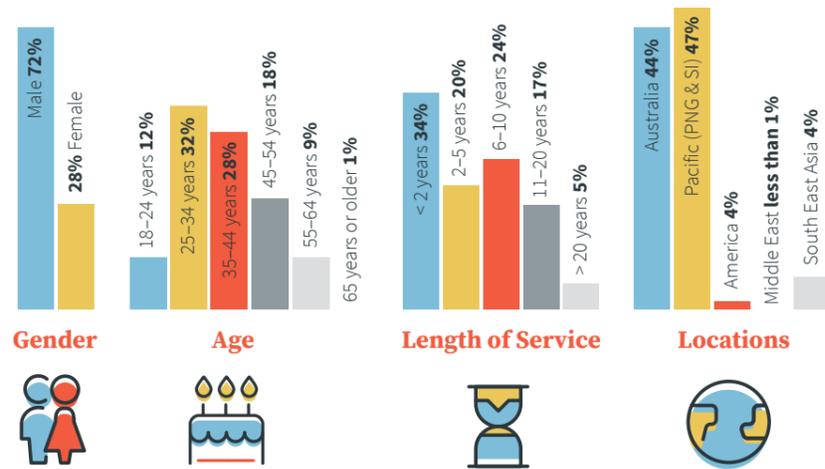
Our employees live and breathe our values every day. Throughout COVID-19, whether working from home or in our manufacturing sites, SunRice Group employees shared their thoughts on how our values and behaviours show up in our workplaces, our communities and our environment. The result was each of our values – Integrity, Dynamic, Collaborative, Innovative and Community – being brought to life through images our employees selected and tangible examples of what each value means. Our behaviours were also showcased via real world examples of what it means to be customer focussed, intellectually curious, decisive and good communicators.



**40%**  
of our senior leadership roles are held by women, ahead of our FY2022 goal.

**~2,000**  
Total Number of Employees

Figure 2 – Our global employee base (as at 30 April 2021)



For three year data on key employee metrics please see SunRice's GRI Index at: [www.sunrice.com.au/sustainability-reporting](http://www.sunrice.com.au/sustainability-reporting)



## SUPPORTING THE NEXT GENERATION OF WOMEN IN RICE

Now in its seventh year, the Jan Cathcart Scholarship has been awarded to nine women delivering financial support and hands-on industry experience to assist them in achieving their career goals. The 2021 recipient of the Jan Cathcart Scholarship was Charlie Reilly, from Leeton. The scholarship has been awarded to women undertaking a range of studies, but all recipients have agriculture and the rice industry at the centre of their plans for the future. A total of \$130,000 has been awarded since the scholarship's inception.

## ALIGNING OUR HEALTH AND SAFETY REPORTING TO GLOBAL STANDARDS

In FY2022, SunRice will realign its focus to a renewed four pillar Health and Safety strategy that impacts **people, culture, systems and processes**. This will be governed by leading and lagging indicators aligned to the GRI standard methodology of reporting, consisting of measures in leadership engagement, risk management, worker health and injury management and compliance to our obligations.

We will report against these indicators in the FY2022 Annual Report.



## STAYING CONNECTED DURING ISOLATION

In the face of unprecedented challenges presented by COVID-19, we took the opportunity to focus on working together to maintain our culture despite difficult circumstances. Significant changes were made to operational activities, capacity and layouts of sites, and new systems and processes were introduced. This included an increased focus on communications to provide support and additional mental health assistance to our people and their families during this challenging time.

We also acted quickly to embrace increased flexibility in terms of location and timing of work along with new technologies to make this possible. Staying connected was key to demonstrating our value of being Dynamic to ensure team building and virtual team meetings were effective, inclusive and productive.

Communication was key with over 40 separate employee communications in response to COVID-19. New ways of engaging included a series of CEO 'on the couch' Zoom sessions which enabled employees across the Group to ask questions and interact, and in other teams, 'chat and cheer' Zoom sessions were held on Friday afternoons.



## KEEPING OUR EMPLOYEES SAFE

At SunRice, health and safety is embedded at every level across our business, from operational practices, training and development and auditing programs, to our performance reviews and reward and recognition programs.

In FY2021, we aligned our Health and Safety focus on leadership, people capability, risk management and governance and delivered strong results with a 4.6% reduction in the number of injuries. There was also a noticeable improvement in our Lost Time Injury Frequency Rate (LTIFR), with a 4.11% reduction recorded year-on-year. However, at 15.49, we continue to work on improving our Total Recordable Injury Frequency Rate (TRIFR).

A review of high-risk activities and development of our critical risk safety standards commenced in FY2021. Our commitment to effectively manage risk and prevent recurrence of incidents was reflected in the Group's proactive measures of action and hazard management, with an Action Closure Rate of 96.1% and a Hazard Closure Rate of 94.0% recorded for the year.

All Australian businesses maintained AS/NZS 4801 Occupational Health and Safety Management System certification, however FY2021 saw the significant achievement of certifying our international sites in Papua New Guinea and the U.S. to ISO45001 Occupational Health and Safety Management Systems.



## CLONTARF FOUNDATION

SunRice is proud to have supported the Clontarf Foundation's academy at Narrandera High School since 2018. The foundation exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men, many of whom have participated in traineeship or work experience programs in our Riverina facilities.

Given COVID-19 restrictions, students were schooled at home for a large part of FY2021 and many of our planned activities did not proceed. However, our employees played a significant role by hosting a group of Year 9 boys, introducing them to our manufacturing environment and the broad range of employment pathways available. We also participated in Zoom mock interviews with Year 11 and Year 12 boys, offering tips on how to prepare for job interviews.

# Our Approach to Risk

**Managing risk is critical for growing a sustainable and resilient business that can continue to deliver value to SunRice's stakeholders.**

It ensures we are well placed to anticipate disruption that could prevent us from achieving our strategic objectives and helps us identify growth and diversification opportunities.

As such, risk management forms an entire part of our strategic and operational decision-making process.

## 1. Risk management oversight

SunRice's Board oversees the establishment, implementation and review of the Group's risk management framework, which identifies, assesses, monitors and manages operational, financial and compliance risks across all business units. The responsibility for ongoing review of risk management has been delegated to our Finance, Risk and Audit Committee, which reports to the Board regularly. While the management of health and safety risks and compliance is included in the overall enterprise risk management framework, the oversight responsibility is ensured by the Safety, Health and Environment Committee. SunRice's management team is accountable for effectively and proactively managing risks in accordance with the Risk Appetite approved by the Board and for the reinforcement of a risk management culture throughout our Group.

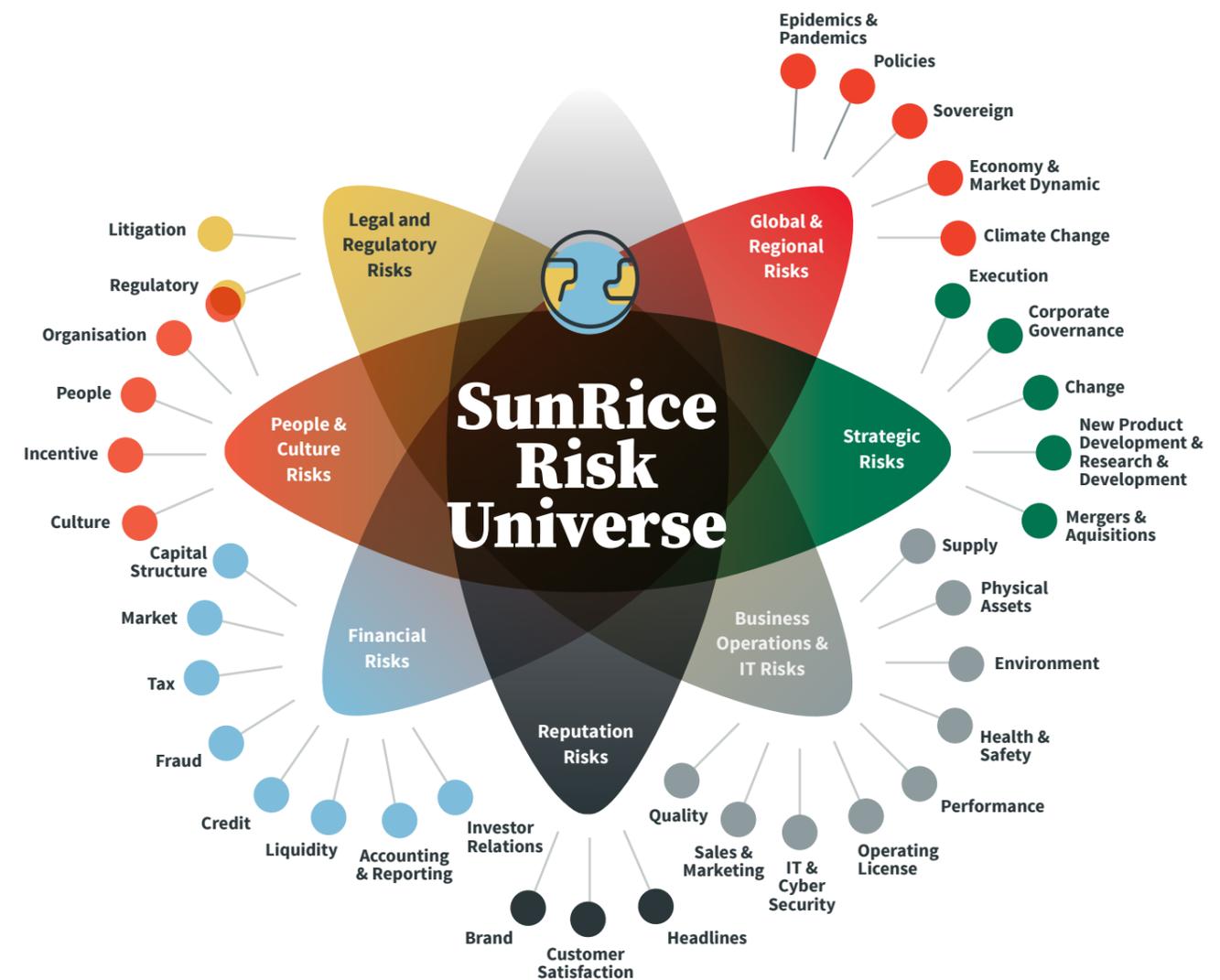
Refer to SunRice's Corporate Governance Statement for further detail: [www.sunrice.com.au/corporate-governance](http://www.sunrice.com.au/corporate-governance).

## 2. Risk appetite

SunRice's risk management philosophy, as defined by the Board, is to minimise our exposure to risk relating to safety, compliance and, from a general standpoint, any initiative that would pose harm to the Group's reputation and brands. Conversely, SunRice accepts an increased degree of commercial risk in the pursuit of our vision and strategic goals to deliver long-term value to our current and future A and B Class shareholders through attractive paddy prices and growth in share price and dividend distribution.

In accordance with the risk management framework, SunRice's management team regularly reports to the Finance, Risk and Audit Committee on the Group's compliance with our defined risk appetite.

Figure 3 – SunRice Risk Universe



### 3. SunRice's approach to identifying risks

SunRice has established frameworks, processes, templates and risk assessment tools to enable the business to identify and assess their risks and the effectiveness of mitigating controls in place.

In addition, regular updates about our understanding of the major external factors shaping our environment in the short, medium and long term are prepared.

These external factors, and more specifically the impact of climate change, the geopolitical landscape and the various recovery

scenarios of a world post COVID-19 are the main drivers of the risks and opportunities for SunRice. From them, a mapping of interrelated risks is developed, informing those risks that are more significant to the Group and our current and future operations, financial performance and, ultimately, our ability to achieve the Group's strategic objectives.

SunRice's key risks and our responses to them are noted below.

#### Key risks

##### Climate change

Physical and transition risks related to climate change, and most notably water availability, rising temperature, reduction of arable lands, severe weather events and government responses to such changes are and will continue to impact SunRice's landscape, alongside consumers, employees and other stakeholders' expectations.

#### Mitigating actions

The broad nature of this risk is notably addressed through:

- Geographical diversification of supply sources which remains a key strategy to mitigate climate change risks. To that extent the Group has invested over the years to build:
  - Strong capabilities of our global trading arm to identify and source missing or alternative volume from multiple supply markets.
  - Robust understanding, supported by regular sensory analysis of the varieties best suited to consumer preferences in each market. The development of this consumer cartography includes the concept of "Good, Better, Best" so that multiple sources of rice can be substituted to best respond to consumers' preferences and price elasticity.
- A better understanding of the full range of risks and opportunities reinforcing our resilience and relevance, which is notably a function of our progress on implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Incorporating climate considerations into our material investment decisions (notably large investment and acquisitions).
- SunRice's growth strategy to acquire or develop manufacturing capabilities offering geographical diversification, such as the U.S. and Vietnam.

##### Supply levels of rice from the Riverina, water availability, water affordability and competing crops

The variability of supply levels of Australian rice sourced from the Riverina region directly influences the intensity of our international supply chain operations and may impact the Group's overall financial performance and the maintenance of brands and markets if no equivalent quality of rice can be sourced at competitive conditions.

The level of supply of Australian rice is itself a factor of available water at an affordable price (which is sourced from the regulated southern connected Murray-Darling Basin system, and regulated by a number of State and Federal bodies, legislative instruments and governance arrangements) and the competitiveness of rice compared to alternative crops. A single year of small Riverina crop may result in a loss-making position for the Australian Rice Pool Business that is required to be absorbed by the Profit Businesses. Multiple consecutive years of small Riverina crops may also include the recognition of material non-recurring charges, such as restructuring and asset impairments, and could durably affect the Group's business model and strategy.

This risk is managed through various streams of work including:

- Commitment to support the rice industry in the Riverina by continuously providing our growers with attractive prices for rice against other competitive crops.
- In years where water availability is limited, offering fixed price contracts commensurate with the price of water.
- Carry-over stock management to maintain our workforce and manufacturing footprint in their optimum utilisation configuration.
- Continuous engagement with state and federal government authorities to improve general security water allocation for agriculture in the Riverina and contribute to building a level of self-sufficiency for rice in Australia.
- Actions to repurpose or diversify the use of our asset base in the Riverina to reduce dependence on annual crop size.



#### Key risks

##### COVID-19 impacts on our supply chain and operations

COVID-19 related disruptions will continue to impact SunRice in FY2022 and depending on recovery scenarios (recognising that these may vary significantly between countries, regions and industries), could see medium to long term impacts to the global economy and social stability.

Beyond the disruption of the global shipping industry and the food service sector that have already eventuated, additional risks could arise including the deterioration of global or regional economic conditions that in turn could motivate export bans for food security reasons, rising commodity and food pricing, fuel competition, decrease rice consumption due to affordability issues, and increased pressure in our supply chain to adopt behaviours that are unethical or do not comply with SunRice's standards.

#### Mitigating actions

To date, SunRice has been able to mitigate the risks presented by COVID-19 by:

- Implementing safety measures to protect employees, customers and other partners without affecting our ability to satisfy our essential service mission, being a food manufacturing company.
- Relying on our diverse and strong contractual relationships with shipping companies to reduce the impact of global shipping disruptions.
- The existence of a diverse portfolio of businesses and increasing geographical presence to reduce a single point of sensitivity.
- Our agile sourcing strategy to minimise supply costs and preserve margins.
- The SunRice brand strength and leading positions in some of our key markets.
- Our liquidity headroom allowing the Group to withstand unexpected shocks.
- SunRice's values and compliance program to identify and prevent unethical business practices.

#### Quality and food safety

As a food business, SunRice is inherently exposed to the risk of contamination or out-of-specification products that may result in a reduction in the quality promises carried by the SunRice brands and possibly cause harm to our consumers.

The integrity and quality of our products is supported by robust processes and systems including:

- Food safety and quality management systems based on risk assessment, including monitoring testing and inspection plans at each key stage of manufacture in line with our food defence protocol.
- External certifications based on Codex Alimentarius HACCP Principles.
- Food Safety and Quality assessment of our suppliers.
- Contract management and supplier management processes to maintain product within contractual specifications.
- Business continuity plans in the event of any product withdrawal or recall.
- Management and monitoring of customer and consumer feedbacks and complaints.
- In-house technical capabilities in chemical, physical and microbiological analysis in addition to an established network of accredited specialist laboratories.
- Strategic relationships with a range of third-party inspection and testing providers regionally and globally, to ensure food safety and quality activities can continue effectively, despite travel or border restrictions related to the COVID-19 pandemic.

**Key risks**

**Reliance on key suppliers**

The ability to engage in durable and strategic relationships with key suppliers is essential to maintain continuity of supply in our markets.

The reduction in supply or loss of our key suppliers may disrupt SunRice operations and result in increased costs and loss of profit and markets to competition.

This risk is more prominent when SunRice doesn't have access to Australian rice and is required to compete with other players internationally to secure high quality rice.

**Mitigating actions**

This risk is mitigated by constant interactions with our key suppliers and more specifically through:

- Our supplier relationship management process.
- Ongoing review of service level agreements and other contractual obligations to manage discussions.
- Establishing long-term contracts and strong partnering relationships to deliver tangible and intangible mutual benefits.
- Consideration and assessment of alternative suppliers to diversify risks.
- Rigorous due diligence and contract approval processes to mitigate multiple risks and more particularly around continuity of supply, ethical business practices and protection of intellectual property.
- Long and short positions mitigated through the ability to substitute varieties and origins within our supply chain to continue to meet consumers' preference.

**Competition and pricing**

Rice is a globally traded staple food subject to economic and geopolitical dynamics influencing its availability and pricing.

Without being an exhaustive list, multiple factors such as foreign exchange fluctuations, economic conditions in countries dictating affordability, weather conditions, levels of global stockpiles, tariffs and other trade barriers can influence prices and the intensity of competition the Group is facing.

This may result in loss of market, revenue, margins or even loss of opportunities impacting growth.

SunRice is continuously managing this risk to preserve margins and deliver on our 2024 Growth Strategy through:

- Investment to maintain and grow brand equity to differentiate from competition.
- Premiumisation of our products to discerning consumers.
- Investment in research and development and new product developments to remain current in our markets and meet evolving consumer expectations and preferences.
- Monitoring of market conditions, competition activity, key drivers and continuous intelligence gathering to allow SunRice to take positions in market at the best possible outcome.
- Investment in Intellectual Property, Brands and Trademark defence and protection.
- Risk mitigation strategies to identify and secure volumes of rice at fixed prices that meet consumers' preferences.
- SunRice's growth strategy to acquire or develop manufacturing capabilities offering geographical diversification, such as the U.S. and Vietnam.
- Vertical integration also contributes to the mitigation of cost increases by providing better control over the value chain.
- Continual investment into consumer insights and preferences and refinement of SunRice product and service offerings to maintain and enhance the premium position of the Group.



**Key risks**

**Dual class share structure, limited voting rights and B Class Shareholding Limit**

The SunRice Group's dual class share structure, the limited voting rights attached to B Class Shares, and the B Class Shareholding Limit of 10% distinguish us from other ASX listed companies.

A Class shareholders must also, per the SunRice Constitution, be Active Growers producing a certain volume of rice over a set period of time which is challenged by the current period of drought. A depletion in the number of growers would de facto concentrate control between a smaller number of A Class shareholders.

These non-standard elements may make B Class Shares less attractive as an investment compared to an investment in shares in a typical ASX listed entity. As a result, B Class Shares may trade at a lower price than if these elements did not exist and or limit the ability of the Group to raise capital in the future.

**Mitigating actions**

While SunRice has an unusual capital structure, the risk of not being able to raise capital is, to an extent, shared with any other listed company. We manage this risk by:

- Maintaining a sound and healthy balance sheet.
- Sound Capital Management policy to ensure sufficient credit facilities are available to pursue accretive merger and acquisition activities, even if they were to be funded largely or exclusively by debt.
- Maintaining the delivery of our market guidance and other disclosures.
- Our established dividend policy.
- Continuing to build trust over time with both existing and potential investors, based on SunRice's strategy, resilience and established experience in successfully managing the interests of both A and B Class shareholders, including during times of adversity.
- Ensuring we have appropriate mechanisms in our Constitution which enable the Board to exercise discretion in issuing and redeeming A Class Shares.

**Adaptability and resilience to Information Technology changes**

Advances in information technology, the increase of sophisticated cyber threats and changes to working practices, due in part to COVID-19 restrictions, has seen remote working become normalised in recent times.

SunRice acknowledges this could expose the Group to various vulnerabilities, including cyber threat, data leakage, service interruption and other disruptions to the business resulting in reputational damages and actual or opportunity losses.

To mitigate such risks, the Group constantly invests to:

- Build resilient information technology architecture.
- Work with reputable partners to develop solutions, host infrastructure / software and to ensure our applications and servers are up to date.
- Regularly train employees at all levels of the organisation in relation to data privacy rules and cyber-threats.
- Frequently test systems' resilience.
- Regularly develop and update Disaster Recovery and Business Continuity Plans.

# Corporate Governance Overview

The SunRice Board is committed to ensuring the Group's corporate governance frameworks, policies and practices are of the highest standard. This commitment is delivered through continuous improvement and ensuring the Board has a sound understanding of current governance requirements and practices, as well as keeping abreast of emerging trends and changing stakeholder expectations.

This section outlines selected components of SunRice's corporate governance framework, highlighting the key governance matters and areas of focus in FY2021.

Throughout the period, SunRice's corporate governance approach was consistent with the ASX Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (ASX Recommendations). Consistent with prior years, the Board does not consider that all of the ASX Recommendations are appropriate for the Company given the related provisions in our Constitution regarding Board composition and shareholding requirements. However, where SunRice has not followed an ASX Recommendation, this has been identified in the Corporate Governance Statement, together with the reasons why it has not been followed. Copies of the Corporate Governance Statement, key policies and practices and the charters for the Board and its current Board Committees are located at [www.sunrice.com.au/corporate-governance](http://www.sunrice.com.au/corporate-governance).

## Board composition, skills and areas of focus

The Board regularly reviews its performance. One of the strongest recommendations of the 2019 Board review was to reduce the number of Board Directors, from eleven to nine. This reduction would ultimately result in the Board being comprised of three Non-Grower (Independent) Directors, one executive Director (the Chief Executive Officer) and five Grower Directors. The Board considered that the reduction would be best implemented through a staged approach. At the 2020 Annual General Meeting (AGM), a special resolution was passed by A Class shareholders to amend the Constitution to facilitate a reduction in the number of Board positions by one. To move to this composition, two (rather than three) Rice Marketing Board of NSW (RMB) Directors will be appointed to the SunRice Board, at the expiry of the current term of the RMB Directors in December 2021. To effect the further reduction in Board size from ten Directors to nine Directors, A Class Shareholders will vote on a change to the Constitution at the 2021 Annual General Meeting (AGM).

If this special resolution is passed, the number of SunRice Grower Directors will reduce by one (from four to three) when the SunRice Grower Director elections next take place in 2023.

The positions of SunRice's Independent Non-Executive Directors (NEDs) were previously all scheduled for re-election concurrently, every three years. To align with best practice governance and to ensure the continuity of skills and experience on the Board, the Board in 2020 determined that two of the three Independent NEDs would stand for re-election at the 2020 AGM, with one director for a term of two years and the other for a term of three years. This ensured that moving forward, the elections of the Independent NEDs are staggered, with one standing for re-election at the AGM each year, rather than all three standing for re-election together every three years.

During FY2021 the following changes were made to Board Committees:

- John Bradford was appointed to the Remuneration Committee and the Nomination Committee;
- Julian Zanatta was appointed to the Finance, Risk and Audit Committee;
- Dr Leigh Vial ceased to be Chair of the Safety, Health and Environment Committee and was appointed Chair of RRAPL;
- Gillian Kirkup was appointed as Chair of the Safety, Health and Environment Committee and ceased to be a member of the Finance Risk and Audit Committee, Remuneration Committee, and Nomination Committee; and
- Ian Mason was appointed to the Grower Services Committee.

The Board Skills Matrix (Table 1) summarises the Directors' current skills and experience. The Board considers that its current members have an appropriate mix of skills and experience in order to discharge its responsibilities and to deliver on SunRice's strategic imperatives. The Board and the Nomination Committee actively work together in assessing the ongoing succession planning and renewal program for the Board. In defining the Board's requirements for new directors, consideration is given to the skills, experience and background of existing Board members, the Group's strategy and any identified new skills required to supplement the Board's capabilities. The Nomination Committee also works with external advisors in assessing potential new directors and their skills.

The key areas of focus for the Board during FY2021, in addition to standing agenda items, are set out in Table 2. The focus areas for the Board Committees, in addition to standing agenda items, are set out in Table 3, and Director attendance is set out in Table 4.

In addition to the Committees listed on pages 52 and 53, the Board has an A Class Share Committee which acts as a standing committee and meets as required to address matters impacting A Class Shareholdings where Grower Directors may be conflicted, including all A Class Share Applications and Redemptions. This committee is comprised of the Non-Grower Directors.

### Board qualifications

The Board considers qualifications gained in one or more of the core operating segments of SunRice.

- 2 Agricultural Science
- 2 Engineering
- 2 Commerce/Economics

### Industry experience

The Board views the following skills and experience as adding strength to the Board.

- 4 Food Processing & FMCG
- 8 Rice industry
- 4 ASX/Board
- 4 Financial management

### Directors' average tenure

The Board considers it has an appropriate mix of new, mid and longer tenured Directors. The average term of the Directors is 6.1 years.



### Gender diversity

While SunRice has not set a formal target for female representation on the Board, a range of initiatives have been put in place to improve gender balance, including identifying and developing female candidates from within the Riverina rice industry.



Table 1 - Board Skills Matrix

Key skill	Demonstrated by these attributes	Board strength
Rice industry experience	Sound knowledge of the structure, operations and opportunities in the rice industry.	High competency or experience
Technology and digital innovation	Experience in developing setting and implementing digital innovation and technology strategies.	Developing
Food processing and distribution and/or FMCG experience	Recent experience in a relevant part of the food or FMCG industry.	High competency or experience
Risk management	Knowledge, background and experience in balancing commercial imperatives with agreed risk appetites, building organisational risk culture.	High competency or experience
Financial acumen	Proficiency in finance, including in financial accounting and reporting and capital management, including an ability to probe the adequacy of financial and risk controls.	High competency or experience
Research and development (R&D)	Experience in, or commissioning of, and evaluating R&D activities.	High competency or experience
Strategy	Demonstrated experience in developing and implementing strategic opportunities to create long term value for shareholders, including mergers and acquisitions.	High competency or experience
ASX board and other relevant board experience	Exposure to relevant disclosure regimes, understanding of contemporary corporate governance practices.	High competency or experience
Executive leadership	Experience in appointing and evaluating senior management, executive planning and monitoring corporate performance.	High competency or experience
International markets and trade	Experience in working in an organisation with global operations, understanding of different cultural, political, regulatory and business requirements and appreciation of market opportunities.	High competency or experience
Work health and safety	Experience related to workplace health and safety.	High competency or experience
Sustainability	Experience related to environmental, social and community responsibility.	High competency or experience

Table 2 – Board key focus areas for FY2021

Committee	Focus areas
<b>Board</b>	<ul style="list-style-type: none"> <li>Comprehensive review of the A Class Share structure, and development of proposed changes to the criteria and rights attached to A Class Shares. This proposal will be reflected in changes to the SunRice Constitution, if approved by a special resolution of A Class shareholders at the 2021 AGM;</li> <li>Group performance in a challenging operating environment, including financial performance, health and safety performance and progression of the 2024 Growth Strategy;</li> <li>Assessment and pursuit of strategic growth opportunities for SunRice, including leveraging SunRice's strong balance sheet to acquire KJ&amp;Co Brands, the dairy and beef businesses of Riverbank Stockfeeds and the dairy nutrition business of Ingham's in Hamilton NZ; as well as oversight of the integration of these new businesses;</li> <li>Completion of all key items of the recommendations of the 2019 external Board evaluation. These included adoption of new Charters for the Board and its Committees reflecting the 4th Edition of the ASX Recommendations; as well as an amendment to the Constitution to reduce the size of the SunRice Board; and the staggering of the elections of Non-Executive directors to 'smooth out' the director election cycle;</li> <li>Overseeing executive succession planning, ensuring executive talent for delivery of the 2024 Growth Strategy and beyond;</li> <li>Overseeing SunRice's response to COVID-19, which included monitoring the impact of COVID-19 on SunRice's changing risk profile, considering the impact of COVID-19 on SunRice's financial performance and overseeing SunRice's response to COVID-19 relating to employees and operations;</li> <li>Reviewing and refreshing the risk management framework, including the Risk Appetite Statement, to strengthen SunRice's ability to respond to challenges such as COVID-19, cyber-security issues and global shipping disruptions;</li> <li>Adoption of SunRice's first Modern Slavery Statement, developing Group-wide sustainability targets to lead in environmental, social and ethical business performance, and monitoring performance against the SunRice sustainability framework (see <a href="http://www.sunrice.com.au/sustainability-reports">www.sunrice.com.au/sustainability-reports</a>), including actions of management and systems that deliver on the SunRice Sustainability Charter;</li> <li>Monitoring the actions management take to embed behavioural standards, including the Employee Engagement survey and reporting of cultural metrics to enhance the Board's ongoing visibility of company culture, reviewing the Code of Conduct and the promotion of the SunRice Whistleblower Policy;</li> <li>Increased water advocacy with NSW and Federal Governments on behalf of growers and the Riverina rice industry to increase availability of water for rice production; and</li> <li>Engagement with growers and the NSW Government in regards to the review of the NSW rice vesting arrangements which are due to expire in 2022.</li> </ul>
<b>Finance Risk and Audit Committee</b>	<ul style="list-style-type: none"> <li>Overseeing the financial information production process, and in particular SunRice's half-year and full year reports, to ensure their integrity and the appropriateness of accounting policies and principles applied and information disclosed;</li> <li>Overseeing the successful refinancing process in FY2021 to update and secure banking facilities and covenants on favourable terms;</li> <li>Overseeing the delivery of the external audit, including consideration of the observations and recommendations by the external auditor;</li> <li>Reviewing the effectiveness of SunRice's governance and risk management systems to identify assess and mitigate existing or emerging risks (including cyber-security, global shipping disruptions, COVID-19, climate and foreign exchange rates);</li> <li>Overseeing climate-related risks and opportunities and working with management on progressing the adoption of the TCFD recommendations, including oversight of the roadmap developed by management;</li> <li>Overseeing the Internal Audit function, including the assessment of the independence, performance and effectiveness of internal auditing practices;</li> <li>Monitoring issues, incidents and risk identified in the Internal Audit Reports, including post-incident reviews and action plans, and ensuring clear accountability to close out relevant issues;</li> <li>Review of existing insurance arrangements and recommendation of the new insurance program; and</li> <li>Consideration and adoption of the Board of Taxation's Tax Transparency Code for FY2021, which will be reported on in FY2022.</li> </ul>
<b>People &amp; Remuneration</b>	<ul style="list-style-type: none"> <li>Continued focus on increasing the representation of women in leadership roles, with 40 percent achieved in line with SunRice's 2024 Growth Strategy. Further details are available in the Corporate Governance Statement on the SunRice website;</li> <li>Reviewing and monitoring progress with the Group's Diversity and Inclusion Policy, including ongoing monitoring of the 'no gender pay gap' policy, which is a key part of the policy;</li> <li>Setting senior management objectives for fixed and variable remuneration and equity plans; including the CEO Long Term Incentive (LTI) plan which was approved by the B Class shareholders at the 2020 B Class Shareholder Meeting;</li> <li>Overseeing the remuneration strategy, framework and reporting;</li> <li>Overseeing executive succession planning and talent development, including a focus on promoting from within the organisation;</li> <li>Developing and making recommendations to the Board regarding employee engagement and workplace culture. This was informed by the Employee Engagement survey completed during FY2021 and refreshed culture dashboards for reporting purposes, and a refresh/simplification of the SunRice Values and Behaviours; and</li> <li>Overseeing efforts undertaken to maintain and build on culture during COVID-19, including increased uptake of flexible working arrangements, enhanced employee communications and employee health and safety.</li> </ul>
<b>Nominations</b>	<ul style="list-style-type: none"> <li>Overseeing the process for the external Board and Board Committee review and evaluations, including a consideration of succession plans and a refresh of the Skills Matrix;</li> <li>Recommendations to the Board regarding Board composition, size, tenure and skills;</li> <li>Developing strategies to engage with candidates for election to the SunRice Board in light of the skills, diversity and independence requirements of the Board. This included a range of initiatives to encourage appropriate persons to nominate as candidates, including greater female representation;</li> <li>Conducting a review of the composition of the Board's Committees and a restructure of the membership to ensure the development needs of directors are being met and that there is the right mix of skills on those committees; and</li> <li>Reviewing the remit of the Board's committees to ensure efficient and appropriate delegation of responsibilities across the Committees. This process led to a realignment of some areas of the roles and responsibilities and the composition of the Committees, which will be implemented in FY2022.</li> </ul>
<b>Safety, Health &amp; Environment</b>	<ul style="list-style-type: none"> <li>Supporting and advising the Board on matters of Safety, Health and Environment (SHE), including key SHE risks and their impacts on activities and Group operations;</li> <li>Periodically reviewing the Safety, Health, Environment and Sustainability policies and key components of the Management System to ensure they are aligned with international standards and effectively support the Group's commitment of managing SHE matters;</li> <li>Monitoring the Group's compliance to jurisdictional SHE legal and other obligations; and</li> <li>Verification of the effectiveness of SunRice's SHE System, SHE Performance Objectives, SHE Risk Management and SHE Behavioural-based initiatives.</li> </ul>
<b>Grower Services</b>	<ul style="list-style-type: none"> <li>Reviewing and developing initiatives to produce Riverina rice;</li> <li>Developing and implementing policies that relate to on-farm rice, including pure seed, planning quality assurance and traceability;</li> <li>Improving procedures that relate to harvest management receipt and post-harvest reviews;</li> <li>Reviewing and improving policies and processes connected to payments made to growers, including paddy varietal premiums and paddy quality bonuses and discounts; and</li> <li>Managing relationships with growers and continuous improvement of services provided to growers.</li> </ul>

## Board of Directors



### Laurie Arthur

**Chairman /  
Non-executive Director  
Grower**

**BAgSc GAICD**  
Moulamein Grower  
Director since 2007  
Chairman since 2014

#### Current appointments

Director, Aqaba Processing Company Ltd (Jordan). Representative, Rice Industry Co-ordination Committee.

#### Previous appointments

President, Ricegrowers' Association of Australia Inc. Commissioner, National Water Commission.



### Rob Gordon

**Chief Executive Officer  
Non-Grower**

**BSc (Hons) CEng MAICD**  
Director since 2012

#### Current appointments

Chairman, Ricegrowers Singapore Pte Ltd; Chairman, Ricegrowers Vietnam Company Limited. Director, SunRice Australia Pty Ltd; Director, SunRice Trading Pty Ltd; Director, SunRice Fund Ltd; Director Riviana Foods Pty Ltd; Director, Roza's Gourmet Pty Ltd; Director, Aqaba Processing Company Ltd (Jordan); Director, Trukai Industries Ltd (PNG); Director, Solomons Rice Company Limited (Solomon Islands); Director, Sunshine Rice Inc (USA); Director, SunFoods LLC (USA), Director, Ricegrowers Limited New Zealand; Director Ricegrowers Middle East DMCC (UAE); Director, Australian Grain Storage Pty Ltd; Director, Sunshine Rice Pty Ltd; Director, Rice Research Australia Pty Ltd; Director, KJ & Co Brands Pty Ltd; Director, Ingham's Group Limited. Member, Agribusiness Advisory Board, Rabobank. Representative, Rice Industry Coordination Committee.

#### Previous appointments

Director, Dairy Farmers Ltd; Director, Bread Research Institute of Australia Ltd. Member, Advisory Board, Gresham Private Equity.

For executive experience please refer to the Corporate Management Team profiles on page 58.



### John Bradford

**Non-executive Director  
Grower**

**MAICD**  
Mayrung Grower  
Director since 2015

#### Current appointments

Chairman, Trukai Industries Limited (PNG). Member, Rice Marketing Board Member for the State of NSW.

#### Previous appointments

Chairman, Southern Riverina Irrigators. Alternate Delegate, Deniliquin Branch, Ricegrowers Association of Australia Inc.



### Luisa Catanzaro

**Non-executive  
Independent Director  
Non-Grower**

**BComm FCA GAICD**  
Director since 2018

#### Current appointments

Director, The BeCause Movement Foundation Ltd; Director, Harvey Norman Limited. Ex-Officio Member, Museum of Contemporary Art Australia (Finance Committee).

#### Previous appointments

CFO, Lynas Corporation Limited; CFO and Company Secretary, Dairy Farmers; CFO and Company Secretary, The Australian Agricultural Company Limited. Senior finance roles, Pioneer International Limited. Senior Audit Manager, Arthur Andersen.



### Dr Andrew Crane

**Non-executive  
Independent Director  
Non-Grower**

**BSc (Hons) PhD FAICD**  
Director since 2018

#### Current appointments

Chairman, Lawson Grains Pty Ltd; Director, Viridis Ag Pty Ltd; Director, Viridis Ag Services Pty Ltd; Director RAC WA Holdings Ltd; Director, RAC Finance Ltd; Director, Committee for Perth Ltd. Chancellor, Curtin University.

#### Previous appointments

Director, CBH Joint Venture, Interflour; Chair, Business Council of Cooperatives and Mutuals. Advisory Board Member of Rabobank Australia and New Zealand Wholesale Food and Agriculture Board. CEO, CBH; General Manager Strategy and Business Development and General Manager Marketing and Trading, CBH. Various manufacturing, purchasing and international sales roles in the European malting and brewing industry. Member, the Prime Minister's B20 Leadership Group (2014).



### Ian Glasson

**Non-executive  
Independent Director  
Non-Grower**

**BEng (Hons) GAICD**  
Director since 2016

#### Current appointments

Director, Clover Corporation Limited.

#### Previous appointments

CEO, PGG Wrightson Ltd; CEO, Gold Coin Group/Zuellig Agriculture; CEO, Sucrogen; Managing Director, Gresham Rabo Food & Agribusiness PE Fund; Managing Director, International Ingredients Division, Goodman Fielder. Various management and engineering positions, Esso Australia and its parent Exxon.



### Gillian Kirkup

**Non-executive Director  
Grower**

**MAICD**  
Yanco Grower  
Director since 2005

#### Current appointments

Member, Rice Marketing Board for the State of NSW; Appointed Member, Riverina Local Land Services Board. Representative, Irrigation Research Extension Committee.

#### Previous appointments

Chairman, Murrumbidgee Irrigation Limited. Member, NSW Agricultural Consultative Committee to the Bureau of Meteorology; Member, Reference panel for the Prime Minister's Working Group on Soil, Water and Food; Basin Community Association. Delegate, National Irrigators' Council. Director, NSW Irrigators' Council.

#### Acknowledgements

Named one of the Top 100 Women in Australian Agribusiness (2014).



### Ian Mason

**Non-executive Director  
Grower**

**MAICD**  
Finley Grower  
Director since 2018

#### Current appointments

Director, Trukai Industries Limited (PNG). Member, Rice Marketing Board for the State of NSW. Member, Southern Growers.

#### Previous appointments

Chairman, AgriFutures Australia Rice Advisory Panel. Director, Rice Research Australia Committee.



### Jeremy Morton

**Non-executive Director  
Grower**

**MAICD**  
Moulamein Grower  
Director since 2019

#### Current appointments

Chairman, National Irrigators' Council. Member, Ricegrowers Association Water Committee. Ricegrowers Association Delegate to the National Farmers Federation Water Taskforce.

#### Previous appointments

President and Chairman, Ricegrowers Association of Australia. Graduate of the Rice Industry Emerging Leaders and Established Leaders Programs and the Australian Rural Leaders Program.



### Dr Leigh Vial

**Non-executive Director  
Grower**

**BAgrSc (Hons) MEc PhD GAICD  
Moulamein Grower  
Director since 2015**

**Current appointments**

Chairman, Rice Research Australia Committee. Director, Agripak Pty Ltd. Adjunct Fellow, University of Queensland.

**Previous appointments**

Head of International Rice Research Institute's Experiment Station (Philippines). Representative, AgriFutures Rice Research Committee.



### Julian Zanatta

**Non-executive Director  
Grower**

**MAICD  
Benerembah Grower  
Director since 2019**

**Current appointments**

Nil.

**Previous appointments**

Nil.

### Kate Cooper

**Company Secretary**

Refer to the Corporate Management Team profiles on page 58.

**Table 3 – Composition of Board Committees**  
as at 30 April 2021

Director	Status	Finance, Risk & Audit Committee	People & Remuneration Committee	Nomination Committee	Safety, Health & Environment Committee	Grower Services Committee
Laurie Arthur	Chairman Grower		•	Chair		
Rob Gordon	Chief Executive Officer					
John Bradford	Non-executive Grower		•	•		Chair
Luisa Catanzaro	Non-executive Non-Grower	Chair	•	•		
Dr Andrew Crane	Non-executive Non-Grower	•				
Ian Glasson	Non-executive Non-Grower	•	Chair	•		
Gillian Kirkup	Non-executive Grower				Chair	
Ian Mason	Non-executive Grower	•			•	•
Jeremy Morton	Non-executive Grower				•	•
Dr Leigh Vial	Non-executive Grower				•	•
Julian Zanatta	Non-executive Grower	•				•

### Directors' interests in shares

Directors' interests in A and B Class Shares of Ricegrowers Limited are shown in the Remuneration Report on page 76.

### Directors' benefits

The Directors have direct dealings with the Company on the same terms and conditions that apply to all members whether by contractual arrangements or otherwise. No Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a controlled entity with the Director or a firm in which the Director has a substantial financial interest other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Remuneration Report. Several Directors sit on local boards which serve the rice industry. The Group has dealings with these boards and committees whose purpose is to deal with issues that relate to the rice industry.

### Independence of Directors

The Board regularly reviews the independence of each Director, having regard to the ASX Corporate Governance Principles and Recommendations. In accordance with those Principles and Recommendations, a Director will be considered independent if they are a Non-executive Director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally as a whole, rather than in the interest of an individual shareholder or other party.

Each Non-executive Director is required to provide to the Board all information that may be relevant to the assessment of their independence status.

Directors who hold A Class Shares are also rice growers who supply rice to the Group. While these Directors supply rice on the same terms as all other rice growers, the Board recognises that there may be a perception that the rice supply relationship between the Group and these Directors may influence the decision making of these Directors. Accordingly, while they are able to bring an independent judgement to bear on Board decisions, Directors who supply rice to the Group have not been characterised as independent due to this potential perception concern.

**Table 4 – Directors' meetings**

Directors' meetings for the year ended 30 April 2021

	Board		Finance, Risk & Audit Committee		Grower Services Committee		People & Remuneration Committee		Nomination Committee		Safety, Health & Environment Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
LJ Arthur*	10	10	5	5	4	4	7	7	4	4	-	-
J Bradford	10	10	-	-	4	4	3	3	2	2	-	-
L Catanzaro	10	10	5	5	-	-	7	7	4	4	-	-
A Crane	10	10	5	5	-	-	-	-	-	-	-	-
I Glasson	10	10	5	5	-	-	7	7	4	4	-	-
R Gordon**	10	10	5	5	4	4	7	7	-	-	4	4
G Kirkup	10	10	3	3	-	-	4	4	2	2	1	1
I Mason	10	10	5	5	1	1	-	-	-	-	4	4
J Morton	10	10	-	-	4	4	-	-	-	-	4	4
L Vial	10	10	-	-	4	4	-	-	-	-	4	4
J Zanatta	10	10	2	2	4	4	-	-	-	-	3	3

\* LJ Arthur is not a member of the Finance, Risk and Audit Committee or the Grower Services Committee however attends meetings.

\*\* R Gordon attends all Committee Meetings

# Corporate Management Team



**Rob Gordon**  
**Chief Executive Officer**  
**BSc (Hons) CEng MAICD**

Rob joined SunRice in 2012 as CEO and Managing Director. Rob's career spans more than 35 years' of experience in the FMCG and agribusiness sectors, including over 20 years in CEO and Managing Director roles for companies including Viterra Inc, Dairy Farmers Ltd and Goodman Fielder (Meadow Lea and Consumer Goods divisions). He also held various senior executive roles with Unilever in Europe and Australia. For Directorships, please refer to page 54.



**Dimitri Courtelis**  
**Chief Financial Officer**  
**BCompt (UNISA), CA (ICAA), CFE (ACFE)**

Dimitri was appointed Group CFO of SunRice in 2018, following an extensive global career in various senior finance roles. A qualified chartered accountant (ICANZ) and fraud examiner (ACFE), he spent 10 years in professional services in South Africa, Australia and Dubai in external audit, transaction advisory and forensic services for firms such as Ernst & Young and Deloitte. Prior to joining SunRice, Dimitri spent seven years in senior finance roles with the Etihad Airways Group in Abu Dhabi, Serbia and Germany, including as the Group CFO of AirSERBIA and Group CFO of Air Berlin PLC in transformation and restructuring roles.



**Matt Alonso**  
**Chief Executive Officer, SunFoods LLC**  
**BSc (AgEngr), MBA**

Matt joined SunFoods LLC in 2010 and is responsible for all aspects of the U.S. business, from raw material procurement to plant operations, and domestic sales and marketing. Matt has more than 25 years' experience working in the U.S. agriculture sector and rice industry. Prior to joining SunRice Matt had senior executive and operational roles with Pacific International Rice Mills Inc., and Anheuser Busch Agricultural Resources. Matt is a Board member of the California Rice Commission and the USA Rice Federation.



**Kate Cooper**  
**General Counsel and Company Secretary**  
**BA Comms, LLB**

Kate joined SunRice in 2016 as General Counsel and in December 2020 was appointed Company Secretary, assuming responsibility for the Group's company secretarial, legal and corporate affairs functions. Kate has more than 25 years' experience as a lawyer, with large law firms in Australia as well as in-house. Prior to joining SunRice, Kate spent 10 years as General Counsel of Ticketek, which was then part of the Nine Entertainment Group.



**Stephen Forde**  
**Chief Executive Officer, Riviana Foods Pty Ltd**

Stephen joined Riviana Foods in 2013 as CEO, bringing close to 25 years' of strategic sales, marketing and general management experience in the FMCG industry. During his 20-year career with Reckitt Benckiser, he was Global Customer Director, UK and General Manager, New Zealand. Before joining SunRice, Stephen spent four years as General Manager, New Zealand for Campbell Arnott's.



**Tom Howard**  
**General Manager, Global Operations and Agribusiness**  
**BAG Ec, MBA, MAICD**

Tom joined SunRice in 2015 and is now responsible for the management and expansion of the Group's global manufacturing, supply chain, engineering, R&D, commercial sourcing (origination), sustainability, storage and handling, and grower services capabilities. Tom is also a Director of Ricegrowers Singapore and Ricegrowers Vietnam. A highly experienced agribusiness executive, Tom has over 25 years' experience in international business and the domestic and international grains industry. He has previously held senior positions with Emerald Grain (Sumitomo Corporation), the top 50 Irish company UniPhar and a leading Australian grains cooperative.



**David Keldie**  
**General Manager, Global Consumer Markets**  
**BA**

David joined SunRice in 2001 and is responsible for the Middle East, North and South East Asia, and the Pacific which includes the Solomon Islands, Australia and New Zealand markets. With 30 years' experience in the FMCG sector, David is a Director of Ricegrowers Singapore, Ricegrowers New Zealand, SunFoods (USA), Trukai Industries (PNG), SolRice (Solomon Islands), Ricegrowers Middle East (UAE) and Aqaba Processing Company (Jordan).



**Peter McKinney**  
**General Manager, CopRice**  
**BComm (Marketing), GAICD**

Peter joined SunRice in 2017, bringing extensive senior marketing and general management experience from roles with blue-chip consumer companies YUM Brands and George Weston Foods, in both the Quick Serve Restaurant and FMCG industries. Peter also previously held a senior management position at ASX-listed company Pacific Smiles Group.<sup>10</sup>



**Paul T. Parker**  
**General Manager, People and Culture**  
**MBA**

Paul joined SunRice as GM of People and Culture in 2019, bringing over 20 years' of experience working in human resources. Prior to joining SunRice, Paul was the Chief Human Resource Officer for Royal Caribbean.



**Alan Preston**  
**Chief Executive Officer, Trukai Industries Limited**  
**BB (Marketing)**

Alan joined Trukai in 2020 and is responsible for all aspects of the PNG business, with more than 35 years' of senior management experience in a wide range of industries. Alan started his career in the FMCG industry, with roles at Bowater Scott and Rexona, followed by over 20 years with the Dulux Group, which included numerous regional roles across South East Asia and China. Alan has extensive merger and acquisition experience and has led a number of challenging turnaround roles in Australia, New Zealand, China and South East Asia. He has also worked as a lecturer in sales and marketing at RMIT, Adelaide University and Southern Cross University.

# Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as SunRice or the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the financial year ended 30 April 2021.

## 1. Information on Directors and Company Secretary

Details of the Directors, Company Secretary and their qualifications, including current and previous directorships, are available in the Corporate Governance Overview on pages 54 to 56.

## 2. Directors' independence, interests in shares, benefits and meetings

Details of the Directors' independence, interests in shares, benefits and attendance at the various meetings held during the year are available in the Corporate Governance Overview on page 57 and the remuneration section of this Directors' report.

## 3. Principal activities

The principal activities of Ricegrowers Limited and its controlled entities consist of the receipt and storage of paddy rice, milling and processing of rice, manufacturing, procurement, distribution and marketing of rice and related products, animal feed and nutrition products and other grocery, gourmet and entertainment food products and the research and development into the growing of rice.

## 4. Dividends

Dividends distributed to members during the financial year were as follows:

	2021 \$000's	2020 \$000's
Final dividend for the year ended 30 April 2020 of 33 cents (2019: 33 cents) per outstanding ordinary B Class Share	19,517	19,212
<b>Total dividend distributed</b>	<b>19,517</b>	<b>19,212</b>

Since the end of the financial year, the directors have recommended the distribution of a fully franked final dividend of 20,102,000 (33 cents per fully paid outstanding ordinary B Class Share) to be paid on 30 July 2021 out of retained profits at 30 April 2021.

## 5. Consolidated entity result

The profit before income tax of the Group for the period was \$19,042,000 (2020: \$31,110,000).

The net profit after income tax of the Group for the period was \$18,283,000 (2020: \$22,680,000).

The net profit of the Group for the period after income tax and after non-controlling interests was \$20,767,000 (2020: \$27,013,000).

## 6. Review of operations

A comprehensive review of operations is set out in the Our Strategy in Action, Our Financial Performance and Position and Our Outlook sections of this Annual Report on pages 14 to 27.

## 7. Response to COVID-19

Details about the Group's response to the COVID-19 pandemic are available in the Our Financial Performance and Position section of this Annual Report on page 18.

## 8. Significant changes in the state of affairs

During the year, the SunRice Group's subsidiary, Riviana Foods Pty Ltd, completed the acquisition of 100% of the shares in KJ&Co Brands Pty Ltd, an importer of branded food products. In addition, the SunRice Group's division CopRice, completed the acquisition of 100% of the dairy and beef business of Riverbank Stockfeeds Pty Ltd and 100% of the New Zealand dairy nutrition business of Inghams Group Limited.

On 9 March 2021, SunRice Trading (Shanghai) Co Ltd, a wholly owned subsidiary of Ricegrowers Singapore Pte Ltd (being a wholly owned subsidiary of Ricegrowers Limited) was incorporated in China.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial period under review, not otherwise disclosed in the Annual Report.

## 9. Events since the end of the financial year

Other than the declaration of a fully franked dividend of 33 cents per ordinary B Class Share (refer to section 4 of this Directors' Report), the Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in this Annual Report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

## 10. Likely developments and expected results of operations

Likely developments in the operations of the Group have been disclosed in the Our Outlook section on pages 26 and 27 of this Annual Report.

## 11. Environmental regulation

The Group is subject to environmental regulation in respect of its land development, construction and manufacturing activities in Australia and other international operations including:

- Land development planning approvals under the NSW Environmental Planning and Assessment Act 1979 and Development Victoria Act 2003; and
- Compliance with Protection of the NSW Environment Operations Act 1997, Victoria Environment Protection Act 2017, the NSW Environmentally Hazardous Chemicals Act 1985, the Waste Avoidance and NSW Resource Recovery Act 2001, QLD Environmental Protection Act 1994, California Environmental Quality Act (CEQA) 1970, PNG Environment Act 2000 and Jordan Environmental Protection Law No. 52 of 2006.

SunRice has 18 registered Environmental Protection Authority (EPA) licenses in NSW, one in California, USA and one Development Approval in Queensland requiring annual returns. Two New Permits are also pending - one in New Zealand and one in Victoria.

All Australian sites completed and submitted their annual returns during the financial year, and:

- Any complaints received in relation to environmental issues were and continue to be investigated and action plans were and continue to be implemented to reduce the impact of the SunRice Group's activities.
- Any non-conformances were managed through the internal compliance management system
- One pollution reduction program is open at Leeton CopRice Lic. 10762 in regard to odour management

## Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of the Australian National Greenhouse and Energy Reporting (NGER) Act 2007.

SunRice assessed its Australian energy usage and submitted its Australian National Greenhouse and Energy Report to the Clean Energy Regulator during the year, reporting on scope 1 and 2 emissions within Australian Operations. The following table reports outcomes for the past five years.

Financial Year	AU Gigajoules of energy#	AU TC02e Scope 1,2 Emissions#	Non AU SRG TC02e Scope 1,2 Emissions*
2014-2015	543,226	99,274	N/A
2015-2016	424,349	68,461	N/A
2016-2017	422,923	71,152	N/A
2017-2018	487,956	84,547	8487
2018-2019	385,456	60,021	11970
2019-2020	315,801	46,706	12888

#SunRice NGER Report for the 2019-2020 taxation financial year

\*Revised previous years to align with 2019-2020 taxation year reporting using global emission factors. Non Australian Emissions may be subject to variations

Note: at the time of publishing this report, 2020-2021 data is not yet available.

## 12. Remuneration report (audited)

### Message from the Chairman of the People and Remuneration Committee

Dear A and B Class Shareholders,

On behalf of the People and Remuneration Committee of the SunRice Board, I am pleased to present the Remuneration Report for the FY2021 Financial Year (FY2021).

As outlined earlier in this Annual Report, FY2021 was another extraordinary year for the Group as the ongoing effects of the drought in the Riverina impacted volumes and margins and the Group faced continued headwinds from the effects of the COVID-19 pandemic and other factors, impacting current and potential markets.

Despite this, the Management team achieved strong results during a year disrupted by lockdowns, restrained resourcing to control costs, and ongoing market challenges amplified by a restriction on travel. The Group's Management team was still able to achieve results against agreed objectives and targets to deliver value for both A and B Class Shareholders.

The Board has carefully considered its remuneration arrangements and determined they are appropriate to drive performance of the business and delivery of value to A and B Class Shareholders into the future.

We will be engaging with A and B Class Shareholders in the lead up to the 2021 Annual General Meeting (AGM) in relation to this report.

#### FY2021 remuneration outcomes

The outcomes set out below reflect the performance of the Management team in delivering against agreed objectives in the face of the difficult circumstances the Group encountered in FY2021.

As outlined in the CEO's Report on pages 6 and 7, the Management team demonstrated enormous effort in achieving most agreed objectives and targets. This included delivering Group Net Profit After Tax, declaring a fully franked dividend for our B Class Shareholders in line with the prior year, and continuing to execute against the Group's 2024 Growth Strategy. The team demonstrated enormous resilience in responding to the reconfiguration of our Riverina production sites due to drought, and then ramping up following recovery of rice production in the CY21 season; three acquisitions including KJ&Co Brands, the beef and dairy business of Riverbank Stockfeeds and dairy nutrition business and assets in New Zealand; and expansion of new products into new markets albeit some markets were limited due to COVID-19. The Group also offered record fixed price contracts to Riverina growers in FY2021, which ensured plantings for the 2020 crop year in the face of high water prices, low water allocations and continued drought. The Board was also pleased to see the improvement of the share price over what has been a challenging year.

Whilst the Management team has been able to deliver a solid overall Group performance, it has been a difficult year in some of the businesses with mixed results reflected in the outcomes of the Short Term Incentive (STI) payments being below target in many areas. The Board has therefore applied discretion in determining the results of the STI payments to reward participants relative to the results, yet holding the CEO accountable for the overall Group performance.

Market-related increases have also been varied and very dependent on industry. Whilst we have seen industries with little to no increases, particularly across aviation, tourism, education and transport, the consumer, retail, construction and IT industries have remained strong with an increase in the fight for talent. On this basis, SunRice has applied average market related increases across the group and Key Management Personnel (KMP) fixed remuneration increases are reflective of our remuneration philosophy to retain resources, experience and knowledge to prepare for a more positive year ahead with increased crop. Whilst not reflected in this year's Annual Report, the Board endorsed the CEO's recommendation to not increase the CEO salary given the financial circumstances.

The Board has also confirmed that it is not increasing Board fees in this year's annual review, in light of the difficult business conditions experienced in FY2021, noting though that Director fees remain low versus market and will be reviewed when profitability improves. The Board further committed to proceed with a reduction in the size of the Board as highlighted at last year's AG.

FY2021 reflects our second year of Long Term Incentive (LTI) vesting since the reintroduction of equity plans in FY2017. In years prior to that, the CEO LTI was paid in cash. To ensure alignment with competitive market practice, the Board now requires senior Management to take the LTI in shares. We are pleased to award the participant group an LTI outcome reflective of the Group's performance over the past three years. Whilst results are aligned to the achievement of the performance criteria, it is important that we continue to provide equity to our key talent and employees in critical roles, to retain their service long term and align decision making with shareholders. The Board remains committed to continuing to review the progress against the LTI performance conditions and the importance of retaining critical talent at SunRice.

#### New LTI Plan for the CEO

The Board was pleased with the support at the B Class Meeting that followed the 2020 Annual General Meeting for the implementation of the next LTI plan for the CEO, which came into effect on 1 May 2021. This plan is critical in retaining our CEO and aligning the performance expectations and strategy with that of our Shareholders. The Board has agreed the KPIs for the CEO to include, Value Creation for Investors, Maximisation of Grower Return, Strategic Growth and a focus on building bench strength and management succession as part of Organisational Development. The details of the FY2022-FY2024 LTI Plan are included on page 72.

On behalf of the SunRice Board and People and Remuneration Committee, I invite you to read the FY2021 Remuneration Report and welcome your feedback.



Ian Glasson  
Chairman, People and Remuneration Committee

## 12. Remuneration report (audited) (continued)

### Executive Summary

At SunRice, our remuneration strategy is designed to create value for all our shareholders by aligning the Total Rewards Strategy to the achievement of business goals determined in the context of our long term strategy.

### Rewards Philosophy

At SunRice:

- We attract, motivate, engage and retain talented employees who deliver on our strategic goals and that of our shareholders, rice growers, and the communities in which we operate.
- We meaningfully differentiate rewards based on individual performance and behaviours, team and cross-functional contribution, business and grower mindset, company affordability and market positioning.
- We offer competitive Total Packages, aligned with a globally consistent framework, yet adapted to changing local business conditions.
- We align long term reward with shareholders' interests through award of equity
- Our value proposition across our diverse workforce is unique with opportunities aligned with being an Australian owned, global organisation.
- Our strategy is underpinned by fairness and consistency in our approach and we aim to be at the forefront of our competitors.
- We care for our employees and provide opportunities to strengthen their health and well-being.
- We retain and develop key talents who deliver on our long-term strategy and demonstrate career potential in areas critical to our long-term strategy.
- We recognise employees who Make a Difference.

### Outline of this Remuneration Report

The Remuneration Report has the following sections:

- Overview
- Key Management Personnel
- Remuneration Governance at SunRice
- Executive Remuneration Policy and Framework
- Remuneration Tables
- Remuneration of non-executive Directors
- Shareholdings and other mandatory disclosures
- Voting and comments made at Ricegrowers Limited's Annual General Meeting

This Remuneration Report has been audited and prepared in accordance with the requirements of the Corporations Act 2001.

### Five-year financial performance

SunRice aims to align our executive remuneration to our strategic objectives and the creation of shareholder wealth. The table below sets out the measures that show the Group's financial performance over the past five years. These are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to Key Management Personnel (KMP), particularly when adjustments and restatements are warranted to reflect performance, as outlined in section 12.4. Accordingly, the reported statutory metrics may differ from the underlying performance measures forming the basis of the variable remuneration awarded.

	2021	2020	2019	2018	2017
Group NPBT (\$000s)	19,042	31,110	48,411	62,862	40,289
Medium Grain Paddy Price (\$/t)	750.00	500.00	411.19	378.66	415.00
Basic Earnings per B Class Share (cents)	34.6	45.8	54.5	75.9	61.3
Return on Capital employed (%) (1)	3.9%	6.6%	9.9%	15.1%	10.3%
Dividend (cents per B Class Share)	33.0	33.0	33.0	33.0	33.0
Increase / (decrease) in share price (%)	27.8%	-20.8%	62.9%	-6.8%	1.9%
Average STI payment as a % of target STI opportunity for Key Management Personnel (2)	123.3%	156.2%	113.1%	135.3%	26.7%

1. Return On Capital Employed is defined as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.

2. SunRice Chief Executive Officer is excluded and participates under a separate STI plan.

### 12.1 Overview

The Directors are pleased to provide shareholders with this Remuneration Report for the year ended 30 April 2021, which outlines the Board's approach to remuneration for Non-executive Directors, the Executive Director and other KMP. In accordance with the Constitution of Ricegrowers Limited, certain Directors are appointed as Directors of the Company based on their status as elected members of the Rice Marketing Board (RMB). The information in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

### 12.2 Key Management Personnel

For the purpose of this Remuneration Report, the term 'Executive' is used to describe current (and former if applicable) Executives of the Group listed below (including the Executive Director). These Executives, in addition to the Non-Executive Directors represent the KMP of the Group for the 2021 financial year (FY2021), being persons who, during the year, had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly (as defined under Australian Accounting Standards). The KMP of the Group for the year ended 30 April 2021 were:

Name	Position
<b>A. Current Directors (including the Executive Director)</b>	
LJ Arthur	Non-executive Director and Chairman
RF Gordon	Executive Director and Chief Executive Officer
JMJ Bradford	Non-executive Director (RMB elected member)
L Catanzaro	Non-executive Director (Independent)
AJ Crane	Non-executive Director (Independent)
ID Glasson	Non-executive Director (Independent)
GL Kirkup	Non-executive Director (RMB elected member)
JJ Morton	Non-executive Director
IR Mason	Non-executive Director (RMB elected member)
LK Vial	Non-executive Director
JL Zanatta	Non-executive Director
<b>B. Current Executives</b>	
DC Courtelis	Chief Financial Officer
DJP Keldie	General Manager, Global Consumer Markets

### 12.3 Remuneration Governance at SunRice

The People and Remuneration Committee conducts a regular review of the Company's remuneration policy and structure to ensure it remains aligned to business needs and meets our remuneration principles. From time to time the Committee engages external remuneration consultants to assist with this review as outlined below. The Committee is responsible for making recommendations to the Board in respect of Directors' and Executives' remuneration, however makes no formal decisions on behalf of the Board. Committee members are outlined in the Corporate Governance Overview section of this report on pages 54 to 56 and the People and Remuneration Committee Charter is available on the Group's website.

#### Remuneration Consultants

In line with the Rewards strategy, Deloitte and Guerdon Associates were approved by the People and Remuneration Committee to continue with the market benchmarking and proposal to strengthen the Executive Remuneration Framework and in particular the long term incentive scheme and shareholding policies. The information was considered as part of improving the effectiveness of the upcoming Long Term Incentive Plan to ensure SunRice remains competitively positioned and able to attract and retain our key talent. Benchmarking was also provided for the Board to consider options for Independent Non-executive Directors to purchase shares in SunRice and align long term decision making with that of our shareholders and meet the expectations of proxy advisors. Any introduction of a B Class Share scheme requires B Class Shareholder approval, and therefore until the work has been completed and presented to B Class Shareholders, Independent Non-executive Directors will be encouraged to purchase shares on market, in line with the company's share trading policy. For the purposes of the Corporations Act, it is noted that the consultants did not provide remuneration recommendations.

#### Corporate Governance

Further information on the Committee's responsibilities and the Group's governance practices can be found in our Corporate Governance Statement, as available on the Group's website.

## 12. Remuneration report (audited) (continued)

### 12.4 Executive Remuneration Policy and Framework

The Remuneration Strategy, as approved by the Board for implementation during the FY2021 reporting period, provided guidance and parameters for governing Executive remuneration. The Board recognises that to deliver the Company's strategy for growth, the Group needs to attract, motivate and retain high-quality employees and Executives. The Remuneration Framework outlined below is designed to fit the objectives of the Group, having regard to the size and complexity of the Group's operations.

#### SunRice Business Strategic Goals – SunRice's 2024 Growth Strategy

The Remuneration Framework has been designed to support the SunRice 2024 Growth Strategy, an outline of which is available on pages 12 and 13 of this Annual Report.

#### Remuneration Framework for the FY2021 reporting period

Total Fixed Remuneration (TFR)	Variable 'at risk' remuneration	
Total Fixed Remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
<p>Set at a competitive level to attract, retain and maintain engagement at all levels, with superior offerings for our key talents and employees considered critical to the long-term growth of the company.</p> <p>Remuneration takes into consideration:</p> <ul style="list-style-type: none"> <li>Size and complexity of the role</li> <li>Skills and competencies needed to generate results</li> <li>Internal and external alignment</li> <li>Performance of the Company, and individual</li> <li>Succession planning and retention.</li> </ul> <p>In some circumstances, the local economic and market conditions may require further refined market positioning.</p>	<p>Aligned to the achievement of SunRice's business objectives measured over the short term.</p> <p>Details of the Chief Executive Officer's STI plan are outlined in section 12.4.4.</p> <p>For participants in the Group STI Plan, financial and non-financial KPIs based on performance goals consist of:</p> <ul style="list-style-type: none"> <li>Maximising Paddy Prices for growers, net profit after tax across the Group and net profit before tax within each Business Unit or Subsidiary</li> <li>Business Unit/Subsidiary specific targets that focus on quality and conversions costs</li> <li>The achievement of Safety, Health and Environment targets</li> <li>The achievement of People Engagement targets</li> <li>Individual performance aligned with the performance management philosophy of measuring both the 'what' and 'how'.</li> </ul>	<p>The Chief Executive Officer, Executives and key individuals are eligible to participate in LTI plans that are focused on the achievement of targets set by the Board over a three-year period.</p> <p>It is reflective of building long-term value for the organisation and its shareholders.</p>

#### Total Rewards Strategy

The Total Rewards Strategy supports the Business and People and Culture strategy to:

- Deliver on our Rewards Philosophy and Total Rewards Strategy whilst supporting the Group with achieving our SunRice strategic goals
- Build great foundations for leaders to have the knowledge, processes and tools to make informed rewards decisions
- Flex our strategic offer as required locally in our ever-changing global workforce
- Consider opportunities for thought leadership whilst aligning the financial interests of executives and shareholders
- Ensure our strategy balances risk and reward to deliver ongoing company sustainability and growth
- At all times, embed our values, in "what" we do and "how" we do it.

The strategy is delivered across all aspects of our SunRice Total Rewards offer including:

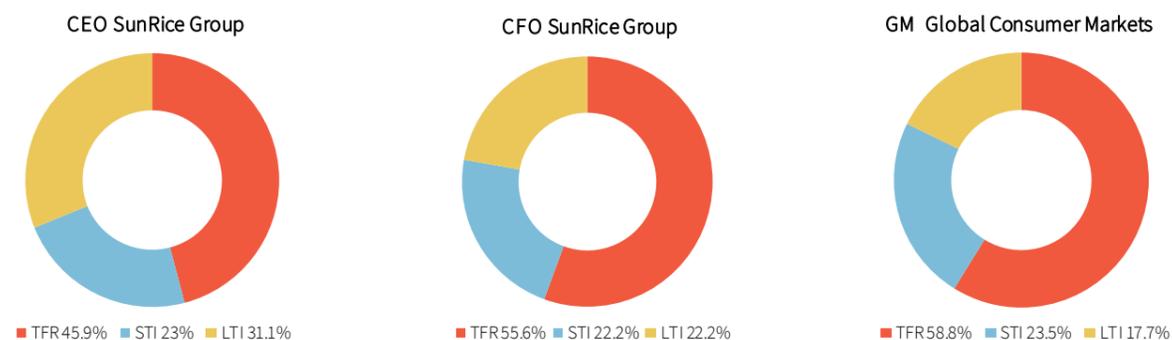
- Remuneration;
- Incentives;
- Benefits;
- Health and Well-being;
- Recognition; and
- Career Paths.



The Total Rewards offer aims to provide a competitive offer across all aspects of Total Rewards, inclusive of all life stages and accommodating of a diverse workforce.

### 12.4.1 Remuneration mix

The Board believes it is appropriate to have a Remuneration Framework that comprises a fixed salary component as well as an at-risk component comprising short and long-term incentives. The Group's mix of fixed and "at risk" components for the KMP as at the end of the FY2021 reporting period, expressed as a percentage of total target reward, are as follows:



### 12.4.2 Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes base salary, superannuation plus other short-term benefits and/or allowances. Executives may elect to take a range of benefits as part of their remuneration package, including novated leased vehicle and/or additional superannuation.

The Group's remuneration policy is to offer competitive Total Fixed Remuneration and utilise 'at risk' variable pay to reward outstanding performance and contribution. The remuneration offer for employees targeted as our "talent group" is at a more attractive position as part of the Total Rewards philosophy, including LTI and career development opportunities where appropriate nationally and/or internationally.

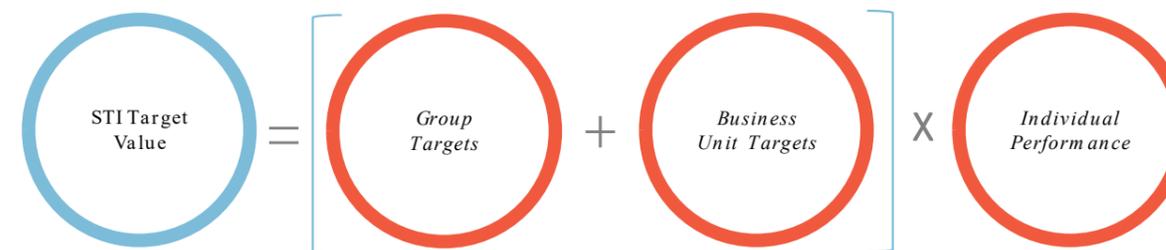
### 12.4.3 Short-Term Incentive (STI) plan

The STI component of remuneration is a cash plan focused on rewarding participants for the delivery of financial and non-financial measures required to achieve the Group's critical business objectives. The Directors rigorously test the annual STI performance measures to ensure the performance required to achieve "on target" results is appropriately stretching. The Board retains discretion to amend or cease all or part of any incentive payable and has elected to exercise this discretion for the FY2021 outcomes, to reward a payout relative to the Group results.

To continue the key focus on driving a safe working culture, the Directors approved proactive Safety metrics as part of the FY2021 STI plan. The Directors also approved the inclusion of setting Engagement targets, as highly engaged teams deliver performance and boost financial and strategic outcomes.

The STI plan was expanded in FY2021 to include approximately 70 additional employees who were incentivised to achieve performance targets as part of "at-risk" remuneration. This roll out was balanced and offset against the cost of increases for this cohort.

The overall structure of the FY2021 STI plan is illustrated below:



The Chief Executive Officer participates in a separate STI plan, the details of which are outlined at section 12.4.4.

## 12. Remuneration report (audited) (continued)

### Executives STI Plan

<b>Objectives</b>	1. Support SunRice's annual strategic goals by rewarding Executives for the achievement of objectives directly linked to the business strategy. 2. Drive short-term Company performance with acceptable risk and appropriate governance. 3. Be market competitive, ensuring SunRice is able to compete to attract and retain high quality talent to continue to improve the Group's performance.		
<b>Eligibility</b>	KMP (excluding the Chief Executive Officer), Executives and other eligible employees		
<b>Instrument</b>	Cash		
<b>Opportunity</b>	Target: 40% of TFR for the Chief Financial Officer and 40% of TFR for the General Manager Global Consumer Markets, with a stretch component for outperformance applicable. Total opportunity is 187.5% of target opportunity based on a 125% stretch for the Group and Business unit metrics, and 150% for the Individual performance multiplier. Target opportunity for other eligible employees varies based on job level.		
<b>Performance period</b>	1 May 2020 to 30 April 2021		
<b>Assessment of performance</b>	Each period, KPIs are selected for both Group and business unit measures and sub-measures of performance. The weighting of KPIs reflects the individual Executive roles and responsibilities. KPIs are focused on the improvement in profit, maximisation of returns to growers and strategic and operational goals. Executive KMP KPIs for FY2021 were:		
	<b>Weighting</b>	<b>Link to strategy</b>	<b>Detail</b>
<b>Adjusted Group Net Profit After Tax (NPAT)</b>	40%-70%	Strong financial growth will lead to sustainable returns to shareholders.	Awarded on a straight-line performance approach between 95% of target (at which point 50% is awarded) and 110% of target (at which point stretch is applicable).
<b>Business Unit specific KPIs</b>	0%-40%	Strong financial and/or non-financial performance in each Business Unit leads to strong overall results and greater returns for shareholders.	Each Executive is set targets for their respective Business Unit and key drivers for success. Stretch is applicable.
<b>Business Unit – Safety, Health &amp; Environment (SHE)</b>	10%	SunRice is committed to achieving Zero Harm. Achieving this goal is important in ensuring the sustainable success of our business.	SHE targets for each Business Unit include leadership safety activities to proactively drive a safety focused culture and the measurement of Compliance Activity Completion rates. Stretch is applicable.
<b>Business Unit People Metric</b>	10%-20%	Highly engaged teams deliver on overall financial and strategic goals.	People Engagement targets are set for each Business unit to improve engagement over time. Stretch is applicable.
<b>Total</b>	<b>100%</b>		
<b>Individual Performance (as a Multiplier)</b>	0%-150%	The continuous development of our leadership team is imperative to ensuring the Group continues to adapt to strategic challenges.	Each Executive is being assessed against a set of individual performance KPIs relating to their role as an individual contributor. The final performance rating represents a multiplier percentage of between 0% to 150% that is applied to the Group and/or business unit performance outcome.
<b>Opportunity at Stretch</b>	<b>187.5%</b>		
<b>Assessment</b>	The People and Remuneration Committee reviews the performance assessment of each Executive and recommends the STI payments to the Board committee for approval. The Board has considered the outcomes and elected to apply discretion on the Adjusted NPAT results for FY2021. The Board applied a Target outcome to commend managers and employees for delivering a credible financial performance notwithstanding the continued drought conditions and COVID-19 related challenges impacting market conditions. This resulted in payouts averaging 97% and varying across business units, ranging from 33% to 136%.		

### 12.4.4 FY2021 Chief Executive Officer STI Plan

The CEO participates in a cash settled STI plan (see table below). The CEO's target STI opportunity is 50% of TFR and may increase to 150% of TFR where stretch performance outcomes for the year are achieved. The People and Remuneration Committee reviews and approves the CEO's annual performance assessment and STI payments at the end of the performance period. Similarly to the Executives STI plan, the Board has elected to exercise discretion on the CEO's NPAT outcome by applying a Threshold result (not Target) which equates to a 50% payout for Objective #2, in order to reward the CEO for performance despite the headwinds and challenges resulting from COVID-19 and the continued drought conditions, but also ensuring a payout reflective of the financial results relative to previous years and the expectation of shareholders.

Objective	Rationale link to strategy	STI measurement	Weighting of each KPI (excl. stretch)	FY2021 CEO STI Achievement Value	FY2021 CEO STI Achievement Percentage
#1 Maximise Grower Returns	Developing a plan for a sustainable Riverina cost base that maximises Grower returns	Optimal milling programs and Capital operating models, including Water plans	25%	Achieved stretch performance	50%
#2 Maximise Group Net Profit After Tax (NPAT)	Strong financial growth will lead to sustainable returns to B Class Shareholders	Group NPAT	25%	Achieved Threshold	13%
#3 Ensure the Welfare and Safety of our People	Creating a safe workplace is essential to ensure sustainable business performance	Completion of proactive Safety measures including Leadership activities, and Compliance Activity Completion rates	10%	Achieved stretch performance	12%
#4 Successful People Strategy	Development and succession planning of key roles	Various KPIs determined by the Board	15%	Achieved Target	15%
#5 Successful delivery of the M&A agenda and increased opportunities for Profit businesses	Achieving successful acquisition, expansion and operational set up to deliver on growth agenda	Various KPIs determined by the Board	25%	Achieved Target	25%
			<b>100%</b>	<b>\$833,630</b>	<b>115%</b>

### 12.4.5 FY2021 STI Outcomes

The outcomes of the STI plan reflect a solid delivery of results against targets in FY2021 across most business units. Business Unit specific KPI results varied, as did the People metrics. Safety achieved stretch outcomes. For both the CFO and GM Global Consumer Markets the payouts were above average compared to other business units. Taking into consideration the Individual Performance element that impacts the overall STI results (including the discretion applied by the Board on Adjusted NPAT) for the KMP (excluding the CEO where threshold was awarded), the payouts outlined below were achieved from a potential 187.5% maximum opportunity:

KMP	Target STI opportunity \$	As a % of TFR	STI Outcome \$	FY2021 % Achieved	FY2020 % Achieved
Chief Executive Officer	\$726,000	50%	\$833,630	115%	149%
Chief Financial Officer	\$280,000	40%	\$335,417	120%	156%
General Manager - Global Consumer Markets	\$207,200	40%	\$265,475	128%	156%

### 12.4.6 Long-Term Incentive (LTI) plan

The LTI plan was changed from a cash to a share-based plan post 2017, whereby eligible participants are invited to accept B Class Share rights that will vest over a three-year term, subject to the achievement of performance hurdles and service criteria. LTI plans are expected to be granted annually to reward superior performance and the achievement of long-term goals and encourage retention of critical key talent.

#### Executive LTI Component – consistent across all Executives plans

<b>Eligibility</b>	Executives and other employees invited to participate.
<b>Instrument</b>	Equity.
<b>Performance period</b>	Three-year performance period commencing 1 May of the first year of the performance period.
<b>Performance hurdles</b>	The Board selects relevant performance measures to align with increased shareholder value and growers' interest applicable for each plan. B Class Share rights will lapse if performance conditions are not met.
<b>Vesting schedule</b>	Performance is assessed over the three-year period and vests at the end of the performance period (with B Class Shares issued immediately following release of the audited financial results).
<b>Termination</b>	The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event of financial misstatements. B Class Share rights are forfeited on cessation of employment unless the Board determines otherwise.

**12. Remuneration report (audited) (continued)**

**12.4.7 Details of Executives (and other eligible employees) LTI Plans**

	FY2019-FY2021 LTI plan	FY2020-FY2022 LTI plan	FY2021-FY2023 LTI plan
<b>Quantum</b>	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the volume weighted average price (VWAP) of B Class Shares traded on the NSX over the last five traded days prior to 1 May 2018, being the commencement of the performance period (\$3.99). Total plan participants (including KMP): 204,890 B Class Share rights granted. Chief Financial Officer (KMP): 40,730 B Class Share rights granted. General Manager Global Consumer Markets (KMP): 19,000 B Class Share rights granted.	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the VWAP of B Class Shares traded on the ASX over the last five traded days prior to 1 May 2019, being the commencement of the performance period (\$6.58). Total plan participants (including KMP): 175,050 B Class Share rights granted. Chief Financial Officer (KMP): 25,660 B Class Share rights granted. General Manager Global Consumer Markets (KMP): 11,410 B Class Share rights granted.	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the VWAP of B Class Shares traded on the ASX over the last five traded days prior to 1 May 2020, being the commencement of the performance period (\$5.18). Total plan participants (including KMP): 342,730 B Class Share rights granted. Chief Financial Officer (KMP): 54,000 B Class Share rights granted. General Manager Global Consumer Markets (KMP): 30,000 B Class Share rights granted.
<b>Grant date</b>	1 October 2018	1 August 2019	17 August 2020
<b>Performance period</b>	1 May 2018 to 30 April 2021	1 May 2019 to 30 April 2022	1 May 2020 to 30 April 2023
<b>Fair Value of B Class Share rights granted</b>	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date (\$7.20) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period, resulting in the accounting fair value of \$6.33.	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date (\$4.80) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period, resulting in the accounting fair value of \$3.93.	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date (\$5.20) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period, resulting in the accounting fair value of \$4.34.
<b>KPIs included in Performance hurdles</b>	50% financial measures: <ul style="list-style-type: none"> <li>Return on Capital Employed (ROCE)</li> <li>Maximising Grower Return over time.</li> </ul> 50% strategic measures determined in line with the Group's strategic initiatives and long-term objectives.	20% Achievement of the progress on the 2024 Growth Strategy, including International and Riverina priorities or M&A long term growth strategy (as applicable) 20% Realisation of unadjusted Earnings Per Share (EPS) growth 20% Maximisation of Grower Return over time or launch of products in new markets (as applicable) 20% Strategic review refresh 20% People and High performance culture objectives	30% Maximisation of Riverina Grower Returns over time 30% Value Creation for Investors measured as Return on Capital Employed exceeding Weighted Average Cost of Capital (WACC) 20% Strategic Revenue Growth identified as streams of growth opportunities from new products and/or new market entry 20% Engagement People Metric
<b>Vesting schedule</b>	Performance is assessed over the three-year period from 1 May 2018 to 30 April 2021 and vests on 30 April 2021 (with B Class Shares issued immediately following release of the audited financial results).	Performance is assessed over the three-year period from 1 May 2019 to 30 April 2022 and vests on 30 April 2022 (with B Class Shares issued immediately following release of the audited financial results).	Performance is assessed over the three-year period from 1 May 2020 to 30 April 2023 and vests on 30 April 2023 (with B Class Shares issued immediately following release of the audited financial results).
<b>Forecasted / Actual vesting</b>	Based on actual results against the plan's performance hurdles and participating KMP, the LTI B Class Share rights vested at 95%, resulting in a 5% forfeiture (1).	The vesting for KMP based on the current status of the performance hurdles for the plan is anticipated to be 100%, resulting in an expected 0% forfeiture.	The vesting for KMP based on the current status of the performance hurdles for the plan is anticipated to be 100%, resulting in an expected 0% forfeiture.

(1) The Board elected to apply discretion based on the final financial metrics that were impacted by difficult market conditions resulting from ongoing drought conditions and COVID-19, against the overall intention of the LTI Plan and the objectives set at the commencement of the performance period three years ago.

**12.4.8 FY2019-FY2021 Chief Executive Officer LTI Plan**

In accordance with the Chief Executive Officer's employment contract, the Board invited the Chief Executive Officer to participate in the FY2019-FY2021 LTI in the form of B Class Share rights.

**Chief Executive Officer LTI Component**

<b>Instrument</b>	Equity.
<b>Quantum</b>	Quantum is determined based on a maximum incentive opportunity expressed as a percentage of Total Fixed Remuneration. The target percentage was 72.9% of the CEO's fixed remuneration on 1 May 2018. 507,932 B Class Share rights were granted. The Board at the time, also issued 507,932 unallocated B Class Shares to the Ricegrowers Employee Share Trust in anticipation of the expected B Class Share requirements at the end of the performance period, assuming 100% of the B Class Share rights will vest. Any B Class Share rights that do not vest may be used for future allocations as required.
<b>Performance period</b>	Three-year performance period from 1 May 2018 to 30 April 2021.
<b>Grant date</b>	11 January 2019.
<b>Fair Value of B Class Share rights granted</b>	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the Company's B Class Shares on that date (\$5.70) less the present value of expected dividends that will not be received by the Chief Executive Officer on his B Class Share rights during the three-year vesting period, resulting in the accounting fair value of \$4.83.
<b>Vesting schedule</b>	Performance was assessed over the three-year period from 1 May 2018 to 30 April 2021 and vested on 30 April 2021 (with B Class Shares issued immediately following the release of the audited financial results for the FY2021 financial year).
<b>Termination</b>	The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event of an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's accounts. B Class Share rights will be forfeited on cessation of employment unless the Board determines otherwise.
<b>Performance hurdles</b>	The Board has selected the performance measures detailed below to ensure that the CEO's remuneration is aligned with increased shareholder value and growers' interests. B Class Share rights lapse if performance conditions are not met.
<b>Actual vesting</b>	Refer to table below. Similarly to the Executive LTI plan, the Board elected to apply discretion based on the final financial metrics and the impact of the FY2021 financial year, against the overall intention of the LTI Plan and the objectives set at the commencement of the performance period three years ago. The B Class Shares will be allocated from the unallocated B Class Shares currently held in the Ricegrowers Employee Share Trust that the Board issued in 2018 in anticipation of any future vesting of the CEOs LTI Plan.

Objective	Rationale link to strategy	LTI measurement	Target B Class Shares at the beginning of the 3 year LTI (number of shares)	Total LTI Value Percentage	FY2021 LTI Achievement	
					Value (number of shares)	FY2021 LTI Achievement Percentage
#1 Achieve the progress on the Strategic plan	Achieving the strategic initiatives for long term growth both internationally and in the Riverina	Diversified and sustainable supply chain	203,173	40%	203,173	100%
#2 Realise Earnings per Share (EPS) growth (1)	Strong financial growth will lead to sustainable returns to shareholders	Financial measures set by the Board	76,190	15%	53,132	70%
#3 Maximise Grower Returns	Achieve the budgeted paddy price per tonne for Growers	Budgeted price per tonne over 3 years	76,190	15%	76,190	100%
#4 Strategic Review	Setting the strategic initiatives for long term growth	Long term strategic plan agreed by the Board	50,793	10%	50,793	100%
#5 Develop our People and Culture	Safety and engagement is foremost in what we do, together with talent development and diversity and inclusion	Various KPIs determined by the Board	101,586	20%	101,586	100%
			<b>507,932</b>	<b>100%</b>	<b>484,874</b>	<b>95.5%</b>

1. The Board applied discretion to award an outcome of 70% for EPS as despite a difficult FY2021 that impacted the three year results due to COVID-19 and the ongoing drought, the business remains well positioned for the long term with strong balance sheet and cash flow.

## 12. Remuneration report (audited) (continued)

### 12.4.9 FY2022-FY2024 Chief Executive Officer LTI Plan

In line with the approval received at the B Class Shareholder Meeting held after the Ricegrowers Limited 2020 Annual General Meeting, the Board have put in place the next LTI Plan to establish retention and appropriately incentivise the CEO. Accordingly, the Board has invited the CEO to participate in a three-year LTI plan commencing on 1 May 2021.

#### Chief Executive Officer LTI Component

<b>Instrument</b>	Equity.
<b>Quantum</b>	550,000 B Class Share rights granted. Quantum was determined based on an uplift (overall of 8% or 3% per annum) on the previous quantum of 507,932 (set back in January 2019). The annual quantum value (excluding dividends) equates to 66% (down from 72.9%) of the CEO's fixed remuneration on 1 May 2021. The CEO is also entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights.
<b>Performance period</b>	Three-year financial period from 1 May 2021 to 30 April 2024. Performance conditions will apply over the vesting period. Assessment against these conditions is subject to the discretion of the Board, which may adjust outcomes or include or exclude items if the Board considers it appropriate, to better reflect shareholder expectations or management performance.
<b>Grant date</b>	28 August 2020.
<b>Fair Value of B Class Share rights granted</b>	The accounting fair value of the B Class Share rights at grant date was estimated by taking the market price of the Company's B Class Shares on that date of \$5.21. No adjustment was required as dividends can be received by the Chief Executive Officer on his B Class Share rights during the vesting period.
<b>Vesting schedule</b>	Depending on progress against the performance hurdles, 50% of the B Class Share Rights may vest 18 months after the commencement of the performance period (i.e. on 31 October 2022, with B Class Shares issued immediately following the release of the reviewed interim financial results for the FY2023 financial year). The 50% residual B Class Share Rights may vest 36 months after the commencement of the performance period (i.e. on 30 April 2024, with B Class Shares issued immediately following the release of the audited financial results for the FY2024 financial year). The Board may defer vesting of the Rights in order to ensure that the Rights vest during a Trading Window. The CEO is entitled to exercise any B Class Share rights that vest within 7 years from the rights issue date. Vested but unexercised Rights will be automatically exercised in the first Trading Window on or after the Last Exercise Date if they are no exercised by that time.
<b>Termination</b>	The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's accounts. B Class Share rights will be forfeited on cessation of employment unless the Board determines otherwise. If the CEO ceases to be employed after the first 18 months of the vesting period but before the end of the three year performance period due to redundancy, genuine retirement, disability, death, illness, the sale of a subsidiary or business asset by the Company, or as a result of mutual agreement, then the number of B Class Share rights held that have not vested will be adjusted on a pro-rata basis. The B Class Share rights will remain on foot subject to the vesting conditions, unless the Board at its discretion determines otherwise.
<b>Performance hurdles</b>	The Board has selected the following performance measures to ensure that the Chief Executive Officer's remuneration is aligned with increased shareholder value and growers' interests: <ul style="list-style-type: none"> <li>30% Maximise Grower Return over time to achieve budgeted price per paddy tonne</li> <li>30% Value Creation for Investors being a measure of Return On Capital Employed (ROCE) exceeding the Weighted Average Cost of Capital (WACC) over the performance period</li> <li>20% Strategic Revenue Growth – measured by year on year company growth to secure a sustainable future for SunRice and its shareholders</li> <li>20% People and Culture - KPIs including the bench strength for management succession and future leaders.</li> </ul> B Class Share rights will lapse if performance conditions are not met.
<b>Forecasted vesting</b>	At present, the vesting is anticipated to be 100%, resulting in an expected 0% forfeiture.

### 12.4.10 Employee Share Scheme (ESS) (myShare Plan)

Following the Board's approval in September 2017, the following offers under the Employee Share Scheme (ESS) to eligible employees who are Australian Tax Residents have been made:

#### Employee Share Scheme (ESS)

<b>Instrument</b>	The plan operates by way of either an after-tax employee payroll contribution with a company matching arrangement for either \$250, \$500, \$750 or \$1,000, and / or employees having the option to salary sacrifice between \$1,000 and \$5,000 (in specified increments), to purchase B Class Shares from their pre-tax salary. A \$7,000 limit per employee applies including the company matching portion.	
<b>Offer</b>	September 2019 Offer	July 2020 Offer
<b>Grant Date</b>	16 September 2019	22 July 2020
<b>Issue Price</b>	\$5.72, based on the Volume Weighted Average Price of B Class Shares traded on the ASX over the last five days on which B Class Shares were traded prior to 3 July 2019. Due to the matching offer in the plan, no discount was applied.	\$5.86, based on the Volume Weighted Average Price of B Class Shares traded on the ASX over the last five days on which B Class Shares were traded prior to 8 July 2020. Due to the matching offer in the plan, no discount was applied.
<b>B Class Shares issued</b>	53,300 B Class Shares including the following B Class Shares for KMP who elected to participate in the ESS: 348 B Class Shares were issued to the Chief Financial Officer and 348 B Class Shares were issued to the General Manager - Global Consumer Markets. This also included 20,534 B Class Shares issued under the matching component of the plan, of which: 174 were issued to the Chief Financial Officer and 174 were issued to the General Manager - Global Consumer Markets. 1,222 B Class Shares were purchased on market for the Chief Executive Officer. This included 174 B Class Shares under the company matching component.	88,788 B Class Shares including the following B Class Shares for KMP who elected to participate in the ESS: 1,193 B Class Shares were issued to the Chief Financial Officer and 1,193 B Class Shares were issued to the General Manager - Global Consumer Markets. This also included 24,350 B Class Shares issued under the matching component of the plan, of which: 170 were issued to the Chief Financial Officer and 170 were issued to the General Manager - Global Consumer Markets. 1,193 B Class Shares were purchased on market for the Chief Executive Officer. This included 170 B Class Shares under the company matching component.

## 12.5 Executive Remuneration tables

Name	Short term benefits				Post-employment benefits (4)	Total Paid and Payable cash benefit	Long term benefits (non cash)			Performance related %
	Cash Salary and Fees	Cash Bonus (2)	Non-Monetary Benefits (1)	Annual and Long Service Leave (3)			Share-based Payments Equity settled (2) (3) (5) (6)			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>R Gordon</b>										
2021	1,430,421	833,630	10,730	-1,448	21,579	2,294,912	707,399			51%
2020	1,380,301	1,044,613	9,486	69,156	20,924	2,524,480	818,766			56%
<b>D Courtelis (6)</b>										
2021	678,421	335,417	10,730	26,966	21,579	1,073,113	228,750			43%
2020	654,076	421,875	9,486	37,722	20,924	1,144,083	99,065			42%
<b>D Keldie</b>										
2021	496,421	265,475	10,730	-3,279	21,579	790,926	113,465			42%
2020	479,576	312,812	9,486	4,372	20,924	827,170	75,568			43%

- Non-monetary benefits include benefits such as car parking and fringe benefits tax. In some cases, these are at the election of the Executives (salary sacrifice).
- Cash bonus, Share Based Payments and annual increases to cash salary are impacted by performance. Cash salaries and fees have however not been included as "performance related" in the above table
- Annual and Long Service Leave, as well as the Share-based Payments represent the change in provisions during the reporting periods.
- There were no Termination benefits to be reported on.
- The Share Based Payments amount for R Gordon only relates to the FY2019/FY2021 LTI Plan. An additional amount of \$701,346 was accrued in relation to the FY2022/FY2024 LTI plan in relation to the period from grant date on 28 August 2020 to 30 April 2021.
- For D Courtelis, the 2020 amount for Share-Based Payments relates to two ongoing LTI plans, whereas the 2021 amount relates to three ongoing LTI plans.

## 12. Remuneration report (audited) (continued)

### 12.6 Remuneration of Non-executive Directors

The Board sets Non-executive Director remuneration at a level that enables the attraction and retention of Directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

The remuneration of the Non-executive Directors is determined by the Board on recommendation from the People and Remuneration Committee within a maximum fee pool.

Non-executive Directors receive a base fee and statutory superannuation contributions. Non-executive Directors do not receive any performance based pay.

#### Non-executive Director (NEDs) Remuneration Fees

In setting remuneration, the People and Remuneration Committee undertakes an annual process to ensure:

- Remuneration is reflective of the market and historically has taken into consideration comparator companies and peers within the FMCG, agribusiness and rural sector; and
- Financial interests of non-executive Directors and shareholders are aligned.

#### Fee pool

The maximum amount of fees that can be paid to Non-executive Directors is capped by a pool approved by shareholders. At the 2020 Annual General Meeting, shareholders approved the current fee pool of \$1,500,000 per annum.

The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration and excluding payments made by Trukai Industries Limited which are excluded from the pool) was \$1,124,978 (2020: 1,082,787), utilising 75% (2020: 72%) of the total fee pool.

Directors attending to the business of the Group are reimbursed for the reasonable cost of travel and reasonable out of pocket expenses. These costs are excluded from the Director Fee Pool.

#### Directors FY2021 fee structure

The Directors' fees (excluding superannuation) for FY2021 are set out in the table below.

	Chair fee \$	Member fee \$
Board	185,061	79,301
Finance, Risk and Audit Committee	17,000	9,000
People & Remuneration Committee	14,000	8,000
Grower Services Committee	9,000	4,500
Safety Health and Environment Committee	9,000	4,500
Nomination Committee	-	-

Non-executive Directors of the SunRice Group who are Directors of Trukai Industries Limited also received annual Director Fees for their roles in recognition of the additional workload associated with management of an operation based in Papua New Guinea. The Chairman is entitled to an annualised fee of \$9,183 (PGK 25,000) and the Member an annualised fee of \$7,346 (PGK 20,000).

#### Non-executive Director Statutory Remuneration

The table on the next page outlines the aggregate of all Directors' fees received by a Director in respect of the SunRice Group and any of its subsidiaries (including Trukai Industries Limited) during the current and previous reporting periods.

	Short term benefits		Post-employment benefits	Total
	Cash Salary and Fees	Cash Salary and Fees Other Controlled Entities	Superannuation	
Current Directors	\$	\$	\$	\$
<b>LJ Arthur</b>				
2021	185,061	-	17,581	202,642
2020	180,547	-	17,152	197,699
<b>L Catanzaro</b>				
2021	104,301	-	9,909	114,210
2020	101,022	-	9,597	110,619
<b>A Crane</b>				
2021	88,301	-	8,389	96,690
2020	85,450	-	8,118	93,568
<b>I Mason (1)</b>				
2021	94,301	7,346	8,959	110,606
2020	86,798	3,146	8,246	98,190
<b>GL Kirkup</b>				
2021	93,635	-	8,895	102,530
2020	92,939	-	8,829	101,768
<b>JM Bradford (2)</b>				
2021	90,968	9,183	8,642	108,793
2020	85,450	10,660	8,118	104,228
<b>LK Vial</b>				
2021	91,301	-	8,674	99,975
2020	88,851	-	8,441	97,292
<b>I Glasson</b>				
2021	102,301	-	9,719	112,020
2020	98,555	-	9,363	107,918
<b>JJ Morton (3)</b>				
2021	88,301	-	7,408	95,709
2020	57,671	-	4,989	62,660
<b>JL Zanatta</b>				
2021	89,801	-	8,531	98,332
2020	57,671	-	5,479	63,150
<b>Former Directors</b>				
<b>GA Andrezza</b>				
2021	-	-	-	-
2020	27,797	-	2,641	30,438
<b>DM Robertson</b>				
2021	-	-	-	-
2020	26,542	3,565	2,521	32,628

- 2021 Fees reflect the full year as Member of the Directors of the Trukai Industries Limited Board. 2020 reflects pro rated fees based on time as a Member on the Board.
- Fees paid as Chairman of the Directors of the Trukai Industries Limited Board for the full year.
- JJ Morton superannuation reflects the impact of a novated vehicle.

## 12. Remuneration report (audited) (continued)

### 12.7 Shareholdings and other mandatory disclosures

#### Service Agreements

The remuneration arrangements for the SunRice Chief Executive Officer and the Executives are formalised in Service Agreements, as set out below:

Name and Role	Term of Agreement	Notice Periods
R Gordon, Group Chief Executive Officer	Rolling contract with no fixed end date	6 months
D Courtelis, Group Chief Financial Officer	Rolling contract with no fixed end date	6 months
D Keldie, General Manager – Global Consumer Markets	Rolling contract with no fixed end date	3 months

The Chief Executive Officer's ongoing contract was issued dated 8 September 2016 with a termination period of six months if initiated by the Chief Executive Officer. The employment contract is capable of termination by the Company on 12 months' written notice.

#### Share holdings

It is the Company's guideline that each non-executive Independent Director has control over B Class Shares in the Company that are worth at least the equivalent of one year's fixed remuneration. This guideline is expected to be met over a reasonable period (approximately five years). This guideline however will be considered in line with a review of the vehicles available to Non-executive Independent Directors to purchase B Class Shares in the company.

#### Directors' and other KMP Interests In A and B Class Shares of the SunRice Group

Director	Held at 30 April 2021		Net change in period	Held at 1 May 2020	
	A Class Shares	B Class Shares		A Class Shares	B Class Shares
L Arthur	1	267,584	723	1	266,861
J Bradford	1	37,203	2,012	1	35,191
L Catanzaro	-	-	-	-	-
A Crane	-	-	-	-	-
I Glasson	-	23,680	1,280	-	22,400
R Gordon	-	124,277	7,849	-	116,428
G Kirkup	1	82,225	4,447	1	77,778
I Mason	1	160,150	8,661	1	151,489
J Morton	1	144,919	571	1	144,348
L Vial	1	125,082	2,286	1	122,796
J Zanatta	1	26,401	890	1	25,511

Former Director	Held at 30 April 2021		Net change in period	Held at 1 May 2020	
	A Class Shares	B Class Shares		A Class Shares	B Class Shares
G Andrezza	1	84,525	-	1	84,525
DM Robertson	1	227,725	-	1	227,725

#### Other Key Management Personnel

	2021 B Class Shares	2020 B Class Shares
D Keldie	47,754	21,189
D Courtelis	4,948	3,552

The aggregate number of B Class Shares held by current Directors (including those having retired during the current reporting period) of the SunRice Group, their related entities and other Key Management Personnel at balance date was:

Issuing entity	2021	2020
Ricegrowers Limited	1,356,473	1,299,793

#### Details of B Class Shares Issued to Directors and their related entities pursuant to the Grower Share Purchase Plan (GSPP)

Related party name	Nature of relationship	B Class shares issued pursuant to GSPP
Mr Lawrence John Arthur	Chairman and Director	5,216
Andrew Arthur and Amy Lolicato	Andrew Arthur is the son of a Director (Laurie Arthur)	819
John Neil Arthur	Director's son (Laurie Arthur)	482
DJ Mason & IR Mason & PD Mason trading as DJ Mason & Sons	Director, Director's mother and Director's brother (Ian Mason)	1,363
North Dale Pty Ltd	Director's company (Leigh Vial)	1,613
JA Zanatta & I Zanatta	Director (Julian Zanatta)	5,530
<b>Former Directors</b>		
GA & JA Andrezza Enterprises Pty Limited (trustee of the GA and JA Andrezza Family Trust) trading as GJA Farming	Director's company (Glen Andrezza)	2,742
Daniel Paul Andrezza	Director's son (Glen Andrezza)	318

#### Movement in B Class Share rights held during the reporting period

Details of the movement in B Class Share rights in the Company, during the reporting period for each Executive KMP are detailed below.

Movement in B Class Share Rights during FY2021	Balance at the start of the year		Granted as remuneration		Vested		Forfeited		Balance at the end of the year	
	Unvested	Unvested	Number	%	Number	%	Number	%	Unvested	Unvested
R Gordon	507,932	550,000	484,874	95.5	23,058	4.5	-	-	550,000	550,000
D Courtelis	66,390	54,000	38,693	95.0	2,037	5.0	-	-	79,660	79,660
D Keldie	30,410	30,000	18,050	95.0	950	5.0	-	-	41,410	41,410

#### Number and Value of B Class Share rights granted, vested and forfeited under the LTI awards

Details of the B Class Share rights granted as remuneration and held, and vesting profile as at 30 April 2021 for each Executive KMP is presented in the table below. B Class Share rights are granted for nil consideration (i.e. zero exercise price) and vest following performance testing.

Current Executive KMP	Plan	Number of B Class Share Rights	Fair value at grant date (\$)	Financial year in which B Class Share Rights may vest		Maximum fair value yet to vest (\$ (1))	Vested in the year (%)	Forfeited in the year (%)	Number of ordinary B Class Shares
				Grant Date	Fair value at grant date (\$)				
R Gordon	FY19	507,932	11-Jan-19	4.83	FY21	-	95.5	4.5	484,874
	FY22	550,000	28-Aug-20	5.21	FY23/FY24	2,164,154	-	-	-
D Courtelis	FY19	40,730	1-Oct-18	6.33	FY21	-	95.0	5.0	38,693
	FY20	25,660	1-Aug-19	3.93	FY22	33,615	-	-	-
	FY21	54,000	17-Aug-20	4.34	FY23	156,240	-	-	-
D Keldie	FY19	19,000	1-Oct-18	6.33	FY21	-	95.0	5.0	18,050
	FY20	11,410	1-Aug-19	3.93	FY22	14,947	-	-	-
	FY21	30,000	17-Aug-20	4.34	FY23	86,800	-	-	-

1. The maximum value of the B Class Share rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

## 12. Remuneration report (audited) (continued)

### Transactions with Directors and other Key Management Personnel

	2021 \$	2020 \$
Purchases of rice from Directors	4,192,119	1,374,555
Sale of inputs to Directors	243,127	19,940
Fees paid to Directors for participation on irrigated Research and Extension Committee	2,951	10,499
Total transactions with Directors and other Key Management Personnel	4,438,197	1,404,994

There were no transactions or loans provided to other KMP or their related parties as at the date of this report.

Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

### 12.8 Voting and comments made at Ricegrowers Limited's Annual General Meeting

It is noted that at the 2020 AGM held on 28 August 2020, of the votes cast, the Company received 83.47% 'for' vote on the Remuneration Report. Consequently, no additional disclosures have been triggered.

## 13. Insurance of officers and indemnities

During the year, Directors and Executive Officers of Ricegrowers Limited were insured as part of an insurance policy undertaken against a liability of a nature that is required to be disclosed under the Corporations Act 2001.

In accordance with the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions included in the insurance contract.

## 14. Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

## 15. Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (PwC Australia) for audit and non-audit services provided during the financial year are set out in note 6c to the financial statements.

The board of directors has considered the position and, in accordance with advice received from the Finance, Risk and Audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in note 6c to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Finance, Risk and Audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

## 16. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 80.

## 17. Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report.

Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.



L Arthur  
Chairman



R Gordon  
Director

24 June 2021

# Auditor's Independence Declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ricegrowers Limited and the entities it controlled during the period.

Mark Dow  
Partner  
PricewaterhouseCoopers

Sydney  
24 June 2021

# Financial Report

The following financial statements are consolidated financial statements for the Group consisting of Ricegrowers Limited and its subsidiaries. A list of subsidiaries is included in note 5a.

The financial statements are presented in the Australian currency.

Ricegrowers Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Ricegrowers Limited**  
**57 Yanco Avenue**  
**LEETON NSW 2705**

Ricegrowers limited has a dual class share structure, with B Class Shares being able to be held by investors generally and A Class Shares being limited to Active Growers. Details of this structure are available in the Shareholder Information section of this Annual Report.

B Class Shares of Ricegrowers Limited are publicly traded on the Australian Securities Exchange (ASX) – code SGLLV.

A description of the nature of the Group's operations and its principal activities is included within the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 24 June 2021.

The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investors' Centre on our website:  
<https://investors.sunrice.com.au/Investors>

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)  
Level 11, IPSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Income Statement

For the year ended 30 April

	Note	2021 \$000's	2020 \$000's
Sales revenue	2b	1,022,231	1,130,629
Other revenue	2b	3,988	4,189
<b>Revenue from continuing operations</b>		<b>1,026,219</b>	<b>1,134,818</b>
Other income	2c	4,168	191
Changes in inventories of finished goods		(6,400)	591
Raw materials and consumables used		(640,344)	(706,976)
Freight and distribution expenses		(89,615)	(106,303)
Employee benefits expenses		(137,385)	(142,990)
Depreciation and amortisation expenses		(24,891)	(27,620)
Finance costs		(4,801)	(6,662)
Other expenses	2d	(107,909)	(113,939)
<b>Profit before income tax</b>		<b>19,042</b>	<b>31,110</b>
Income tax expense	2f	(759)	(8,430)
<b>Profit for the year</b>		<b>18,283</b>	<b>22,680</b>
<b>Profit for the year is attributable to:</b>			
Ricegrowers Limited shareholders		20,767	27,013
Non-controlling interests		(2,484)	(4,333)
		<b>18,283</b>	<b>22,680</b>
<b>Earnings per B Class Share for profit attributable to B Class Shareholders</b>			
Basic and diluted earnings (cents per B Class Share)	2e	34.6	45.8

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

# Consolidated Statement of Comprehensive Income

For the year ended 30 April

	Note	2021 \$000's	2020 \$000's
<b>Profit for the year</b>		<b>18,283</b>	<b>22,680</b>
<b>Items that may be reclassified to profit or loss</b>			
Changes in fair value of cash flow hedges	4f	2,245	(634)
Exchange differences on translation of foreign operations	4f	(28,336)	8,868
Income tax relating to items of other comprehensive income	4f	(852)	261
<b>Other comprehensive (loss) / income for the year, net of tax</b>		<b>(26,943)</b>	<b>8,495</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(8,660)</b>	<b>31,175</b>
<b>Total comprehensive (loss) / income for the year is attributable to:</b>			
Ricegrowers Limited shareholders		(2,541)	34,255
Non-controlling interests		(6,119)	(3,080)
		<b>(8,660)</b>	<b>31,175</b>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Balance Sheet

As at 30 April

	Note	2021 \$000's	2020 \$000's
<b>Current assets</b>			
Cash and cash equivalents	4b	23,536	39,837
Receivables	3a	175,786	196,986
Inventories	3b	375,716	277,338
Current tax receivable		1,554	699
Derivative financial instruments	3j	2,759	1,123
<b>Total current assets</b>		<b>579,351</b>	<b>515,983</b>
<b>Non-current assets</b>			
Other financial assets		37	37
Property, plant and equipment including Right-of-Use assets	3f / 3g	262,348	264,393
Investment properties	3h	2,900	2,900
Intangibles	3i	58,515	14,449
Deferred tax assets	2f	15,924	17,566
Investments accounted for using the equity method	5b	2,458	2,978
<b>Total non-current assets</b>		<b>342,182</b>	<b>302,323</b>
<b>Total assets</b>		<b>921,533</b>	<b>818,306</b>
<b>Current liabilities</b>			
Payables	3c	143,749	159,925
Amounts payable to Riverina Rice Growers	3c	112,456	18,423
Borrowings including Lease Liabilities	4d / 3g	84,961	63,637
Current tax liabilities		4,078	5,141
Provisions	3d	22,552	23,303
Derivative financial instruments	3j	1,409	1,702
<b>Total current liabilities</b>		<b>369,205</b>	<b>272,131</b>
<b>Non current liabilities</b>			
Payables	3c	1,107	1,830
Borrowings including Lease Liabilities	4d / 3g	86,450	58,801
Provisions	3d	3,807	4,185
<b>Total non-current liabilities</b>		<b>91,364</b>	<b>64,816</b>
<b>Total liabilities</b>		<b>460,569</b>	<b>336,947</b>
<b>Net assets</b>		<b>460,964</b>	<b>481,359</b>
<b>Equity</b>			
Contributed equity	4e	134,561	128,440
Reserves	4f	(5,546)	16,101
Retained profits	4f	315,094	313,844
<b>Capital &amp; resources attributable to Ricegrowers Limited shareholders</b>		<b>444,109</b>	<b>458,385</b>
Non-controlling interests		16,855	22,974
<b>Total equity</b>		<b>460,964</b>	<b>481,359</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 30 April

	Attributable to Ricegrowers Limited shareholders						Non-controlling interests \$000's	Total Equity \$000's
	Note	Contributed equity \$000's	Reserves \$000's	Retained Profits \$000's	Total \$000's			
<b>Balance as at 1 May 2019</b>		122,852	7,355	306,643	436,850	26,054	462,904	
Change in accounting policy		-	-	(600)	(600)	-	(600)	
<b>Restated balance as at 1 May 2019</b>		122,852	7,355	306,043	436,250	26,054	462,304	
Profit for the year		-	-	27,013	27,013	(4,333)	22,680	
Other comprehensive income		-	7,242	-	7,242	1,253	8,495	
<b>Total comprehensive income for the year</b>		-	7,242	27,013	34,255	(3,080)	31,175	
Transactions with owners in their capacity as owners:								
Contribution of equity, net of transaction costs	4e	5,471	-	-	5,471	-	5,471	
Share-based payments - issue of shares to employees	4f	117	(117)	-	-	-	-	
Share-based payments - value of employee services	4f	-	1,621	-	1,621	-	1,621	
Dividends distributed	4a	-	-	(19,212)	(19,212)	-	(19,212)	
		5,588	1,504	(19,212)	(12,120)	-	(12,120)	
<b>Balance as at 30 April 2020</b>		128,440	16,101	313,844	458,385	22,974	481,359	
Profit for the year		-	-	20,767	20,767	(2,484)	18,283	
Other comprehensive loss		-	(23,308)	-	(23,308)	(3,635)	(26,943)	
<b>Total comprehensive loss for the year</b>		-	(23,308)	20,767	(2,541)	(6,119)	(8,660)	
Transactions with owners in their capacity as owners:								
Contribution of equity, net of transaction costs	4e	5,393	-	-	5,393	-	5,393	
Share-based payments - issue of shares to employees	4f	728	(728)	-	-	-	-	
Share-based payments - value of employee services	4f	-	2,389	-	2,389	-	2,389	
Dividends distributed	4a	-	-	(19,517)	(19,517)	-	(19,517)	
		6,121	1,661	(19,517)	(11,735)	-	(11,735)	
<b>Balance as at 30 April 2021</b>		134,561	(5,546)	315,094	444,109	16,855	460,964	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Consolidated Cash Flow Statement

For the year ended 30 April

	Note	2021 \$000's	2020 \$000's
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		1,089,257	1,140,584
Payments to suppliers (inclusive of goods and services tax)		(851,310)	(824,813)
Payments to Riverina Rice Growers		(52,436)	(68,821)
Payments of wages, salaries and on-costs		(135,822)	(140,334)
Interest received		105	295
Interest paid		(5,144)	(6,780)
Income taxes paid		(5,640)	(10,598)
<b>Net cash inflow from operating activities</b>	4c	<b>39,010</b>	<b>89,533</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and intangible assets		(18,934)	(31,294)
Proceeds from sale of property, plant and equipment		1,290	604
Payment for acquisition of businesses	5f	(66,196)	-
<b>Net cash outflow from investing activities</b>		<b>(83,840)</b>	<b>(30,690)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		532,634	530,579
Repayment of borrowings		(474,639)	(551,604)
Principal element of lease		(3,753)	(3,064)
Dividends paid to the company's B Class shareholders		(14,502)	(13,932)
<b>Net cash intflow/(ouflow) from financing activities</b>		<b>39,740</b>	<b>(38,021)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(5,090)</b>	<b>20,822</b>
Cash and cash equivalents at the beginning of the financial year		31,514	10,440
Effect of exchange rate changes on cash and cash equivalents		(2,888)	252
<b>Cash and cash equivalents at the end of the financial year</b>	4b	<b>23,536</b>	<b>31,514</b>

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 April

<b>1</b>	<b>Basis of preparation</b>	<b>88</b>
<b>2</b>	<b>Group performance</b>	<b>90</b>
	a. Operating segments	90
	b. Revenue	93
	c. Other income	94
	d. Expenses	94
	e. Earnings per B Class Share	94
	f. Income taxes	95
<b>3</b>	<b>Operating assets and liabilities</b>	<b>99</b>
	a. Receivables	99
	b. Inventories	100
	c. Payables and amounts payable to Riverina Rice Growers	101
	d. Provisions	102
	e. Employee benefits	103
	f. Property, plant and equipment	104
	g. Leases	106
	h. Investment property	107
	i. Intangibles	108
	j. Derivative financial instruments	109
<b>4</b>	<b>Capital and financial risk management</b>	<b>112</b>
	a. Capital risk management	112
	b. Cash and cash equivalents	113
	c. Cash flow information and net debt reconciliation	113
	d. Borrowings	114
	e. Share capital	116
	f. Reserves and retained profits	117
	g. Financial risk management	118
	h. Fair value measurements	122
	i. Commitments	123
	j. Contingent liabilities	123
<b>5</b>	<b>Group structure</b>	<b>124</b>
	a. Investments in subsidiaries	124
	b. Investments accounted for using the equity method	125
	c. Deed of cross guarantee	126
	d. Parent entity information	128
	e. Subsidiaries with material non-controlling interests	129
	f. Business combination	130
<b>6</b>	<b>Other disclosures and events occurring after the reporting period</b>	<b>132</b>
	a. Related party transactions	132
	b. Share-based payments	132
	c. Remuneration of auditors	134

## 1. Basis of preparation

Ricegrowers Limited (the Company) is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements of the Company for the year ended 30 April 2021 comprise the Company and its subsidiaries (together referred to as the Group).

Amounts in the financial statements have been rounded off to the nearest thousand dollar, or in certain cases, to the nearest dollar, in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191.

The general purpose financial statements included in this consolidated financial report:

- have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); and
- have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment property, which are measured at fair value.

New standards and amendments that applied to the Group for the first time for the annual reporting period commencing on 1 May 2020 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

In addition, there are no new standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Significant accounting policies have been:

- included in the relevant note to which each policy relates, other than the accounting policy for foreign currency, set out below; and
- have been consistently applied to all periods presented in these financial statements.

### Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions. This may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 2f: Income taxes – Deferred tax assets relating to capital and ordinary losses available for future use
- Note 3a: Receivables – determination of loss allowances
- Note 3b and 3c: Inventories and Amounts payable to Riverina Rice growers – Estimation of raw materials inventory value and amounts payable to Riverina rice growers
- Note 3f and 3i: Property, plant and equipment and Intangibles – Impairment of non-current assets (including goodwill) and revision of the useful lives of storage assets
- Note 3d and 4j: Provisions and Contingent liabilities – recognition and measurement of provisions and contingent liabilities

In addition, the known and potential impacts of the COVID-19 pandemic in the near future continue to be taken into consideration when determining significant estimates and judgements. Further details about the Group's response to the COVID-19 pandemic are available in the Our Financial Performance and Position section of this Annual Report on page 18.

### Foreign currency

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in Australian dollar (\$), which is Ricegrowers Limited's functional and presentation currency.

#### Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income and presented in a foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated income statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 2. Group Performance

This section explains the results and performance of the Group for the year, including segment information, earnings per B Class Share and taxation. Further information and analysis of performance and financial position is available in the Our Strategy in Action and Our Financial Performance and Position sections of this Annual Report on pages 14 to 25.

### 2.a. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Corporate Management Team. The Corporate Management Team examines the Group's financial performance from a product and service perspective under 6 reportable segments. In aggregating operating segments into reportable segments, the Group has considered the requirements of the accounting standards and notably the existence of similarities in economic characteristics, nature of products, markets and customers.

#### Rice Pool

The receipt, milling, marketing and distribution of Riverina rice, directly to customers across many channels. This includes supplying Australian markets and exporting Riverina rice to global markets across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies some of the Group's local business units and global subsidiaries, which can purchase rice or by-products from the Rice Pool at commercial prices to use in their manufacturing processes or sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders, unless the Paddy Price paid to the Riverina growers is adjusted by the Board, resulting in a net loss or gain for the Rice Pool segment impacting the Group's B Class Shareholders.

#### International Rice

The purchasing (primarily from the U.S, Asia or the Rice Pool segment), processing, manufacturing, marketing and distribution of bulk or branded rice products through intermediaries to consumers, food service and processing customers in global markets (including tender markets) and the Australian market where the varieties cannot be grown in Australia, including during times of low water availability.

International Rice is an aggregation of the main following operating segments:

- Global Rice and Ricegrowers Singapore, the global trading arms of the Group, sourcing and selling bulk or branded rice products in Australia or overseas and in tender markets.
- Trukai, SolRice, SunFoods, Ricegrowers Vietnam, Ricegrowers New Zealand and Ricegrowers Middle East, which are separate legal entities that distribute rice products either in their respective local markets or internationally. SunFoods, Ricegrowers Vietnam and Trukai also mill locally sourced rice.

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments. The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

International rice also includes Aqaba Processing Company (a packing facility in Jordan), the Group's research and development Company (RRAPL) and the Brandon business in North Queensland. These operating segments present different performance profiles, but it is the Group's assessment that this does not materially impact the aggregated reportable segment due to the small contribution of these operating segments to International Rice.

#### Rice Food

The importation, manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and pre-prepared meals, both in domestic and global markets. This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments, which have similar economic characteristics, including their gross margin.

#### Riviana Foods (Riviana)

The distribution of both imported and locally manufactured specialty gourmet and entertainment food products to retail and food service customers in Australia and select export markets.

#### CopRice

The manufacture and distribution of bulk stockfeed to primary producers and branded packaged stockfeed and companion animal feed products through retail and wholesale channels to customers across Australia, New Zealand and select export markets.

#### Corporate

The Corporate segment captures the income and cost of holding and financing assets (property, plant and equipment and brands) that it owns and are utilised by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands and access to milling, packing, storage and warehousing assets. It also captures income and costs that are not allocated to other business segments, such as legal fees and costs associated with other corporate activity. Australian Grain Storage is also aggregated into the Corporate segment.

From time to time, the Corporate segment receives dividends from the Group's subsidiaries. To provide a more representative view of the underlying activities of this segment, the reported contributed NPBT for the Corporate segment is presented after dividend elimination.

### 2.a. Operating segments (continued)

#### Recognition and measurement

Sales between segments are carried out at arms length and are eliminated on consolidation. Revenue from external customers (which is entirely recognised at a point in time), assets and liabilities are measured in a manner consistent with that of the financial statements.

Australian cash and borrowing balances are not allocated to operating segments, as the treasury and financing of Australian operations is centrally managed. This creates an asymmetry in information because fixed assets and working capital that are financed by borrowings are allocated to each operating segment.

Current and deferred tax balances are also not allocated to the operating segment's assets and liabilities.

Items of property, plant and equipment are allocated to the segment that owns the assets as opposed to the segment that uses those assets. As a result, items of property, plant and equipment used by the Rice Pool segment are allocated to the Corporate segment.

The following table sets forth the segment results for the year ended 30 April 2021.

	Rice Pool	International Rice	Rice Food	Riviana	CopRice	Corporate	Total
2021	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	119,797	548,863	99,034	152,080	114,453	12,430	1,046,657
Inter-segment revenue	(4,997)	(333)	(2,970)	(3,696)	-	(12,430)	(24,426)
<b>Revenue from external customers</b>	<b>114,800</b>	<b>548,530</b>	<b>96,064</b>	<b>148,384</b>	<b>114,453</b>	<b>-</b>	<b>1,022,231</b>
Other revenue							3,988
<b>Total revenue from continuing operations</b>							<b>1,026,219</b>
Contributed EBITDA	(22,146)	33,694	906	10,362	(791)	26,024	48,049
Intersegment eliminations							1,091
<b>Total EBITDA</b>							<b>49,140</b>
Contributed Net Profit Before Tax	(22,146)	22,578	(1,880)	9,230	(4,453)	14,622	17,951
Intersegment eliminations							1,091
<b>Profit before income tax</b>							<b>19,042</b>
Depreciation and amortisation	-	(8,820)	(1,838)	(1,003)	(2,709)	(10,521)	(24,891)
Impairment	-	-	(221)	-	-	(290)	(511)
Acquisition of non-current assets*	-	5,671	4,023	42,191	19,880	10,615	82,380
Segment assets	199,342	350,670	49,233	132,677	95,164	256,918	1,084,004
Intersegment eliminations							(185,062)
Cash and cash equivalents							5,113
Current tax assets							1,554
Deferred tax assets							15,924
<b>Total assets</b>							<b>921,533</b>
Segment liabilities	166,969	141,886	20,980	36,394	13,878	36,765	416,872
Intersegment eliminations							(131,792)
Current tax liability							4,078
Borrowings							171,411
<b>Total liabilities</b>							<b>460,569</b>

\*Other than financial assets and deferred tax assets

## 2. Group Performance (continued)

### 2.a. Operating segments (continued)

The following table sets forth the segment results for the year ended 30 April 2020.

2020	International						Total \$000's
	Rice Pool \$000's	Rice \$000's	Rice Food \$000's	Riviana \$000's	CopRice \$000's	Corporate \$000's	
Total segment revenue	265,871	531,607	102,792	136,577	144,899	16,095	1,197,841
Inter-segment revenue	(42,720)	(173)	(3,229)	-	(4,995)	(16,095)	(67,212)
<b>Revenue from external customers</b>	<b>223,151</b>	<b>531,434</b>	<b>99,563</b>	<b>136,577</b>	<b>139,904</b>	<b>-</b>	<b>1,130,629</b>
Other revenue							4,189
<b>Total revenue from continuing operations</b>							<b>1,134,818</b>
Contributed EBITDA	(4,072)	10,483	7,737	8,358	7,256	33,983	63,745
Intersegment eliminations							1,952
<b>Total EBITDA</b>							<b>65,697</b>
Contributed Net Profit Before Tax	(4,072)	(1,365)	4,626	8,055	3,594	18,320	29,158
Intersegment eliminations							1,952
<b>Profit before income tax</b>							<b>31,110</b>
Depreciation and amortisation	-	(7,944)	(1,995)	(784)	(2,211)	(14,686)	(27,620)
Impairment	-	-	-	-	-	(600)	(600)
Acquisitions of non-current assets*	-	12,887	2,193	446	12,082	6,357	33,965
Segment assets	123,336	386,861	41,091	71,844	78,201	253,491	954,824
Intersegment eliminations							(166,970)
Cash and cash equivalents							12,187
Current tax assets							699
Deferred tax assets							17,566
<b>Total assets</b>							<b>818,306</b>
Segment liabilities	69,726	178,446	7,870	31,503	21,677	28,567	337,789
Intersegment eliminations							(128,421)
Current tax liability							5,141
Borrowings							122,438
<b>Total liabilities</b>							<b>336,947</b>

\*Other than financial assets and deferred tax assets

The Corporate Management Team evaluates results based on contributed NPBT, which is defined as net profit before income tax and intersegment eliminations. It also uses contributed EBITDA to assess the performance of the segments, which is defined as earnings before net finance costs (asset financing charges are not considered a finance cost/income for the purpose of the EBITDA calculation), tax, depreciation, amortisation, impairment and intersegment eliminations. Below is a reconciliation of EBITDA to profit before income tax.

	2021 \$000's	2020 \$000's
Total EBITDA	49,140	65,697
Finance costs - net	(4,696)	(6,367)
Depreciation and amortisation expense	(24,891)	(27,620)
Impairment	(511)	(600)
<b>Profit before income tax</b>	<b>19,042</b>	<b>31,110</b>

### 2.a. Operating segments (continued)

#### Geographical areas

	Australia \$000's	PNG \$000's	Other \$000's	Total \$000's
<b>2021</b>				
Revenue from external customers	485,766	208,262	328,203	1,022,231
<b>2020</b>				
Revenue from external customers	516,541	237,222	376,866	1,130,629

Segment revenues are allocated based on the country in which the customer is located.

The value of non-current assets (excluding deferred tax assets) located in Australia is \$260,121,000 (2020: \$214,248,000) and \$66,136,000 (2020: \$70,508,000) in other countries. Segment assets are allocated to countries based on where the assets are located.

### 2.b. Revenue

	2021 \$000's	2020 \$000's
<b>Sales revenue</b>		
Sale of goods - recognised at a point in time	1,022,231	1,130,629
<b>Other revenue</b>		
Interest received	105	295
Other sundry items	3,883	3,894
	3,988	4,189
<b>Total revenue from continuing operations</b>	<b>1,026,219</b>	<b>1,134,818</b>

#### Recognition and measurement

##### Sale of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and the customer has full discretion over the channel and price to on-sell the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Goods are often sold with discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience and the expected value method are used to estimate and provide for the discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are generally made with a credit term of 30 to 60 days.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional, because only the passage of time is required before the payment is due.

##### Interest income

Interest income on financial assets at amortised cost is calculated using the effective interest method.

##### Revenue from other sundry items

Revenue from other sundry items is derived from grants received from the government and other ad-hoc services provided by the Group.

Grants from the government are recognised at their fair value, where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised as income over the period necessary to match them with the costs that they are intended to compensate, consistent with prior periods.

Revenue from the provision of other ad-hoc services is recognised in the accounting period in which the services are performed.

## 2. Group Performance (continued)

### 2.b. Revenue (continued)

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

### 2.c. Other income

	2021 \$000's	2020 \$000's
Net gain on disposal of property, plant and equipment	1,290	191
Gain on business combination (note 5f)	1,597	-
Other	1,281	-
<b>Total other income</b>	<b>4,168</b>	<b>191</b>

### 2.d. Expenses

Profit before income tax includes the following specific expenses.

	2021 \$000's	2020 \$000's
Contributions to employee superannuation plans	(7,466)	(7,329)
<b>Other expenses</b>		
Energy	(11,823)	(14,448)
Contracted services	(26,364)	(24,939)
Equipment hire and other rental expense (not qualifying as leases)	(9,488)	(10,909)
Advertising and artwork	(19,180)	(16,880)
Repairs and maintenance	(9,641)	(8,985)
Insurance	(7,835)	(5,684)
Training	(716)	(809)
Internet, telephone and fax	(2,576)	(2,582)
Motor vehicle and travelling expenses	(2,889)	(7,419)
Research and development	(1,319)	(1,293)
Impairment of assets	(511)	(600)
Net foreign exchange losses	(1,229)	(676)
Other	(14,338)	(18,715)
<b>Total other expenses</b>	<b>(107,909)</b>	<b>(113,939)</b>

### 2.e. Earnings per B Class Share

	2021 Cents	2020 Cents
Basic and diluted earnings per B Class share	34.6	45.8

#### Reconciliation of earnings per B Class Share

	2021 \$000's	2020 \$000's
Profit for the year	20,767	27,013
Weighted average number of B Class shares outstanding - for basic and diluted earnings per B Class Share	60,047	58,959

### 2.e. Earnings per B Class Share (continued)

#### Recognition and measurement

##### Basic earnings per B Class Share

Basic earnings per B Class Share is calculated by dividing:

- the profit attributable to B Class shareholders of the company, excluding any costs of servicing equity other than B Class Shares
- by the weighted average number of B Class Shares outstanding during the financial year, adjusted for bonus elements in B Class Shares issued during the year and excluding treasury shares

##### Diluted earnings per B Class Share

Diluted earnings per B Class Share adjusts the figures used in the determination of basic earnings per B Class Share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential B Class Shares, and;
- the weighted average number of additional B Class Shares that would have been outstanding assuming the conversion of all dilutive potential B Class Shares

### 2.f. Income taxes

#### Income tax expense

	2021 \$000's	2020 \$000's
Current tax expense	(4,090)	(10,369)
Deferred tax benefit	3,828	2,068
Adjustments for income tax of prior periods	(497)	(129)
<b>Income tax expense attributable to profit from continuing operations</b>	<b>(759)</b>	<b>(8,430)</b>
<b>Deferred income tax benefit included in income tax expense comprises:</b>		
Increase in deferred tax assets	3,792	1,338
Decrease in deferred tax liabilities	36	730
	<b>3,828</b>	<b>2,068</b>

#### Numerical reconciliation of income tax expense to prima facie tax payable

	2021 \$000's	2020 \$000's
Profit from continuing operations before related income tax	19,042	31,110
Income tax expense calculated at the Australian rate of tax of 30% (2020: 30%)	(5,713)	(9,333)
Tax effect of amounts which are not taxable / (deductible) in calculating taxable income:		
Entertainment	(50)	(57)
Research & development	71	75
Overseas attributable income	(1,227)	(517)
Difference in overseas tax rates	6,790	4,785
Sundry items	(722)	(642)
	<b>4,862</b>	<b>3,644</b>
Tax effect of tax losses and temporary differences recouped / (not recognised)	589	(2,612)
Adjustments for income tax of prior periods	(497)	(129)
<b>Income tax expense</b>	<b>(759)</b>	<b>(8,430)</b>

#### Tax relating to items of other comprehensive income

	2021 \$000's	2020 \$000's
Cash flow hedges	(852)	261

## 2. Group Performance (continued)

### 2.f. Income taxes (continued)

#### Deferred tax assets

	2021 \$000's	2020 \$000's
<b>The balance comprises temporary differences attributable to:</b>		
Provisions	7,891	9,160
Accruals	3,021	5,328
Depreciation	2,597	2,984
Lease Liabilities	4,281	4,405
Foreign exchange	672	378
Inventories	4,361	3,452
Share based payments	390	-
Ordinary tax losses	5,632	-
Other	595	665
	<b>29,440</b>	<b>26,372</b>
Derivatives - cash flow hedges	173	367
<b>Total deferred tax assets</b>	<b>29,613</b>	<b>26,739</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(13,689)	(9,173)
<b>Net deferred tax assets</b>	<b>15,924</b>	<b>17,566</b>

	2021 \$000's	2020 \$000's
Deferred tax assets expected to be recovered within 12 months	22,275	19,296
Deferred tax assets expected to be recovered after more than 12 months	7,338	7,443
<b>Total deferred tax assets</b>	<b>29,613</b>	<b>26,739</b>

<b>Movements</b>	<b>2021 \$000's</b>	<b>2020 \$000's</b>
<b>Opening balance at 1 May</b>	<b>26,739</b>	<b>20,080</b>
Adjustment on adoption of AASB 16	-	4,961
<b>Restated balance at 1 May</b>	<b>26,739</b>	<b>25,041</b>
Credited to income statement	3,792	1,338
Foreign exchange differences on translation	(768)	227
(Charged)/credited to other comprehensive income	(194)	133
Business combination	44	-
<b>Closing balance at 30 April</b>	<b>29,613</b>	<b>26,739</b>

### 2.f. Income taxes (continued)

#### Deferred tax liabilities

	2021 \$000's	2020 \$000's
<b>The balance comprises temporary differences attributable to:</b>		
Prepayments	99	120
Inventories	2,373	2,307
Depreciation	490	41
Right-of-use-assets	3,960	4,025
Investment property	870	525
Foreign exchange	483	1,477
Brands acquired through business combination	4,692	488
Other	-	126
	<b>12,967</b>	<b>9,109</b>
Derivatives - cash flow hedges	722	64
<b>Total deferred tax liabilities</b>	<b>13,689</b>	<b>9,173</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(13,689)	(9,173)
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>

	2021 \$000's	2020 \$000's
Deferred tax liabilities expected to be settled within 12 months	4,697	5,244
Deferred tax liabilities expected to be settled after more than 12 months	8,992	3,929
<b>Total deferred tax liabilities</b>	<b>13,689</b>	<b>9,173</b>

<b>Movements</b>	<b>2021 \$000's</b>	<b>2020 \$000's</b>
<b>Opening balance at 1 May</b>	<b>9,173</b>	<b>5,208</b>
Adjustment on adoption of AASB 16	-	4,708
<b>Restated balance at 1 May</b>	<b>9,173</b>	<b>9,916</b>
Credited to income statement	(36)	(730)
Foreign exchange difference on translation	(401)	115
Charged/(credited) to other comprehensive income	658	(128)
Business combination	4,295	-
<b>Closing balance at 30 April</b>	<b>13,689</b>	<b>9,173</b>

#### Significant estimates and judgements

##### Deferred tax assets relating to capital losses and ordinary losses available for future use

The Group does not recognise deferred tax assets for capital losses, as the Group does not believe it is probable that taxable capital gains will generally arise against which capital losses can be utilised.

The Group has not recognised deferred tax assets of \$8,600,000 (2020: \$6,654,000) for ordinary tax losses available in some of the jurisdictions in which it operates, as the Group considers there remains uncertainty in the ability of the subsidiaries located in these jurisdictions to generate enough future taxable profits against which these losses can be utilised. The Group will continuously reassess this position should conditions in these jurisdictions improve in a sustainable manner.

The Group has however recognised deferred tax assets of \$5,632,000 (2020: \$Nil) for ordinary tax losses available in Australia, as the Group considers there is convincing evidence that companies part of the Australian tax consolidated group will be able to generate enough future taxable profits against which these losses can be utilised.

## 2. Group Performance (continued)

### 2.f. Income taxes (continued)

#### Recognition and measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses, where they are recognised.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset, the balances relate to the same taxation authority and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### Tax consolidation legislation

Ricegrowers Limited and its wholly owned Australian controlled entities have adopted the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Both the head entity and the subsidiaries will continue to recognise deferred tax balances. All current tax balances will be assumed by the head entity. Any deferred tax assets arising from unused tax losses and unused tax credits will also be recognised in the head entity.

#### Investment allowances and similar incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

## 3. Operating assets and liabilities

This section provides details of the Group's operating assets used and liabilities incurred in generating the Group's trading activities.

### 3.a. Receivables

	2021 \$000's	2020 \$000's
<b>Current</b>		
Trade receivables	166,295	196,092
Loss allowance	(2,947)	(6,773)
	<b>163,348</b>	<b>189,319</b>
Other receivables	2,750	1,384
GST receivable	5,695	2,350
Prepayments	3,993	3,933
<b>Total receivables</b>	<b>175,786</b>	<b>196,986</b>

#### Significant estimates and judgements

##### Loss allowance

Trade receivables for sales of goods are subject to the expected credit loss model. The Group applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 to 24 months prior to the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Additional allowances are also taken where specific and known risks have been identified for some customers. As a result, the loss allowance for trade receivables was determined as follows:

30 April 2021	Current	Greater than				Total
		0 to 30 days past due	31 to 60 days past due	61 to 90 days past due	90 days past due	
Expected loss rate (inclusive of specific known risks)	0.1%	0.1%	0.4%	3.0%	53.4%	
Gross carrying amount of trade receivables - \$000's	124,366	28,843	6,513	1,399	5,174	166,295
<b>Loss allowance - \$000's</b>	<b>80</b>	<b>39</b>	<b>23</b>	<b>42</b>	<b>2,763</b>	<b>2,947</b>

30 April 2020	Current	Greater than				Total
		0 to 30 days past due	31 to 60 days past due	61 to 90 days past due	90 days past due	
Expected loss rate (inclusive of specific known risks)	0.3%	1.5%	3.4%	16.5%	57.3%	
Gross carrying amount of trade receivables - \$000's	142,007	29,782	10,817	5,287	8,199	196,092
<b>Loss allowance - \$000's</b>	<b>400</b>	<b>435</b>	<b>370</b>	<b>873</b>	<b>4,695</b>	<b>6,773</b>

The directors are satisfied that debtors are fairly valued with respect to credit risk. Of the total trade receivables outstanding at 30 April 2021, 75% (2020: 72%) are current and 25% (2020: 28%) are overdue. The directors have no reason to believe that amounts not provided for will not be collected in full in a subsequent period.

The closing loss allowances for trade receivables at the balance sheet date reconcile to the opening loss allowances as follows:

	2021 \$000's	2020 \$000's
<b>At 1 May</b>	<b>6,773</b>	<b>3,596</b>
Loss allowance recognised during the year	257	3,205
Receivables written off during the year as uncollectible	(490)	(198)
Amounts subsequently collected	(3,136)	(16)
Foreign currency differences on translation	(457)	186
<b>At 30 April</b>	<b>2,947</b>	<b>6,773</b>

### 3. Operating assets and liabilities (continued)

#### 3.a. Receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Group, a significant amount of days past due (generally more than 6 months), or information about the customer entering bankruptcy or financial reorganisation.

Loss allowances on trade receivables are presented within other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### Recognition and measurement

##### Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days from the date of recognition and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

##### Goods and Services Tax (GST)

Receivables are stated inclusive of the amount of GST receivable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables.

##### Risk exposure

Information about the Group's exposure to foreign exchange risk and credit risk is provided in note 4g, with further details around the loss allowance available on the previous page.

#### 3.b. Inventories

	2021 \$000's	2020 \$000's
Raw materials	223,381	121,152
Finished goods	128,090	134,490
Packaging materials	11,786	10,068
Engineering and consumable stores	12,459	11,628
<b>Total inventories</b>	<b>375,716</b>	<b>277,338</b>

#### Significant estimates and judgements

##### Raw materials inventory and associated amounts payable to Riverina Rice Growers

The valuation of paddy rice included in raw materials inventory and the associated amounts payable to Riverina Rice Growers generally require an assumption of the paddy price for the relevant pool. This assumption is based on the Directors' most recent estimate of the performance of the Rice Pool business and the relevant fixed price contracts that may be applicable to any given crop year.

#### Recognition and measurement

Raw materials, finished goods, packaging materials and engineering and consumables stores have been valued on the basis of the lower of cost or net realisable value.

Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventory but excludes borrowing costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products with recovery on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs and after deducting rebates and discounts.

#### 3.c. Payables and amounts payable to Riverina Rice Growers

	2021 \$000's	2020 \$000's
<b>Current</b>		
Trade and other payables	143,749	159,925
Amounts payable to Riverina Rice Growers	112,456	18,423
	<b>256,205</b>	<b>178,348</b>
<b>Non-current</b>		
Trade and other payables	1,107	1,830
	<b>1,107</b>	<b>1,830</b>

#### Recognition and measurement

##### Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 7 to 90 days of recognition, depending on the business practices in the various jurisdictions in which the Group operates and the size of the supplier.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

##### Amounts payable to Riverina Rice Growers

Amounts payable to Riverina Rice Growers comprise the balance of pool and fixed price contracts payments owed to growers for the current and previous crop year, where applicable. They also comprise the next crop year's pool or fixed price contracts payments where paddy rice for the next crop year is received before the end of the financial year.

The portion of the payable in respect of the current and previous crop year is based on the final paddy price for those years (or applicable fixed price). The portion in respect of paddy rice received for the next crop year is based on the Directors' most recent estimate of the performance of the Rice Pool business and the relevant fixed price contracts applicable to that year.

Amounts payable to Riverina rice growers are classified as current liabilities when they fall due within the normal operating cycle of the Group, which can be longer than 12 months after the end of the reporting period.

##### Crop Year 2021 Paddy Pay

The Group pays its Riverina Rice Growers via multiple instalments over time in order to better align payments for the rice received in any crop year with the relevant proceeds generated from selling this rice.

In 2021, Riverina Rice Growers have the opportunity to opt for a supply financing program (Paddy Pay) giving them access to early payment of a proportion of the total balances payable at a discounted price. The Group continues to pay all its balances payable using standard payment terms, paying the financial institution the undiscounted price for those payments previously selected by a grower for early access.

Balances payable to the financial institution under Paddy Pay and balances payable directly to Riverina Rice Growers are considered as trade payables in nature and are included as amounts payable to Riverina Rice Growers in the Consolidated Balance Sheet. At 30 April 2021, amounts payable to Riverina Rice Growers subject to the Paddy Pay program amounted to \$27,582,000 (30 April 2020: \$Nil).

##### Supplier Finance

Some of the Group's suppliers are eligible to have access to an early payment facility offering them the opportunity to receive funds earlier than the standard payment terms at a discounted rate. Under this facility, the Group repays the financier based on the standard payment terms negotiated with the supplier.

Balances payable to the financier under the supplier finance arrangement and balances payable directly to suppliers on standard payment terms are included in Trade and other Payables in the Consolidated Balance Sheet. At 30 April 2021, the portion of trade and other payables subject to a supplier finance arrangement amounted to \$6,204,000 (30 April 2020: \$7,913,000).

##### Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 4g.

### 3. Operating assets and liabilities (continued)

#### 3.d. Provisions

	2021			2020		
	Current \$000's	Non-current \$000's	Total \$000's	Current \$000's	Non-current \$000's	Total \$000's
Employee benefits (note 3e)	22,389	3,399	25,788	23,021	3,833	26,854
Employee allowances	88	-	88	89	-	89
Directors' retirement benefits	75	-	75	193	-	193
Make good	-	408	408	-	352	352
<b>Total provisions</b>	<b>22,552</b>	<b>3,807</b>	<b>26,359</b>	<b>23,303</b>	<b>4,185</b>	<b>27,488</b>

	Employee benefits \$000's	Employee allowances \$000's	Directors' retirement benefits \$000's	Make good \$000's	Total \$000's
Carrying amount at 1 May 2019	26,083	104	193	-	26,380
Additional provision recognised	771	-	-	352	1,123
Amount used during the year	-	(15)	-	-	(15)
<b>Carrying amount at 30 April 2020</b>	<b>26,854</b>	<b>89</b>	<b>193</b>	<b>352</b>	<b>27,488</b>
Additional provision recognised	-	-	-	408	408
Amount used during the year	(1,307)	(1)	(118)	(352)	(1,778)
Business combination	241	-	-	-	241
<b>Carrying amount at 30 April 2021</b>	<b>25,788</b>	<b>88</b>	<b>75</b>	<b>408</b>	<b>26,359</b>

#### Significant estimates and judgements

##### Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities.

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

##### Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and any change in the underlying provision amount is recognised in profit or loss.

#### 3.e. Employee benefits

##### Leave obligations

Employee benefits include leave obligations which cover the Group's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. These amounts are presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months but for which the obligation is presented as current:

	2021 \$000's	2020 \$000's
Current leave obligations expected to be settled after 12 months	4,469	4,389

##### Recognition and measurement

##### Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations.

##### Long term obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current employee benefit obligations if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### Superannuation plan contributions

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

##### Incentive plans

The Group recognises a liability and an expense for short and long term cash incentives based on a formula that takes into consideration financial performance metrics for the Group and the eligible employees' personal performance indicators. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For share based payments incentive plans, refer to note 6b.

##### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 3. Operating assets and liabilities (continued)

#### 3.f. Property, plant and equipment

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Assets under Construction	Right of Use Assets	Totals
2021	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cost	252,219	11,846	307,930	16,292	25,701	613,988
Accumulated depreciation and impairment	(131,208)	(4,994)	(205,130)	-	(10,308)	(351,640)
<b>Carrying amount</b>	<b>121,011</b>	<b>6,852</b>	<b>102,800</b>	<b>16,292</b>	<b>15,393</b>	<b>262,348</b>
<b>Carrying amount at 1 May 2020</b>	<b>120,034</b>	<b>8,299</b>	<b>103,474</b>	<b>17,129</b>	<b>15,457</b>	<b>264,393</b>
Additions	-	-	-	18,419	-	18,419
Recognition of right-of-use-asset	-	-	-	-	7,761	7,761
Additions through business combinations	8,309	-	3,420	-	-	11,729
Capital works in progress reclassifications	2,709	254	14,257	(17,220)	-	-
Transfers (including to intangible assets) / disposals / scrapping	(1,420)	-	39	(1,448)	(2,785)	(5,614)
Depreciation expense	(5,050)	(406)	(13,583)	-	(4,152)	(23,191)
Impairment	(320)	(41)	-	(150)	-	(511)
Foreign exchange difference on translation	(3,251)	(1,254)	(4,807)	(438)	(888)	(10,638)
<b>Carrying amount at 30 April 2021</b>	<b>121,011</b>	<b>6,852</b>	<b>102,800</b>	<b>16,292</b>	<b>15,393</b>	<b>262,348</b>

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Assets under Construction	Right of Use Assets	Totals
2020	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cost	249,547	13,397	308,760	17,129	23,245	612,078
Accumulated depreciation and impairment	(129,513)	(5,098)	(205,286)	-	(7,788)	(347,685)
<b>Carrying amount</b>	<b>120,034</b>	<b>8,299</b>	<b>103,474</b>	<b>17,129</b>	<b>15,457</b>	<b>264,393</b>
<b>Carrying amount at 1 May 2019</b>	<b>117,993</b>	<b>7,920</b>	<b>85,871</b>	<b>27,893</b>	<b>-</b>	<b>239,677</b>
Adjustment on adoption of AASB 16	-	-	(1,167)	-	16,911	15,744
<b>Carrying amount at 1 May 2019</b>	<b>117,993</b>	<b>7,920</b>	<b>84,704</b>	<b>27,893</b>	<b>16,911</b>	<b>255,421</b>
Additions	-	-	-	30,873	-	30,873
Recognition of right-of-use-asset	-	-	-	-	2,671	2,671
Capital works in progress reclassifications	8,846	577	31,445	(40,868)	-	-
Transfers (including to intangible assets) / disposals / scrapping	(6)	(1)	(293)	(1,435)	-	(1,735)
Depreciation expense	(7,942)	(578)	(13,112)	-	(4,349)	(25,981)
Impairment	-	-	(600)	-	-	(600)
Foreign exchange difference on translation	1,143	381	1,330	666	224	3,744
<b>Carrying amount at 30 April 2020</b>	<b>120,034</b>	<b>8,299</b>	<b>103,474</b>	<b>17,129</b>	<b>15,457</b>	<b>264,393</b>

In the 2020 reporting period, the Group's division, CopRice, completed the acquisition of the extrusion assets of FeedRite Pty Ltd. Due to its nature, this acquisition did not qualify as a business combination. Accordingly, assets acquired were included in property, plant and equipment and no goodwill arose as a result of this transaction.

#### Significant estimates and judgements

##### Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Specific circumstances impacting individual assets within those cash generating units are also considered.

#### 3.f. Property, plant and equipment (continued)

The recoverability of the Group's assets is generally dependent on the Group's ability to continuously innovate, improve manufacturing efficiency, increase the volume of throughput and improve product mix in order to meet targets. It is also subject to long term weather patterns in the Riverina and could be impacted by a prolonged period of drought conditions.

Any fair value less cost of disposal estimates are based on market-available data and various other assumptions. Changes in economic and operating conditions impacting these judgmental assumptions could result in the recognition of impairment charges in future periods. The Group will continue to closely monitor the performance of the cash generating units.

Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### Revision of the useful lives of storage assets held across the Riverina

The Group has made a change to its accounting estimate relating to the useful lives of storage assets held across the Riverina.

The change in accounting estimate, which was based on the current condition of the storage assets, their current and planned usage and structural improvements made over the years, was adopted at the beginning of the financial year ended 30 April 2021 and has been applied prospectively. It does not result in a change in accounting policies as the revised useful lives remain within the band of 25 to 50 years for buildings.

The change in estimate results in a reduction in the Group's depreciation expense by approximately \$3,200,000 per annum.

##### Recognition and measurement

Freehold land is held at cost and is not depreciated. In some countries, the Group also holds land use rights. These rights are stated at historical cost less depreciation and are depreciated over the period of time that they have been granted by the local authorities using the straight line method.

Right-of-use assets are recognised and measured based on the principles detailed in note 3g.

Other items of property, plant and equipment are stated at historical cost less depreciation and are depreciated over their estimated useful lives using the straight line method.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Government grants relating to the purchase of property, plant and equipment are presented by deducting the grant in arriving at the carrying amount of the asset.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The expected useful lives are as follows:

Buildings	25 to 50 years
Leasehold improvements	Shorter of 7 to 15 years or lease term
Plant and equipment	3 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income or other expenses.

##### Assets pledged as security

There is a fixed and floating charge over fixed assets as disclosed in note 4d.

### 3. Operating assets and liabilities (continued)

#### 3.g. Leases (where the Group is a lessee)

##### Amounts relating to leases recognised in the Consolidated Balance Sheet

	Notes	2021 \$000's	2020 \$000's
<b>Right-of-use assets (included in property, plant and equipment)</b>			
Land & Buildings	3f	13,531	12,341
Plant & Equipment	3f	1,862	3,116
		15,393	15,457

	Notes	2021 \$000's	2020 \$000's
<b>Lease liabilities (included in borrowings)</b>			
Current	4d	3,165	3,653
Non-current	4d	12,938	12,806
		16,103	16,459

##### Amounts relating to leases recognised in the Consolidated Income Statement

	2021 \$000's	2020 \$000's
<b>Depreciation charge of right-of-use assets</b>		
Land & Buildings	2,652	2,176
Plant & Equipment	1,500	2,173
	4,152	4,349

	2021 \$000's	2020 \$000's
<b>Other expense items</b>		
Interest expense on lease liabilities (included in finance costs)	464	523
Expense relating to short-term leases (included in equipment hire and other rental expense)	2,013	3,336
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in equipment hire and other rental expense)	119	111

##### Amounts relating to leases recognised in the consolidated Cash Flow Statement

The total cash outflow for leases in cash flows from financing activities during the year was \$3,753,000 (2020: \$3,064,000).

##### The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 7 years but may have extension options as described in (i) on the next page.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

#### 3.g. Leases (where the Group is a lessee (continued))

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and,
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group does not revalue right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

##### (i) Treatment of extension and termination options

Extension and termination options are included in a number of Land & Buildings leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

##### (ii) Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

#### 3.h. Investment property

	2021 \$000's	2020 \$000's
<b>At fair value</b>		
Investment Property	2,900	2,900

##### Recognition and measurement

Investment property comprises freehold land that was previously owner occupied. Owner occupation ceased and the property is now classified as "Investment property" as it is held for long term capital appreciation.

The property is carried at fair value, representing the open-market value as determined by external valuers. Changes in fair value are recorded in other income or other expenses.

### 3. Operating assets and liabilities (continued)

#### 3.i. Intangibles

	Goodwill \$000's	Brands \$000's	Software \$000's	Other \$000's	Total \$000's
<b>2021</b>					
Cost	38,229	25,325	11,917	1,301	76,772
Accumulated amortisation and impairment	-	(8,598)	(8,640)	(1,019)	(18,257)
<b>Carrying amount</b>	<b>38,229</b>	<b>16,727</b>	<b>3,277</b>	<b>282</b>	<b>58,515</b>
<b>Carrying amount at 1 May 2020</b>	<b>8,658</b>	<b>3,203</b>	<b>2,043</b>	<b>545</b>	<b>14,449</b>
Additions	-	-	515	-	515
Additions through business combinations (note 5f)	29,571	14,385	-	-	43,956
Transfers (including from property, plant and equipment) / disposals / scrapping	-	-	1,448	-	1,448
Amortisation charge	-	(708)	(729)	(263)	(1,700)
Foreign exchange difference on translation	-	(153)	-	-	(153)
<b>Carrying amount at 30 April 2021</b>	<b>38,229</b>	<b>16,727</b>	<b>3,277</b>	<b>282</b>	<b>58,515</b>
<b>2020</b>					
Cost	8,658	11,730	10,088	1,304	31,780
Accumulated amortisation and impairment	-	(8,527)	(8,045)	(759)	(17,331)
<b>Carrying amount</b>	<b>8,658</b>	<b>3,203</b>	<b>2,043</b>	<b>545</b>	<b>14,449</b>
<b>Carrying amount at 1 May 2019</b>	<b>8,658</b>	<b>3,599</b>	<b>1,086</b>	<b>802</b>	<b>14,145</b>
Additions	-	-	421	-	421
Transfers (including from property, plant and equipment) / disposals / scrapping	-	-	1,435	-	1,435
Amortisation charge	-	(483)	(899)	(257)	(1,639)
Foreign exchange difference on translation	-	87	-	-	87
<b>Carrying amount at 30 April 2020</b>	<b>8,658</b>	<b>3,203</b>	<b>2,043</b>	<b>545</b>	<b>14,449</b>

#### Goodwill

Goodwill is specific to each cash generating unit (CGU) and is allocated as follows:

	2021 \$000's	2020 \$000's
Global Rice	34	34
Riviana Foods	36,848	8,439
CopRice	1,347	185
<b>Total Goodwill</b>	<b>38,229</b>	<b>8,658</b>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use 5 year cash flow projections based on financial budgets approved by the Board for the forthcoming year and management forecasts for the years thereafter. Cash flows beyond the explicit period of projection are extrapolated using the estimated growth rates stated below, which are generally aligned with current inflation rates in the country of the CGU.

#### Significant judgement and assumptions used for value in use calculations

CGU	Long-term Growth Rate		Pre Tax Discount Rate	
	2021 %	2020 %	2021 %	2020 %
Global Rice	1.1	2.2	8.2	9.3
Riviana Foods	1.1	2.2	9.5	10.7
CopRice	1.1	2.2	9.5	10.7

The discount rates reflect the risks relating to each CGU to the extent that risk components are not already included in cash flow forecasts.

#### 3.i. Intangibles (continued)

##### Sensitivity to changes in assumptions

The recoverability of the Group's assets (including goodwill) is generally dependent on the Group's ability to continuously innovate, improve manufacturing efficiency, increase the volume of throughput and improve product mix in order to meet growth targets.

The directors and management have considered and assessed reasonable possible changes to the key assumptions detailed on the previous page and all other key assumptions included in the budgets and forecasts used as a basis for the value in use calculations and have not identified any instances that could cause the carrying amount of the Riviana Foods, CopRice and Global Rice CGUs to exceed their recoverable amount.

##### Recognition and measurement

##### Goodwill

Goodwill represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired assets and acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the identifiable net assets acquired. If the fair value of the identifiable net assets acquired is however in excess of the consideration transferred, amount of any non-controlling interest in the acquired assets and acquisition date fair value of any previous equity interest in the acquired entity, this excess is recorded as a gain on business combination in other income in the Consolidated Income Statement.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

##### Acquired patents and brands

Separately acquired patents and brands are shown at historical cost. Patents and brands acquired in a business combination are recognised at fair value at the acquisition date.

##### Capitalised software

Costs associated with maintaining software programmes are recognised as expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when relevant criteria are met. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised from the point at which the asset is ready for use.

##### Amortisation methods and periods

Intangible assets are amortised on a straight line basis over the periods of their expected benefit:

Acquired patents and brands	5 to 20 years
Capitalised software	5 years

##### Research and development costs

Research expenditure and development expenditure that do not meet the relevant criteria for recognition as intangible assets are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as intangible asset in a subsequent period.

#### 3.j. Derivative financial instruments

	2021 \$000's	2020 \$000's
<b>Current assets</b>		
Forward foreign exchange contracts (cash flow hedges)	2,759	1,123
	<b>2,759</b>	<b>1,123</b>
<b>Current liabilities</b>		
Interest rate swaps (cash flow hedges)	370	1,177
Forward foreign exchange contracts (cash flow hedges)	1,039	525
	<b>1,409</b>	<b>1,702</b>

### 3. Operating assets and liabilities (continued)

#### 3.j. Derivative financial instruments (continued)

##### Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged items and the hedging instruments.

For hedges of foreign currency sales and purchases, the Group enters into hedge relationships where the critical terms of the hedging instruments match exactly with the terms of the hedged items. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged items such that the critical terms no longer match exactly with the critical terms of the hedging instruments, the Group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency sales and purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of SunRice or the derivative counterparty.

The Group also enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturities and notional amounts. The Group does not hedge 100% of its bank loans, therefore the hedged items are identified as a proportion of the outstanding bank loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency sales and purchases. It may occur due to the credit or debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and underlying bank loans. There was no ineffectiveness during 2021 or 2020 in relation to the interest rate swaps.

##### Recognition and measurement

##### Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Group also documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

##### Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/expenses. When forward contracts are used to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (inventory or fixed assets), the deferred hedging gains or losses and the deferred time value of the deferred forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through the use of inventory or depreciation of fixed assets).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

#### 3.j. Derivative financial instruments (continued)

##### Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income and expenses.

##### Risk exposure

Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in note 4g.

#### 4. Capital and financial risk management

This section outlines how the Group manages its capital structure and its exposure to financial risk and provides details of its balance sheet liquidity and access to financing facilities.

##### 4.a. Capital risk management

The Group's and Company's objectives when managing capital are to safeguard their ability to continue as a going concern, continue to grow the business, provide returns for A and B Class shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to B Class shareholders, return capital to B Class shareholders, issue new B Class Shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio, which is calculated as net debt divided by net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet (including non-controlling interests).

	Notes	2021 \$000's	2020 \$000's
Net debt	4c	147,875	82,601
Total equity		460,964	481,359
<b>Gearing ratio</b>		<b>24%</b>	<b>15%</b>

When considering the Group's gearing, it is important to note that the Papua New Guinea Kina (PGK) is a currency not freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries (see further details in note 4g – liquidity risk) may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing ratio would increase compared to its current level.

##### Franked dividends

	2021 \$000's	2020 \$000's
Final dividend for the year ended 30 April 2020 of 33 cents (2019: 33 cents) per outstanding ordinary B Class Share	19,517	19,212
<b>Total dividend distributed</b>	<b>19,517</b>	<b>19,212</b>

Subsequent to year end, the directors have recommended the payment of a final dividend of 33 cents per outstanding ordinary B Class Share for the year ended 30 April 2021. The aggregated amount of the proposed dividend not recognised as a liability at 30 April 2021 is \$20,102,000. The franked portion of the final dividend recommended after 30 April 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 April 2022.

	2021 \$000's	2020 \$000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2020 - 30%)	68,181	76,235

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the payment of any income tax payable at the end of the reporting period. The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$8,597,000 (2020 – \$8,446,000).

##### Dividend Reinvestment Plan

The company's dividend reinvestment plan (see note 4e) was in operation in 2021 with regards to the distribution of the 2020 dividend. The plan will remain in operation in 2022 with regards to the distribution of the 2021 dividend.

##### Share buy-back

In December 2019, the SunRice Board approved a proposal to conduct an on-market buy-back of B Class Shares, funded via a combination of cash and existing undrawn debt facilities. The buy-back concluded during the current reporting period and no B Class Shares were bought back for the entire duration of the scheme.

##### 4.b. Cash and cash equivalents

	2021 \$000's	2020 \$000's
Cash at bank and on hand	23,536	39,837
<b>Total cash and cash equivalents</b>	<b>23,536</b>	<b>39,837</b>

##### Reconciliation to cash at the end of the year

The figures above are reconciled to cash at the end of the financial year as shown in the consolidated cash flow statement as follows:

	2021 \$000's	2020 \$000's
Cash and cash equivalents	23,536	39,837
Less: Bank overdraft (note 4d)	-	(8,323)
<b>Balances per consolidated cash flow statement</b>	<b>23,536</b>	<b>31,514</b>

##### Recognition and measurement

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### Goods and Services Tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

##### Risk exposure

The Group may be exposed to liquidity risk in relation to the availability of the USD currency in PNG. Details are presented in note 4g.

##### 4.c. Cash flow information and net debt reconciliation

##### Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 \$000's	2020 \$000's
Profit for the year	18,283	22,680
Depreciation and amortisation	24,891	27,620
Gain on sale / disposal of property, plant and equipment	(1,290)	(191)
Net exchange differences (including changes in the fair value of derivatives)	(14,343)	3,674
Impairment of non-current assets	511	600
Share-based payment expense	2,389	1,621
Deductions under Employee Share Plan	359	279
Net operating assets acquired through business combination	12,108	-
Gain on business combination	(1,597)	-
<b>Changes in operating assets and liabilities</b>		
Decrease / (Increase) in trade and other receivables	22,626	(27,861)
Increase in other operating assets	(1,426)	(874)
(Increase) / decrease in inventories	(98,378)	84,054
Increase / (decrease) in amounts payable to Riverina Rice Growers	94,033	(47,797)
(Decrease) / increase in trade and other payables and employee entitlements	(18,028)	27,092
(Decrease) / increase in current tax receivable and liability	(1,918)	704
Decrease / (increase) in deferred tax balances	790	(2,068)
<b>Net cash inflows from operating activities</b>	<b>39,010</b>	<b>89,533</b>

#### 4. Capital and financial risk management (continued)

##### 4.c. Cash flow information and net debt reconciliation (continued)

###### Net debt reconciliation

	2021 \$000's	2020 \$000's
<b>Net debt</b>		
Cash and cash equivalents	23,536	39,837
Borrowings - repayable within one year (including overdraft)	(84,961)	(63,637)
Borrowings - repayable after one year	(86,450)	(58,801)
<b>Net Debt</b>	<b>(147,875)</b>	<b>(82,601)</b>
Cash and cash equivalents	23,536	39,837
Gross debt - fixed interest rates	(28,000)	(46,000)
Gross debt - variable interest rates	(143,411)	(76,438)
<b>Net debt</b>	<b>(147,875)</b>	<b>(82,601)</b>

	Other Assets		Liabilities from financing activities			Total \$000's
	Cash / bank overdrafts \$000's	Lease liabilities due within one year \$000's	Lease liabilities due after one year \$000's	Borrowings due within one year \$000's	Borrowings due after one year \$000's	
<b>Net debt at 30 April 2019</b>	10,440	(636)	(558)	(26,828)	(91,971)	(109,553)
Adjustment on adoption of AASB 16	-	(3,463)	(12,794)	-	-	(16,257)
<b>Restated net debt at 1 May 2019</b>	<b>10,440</b>	<b>(4,099)</b>	<b>(13,352)</b>	<b>(26,828)</b>	<b>(91,971)</b>	<b>(125,810)</b>
Cash flows	20,822	3,064	-	(25,205)	46,230	44,911
Acquisition - right-of-use-assets	-	-	(2,671)	-	-	(2,671)
Foreign exchange adjustments	252	-	-	-	-	252
Interests on lease liabilities (included in operating cash flows) and other non cash movements	-	(2,618)	3,217	372	(254)	717
<b>Net debt at 30 April 2020</b>	<b>31,514</b>	<b>(3,653)</b>	<b>(12,806)</b>	<b>(51,661)</b>	<b>(45,995)</b>	<b>(82,601)</b>
Cash flows	(5,090)	3,753	-	(29,995)	(28,000)	(59,332)
Acquisition - right-of-use-assets	-	-	(7,761)	-	-	(7,761)
Disposal - right-of-use-assets	-	-	2,785	-	-	2,785
Foreign exchange adjustments	(2,888)	-	888	-	-	(2,000)
Interests on lease liabilities (included in operating cash flows) and other non cash movements	-	(3,265)	3,956	(140)	483	1,034
<b>Net debt at 30 April 2021</b>	<b>23,536</b>	<b>(3,165)</b>	<b>(12,938)</b>	<b>(81,796)</b>	<b>(73,512)</b>	<b>(147,875)</b>

##### 4.d. Borrowings

	2021 \$000's	2020 \$000's
<b>Current - Secured</b>		
Bank overdrafts	-	8,323
Bank loans	82,200	52,205
Net accrued interest and capitalised borrowing costs	(404)	(544)
Lease liabilities (note 3g)	3,165	3,653
<b>Total borrowings</b>	<b>84,961</b>	<b>63,637</b>
<b>Non current - Secured</b>		
Bank loans	74,000	46,000
Net accrued interest and capitalised borrowing costs	(488)	(5)
Lease liabilities (note 3g)	12,938	12,806
<b>Total borrowings</b>	<b>86,450</b>	<b>58,801</b>

##### 4.d. Borrowings (continued)

###### Significant terms and conditions of bank facilities

The Seasonal bank facility (including a trade finance and transactional banking facility) was renegotiated in 2021. The Seasonal bank facility limit of \$306,400,000 increased by \$84,000,000 compared to the prior year (\$222,400,000) and the maturity date was extended to April 2022. The trade finance and transactional banking component of the facility (\$105,000,000) remained as an uncommitted facility.

The Core bank facility of \$220,000,000 remained unchanged in 2021 with a first tranche of \$100,000,000 maturing in April 2023 and a second tranche of \$120,000,000 maturing in April 2024.

The Group's Seasonal and Core bank borrowings are secured by registered equitable mortgages over all assets of the Obligor Group and a cross-guarantee between each member of the Obligor Group (the composition of which has been detailed in note 4g).

Under the terms of the banking facilities, the Group is required to comply with a set of financial covenants. The Group complied with these covenants throughout the reporting period.

In 2021, Trukai Industries continued to benefit from a PGK 75,000,000 (AUD 26,996,000) uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

###### Risk exposure

Details of the Group's undrawn bank facilities and exposure to risks arising from current and non-current borrowings are set out in note 4g. The Group's bank borrowings are categorised as follows:

	2021 \$000's	2020 \$000's
Seasonal debt	82,200	52,205
Core debt	74,000	46,000
	<b>156,200</b>	<b>98,205</b>
<b>Representing:</b>		
Current bank loans	82,200	52,205
Non-current bank loans	74,000	46,000
	<b>156,200</b>	<b>98,205</b>

###### Seasonal debt

Seasonal debt represents borrowings used for the purpose of funding working capital requirements.

###### Core debt

Core debt represents borrowings used to fund the general requirements of the business (e.g. fixed assets and investments).

###### Recognition and measurement

###### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of bank facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

###### Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

#### 4. Capital and financial risk management (continued)

##### 4.e. Share capital

###### A Class Shares

A Class Shares have no nominal value but are voting shares held by active Riverina rice growers only. A Class Shares are not classified as equity. At 30 April 2021, 558 (2020: 605) A Class shares were on issue.

The Board has discretion to defer redemption of any A Class Share. This right was exercised in 2020 when the Board determined that it did not intend to redeem an A Class Share in July 2020 if the Share was held by a person or entity that ceased to be an Active Grower as a result of their failure to deliver the minimum quantity of paddy rice to the company and was nevertheless able to satisfy the company that it intended to recommence growing and supplying the minimum quantity of paddy rice to the company in the future.

Further details about the non-standard elements of the SunRice Group's Constitution, including information about the Group's dual class share structure are included in the shareholder information section of this Annual Report.

###### B Class Shares

B Class Shares are non-voting shares and entitle the holder to participate in dividends. B Class shares have no par value and are classified as equity. The number of B Class Shares on issue is set out below:

	2021	2020
	Number of shares	Number of shares
Total B Class Shares outstanding at 30 April	60,281,816	59,211,998
Total treasury Shares (B Class) at 30 April	507,932	507,932
Total B Class Shares on issue at 30 April	60,789,748	59,719,930

###### Movement in ordinary B Class Shares

	2021	2020	2021	2020
	Number of shares	Number of shares	\$000's	\$000's
<b>Balance at 1 May</b>	59,719,930	58,725,413	128,440	122,852
Issue under Dividend Reinvestment Plan	869,139	941,217	5,015	5,280
Issue under Employee Share Scheme - purchased shares	64,438	32,766	378	191
Issue under Employee Share Scheme - shares offered for no consideration	24,350	20,534	143	117
Issue under the Employee Long Term Incentive Plan	111,891	-	585	-
<b>Balance at 30 April</b>	60,789,748	59,719,930	134,561	128,440

###### Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan (DRP) under which holders of ordinary B Class Shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary B Class Shares rather than by being paid in cash. B Class Shares have been issued under the DRP at a 1.5% (2020: 2%) discount to the prevailing market price at the time of the DRP offer.

###### Employee Share Scheme

The Company has established an Employee Share Scheme (ESS) under which eligible employees are given the opportunity to acquire ordinary B Class Shares out of their benefit entitlements or after tax funds. Under the matching component of the ESS, eligible employees may also be granted B Class Shares for no consideration (see further details in note 6b). B Class Shares are issued under the ESS at the prevailing market price at the time of the relevant annual ESS offer, with no discount.

###### Employee Long Term Incentive Plan

B Class Shares issued in the current year relate to vested ordinary B Class Shares under the FY18 Employee Long Term Incentive Plan.

###### Recognition and measurement

Incremental costs directly attributable to the issue of new B Class Shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity instruments, for example as a result of a B Class Share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Ricegrowers Limited as treasury shares until the B Class Shares are cancelled or reissued. Where such B Class Shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Ricegrowers Limited.

B Class Shares held as unallocated shares by the Ricegrowers Employee Share Trust are disclosed as treasury shares and deducted from total equity.

##### 4.f. Reserves and retained profits

	2021	2020
	\$000's	\$000's
General reserve	28,453	28,453
Asset revaluation reserve	4,917	4,917
Foreign currency translation reserve	(33,808)	(9,107)
Hedging reserve - cash flow hedges	1,389	(4)
Transaction with non-controlling interests	(7,956)	(7,956)
Share-based payment reserve	4,415	2,754
Treasury shares reserve	(2,956)	(2,956)
<b>Total reserves</b>	(5,546)	16,101
<b>Retained profits</b>	315,094	313,844

###### Movements

	2021	2020
	\$000's	\$000's
<b>Reserves</b>		
<b>Foreign currency translation reserve</b>		
Balance at 1 May	(9,107)	(16,722)
Net exchange difference on translation of overseas controlled entities	(28,336)	8,868
Non controlling interest in translation differences	3,635	(1,253)
Balance at 30 April	(33,808)	(9,107)
<b>Hedging reserve - cash flow hedges</b>		
Balance at 1 May	(4)	369
Net change in fair value of hedging instruments	2,245	(634)
Deferred tax	(852)	261
Balance at 30 April	1,389	(4)
<b>Share-based payment reserve</b>		
Balance at 1 May	2,754	1,250
Share-based payment expense	2,389	1,621
B Class Shares issued to employees under the Employee Share Plan	(728)	(117)
Balance at 30 April	4,415	2,754

	2021	2020
	\$000's	\$000's
<b>Retained profits</b>		
<b>Reported balance at 1 May</b>	313,844	306,643
Change in accounting Policy - Adoption of AASB 16	-	(600)
<b>Restated balance at 1 May</b>	313,844	306,043
Net profit for the year	20,767	27,013
Dividends provided for or paid	(19,517)	(19,212)
<b>Balance at 30 April</b>	315,094	313,844

###### Nature and purpose of reserves

###### General reserve

The general reserve has accumulated over prior periods with the purpose of retaining funds within the business.

###### Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

#### 4. Capital and financial risk management (continued)

##### 4.f. Reserves and retained profits (continued)

###### Foreign currency translation reserve

Exchange differences arising on the translation of the foreign controlled entities' financial information are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

###### Hedging reserve - cash flow hedges

The hedging reserve is used to record the changes in the fair value of the following hedging instruments:

	Foreign currency forwards \$000's	Interest rate swaps \$000's	Total hedge reserve \$000's
<b>Cash flow hedge reserve</b>			
Opening balance at 1 May 2019	998	(629)	369
Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss	(356)	(278)	(634)
Deferred tax	178	83	261
<b>Closing balance at 30 April 2020</b>	<b>820</b>	<b>(824)</b>	<b>(4)</b>
Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss	1,438	807	2,245
Deferred tax	(610)	(242)	(852)
<b>Closing balance at 30 April 2021</b>	<b>1,648</b>	<b>(259)</b>	<b>1,389</b>

###### Transactions with non-controlling interests

This reserve is used to record the effects that arise as a result of transactions with non-controlling interests that do not result in a loss of control.

###### Share-based payment reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of B Class Share rights issued to employees but not yet vested under the Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan), as described in note 6b, and
- the grant date fair value of B Class Shares issued to employees for no consideration under the matching component of the Employee Share Scheme, as described in note 6b.

###### Treasury shares reserve

Treasury shares are B Class Shares in Ricegrowers Limited that are held as unallocated B Class Shares by the Ricegrowers Employee Share Trust.

##### 4.g. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk that are actively mitigated to reduce the Group's exposure. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are only used for economic hedging purposes and not as speculative investments.

The Group uses different methods to measure the different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange risks and ageing analysis for credit risk.

Financial risk management is executed under guidance from the Treasury Management Committee, in accordance with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, the use of derivative financial instruments and investing excess liquidity.

###### Market risk

###### Foreign exchange risk

###### Exposure

The table on the next page sets out the Group's main exposure to foreign currency risk at the reporting date, expressed in the foreign currency. The amounts presented reflect balances held in Group entities where the USD and EUR are not their functional currency.

##### 4.g. Financial risk management (continued)

	2021		2020	
	USD \$000's	EUR \$000's	USD \$000's	EUR \$000's
Cash	1,056	85	868	87
Trade receivables	62,974	-	68,616	-
Trade payables	(95,996)	(3,294)	(86,124)	(3,741)
Foreign exchange contracts:				
- selling foreign currency	(74,050)	-	(64,050)	-
- buying foreign currency	17,015	18,850	23,190	6,811
<b>Net exposure - (selling) / buying currency</b>	<b>(89,001)</b>	<b>15,641</b>	<b>(57,500)</b>	<b>3,157</b>

###### Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar (USD) and Euro (EUR). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Translation related risks are not included in the assessment of the Group's exposure to foreign exchange risk.

The risk is measured through cash flow forecasting and is hedged with the objective of minimising the volatility of the Australian currency equivalent of firm commitments or highly probable forecast sales and purchases denominated in foreign currencies. The Group's treasury's risk management policy is to hedge a portion of the forecast foreign currency cash flows for sales, inventory and fixed assets purchases for up to twelve months in advance, subject to a review of the cost of implementing each hedge. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards must align with the hedged items. Access to foreign currency forwards is however not always available in all the countries in which the Group operates (e.g. PNG and Solomom Islands).

###### Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2021 \$000's	2020 \$000's
<b>Foreign currency forwards</b>		
Carrying amount - asset	1,720	598
Notional amount - selling foreign currency	(74,050)	(64,050)
Notional amount - buying foreign currency	35,865	30,001
Maturity date	May 2021 December 2021	May 2020 March 2021
Hedge ratio*	1:1	1:1
Change in fair value of hedging instruments since 1 May	1,438	(356)
Change in value of hedged items used to determine hedge effectiveness	(1,438)	356
Weighted average hedged rate for the year	USD0.76:AUD1 EUR0.64:AUD1	USD0.66:AUD1 EUR0.57:AUD1

\* The foreign currency forwards are denominated in the same currency as the highly probably future sales and purchases, therefore the hedge ratio is 1:1

###### Sensitivity analysis

At 30 April 2021, had the USD increased by 5 cents to the AUD, with all other variables held constant, the Group's profit after tax for the year would have been \$403,000 lower (2020: \$468,000 lower) and equity would have been \$1,000,000 higher (2020: \$491,000 lower).

At 30 April 2021, had the USD decreased by 5 cents to the AUD, with all other variables held constant, the Group's profit after tax for the year would have been \$458,000 higher (2020: \$546,000 higher) and equity would have been \$1,111,000 lower (2020: \$751,000 higher).

The ongoing difficulty in accessing the USD currency in Papua New Guinea (PNG) has affected Trukai's ability to settle its intercompany trade payables during the year, exposing the Group to the risk of a sudden devaluation of the PNG Kina (PGK). At 30 April 2021, the outstanding amount due from Trukai was USD 52,550,000 (AUD 67,554,000) compared to USD 47,636,000 (AUD 72,626,000) at 30 April 2020. If the USD/PGK exchange rate was 5 cents lower (0.2300 instead of 0.2800), with all other variables held constant, Trukai's intercompany trade payable would have been higher in its local currency, resulting in an additional foreign exchange loss in the Group's profit after tax for the year of \$8,444,000 (2020: \$8,888,000).

The Group's exposure to other foreign currency exchange movements (including the EUR) is not considered material.

#### 4. Capital and financial risk management (continued)

##### 4.g. Financial risk management (continued)

###### Interest rate risk

###### Exposure

The Group's main interest rate risk arises from bank borrowings and bank overdrafts, which expose the Group to cash flow interest rate risk. The Group's policy is to maintain a portion of its long-term bank borrowings at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. Generally, the Group enters into long-term bank borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

During 2021 and 2020, the Group's bank borrowings at variable rate were mainly denominated in Australian dollar. The Group had the following variable rate borrowings and interest rate swap contracts outstanding (an analysis by maturities is provided in the liquidity risk section of this note):

	Weighted average interest rate %	Balance \$000's
<b>30 April 2021</b>		
Bank loans and bank overdrafts	1.1	(156,200)
Interest rate swaps (notional principal amount)	2.2	28,000
<b>Net exposure to cash flow interest rate risk</b>		<b>(128,200)</b>
<b>30 April 2020</b>		
Bank loans and bank overdrafts	1.8	(98,205)
Interest rate swaps (notional principal amount)	2.3	46,000
<b>Net exposure to cash flow interest rate risk</b>		<b>(52,205)</b>

###### Instruments used by the Group

Swaps currently in place cover 38% (2020: 100%) of the Obligor Group Core debt outstanding. The Obligor Group is a sub-group of Ricegrowers Limited that jointly guarantees the Core and Seasonal banking facilities contracted in Australia (see note 4d). The following entities are part of the Obligor Group:

- Riviana Foods Pty Ltd
- Australian Grain Storage Pty Ltd
- Rice Research Australia Pty Ltd
- Solomons Rice Company Limited
- Sunshine Rice Inc.
- Ricegrowers Singapore Pte Ltd
- Ricegrowers New Zealand Ltd
- Sunshine Rice Pty Ltd
- SunFoods LLC
- Roza's Gourmet Pty Ltd

Fixed interest rates for the swaps range between 2.22% and 2.25% (2020 – 2.22% and 2.48%) and the variable rates of the loans are between 0.84% and 1.47% (2020 – 1.10% and 1.75%). The swap contracts require settlement of net interest receivable or payable every 90 days.

###### Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2021 \$000's	2020 \$000's
<b>Interest rate swaps</b>		
Carrying amount - liability	(370)	(1,177)
Notional amount	28,000	46,000
Maturity date	2021	2020 / 2021
Hedge ratio*	1:1	1:1
Change in fair value of hedging instruments since 1 May	807	(278)
Change in value of hedged items used to determine hedge effectiveness	(807)	278
Weighted average hedged rate for the year	2.2%	2.3%

\* The interest rates swaps are denominated in the same currency as the underlying debt, therefore the hedge ratio is 1:1

##### 4.g. Financial risk management (continued)

###### Sensitivity analysis

At 30 April 2021, if interest rates had changed by + / - 25 basis points from the year end rates, with all other variables held constant (including the maturity of the hedging cover in place), profit after tax for the year would have been \$225,000 lower/higher (2020: \$130,000 lower/higher), mainly as a result of higher/lower interest expense on variable bank loans.

###### Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables.

###### Risk management

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard & Poor's A minus are accepted unless such rating is not available in a country in which SunRice operates.

Domestic customers are assessed for credit quality, taking into account their financial position, past experience, trade references, ASIC searches and other factors. The majority of export customers trading terms are secured by letters of credit, cash against documents or documentary collection and prepayment. Individual credit limits for both domestic and export customers are set in accordance with the limits set by the Board and compliance with credit limits is regularly monitored by the Group. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, the Group has established limits so that the portfolio of instruments held with the various financial institutions does not create a material counterparty risk to the Group.

###### Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

###### Impairment of financial assets

Cash and cash equivalents are subject to the impairment requirements of AASB 9. There was however no identified impairment loss in the current or previous reporting period.

Trade receivables for sales of goods are subject to the expected credit loss model. Further details on loss allowances recognised in the current and previous reporting period are available in note 3a.

###### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. Due to the dynamic nature of the Group's underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities disclosed below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet business needs and satisfy internal and external compliance requirements.

The ongoing difficulty in accessing the USD currency in PNG continues to affect Trukai's ability to repay its intercompany payables and indirectly influences the cash balance accumulated by Trukai of PGK 25,292,000 (AUD 9,104,000) at 30 April 2021 compared to PGK 24,081,000 (AUD 10,500,000) at 30 April 2020.

To maintain access to the USD currency and support its local net working capital needs, Trukai maintained a local uncommitted working capital facility of PGK 75,000,000 in the current year (see further details in note 4d). The Group continues to closely monitor economic conditions in PNG to proactively manage the liquidity risk. Potential impacts on gearing have also been discussed in note 4a.

###### Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2021 \$000's	2020 \$000's
<b>Fixed and floating rate:</b>		
Bank overdraft - expiring within one year	26,996	24,380
Bank loans - expiring within one year	220,232	160,622
Bank loans - expiring beyond one year	146,000	174,000
	<b>393,228</b>	<b>359,002</b>

#### 4. Capital and financial risk management (continued)

##### 4.g. Financial risk management (continued)

The bank overdraft facilities and \$105,000,000 of the 2021 bank borrowing facilities (portion relating to trade finance and transactional banking), may be drawn at any time and may be terminated by the bank without notice. Additional information on significant terms and conditions of bank facilities is available in note 4d.

##### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Less than 12 months \$000's	Between 1 and 2 years \$000's	Between 3 and 5 years \$000's	Over 5 years \$000's	Total contractual cash flows \$000's	Total carrying amount \$000's
<b>30 April 2021</b>						
<b>Non-derivatives</b>						
Non-interest bearing	256,205	-	-	1,107	257,312	257,312
Variable rate	84,067	1,083	75,083	-	160,233	156,200
Fixed rate	3,633	3,321	6,871	3,936	17,761	16,103
<b>Total non-derivatives</b>	<b>343,905</b>	<b>4,404</b>	<b>81,954</b>	<b>5,043</b>	<b>435,306</b>	<b>429,615</b>
<b>Derivatives</b>						
Interest rate swaps - net settled	370	-	-	-	370	370
Foreign currency contracts - gross settled						
- outflow	135,301	-	-	-	135,301	1,720
- (inflow)	(133,581)	-	-	-	(133,581)	-
<b>Total derivatives</b>	<b>2,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,090</b>	<b>2,090</b>

	Less than 12 months \$000's	Between 1 and 2 years \$000's	Between 3 and 5 years \$000's	Over 5 years \$000's	Total contractual cash flows \$000's	Total carrying amount \$000's
<b>30 April 2020</b>						
<b>Non-derivatives</b>						
Non-interest bearing	178,348	-	-	1,830	180,178	180,178
Variable rate	53,428	828	46,823	-	101,079	98,205
Fixed rate	12,595	5,615	4,881	2,528	25,619	24,782
<b>Total non-derivatives</b>	<b>244,371</b>	<b>6,443</b>	<b>51,704</b>	<b>4,358</b>	<b>306,876</b>	<b>303,165</b>
<b>Derivatives</b>						
Interest rate swaps - net settled	294	883	-	-	1,177	1,177
Foreign currency contracts - gross settled						
- outflow	164,119	-	-	-	164,119	598
- (inflow)	(163,521)	-	-	-	(163,521)	-
<b>Total derivatives</b>	<b>892</b>	<b>883</b>	<b>-</b>	<b>-</b>	<b>1,775</b>	<b>1,775</b>

##### 4.h. Fair value measurement

The Group's assets and liabilities carried at fair value are mainly related to currency and interest rate derivatives.

The Group's financial instruments that are carried at fair value are valued using observable market data, as there is no price quoted in an active market for the financial instruments held (level 2). The fair value of derivative financial instruments are determined based on dealer quotes for similar instruments. The valuation inputs are calculated in accordance with industry norms and the inputs include spot market exchange rates and published interest rates. The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 inputs. Only the investment property is classified as level 3, as the fair value is determined by an independent valuation.

##### 4.h. Fair value measurement (continued)

The table below presents the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

Recurring fair value measurements	2021			2020		
	Level 2 \$000's	Level 3 \$000's	Total \$000's	Level 2 \$000's	Level 3 \$000's	Total \$000's
<b>Assets</b>						
Investment properties	-	2,900	2,900	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	2,759	-	2,759	1,123	-	1,123
<b>Total assets</b>	<b>2,759</b>	<b>2,900</b>	<b>5,659</b>	<b>1,123</b>	<b>2,900</b>	<b>4,023</b>
<b>Liabilities</b>						
Derivatives used for hedging						
- Foreign exchange contracts	1,039	-	1,039	525	-	525
- Interest rate swaps	370	-	370	1,177	-	1,177
<b>Total liabilities</b>	<b>1,409</b>	<b>-</b>	<b>1,409</b>	<b>1,702</b>	<b>-</b>	<b>1,702</b>

There were no transfer between levels for recurring fair value measurements during the year.

The Directors consider the carrying amounts of other financial instruments approximate their fair value, due to either their short-term nature or being at market rates. These financial instruments include trade receivables, trade payables, amounts payable to Riverina Rice Growers, bank overdrafts and bank loans.

##### 4.i. Commitments

##### Capital commitments (property, plant and equipment)

	2021 \$000's	2020 \$000's
Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities	5,222	6,889

##### 4.j. Contingent liabilities

The Group had the following contingent liabilities not provided for in its financial statements at 30 April:

	2021 \$000's	2020 \$000's
Letters of credit	697	7,009
Guarantees of bank advances	11,201	2,564
<b>Total contingencies</b>	<b>11,898</b>	<b>9,573</b>

Letters of credit in both years are mainly contracted in relation to the purchase of rice in Asia.

##### Significant estimates and judgements

##### Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

At 30 April 2021, the Group does not expect any material adverse outcome from any open or pending cases.

## 5. Group Structure

This section provides details of the Group structure and the entities included in the consolidated financial statements.

### 5.a. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of Incorporation	Principal activities	Direct / indirect interest in ordinary shares / equity	
			2021 %	2020 %
Australian Grain Storage Pty Ltd *	Australia	Grain storage assets	100	100
Rice Research Australia Pty Ltd	Australia	Research into rice growing	100	100
Riviana Foods Pty Ltd *	Australia	Importation / manufacturing / distribution of food products	100	100
Roza's Gourmet Pty Ltd	Australia	Manufacturing / distribution of food products	100	100
KJ&Co Brands Pty Ltd	Australia	Importation / Distribution of food products	100	0
Silica Resources Pty Ltd	Australia	Holding company (deregistered in 2021)	0	100
SunRice Australia Pty Ltd	Australia	No current activities	100	100
SunRice Fund Limited	Australia	No current activities	100	100
SunRice Trading Pty Ltd	Australia	No current activities	100	100
SunShine Rice Pty Ltd	Australia	No current activities	100	100
Aqaba Processing Company Ltd	Jordan	Rice packing / storage	80	80
Ricegrowers New Zealand Ltd	New Zealand	Distribution of rice and other food products	100	100
Rice Industries Limited	PNG	Property	66.23	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	66.23	66.23
Trukai Industries Limited	PNG	Processing and distribution of rice	66.23	66.23
Ricegrowers Singapore Pte Ltd	Singapore	Procurement and trading of rice and other food products	100	100
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	100	100
Ricegrowers Middle East DMCC	UAE	Distribution of rice and other food products	100	100
SunFoods LLC	USA	Processing and distribution of rice	100	100
Sunshine Rice, Inc	USA	Holding company	100	100
Ricegrowers Vietnam Company Limited **	Vietnam	Processing and distribution of rice	100	100
SunRice Trading (Shanghai) Co Ltd	China	No current activities	100	0

\*Entities part of a Deed of Cross Guarantee that are relieved under the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 from preparing a separate financial report (see note 5c).

\*\*Ricegrowers Vietnam Company Limited has a 31 March financial year end as local regulations in Vietnam do not allow financial years to end on 30 April. The directors believe that the financial effects of any events or transactions occurring since the last available financial information have not materially affected the financial position or performance of the subsidiary.

### Non-controlling interests

Non-controlling interests hold 540,320 ordinary shares in Trukai Industries Ltd, being 33.77% of the ordinary issued capital of that entity. Summarised financial information for this subsidiary has been disclosed in note 5e.

Non-controlling interests hold 6,000 ordinary shares in Aqaba Processing Company Limited, being 20% of the ordinary issued capital of that entity.

### Recognition and measurement

#### Subsidiaries

Ricegrowers Limited ("company" or "parent entity") and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

### 5.a. Investments in subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

### 5.b. Investments accounted for using the equity method

	2021 \$000's	2020 \$000's
Shares in associates	2,458	2,978

Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest	
		2021	2020
Pagini Transport (incorporated in Papua New Guinea)	Transport	30.44%	30.44%

The associate operates on a non-coterminous year-end of 31 December. The directors believe that the financial effects of any events or transactions occurring since the last available financial information have not materially affected the financial position or performance of the associate.

### Recognition and measurement

#### Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 5. Group Structure (continued)

### 5.c. Deed of cross guarantee

Ricegrowers Limited, Silica Resources Pty Ltd (deregistered in FY2021), Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd entered into a deed of cross guarantee on 28 April 2016 under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a separate financial report and Directors' report under the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

### Consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The previously mentioned companies represent a "closed Group" for the purposes of the ASIC Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Ricegrowers Limited, they also represent the "extended closed Group".

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 April 2021 of the closed Group.

	2021 \$000's	2020 \$000's
<b>Consolidated statement of comprehensive income</b>		
Sales revenue	587,560	707,367
Other revenue	16,431	47,211
<b>Revenue from continuing operations</b>	<b>603,991</b>	<b>754,578</b>
Other income	1,204	716
Changes in inventories of finished goods	7,843	2,789
Raw materials and consumables used	(380,922)	(432,762)
Employee benefits expenses	(100,582)	(107,376)
Depreciation and amortisation expense	(16,830)	(20,110)
Finance costs	(4,147)	(5,628)
Other expenses	(131,322)	(148,447)
<b>(Loss) / Profit before income tax</b>	<b>(20,765)</b>	<b>43,760</b>
Income tax benefit / (expense)	3,693	(5,163)
<b>(Loss) / Profit for the year</b>	<b>(17,072)</b>	<b>38,597</b>
<b>Items that may be reclassified to the profit or loss</b>		
Changes in fair value of cash flow hedges	3,033	(971)
Income tax relating to items of other comprehensive income	(910)	291
<b>Other comprehensive income / (loss) for the year, net of tax</b>	<b>2,123</b>	<b>(680)</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>(14,949)</b>	<b>37,917</b>

	2021 \$000's	2020 \$000's
<b>Summary of movements in consolidated retained earnings</b>		
<b>Reported balance at 1 May</b>	<b>220,065</b>	<b>201,153</b>
Change in accounting policy - adoption of AASB 16	-	(473)
<b>Restated balance at 1 May</b>	<b>220,065</b>	<b>200,680</b>
Net (loss) / profit for the year	(17,072)	38,597
Dividends provided for or paid	(19,690)	(19,212)
<b>Balance 30 April</b>	<b>183,303</b>	<b>220,065</b>

### 5.c. Deed of cross guarantee (continued)

#### Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 April 2021 of the closed Group.

	2021 \$000's	2020 \$000's
<b>Current assets</b>		
Cash and cash equivalents	4,206	12,018
Receivables	157,565	185,417
Inventories	270,347	165,862
Current tax receivable	1,551	-
Derivative financial instruments	2,759	435
<b>Total current assets</b>	<b>436,428</b>	<b>363,732</b>
<b>Non-current assets</b>		
Other financial assets	43,893	33,298
Property, plant and equipment	197,502	194,643
Investment properties	2,900	2,900
Intangibles	56,815	13,300
Deferred tax assets	10,577	12,397
<b>Total non-current assets</b>	<b>311,687</b>	<b>256,538</b>
<b>Total assets</b>	<b>748,115</b>	<b>620,270</b>
<b>Current liabilities</b>		
Payables	106,045	112,396
Amounts payable to Riverina Rice Growers	112,456	18,423
Borrowings	83,918	41,999
Current tax liabilities	-	766
Provisions	19,551	20,405
Derivative financial instruments	718	1,702
<b>Total current liabilities</b>	<b>322,688</b>	<b>195,691</b>
<b>Non current liabilities</b>		
Payables	1,974	1,706
Borrowings	81,902	54,195
Provisions	2,219	2,439
<b>Total non-current liabilities</b>	<b>86,095</b>	<b>58,340</b>
<b>Total liabilities</b>	<b>408,783</b>	<b>254,031</b>
<b>Net assets</b>	<b>339,332</b>	<b>366,239</b>
<b>Equity</b>		
Contributed equity	134,561	128,440
Reserves	21,468	17,734
Retained profits	183,303	220,065
<b>Total equity</b>	<b>339,332</b>	<b>366,239</b>

## 5. Group Structure (continued)

### 5.d. Parent entity information

#### Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021 \$000's	2020 \$000's
<b>Balance sheet</b>		
Current assets	343,987	278,703
<b>Total assets</b>	<b>591,061</b>	<b>498,496</b>
Current liabilities	299,701	162,270
<b>Total liabilities</b>	<b>353,127</b>	<b>225,082</b>
Shareholders equity		
Issued capital	134,561	128,440
Reserves		
General reserve	18,657	18,657
Share-based payment reserve	4,106	2,542
Treasury shares reserve	(2,956)	(2,956)
Hedging reserve - cash flow hedges	1,682	(603)
Retained profits	81,884	127,334
<b>Total shareholders equity</b>	<b>237,934</b>	<b>273,414</b>
<b>(Loss) / profit for the year</b>	<b>(25,762)</b>	<b>31,928</b>
<b>Total comprehensive (loss) / income</b>	<b>(23,477)</b>	<b>31,637</b>

#### Guarantees entered into by the parent entity

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank borrowings, foreign exchange facilities and bank overdrafts with Riviana Foods Pty Ltd, refer to note 4d.

No liabilities subject to the deed of cross guarantee at 30 April 2021 are expected to arise to Ricegrowers Limited and its subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

#### Contingent liabilities of the parent entity

	2021 \$000's	2020 \$000's
Guarantee of bank advances	10,760	2,204
<b>Total contingencies</b>	<b>10,760</b>	<b>2,204</b>

#### Contractual commitments of the parent entity for the acquisition of property, plant and equipment

At 30 April 2021, the parent entity had contractual commitments for the acquisition of property, plant or equipment totaling \$5,222,000 (30 April 2020: \$6,865,000). These commitments are not recognised as liabilities at the end of the reporting period as the relevant assets have not yet been received.

#### Recognition and measurement

The financial information for the parent entity, Ricegrowers Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

#### Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Ricegrowers Limited.

#### Tax consolidation legislation

Ricegrowers Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as at 1 May 2004.

The head entity, Ricegrowers Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continued to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Ricegrowers Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

### 5.d. Parent entity information (continued)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Ricegrowers Limited for any current tax payable assumed and are compensated by Ricegrowers Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ricegrowers Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

#### Share-based payments

The grant by the company of rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking.

The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity

### 5.e. Subsidiaries with material non-controlling interests

#### Trukai Industries Limited – Summary financial information

Set out below is summarised financial information for Trukai Industries Limited. The amounts disclosed are before inter-company eliminations but after homogenisation to the Group accounting policies.

	2021 \$000's	2020 \$000's
<b>Balance sheet</b>		
Current assets	102,941	128,565
Non-current assets	30,550	40,209
Current liabilities	(75,469)	(90,316)
Non-current liabilities	(6,108)	(7,573)
<b>Cash flows</b>		
Cash flows from operating activities	8,223	16,659
Cash flows from investing activities	(545)	(4,899)
Cash flows from financing activities	(372)	(1,008)
Net increase in cash and cash equivalents	7,306	10,752

#### Significant restrictions

The ongoing difficulty in the availability of the USD currency in PNG affected Trukai's ability to repay its intercompany trade payable during the year (details of which are available in note 4g – market risk). This indirectly impacted the cash balance held by Trukai (details of which are also available in note 4g – liquidity risk). This situation exposes the Group to the risk of a sudden devaluation of the PGK.

It is also important to note that the PGK is a currency not freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing ratio (disclosed in note 4a) would materially increase compared to its current level.

The Group continues to closely monitor economic conditions in PNG to proactively manage those risks.

## 5. Group Structure (continued)

### 5.f. Business combination

#### Riverbank Stockfeed

On 14 September 2020, SunRice's division, CopRice, completed the acquisition of the dairy and beef business of Riverbank Stockfeed (Riverbank), a Victorian-based producer of livestock products, for a total cash consideration of \$4,923,000. The acquisition includes Riverbank's feed mill at Leongatha and dairy business across Gippsland and south west Victoria. The acquisition provides a manufacturing facility for CopRice in Gippsland, complementing its existing facilities at Cobden in south west Victoria, Tongala in northern Victoria and Leeton and Coleambally in southern New South Wales.

The provisionally determined assets and liabilities recognised as a result of the acquisition are as follows:

	\$000's
Inventory	274
Property, plant and equipment	3,708
Payables	(188)
Provisions	(33)
Identifiable net assets acquired	3,761
Add: Goodwill	1,162
Net assets acquired	4,923

The goodwill is attributable to Riverbank's strong position and synergies expected to arise after the Group's acquisition of the new business. It has been allocated to the CopRice segment and none of it is expected to be deductible for tax purposes.

Acquisition-related costs of approximately \$330,000 are included in other expenses in the consolidated income statement.

Since acquisition, CopRice has commenced an upgrade of the Leongatha site which will only start operating again in June 2021. During this period, customers of the business have been and continue to be serviced out of CopRice's existing facilities in Cobden and Tongala.

#### KJ&Co Brands

On 22 December 2020, SunRice's subsidiary, Riviana Foods Pty Ltd, completed the acquisition of 100% of the shares in KJ&Co Brands Pty Limited, an importer of branded food products across multiple categories in the Australian retail market, for a total cash consideration of \$50,605,000. The current KJ&Co brand portfolio includes Toscano (European bread, pizza bases, specialty breads and chilled dessert products); Hart&Soul (convenient healthy soups, ready meals, recipe bases and side dish products); Bare Bakers ('free-from' products, including gluten-free snacks and desserts); and a number of other smaller brands.

The provisionally determined assets and liabilities recognised as a result of the acquisition are as follows:

	\$000's
Receivables	12,987
Inventory	10,231
Brand	13,380
Payables	(10,337)
Provisions	(51)
Deferred tax	(4,014)
Identifiable net assets acquired	22,196
Add: Goodwill	28,409
Net assets acquired	50,605

The goodwill is attributable to KJ&Co Brands' strong position and synergies expected to arise after the Group's acquisition of the new business. It has been allocated to the Riviana Foods segment and none of it is expected to be deductible for tax purposes.

Acquisition related costs of approximately \$400,000 were included in other expenses in the consolidated income statement.

The acquired business contributed revenues of \$21,350,000 and net profit after tax of \$326,000 (or approximately \$1,400,000 when excluding the adjustment recognised on acquisition to revalue inventory from its original cost to its fair value) to the Group for the period from 22 December 2020 to 30 April 2021. If the acquisition had occurred on 1 May 2020, contributed revenue and contributed profit after tax for the year ended 30 April 2021 would have been \$59,700,000 and \$2,450,000 respectively (or approximately \$3,600,000 when excluding the adjustment recognised on acquisition to revalue inventory from its original cost to its fair value).

### 5.f. Business combination (continued)

#### Ingham's NZ dairy nutrition business

On 26 March 2021, SunRice's division, CopRice, acquired the New Zealand (NZ) dairy nutrition business of Inghams Group Limited (Inghams's), for a total cash consideration of \$10,668,000. The dairy nutrition business of Ingham's produces and sells dairy and calf feed products, particularly in the key Waikato dairy region of the North Island. The acquisition includes Ingham's' feed mill at Hamilton, and direct-to-farm and packaged dairy business in New Zealand under the Top Cow, Top Calf and Longacre brands.

The provisionally determined assets and liabilities recognised as a result of the acquisition are as follows:

	\$000's
Receivables	1,765
Inventory	2,857
Property, plant and equipment	8,021
Brand	1,005
Payables	(989)
Provisions	(157)
Deferred tax	(237)
Identifiable net assets acquired	12,265
Add: Profit on acquisition	(1,597)
Net assets acquired	10,668

A profit on acquisition was generated as the fair value of the net assets acquired was greater than the cash consideration paid. This profit is not taxable for tax purposes and has been recognised as other income in the Consolidated Income Statement.

Acquisition related costs of approximately \$545,000 were included in other expenses in the consolidated income statement.

The acquired business contributed revenues of \$995,000 and net profit after tax of \$28,000 to the Group for the period from 26 March 2021 to 30 April 2021. If the acquisition had occurred on 1 May 2020, contributed revenue and contributed profit after tax for the year ended 30 April 2021 would have been \$25,000,000 and \$600,000 respectively.

#### Recognition and measurement

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interest issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs in business combinations are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit and loss as a profit on acquisition (referred to as bargain purchase).

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Gains or losses arising from such remeasurement are recognised in profit or loss.

## 6. Other Disclosures

### 6.a. Related party transactions

#### Parent entity

The ultimate parent entity and controlling party within the Group is Ricegrowers Limited.

#### Subsidiaries

Interests in subsidiaries are set out in note 5a.

#### Directors and other Key Management Personnel

##### Directors and other Key Management Personnel compensation

	2021	2020
	\$	\$
Short term employee benefits	5,139,014	5,439,625
Post-employment benefits	161,444	156,266
Share-based payments (1)	1,049,614	993,399
<b>Total compensation</b>	<b>6,350,072</b>	<b>6,589,290</b>

1- The Share Based Payments amount in 2021 does not include an amount of \$701,346 which was accrued in relation to the FY2022/FY2024 CEO Long Term Incentive plan in relation to the period from grant date on 28 August 2020 to 30 April 2021.

Detailed remuneration disclosures are provided in the remuneration report available in the Directors report.

##### Directors and other Key Management Personnel shareholding

Details of the Directors and other Key management personnel interests in A and B Class Shares of Ricegrowers Limited, details of B Class Shares issued to Directors and their related entities pursuant to the Grower Share Purchase Plan, details of the movement in B Class Share rights held by Key Management Personnel during the reporting period and details of the number and value of B Class Share rights granted, vested and forfeited under the Long Term Incentive awards during the year are provided in the remuneration report available in the Directors report.

##### Transactions with Directors and other Key Management Personnel

Transactions and outstanding balances	Held at 30 April 2021		Held at 30 April 2020	
	Transactions	Outstanding Balances	Transactions	Outstanding Balances
Purchases of rice from Directors	4,192,119	3,976,324	1,374,555	1,354,453
Sale of inputs to Directors	243,127	-	19,940	-
Fees paid to Directors for participation on Irrigated Research and Extension Committee	2,951	-	10,499	-
	<b>4,438,197</b>	<b>3,976,324</b>	<b>1,404,994</b>	<b>1,354,453</b>

There were no transactions with other Key Management Personnel.

Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

### 6.b. Share-based payments

#### Employee Long Term Incentive Plan

Under the Group's Employee Long Term Incentive Plan, participants are granted rights to ordinary B Class Shares of Ricegrowers Limited. B Class Share rights are granted annually and vest at the end of a three year performance period. They automatically convert into one ordinary B Class Share each on vesting, aligned to the performance outcome. B Class Share rights do not entitle their holders to receive any dividends during the vesting period. If a participant ceases to be employed by the Group within the performance period, the B Class Share rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

	2021	2020
Number of B Class Share rights granted (2021: 17 August 2020)	342,730	175,050
Fair value of B Class Share rights at grant date	\$4.34	\$3.93

The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class shares on that date (2021: \$5.20, 2020: \$4.80) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period.

### 6.b. Share-based payments (continued)

#### Chief Executive Officer (CEO) Long Term Incentive Plan (LTI)

On 28 August 2020, following approval from the shareholders at the 2020 Annual General Meeting, the CEO was granted 550,000 rights to ordinary B Class Shares of Ricegrowers Limited under the FY2022-FY2024 CEO Long Term Incentive Plan. Under this plan, the CEO is also entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights. Subject to vesting, each B Class Share right entitles the CEO to one B Class Share.

B Class Share rights will vest at the end of a three-year period from 1 May 2021 to 30 April 2024 and performance conditions apply over the vesting period. Assessment against these conditions is subject to the discretion of the Board, which may adjust outcomes or include or exclude items if the Board considers it appropriate, to better reflect shareholder expectations or management performance. Depending on progress against the performance hurdles, 50% of the B Class Share rights may vest 18 months after the commencement of the performance period. The 50% residual B Class Share Rights may vest at the end of the performance period.

The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's accounts. B Class Share rights will be forfeited on cessation of employment unless the Board determines otherwise. If the CEO ceases to be employed after the first 18 months of the vesting period but before the end of the three year performance period due to redundancy, genuine retirement, disability, death, illness, the sale of a subsidiary or business asset by the Company, or as a result of mutual agreement, then the number of B Class Share rights held that have not vested will be adjusted on a pro-rata basis. The B Class Share rights will remain on foot subject to the vesting conditions, unless the Board at its discretion determines otherwise.

The Board selected performance measures that are directed to the achievement of the long-term strategic plan for the Group and are consistent with the CEO's remuneration being aligned with increased shareholder value and growers' interests.

	2021	2020
Number of B Class Share rights granted on 28 August 2020	550,000	-
Fair value of B Class Share rights at grant date	\$5.21	-

The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date (\$5.21). No adjustment was required due to the dividend entitlement attached to the B Class Share rights during the vesting period.

#### Employee Share Scheme

Employees who are Australian tax residents are eligible and may elect to participate in the Group's Employee Share Scheme (ESS). Under the matching component of the scheme, eligible employees may be granted up to \$1,000 worth of fully paid ordinary B Class Shares in Ricegrowers Limited annually for no cash consideration. B Class Shares issued under the ESS may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects, the B Class Shares rank equally with other fully paid ordinary B Class Shares on issue.

	2021	2020
Number of B Class Shares offered for no cash consideration under the plan to participating employees	24,350	20,534

Each participant was issued with B Class Shares on a market price (with no discount) of \$5.86 (2020: \$5.72), which was also determined as the grant date fair value of these B Class Shares.

#### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021	2020
	\$000's	\$000's
B Class Share rights granted under Long Term Incentive Plans	2,246	1,504
B Class Shares issued for no consideration under the Employee Share Scheme	143	117
<b>Total share based payment expense</b>	<b>2,389</b>	<b>1,621</b>

**6. Other Disclosures (continued)****6.b. Share-based payments (continued)****Recognition and measurement****Employee Share Scheme**

Under the matching component of the Ricegrowers Limited Employee Share Scheme, B Class Shares are issued by the Ricegrowers Employee Share Trust to employees for no consideration and these B Class Shares vest immediately on grant date. On this date, the fair value of the B Class Shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

**Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan)**

The fair value of B Class Share rights granted under the Ricegrowers Limited Employee Long Term Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined by reference to the fair value of the B Class Share rights granted, excluding the impact of any service and non-market performance vesting conditions (e.g. Group financial and personal targets and remaining an employee of the Group over a specified period of time). The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of B Class Share rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**Plan administration**

The Employee Share Scheme and the Employee Long Term Incentive Plan are administered by the Ricegrowers Limited Employee Share Trust, which is included in the consolidated financial statements.

**6.c. Remuneration of auditors**

During the reporting period, the following services were paid or payable to the auditor of the parent entity, its related practices and non-related audit firms:

<b>Audit services</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fees paid to PricewaterhouseCoopers Australian firm	552,646	504,646
Fees paid to related practices of PricewaterhouseCoopers Australian firm	176,354	176,354
Fees paid to non-PricewaterhouseCoopers audit firm	54,143	54,143
<b>Total remuneration for audit services</b>	<b>783,143</b>	<b>735,143</b>
<b>Other assurance services</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fees paid to PricewaterhouseCoopers Australian firm	-	33,000
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	5,762
<b>Total remuneration for other assurance services</b>	<b>-</b>	<b>38,762</b>
<b>Taxation services</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fees paid to PricewaterhouseCoopers Australian firm	294,525	614,132
Fees paid to related practices of PricewaterhouseCoopers Australian firm	67,700	33,854
<b>Total remuneration for taxation services</b>	<b>362,225</b>	<b>647,986</b>

**6.d. Events occurring after the reporting period**

Other than the declaration of a fully franked dividend of 33 cents per ordinary B Class Shares (refer to note 4a), the Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in this Annual Report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

# Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 81 to 134 are in accordance with the Corporations Act 2001, including:
  - i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the consolidated entity's financial position as at 30 April 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that Ricegrowers Limited will be able to pay its debts as and when they become due and payable.
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 5c will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 5c.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

The declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board.



L Arthur  
Chairman



R Gordon  
Director

24 June 2021

# Independent Auditor's Report



## Independent auditor's report

To the members of Ricegrowers Limited

### Report on the audit of the financial report

#### Our opinion

In our opinion:

The accompanying financial report of Ricegrowers Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 April 2021 and of its financial performance for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 April 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au  
Level 11, IPSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



### Materiality

- For the purpose of our audit we used overall Group materiality of \$5.0 million, which represents approximately 0.5% of the Group's revenue from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose revenue from continuing operations because, in our view, it is an appropriate benchmark against which to measure the performance of the Group. We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of acceptable thresholds.

### Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises of entities located in Australia, Papua New Guinea ("PNG"), the United States of America ("USA"), Singapore and other locations across the Asia Pacific and the Middle East, with the most financially significant operations being those located in Australia, Singapore and PNG. Accordingly, we structured our audit as follows:
  - The group audit was led by our team from PwC Australia ("group audit team"). The group audit team completed audit procedures in respect of the special purpose financial information of businesses operating in Australia, Singapore, the Middle East and the USA used to prepare the consolidated financial statements.



- Under instruction from and on behalf of the group audit team, component auditors in PNG performed an audit of the special purpose financial information for that location used to prepare the consolidated financial statements.
- The group audit team decided on their level of involvement needed in the work performed by the component auditor, to be satisfied that sufficient appropriate evidence had been obtained for the purpose of our opinion. Review of the work undertaken by the component team, and regular dialogue between the teams up to the reporting date, supplemented the specific direct written instruction provided by the group audit team which augmented the reporting provided by the component auditor.
- The group audit team undertook the remaining audit procedures, including over significant financial statement items controlled at the Group level, the Group consolidation and the audit of the financial report and remuneration report.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Finance, Risk and Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Sales revenue</b> <i>(Refer to note 2b) [\$1,022.2m]</i></p> <p>The recognition of sales revenue was a key audit matter due to the financial significance of sales revenue to the consolidated income statement.</p>	<p>In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• consideration and assessment of the Group's accounting policy;</li> <li>• testing, for a sample of transactions, whether revenue had been recorded at the correct amount and in the correct financial period, in accordance with the Group's revenue recognition policy. This included assessing whether:                             <ul style="list-style-type: none"> <li>○ evidence of an underlying arrangement with the customer existed;</li> <li>○ appropriate performance obligations and consideration had been identified;</li> <li>○ amounts allocated to the performance obligations were made with reference to their standalone selling prices and discount/rebate arrangements where relevant; and</li> <li>○ the timing of revenue recognition had been appropriately considered and recognised in the appropriate period.</li> </ul> </li> <li>• evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p><b>Inventory</b> <i>(Refer to note 3b) [\$375.7m]</i></p> <p>Inventory was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• the financial significance of inventory to the consolidated balance sheet;</li> <li>• the geographically diverse locations where inventory is stored; and</li> <li>• the principles applied in the determining the valuation of inventory.</li> </ul>	<p>We focused our efforts on developing an understanding of and testing the methodology with which the Group recognises and values inventory. We considered the appropriateness of the Group's accounting policies in light of the requirements of Australian Accounting Standards.</p> <p>In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• attending, observing and assessing stocktakes performed by the Group at a sample of locations and performing independent test counts where appropriate;</li> <li>• reviewing the application of the Group's cycle count procedures;</li> <li>• obtaining confirmations of inventories held at a sample of locations;</li> <li>• evaluating whether any required adjustments identified from our count attendance, cycle count procedures or confirmations were appropriately reflected;</li> <li>• testing, for a sample of inventory items, whether the cost was recorded at the correct amount;</li> <li>• assessing the Group's inventory provisioning policy by comparing the prior period inventory provision to inventory sold below cost or written off in the current period; and</li> <li>• evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.</li> </ul>
<p><b>Business combinations</b> <i>(Refer to note 5f)</i></p> <p>During the year, the Group acquired KJ &amp; Co Brands Pty Limited (KJ) for a total consideration of \$50.6 million.</p> <p>The acquisition of KJ was assessed as a key audit matter given:</p> <ul style="list-style-type: none"> <li>• the financial significance of the purchase consideration; and;</li> <li>• the judgement applied by the Group in allocating the total consideration to the underlying assets and liabilities.</li> </ul>	<p>Noting that the Group's accounting for the acquisition remains provisional, our audit procedures to date included:</p> <ul style="list-style-type: none"> <li>• evaluating the Group's accounting against the requirements of Australian Accounting Standards;</li> <li>• reading the executed purchase contract between the relevant parties;</li> <li>• assessing whether the basis and composition of the purchase price in the executed contract was consistent with the Group's provisional accounting for the acquisition;</li> <li>• assessing the provisional fair values of the acquired assets and liabilities recognised, including:                             <ul style="list-style-type: none"> <li>○ reading the due diligence report received by the Group and associated analysis to consider if appropriate assets and liabilities have been identified, valued and recognised;</li> <li>○ assessing the inputs and assumptions used by the Group in determining the provisional fair values; and</li> </ul> </li> </ul>



**Key audit matter**

**How our audit addressed the key audit matter**

- o considering the valuation methodologies used by the Group in light of the requirements of Australian Accounting Standards.

We assessed the appropriateness of the Group's relevant disclosure in the financial report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 April 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

**Report on the remuneration report**

**Our opinion on the remuneration report**

We have audited the remuneration report included in pages 62 to 78 of the directors' report for the year ended 30 April 2021. In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2021 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Mark Dow  
Partner

Sydney  
24 June 2021

# Shareholder Information

The Shareholder Information set out below was applicable as at 22 June 2021.

## Distribution of equity securities (B Class Shares only)

The analysis of numbers of equity security holders by size of B Class shareholding is set out in the table below:

Holding	Number
1 - 1000	353,490
1,001 - 5,000	2,446,520
5,001 - 10,000	3,400,355
10,001 - 100,000	30,546,759
100,001 and over	24,042,624
	<b>60,789,748</b>

There were 26 holders of less than a marketable parcel of ordinary B Class Shares.

## Equity security holders (B Class Shares only)

The names of the twenty largest holders of quoted B Class equity securities are listed below:

Rank	Shareholder	No. of B Class Shares	% of issued B Class Shares
1	AUSTRALIAN FOOD & AGRICULTURE COMPANY LIMITED	2,365,086	4%
2	LOLLYPOP CREEK PTY LTD	2,276,593	4%
3	GERMANICO SUPER PTY LTD	850,035	1%
4	PACIFIC CUSTODIANS PTY LTD	828,584	1%
5	DELLAPOOL NOMINEES PTY LTD	807,809	1%
6	MENEGAZZO ENTERPRISES PTY LTD	727,458	1%
7	MR ALAN DAVID WALSH	492,285	1%
8	PACIFIC CUSTODIANS PTY LTD	460,286	1%
9	AMBO FARMS PTY LTD	444,279	1%
10	TAURIAN PTY LTD	402,529	1%
11	NIGEL GEOFFREY LAMOND & KATHARINE JANET LAMOND	383,883	1%
12	INDUSTRY DESIGNS PTY LTD	381,790	1%
13	FRANK ANTHONY DAL BON & JAN BRONWEN DAL BON	380,590	1%
14	OJ MINATO PTY LTD	335,795	1%
15	NEIL WILLIAM ROSE & BEVERLEY EDNA ROSE	328,413	1%
16	GF & SB LAWSON PTY LTD	327,139	1%
17	AQUARIAN SUPER PTY LTD	322,860	1%
18	FS FALKINER & SONS PTY LTD	300,170	0%
19	YARRANVALE ESTATES PTY LTD	295,294	0%
20	PETER SALVESTRO LANDFORMING PTY LTD	280,818	0%
		<b>12,991,696</b>	<b>21%</b>

Shareholdings related to KMP including Directors are detailed in the Remuneration Report on pages 76 and 77.

The above table reflects the shareholdings of individual entities in their own right.

## Substantial holders (B Class Shares only)

There are currently no substantial B Class shareholders in the company.

Under the Ricegrowers Limited Constitution, a B Class Shareholding Limit restricts a person (together with their associates) from holding more than 10% of the total number of B Class Shares on issue. In this context, a person will be deemed to "hold" a B Class Share if they have a relevant interest in that Share. If a person acquires B Class Shares in excess of the B Class Shareholding Limit, all rights (including voting and dividend rights) of that person in respect of the excess B Class Shares will be suspended, and the Directors may procure the disposal of the excess B Class Shares.

The continuation of the B Class Shareholding Limit is required to be approved by A Class Shareholders at SunRice's tenth annual general meeting after Listing and at each third annual general meeting thereafter. However, any removal of or variation to the B Class Shareholding Limit will require a special resolution (75% majority of the votes cast) of the A Class Shareholders and of the B Class Shareholders. If the requisite voting majorities to either retain or change the B Class Shareholding Limit are not achieved, the existing 10% B Class Shareholding Limit will remain in place through the Constitution, until such time as Shareholders can agree on a new B Class Shareholding Limit.

## Dual class share structure and limited voting rights

SunRice has a dual class share structure, with B Class Shares being able to be held by investors generally and A Class Shares being limited to Active Growers. This structure is designed to meet the needs of SunRice and its existing Shareholders, while giving investors exposure to the financial performance of SunRice.

Investors in SunRice hold B Class Shares, which have limited voting rights. In particular, B Class Shares do not confer on their holders the right to vote at a general meeting of SunRice. Holders of B Class Shares only have voting rights on matters that constitute a variation of the B Class Share class rights and as required by the ASX Listing Rules. B Class Shareholders do not have the right to vote on the election of Directors or (except in relation to amendments which constitute a variation of the B Class Share class rights) on amendments to the Constitution. These are matters controlled by the A Class Shareholders.

The interests of A Class Shareholders are in achieving returns through Paddy Prices. The interests of B Class Shareholders are in achieving dividends on B Class Shares and improvement in the market price of B Class Shares. These interests have diverged since SunRice's dual class share structure was put in place on incorporation, and the proportion of B Class Shares held by A Class Shareholders has decreased. In making decisions, SunRice Directors must have regard to their duties under the Corporations Act and the general law to act in the best interests of SunRice as a whole. SunRice Directors have actively managed the divergent interests of A and B Class shareholders for more than 10 years, and the Directors believe they have demonstrated a strong track record in balancing the interests of both classes of Shareholders. In addition, the Board has adopted procedures to manage any potential conflict or divergence of interests which may arise, including delegation of the decision to a committee of unconflicted Directors. These procedures are set out in the SunRice Conflict of Interest Policy and the Paddy Pricing Policy. Copies of both policies are available on SunRice's website.

## Summary of SunRice's non-standard elements

The structure of Ricegrowers Limited contains non-standard elements, including:

- The Company has a dual class share structure with differential voting rights:
  - A Class Shares, which are redeemable preference shares, confer on their holders the right to vote at general meetings of the Company. A Class Shareholders have no right to dividends or distributions, other than the right to be repaid the amount paid up on the A Class Shares on redemption or a winding up of the Company. A Class Shares are not quoted on the ASX and can only be held by Active Growers.
  - B Class Shares, which are quoted on the ASX, confer on their holders the right to receive dividends but no right to vote at general meetings. The right of B Class Shareholders to vote on matters relating to the Company is limited to proposals involving a variation of their class rights (including those matters deemed to vary their class rights under the Company's Constitution) and as required for the purposes of the ASX Listing Rules.
- The Company's Constitution imposes the following shareholding limits on A Class Shares and B Class Shares:
  - A Class Shareholding Limit: a person must not hold more than 5 A Class Shares.
  - B Class Shareholding Limit: a person must not hold a number of B Class Shares which, when aggregated with any B Class Shares held by all associates of that person, exceeds 10% of the total number of issued B Class Shares.
- Under the Company's Constitution, the board of directors of the Company currently includes up to 10 directors\*, comprising:
  - up to two Grower Directors who are elected members of the Rice Marketing Board for the State of New South Wales (RMB)\*. These directors will hold office for the same period as their term of office as elected members of the RMB;
  - up to four other Grower Directors. These directors will hold office for four years or such other periods as the A Class Shareholders may determine in a general meeting; and
  - up to four Non-Grower Directors, one of whom may be an employee of the Company. These directors will hold office for such term as the A Class Shareholders may determine in general meeting, except that the managing Director is not subject to the retirement requirements of the Constitution.

\*there are currently 11 directors on the board, 3 of which are elected members of the RMB. The reduction in board size was approved at the 2020 AGM and will take effect in December 2021 when the term of office of the elected RMB members expires.

# Corporate Directory

## SunRice Registered Office

57 Yanco Avenue  
Leeton, NSW 2705  
Australia  
Tel +61 2 6953 0411

## Subsidiaries

### Riviana Foods Pty Ltd

Level 1, Tower 1  
1341 Dandenong Road  
Chadstone, VIC 3148  
Australia  
Tel +61 3 8567 1000

### Australian Grain Storage Pty Ltd

57 Yanco Avenue  
Leeton, NSW 2705  
Australia  
Tel +61 2 6953 0411

### Rice Research Australia Pty Ltd

57 Yanco Avenue  
Leeton, NSW 2705  
Australia  
Tel +61 3 5886 1391

### Trukai Industries Limited

Mataram Street  
Lae MP 411  
Papua New Guinea  
Tel +675 472 2466

### Solomons Rice Company Limited

Trading as SolRice  
Ranadi, Honiara  
Solomon Islands  
Tel +677 30826

### SunFoods LLC

Suite 202, 194 West Main Street,  
Woodland, 95695  
California, USA  
Tel +1 530 661 1923

### Ricegrowers Singapore Pte Ltd

47A/B Duxton Road  
Singapore 089511  
Tel +65 6904 5633

### Ricegrowers Middle East DMCC

Unit 25 F&G, Level 25, Almas Tower  
Jumeirah Lake Tower  
Dubai, UAE  
Tel +971 4458 5480

### Ricegrowers Vietnam Company Limited

Tan An Hamlet  
Binh Thanh Trung Commune  
Lap Vo District - Dong Thap Province  
Vietnam  
Tel +84 88 922 7700

### Ricegrowers New Zealand Ltd

Level 1, 41 Taharoto Road  
Takapuna, Auckland 0622  
New Zealand

### Aqaba Processing Company

Aqaba Special Economic Zone  
Southern Seashore, Aqaba  
Tel +962 3 201 4285

### SunRice Trading (Shanghai) Co. Ltd

Room 607, Building 1  
No. 55 Aona Road  
China (Shanghai) Pilot Free Trade Zone

## Directors

### Laurie Arthur

Chairman  
Non-executive Director – Grower

### Rob Gordon

Chief Executive Officer  
Executive Director – Non-Grower

### Luisa Catanzaro

Non-executive Independent Director –  
Non-Grower

### Andrew Crane

Non-executive Independent Director –  
Non-Grower

### Ian Glasson

Non-executive Independent Director –  
Non-Grower

### John Bradford

Non-executive Director – Grower  
(Elected RMB Director)

### Gillian Kirkup

Non-executive Director – Grower  
(Elected RMB Director)

### Ian Mason

Non-executive Director – Grower  
(Elected RMB Director)

### Jeremy Morton

Non-executive Director – Grower

### Dr Leigh Vial

Non-executive Director – Grower

### Julian Zanatta

Non-executive Director – Grower

## Corporate Management Team

### Rob Gordon

Chief Executive Officer

### Dimitri Courtelis

Chief Financial Officer

### Matt Alonso

Chief Executive Officer, SunFoods LLC

### Kate Cooper

General Counsel and Company Secretary

### Stephen Forde

Chief Executive Officer, Riviana Foods Pty Ltd

### Tom Howard

General Manager, Global Operations,  
Origination and Agribusiness

### David Keldie

General Manager, Global Consumer Markets

### Paul T Parker

General Manager, People and Culture

### Alan Preston

Chief Executive Officer, Trukai Industries Ltd

## Auditor

### PricewaterhouseCoopers

One International Towers  
Watermans Quay  
Barangaroo, NSW 2000  
Australia

## Share Registry

### Link Market Services Limited

Locked Bag A14  
Sydney South, NSW 1235  
Australia  
Tel +61 1300 554 474

## Notice of Annual General Meeting

The annual general meeting of Ricegrowers Limited will be held at the Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, with registration commencing at 9.30am on Wednesday, 25 August 2021.

## Stock Exchange Listing

Ricegrowers Limited's B Class Shares are listed on the Australian Securities Exchange (ASX) – code SGLLV.

## Website

www.sunrice.com.au

This page has been left intentionally blank



[www.sunrice.com.au](http://www.sunrice.com.au)