



Make a *Difference*

Finance, Risk and Audit Committee Charter

October 2020



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This policy may be amended at the discretion of the SunRice Group.
This policy does not form part of employees' contracts of employment

1. ROLE OF THE COMMITTEE

- 1.1 The Finance, Risk and Audit Committee (“Committee”) of the Board of Ricegrowers Limited trading as SunRice and its related bodies corporate (“Company” or “Group”) has been established to assist the Board in discharging its responsibilities on a range of matters for the Group relating to:-
- 1.1.1 External financial reporting
 - 1.1.2 Capital management and funding
 - 1.1.3 External and internal audit
 - 1.1.4 The oversight and governance of the risk and internal control framework
 - 1.1.5 The compliance framework
 - 1.1.6 The annual budget and other matters delegated by the Board, including compliance with the Paddy Pricing Policy.
- 1.2 The Board has delegated authority to the Committee to fulfil its responsibilities as set out in the section entitled “Role and Responsibility” and may make other delegations to the Committee from time to time.

2. ACCESS TO INFORMATION AND INDEPENDENT ADVICE BY THE COMMITTEE

- 2.1 The Committee has access through the Chair to:-
- 2.1.1 Management, including the Group Risk Manager and Head of Internal Audit to seek explanations and information, as required.
 - 2.1.2 Independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
 - 2.1.3 If the Chair of the Board consents, the Group will pay a Committee member’s costs of seeking independent professional advice, with the brief agreed by the Chair and Company Secretary. That consent may not be unreasonably withheld or delayed. Copies of the advice must be made available to, and for the benefit of, all Board members, unless the Chair agrees otherwise. The engagement and any advice received will be independent of Management.
 - 2.1.4 Management is responsible for the preparation, presentation and integrity of the information provided to the Committee to support decision making and effective oversight by the Committee.

3. ORGANISATION

3.1 Membership

- 3.1.1 The members of the Committee and the Chair of the Committee will be appointed by the Board.

- 3.1.2 The Committee shall comprise of at least four (4) directors, all of whom must be non-executive directors (“NEDs”), a majority of whom are considered independent as determined by the Board (and therefore Non-Grower Directors).
- 3.1.3 The Company Secretary shall be the Secretary of the Committee, if in attendance; otherwise the Chair of the Committee shall nominate a Secretary of the Committee.
- 3.1.4 Committee members are to be financially literate, and between them, are to have the accounting and financial expertise and sufficient understanding for the Committee to fulfil its responsibilities.
- 3.1.5 At least one member of the Committee is to have the necessary technical knowledge and a sufficient understanding of the industry in which the Company operates.

3.2 Role of the Chair

- 3.2.1 The Committee Chair must not be the Chair of the Board, and must be considered independent as determined by the Board.
- 3.2.2 The Committee Chair is responsible for leading the Committee and overseeing the processes for the Committee's performance of its role in accordance with this Charter.
- 3.2.3 The Committee Chair has responsibility to:
 - 3.2.3.1 Foster an open, inclusive and, where appropriate, challenging discussion by the Committee.
 - 3.2.3.2 Set the agenda with the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Committee.
 - 3.2.3.3 Liaise with Management to ensure the Committee has the information necessary to enable effective decision-making.

3.3 Meetings

- 3.3.1 The Chair of the Committee shall call meetings as necessary, at least five times per year.
- 3.3.2 The presence of one half of the members of the Committee will constitute a quorum, (or where one half is not a whole number, the whole number next higher than one-half) provided that the number of Non-Grower directors exceeds the number of Grower Directors by at least one.
- 3.3.3 All NEDs are entitled to attend meetings of the Committee where there is no conflict of interest and with the prior consent of the Committee Chair.
- 3.3.4 Notice of the meeting, the agenda, and supporting documentation for each meeting must be given to each member of the Committee and the Secretary of the Committee within a reasonable time of each meeting.
- 3.3.5 Employees, advisors and external auditors may be invited to attend meetings.

- 3.3.6 Members should use their best endeavours to attend every meeting of the Committee which may be by telephone or videoconference, if appropriate.
- 3.3.7 The Committee may meet with representatives of internal audit and external audit and external consulting firms, without Management present, as required.
- 3.3.8 In the absence of the Chair of the Committee or appointed delegate, the members shall elect one of their number as Chair for that meeting. The Chair has a casting vote in addition to a deliberative vote.

3.4 Reporting

- 3.4.1 Minutes of meetings shall be circulated to all Members after approval by the Chair of the Committee.
- 3.4.2 Minutes of the Committee meetings are made available to all Directors.
- 3.4.3 The Committee Chair will provide verbal reports on Committee business at the next Board meeting and will consider if any material matters arising out of Committee Meetings should be advised to other Committees.

4. ROLES AND RESPONSIBILITIES

4.1 Risk Management and Internal Control

- 4.1.1 Monitor and make recommendations to the Board, as required, regarding:-
 - 4.1.1.1 the Group's Risk Appetite, set by the Board and within which Management is expected to operate.
 - 4.1.1.2 the risk management framework and the Group tax risk framework and their effectiveness in identifying and managing risks (within the Risk Appetite).
 - 4.1.1.3 Management's implementation of the Group's risk management framework, including whether the Group is operating within the Risk Appetite.
 - 4.1.1.4 any material exposures regarding environmental and social risks and how those risks are, or will be, managed.
- 4.1.2 Monitor, and report to the Board on, new and emerging financial and non-financial risks relevant to SunRice and the controls and mitigation measures put in place to identify and deal with those risks.
- 4.1.3 Receive reports from internal audit on its reviews of the adequacy of the Group's processes for managing risk, and whether Management has implemented recommendations.
- 4.1.4 Monitor and receive reports from Management or any Board Committee relating to:
 - 4.1.4.1 any significant breaches of, or material deviation from, the risk management framework.

4.1.4.2 any material incident involving fraud or a break-down of risk or internal controls, including their timely investigation and/or resolution.

4.1.4.3 the resolution of significant risk and internal control matters and incidents, and monitoring Management's remediation plans.

4.1.5 Assess the adequacy of the Group's insurance coverage, having regard to the Group's business and the insurable risks.

4.1.6 Review the adequacy and effectiveness of internal control systems (including in relation to fraud).

4.1.7 Evaluate the adequacy and effectiveness of the Group's business continuity plans (such as the security of computer systems).

4.1.8 Review and make recommendations to the Board in relation to the risk disclosures in the Company's periodic reporting documents, including the operating and financial review in its Annual Report.

4.2 External Financial Reporting

4.2.1 Review and recommend to the Board the financial statements, and consider if those statements adhere to accounting standards and policies and align with the Committee's understanding of, and otherwise provide a true and fair view of, the financial position and performance of the Group.

4.2.2 Assess the appropriateness of the accounting judgements or choices exercised by Management in preparing the financial statements.

4.2.3 Review the CEO and CFO declaration required under Section 295 of the Corporations Act for the Group's interim and annual financial statements.

4.2.4 Monitor and assess the adequacy of the processes in place to verify the integrity of any periodic report that is released on ASX and not audited or reviewed by the external auditor.

4.2.5 Meet with Management and external audit to review key accounting policies, interim and annual financial statements and the results of the external audit prior to finalisation and release of the financial statements.

4.2.6 Assess the performance of financial management to ensure that financial reporting is timely, accurate and balanced.

4.3 Compliance

4.3.1 Review and make recommendations to the Board, as required, regarding:-

4.3.1.1 the effectiveness of the systems for monitoring and ensuring compliance with laws, regulations, ethical standards and policies (including Competition and Consumer Law, Corporations Law, Anti Bribery and Corruption/Speak Up!, the Rice Marketing Act, and Privacy legislation)

4.3.1.2 material breaches of the Group Code of Conduct and Anti-Bribery and Corruption Policy, and material reports under the Speak Up! Policy, and their investigation and resolution.

4.3.1.3 any material correspondence from regulators and reports on management's interaction with regulators.

4.3.2 Receive regular updates from Management about compliance matters that may have a material impact on the Company.

4.3.3 Receive regular updates from the Group General Counsel and other Management, as appropriate, regarding any material litigation.

4.4 External Audit

4.4.1 Review and make recommendations to the Board in relation to:-

4.4.1.1 the performance, remuneration, appointment, reappointment or termination of the external auditor annually

4.4.1.2 the independence and effectiveness of external audit

4.4.1.3 the rotation of the lead partner (and review partner) in accordance with the Corporations Act.

4.4.2 Oversee the policies in place for the provision of non-audit services by the external audit firm including appropriate approval processes for remuneration and that external audit independence is not compromised.

4.4.3 Review the scope and adequacy of the external audit in the light of the Company's circumstances and changes in regulatory and other requirements.

4.4.4 Monitor that significant findings and recommendations made by the external auditor and Management responses thereto are received, considered and acted upon in an appropriate manner.

4.4.5 Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non audit services do not compromise audit independence, in order for the Board to make the statements required by the Corporations Act to be included in the Company's Annual Report.

4.4.6 Meet separately with external audit, without Management present, to provide the opportunity to discuss any items that the Committee or external audit would like to discuss privately. The external auditor has access to the Chair as required.

4.4.7 Oversee Company policies for the hiring of external audit firm personnel for senior positions after they have left the firm.

4.5 Capital Management and Funding

4.5.1 Review and recommend to the Board on:-

4.5.1.1 capital management plans, including payment of dividends, share issues, buy back and capital returns and policies and processes, such as the Dividend Policy and Dividend Reinvestment Plan Rules.

4.5.1.2 material funding facilities for the Group.

4.6 Internal Audit

4.6.1 Review the activities, resources and organisational structure of internal audit to assess capability, independence and objectivity.

4.6.2 Review and monitor the performance and effectiveness of internal audit.

4.6.3 Participate in the appointment and removal of the Head of Internal Audit or of the internal audit firm.

4.6.4 Meet separately with the Head of Internal Audit or of the internal audit firm, without Management present, to provide the opportunity to discuss any items that the Committee or internal audit would like to discuss privately. The internal audit function has access to the Chair as required.

4.6.5 Monitor that significant findings and recommendations made by internal audit and Management responses thereto are received, considered and acted upon in an appropriate manner.

4.6.6 Review the scope and adequacy of proposed internal audit plans and areas of risk and that there is independence from external audit and management.

4.6.7 Assess the achievements of internal audit with relevance to approved plans and other appropriate criteria.

4.7 Annual Budget, Management Reporting and Other

4.7.1 Review of the Annual Operating and Capital Budgets and recommend them to the Board for approval, including key assumptions, and consider if they represent a fair and comprehensive plan against which to measure performance, and make advance payments, for the forthcoming financial/crop year

4.8 Paddy Pricing Policy

4.8.1 Monitor compliance with the Paddy Pricing Policy with regard to the Paddy Pool, Paddy Price and paddy payments.

4.8.2 Assist the Board with the application of the Paddy Pricing Policy, as required, with regard to the Paddy Pool, timing of payments and payment options.

4.9 Evaluating Performance of Committee

4.9.1 Evaluate the performance of the Committee against the requirements of this Charter and report the results to the Board.

4.10 Review of the Committee Charter

4.10.1 Review the Committee Charter periodically (and at least every two years) and recommend any amendments to the Board for approval.



4.11 Other

4.11.1 Perform any other responsibilities as may be delegated to it by the Board from time to time.

DOCUMENT CONTROL

Version	Date	Approved by	Sign-off date
Version 12	October 2020	SunRice Board	22 October 2020