

Corporate Governance Statement

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

This Corporate Governance Statement summarises the main corporate governance policies of the company and outlines the extent to which the company's corporate governance policies and practices are consistent with the third edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (**ASX Recommendations**). The company's corporate governance policies and practices already address many of the new issues raised in the fourth edition of the ASX Recommendations, which takes effect for SunRice's financial year commencing 1 May 2020.

The company has followed all of the ASX Recommendations, unless stated otherwise.

Copies of policies referred to in this Corporate Governance Statement and Board and Committee charters are available in the corporate governance section of the company's website at www.sunrice.com.au.

This Corporate Governance Statement is current as at 30 April 2020 and has been approved by the Board.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board (ASX Recommendations 1.1, 1.2, 1.3 and 1.4)

The Board is responsible for the governance of the company and oversees its operational and financial performance. The Board retains ultimate responsibility for the strategy, risk appetite and performance of the Group, and has delegated responsibility for day to day management and implementation of the Board approved strategy and risk management policies to the Chief Executive Officer (**CEO**). The CEO, through delegations of authority and effective reporting to the Board, is accountable to the Board.

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

Prior to the election of any Director candidate, the company provides shareholders with all material information in the company's possession that is required to support an informed decision by shareholders. The company undertakes appropriate background checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director.

The SunRice Group has written agreements with all Directors (as well as Senior Executives) setting out the key terms of their appointment.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity Policy (ASX Recommendation 1.5)

At SunRice, we are committed to creating an inclusive and diverse workplace where all employees are given equal opportunity to succeed.

Our Inclusion and Diversity Strategy provides a framework for SunRice to achieve, amongst other things, a workforce with diverse skills and experience, a workplace culture characterised by inclusive practices and behaviours, and improved employment and career development opportunities for all.

SunRice's continued focus on inclusion and diversity include:

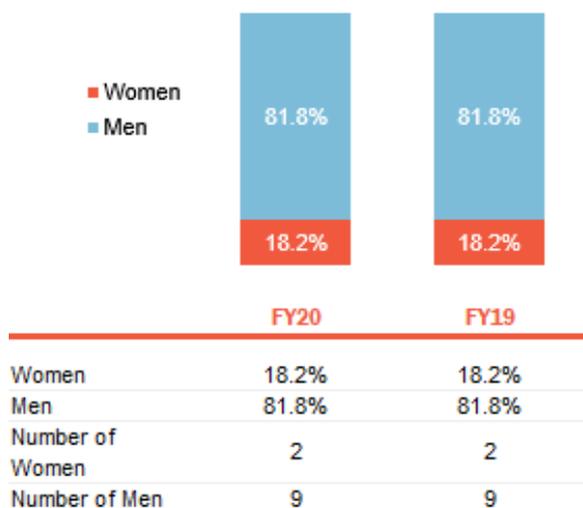
- Diversity in leadership and diversity of thought;
- Creating flexible, adaptable work practices; and
- Respectful workplaces where everyone feels they can contribute.

Across the Group, the respective proportions of male and female employees on the Board, in Senior Executive Management positions and across the business (now reported at a global level) as at 31 March 2020 are illustrated in the tables on the following page. Key points of note include:

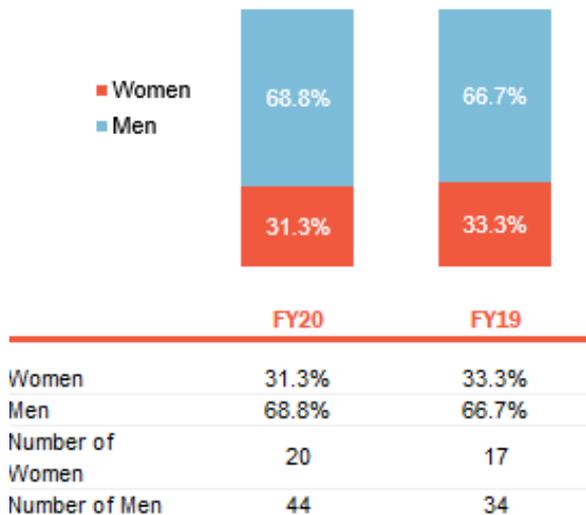
1. The proportion of women in Senior Executive positions in the Group decreased by 12.2%.
2. For the first time the company is reporting the proportion of women in Senior Management at a Group level, with representation of women in this category being 31.3%, compared to Australia only at 34.7%, up from 33.3% in FY19. We will continue to focus on increasing the representation of women in all leadership roles to 40%, in line with our 2022 Growth Strategy.

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Proportion of women on the Board

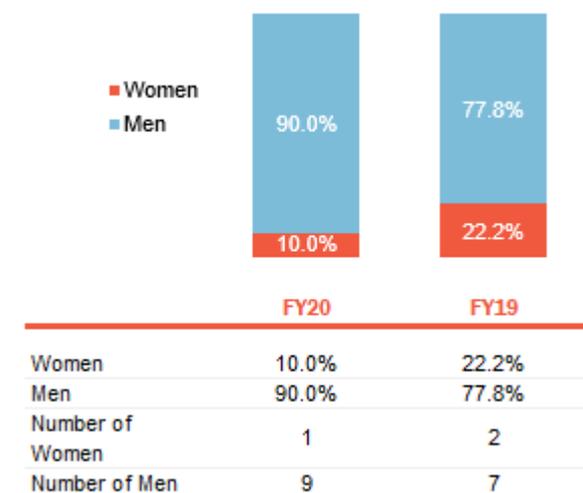


Proportion of women in Senior Management positions¹

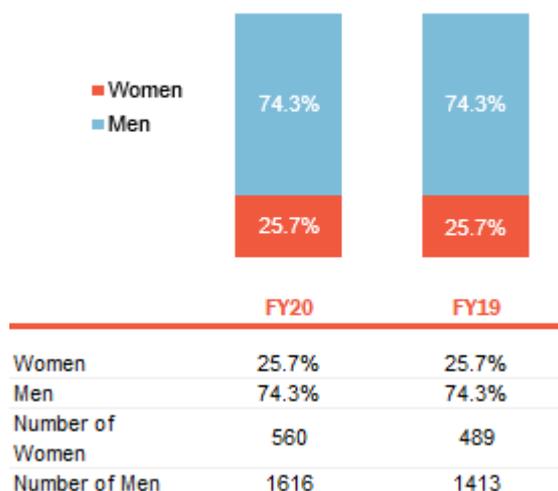


¹ Senior Management includes Senior Executives (as defined in Note 2) and their direct reports. While the number of senior managers in Australia increased between FY19 and FY20 (see page 3), the overall number of women senior managers decreased, as it reflects gender-based data from across our global operations for the first time.

Proportion of women in Senior Executive positions in the Group²



Proportion of women employees across the Group



² Senior Executive includes the Group CEO and other members of the Corporate Management Team and Subsidiary Company Heads.

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The Board has also adopted a Diversity Policy, which outlines the process of setting, evaluating and reporting on diversity objectives. The following assessment of achievements to date against the measurable objectives in FY2020 demonstrates SunRice's ongoing commitment to inclusion and diversity.

FY2020 Objective	Initiatives and Outcome
<p>Continue to focus on increasing the representation of women in all leadership roles to 40% by FY2022 and in line with our 2022 Growth Strategy.</p>	<p>Increased Gender Balance</p> <ul style="list-style-type: none"> ▪ The proportion of women in Senior Management roles in Australia increased by 1.4% from 33.3% in FY2019 to 34.7% in FY2020. ▪ We continue to proactively manage the recruitment of vacant roles to ensure that every interview short list has a representation of women, where possible. ▪ Further information on the company's Gender Equality Indicators is available from the Workplace Gender Equality Agency website at www.wgea.gov.au or from the 'Sustainability Reporting' section of the company's website.
<p>Develop a cultural intelligence program to enable SunRice's top 100 leaders to lead in a way that ensures everyone has the same opportunity by always encouraging an inclusive and respectful culture in every interaction. The outcomes aim to contribute towards successful, sustainable partnerships that deliver business results, and to raise awareness and celebrate our cultural differences.</p>	<p>Cultural Intelligence</p> <ul style="list-style-type: none"> ▪ Commenced the roll out of a one-day cultural intelligence development program, with a specific focus on Vietnam, to help leaders better navigate the interconnectedness of global markets, recognising SunRice's own cultural frameworks and how those cultural frameworks influence employees and others. ▪ Continued to ensure international assignees participated in cultural briefings when spending time in Vietnam, Papua New Guinea or Australia.
<p>Additional Australian based initiatives.</p>	<p>National Association of Women In Operations (NAWO)</p> <ul style="list-style-type: none"> ▪ We continue to be corporate members of NAWO, including representation as Chair of the NAWO Riverina Committee. SunRice representatives (both male and female) participate in development and networking sessions conducted by NAWO, across the Australian rural network. <p>AgriFutures Rural Women's Award</p> <ul style="list-style-type: none"> ▪ Ongoing sponsorship of this national award provides support for this important event, which raises the profile of rural women in the Australian community and is a source of inspiration to all employees across the company. <p>Jan Cathcart Memorial Scholarship Program</p> <ul style="list-style-type: none"> ▪ Now in its sixth year, the \$30,000 scholarship is designed to support talented women who demonstrate a passion for and commitment to the rice industry and who can contribute and play a critical part in shaping a positive future. ▪ Work experience opportunities were provided for scholarship recipients in roles across SunRice's Group Marketing and Sustainability teams. <p>Western Riverina 'Grow Our Own' (GOO)</p> <ul style="list-style-type: none"> ▪ Member of the 'Grow Our Own' network in Western Riverina (NSW) to actively showcase career pathway opportunities within the region and contribute to knowledge base and activities to strengthen career choices made by youth. ▪ Partnered with Leeton High School students to develop a video on a range of careers available at SunRice. ▪ Promotion of careers in rice with secondary and tertiary students through attendance at careers days, hosting students and teaching staff on site, as well as providing work experience and work placement for individuals. ▪ Sponsored a STEM event promoting Science/Technology/Engineering and Maths careers for secondary students.

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Clontarf Foundation

- Clontarf Foundation exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men.
- SunRice partnered Clontarf in support of their new academy at Narrandera High School, initially providing one eligible Foundation school leaver work for two years at SunRice. This will include combined employment with structured learning to develop workplace skills and provide a nationally recognised qualification at the Certificate II, III, IV or Diploma level.

Indigenous community involvement

- Participation with Indigenous elders to workshop what the optimum future state would look like for Indigenous people in Deniliquin and develop action plans.
- Joined Indigenous Elders of the community and SunRice Indigenous employee representatives in National Aborigines and Islanders Day Observance Committee (NAIDOC) week celebrations at the Local Land Council.
- Sponsorship of the Proud and Deadly Aboriginal Student Awards for the second year, which recognise and celebrate the achievements of Aboriginal students from local schools in Deniliquin, Conargo, Mayrung, Finley, Barham, Hay, Balranald, Tooleybuc and Moama.

Papua New Guinea

- Sponsorship of FemiliPNG to support employees in PNG who have been victims of sexual or domestic violence.
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Board Performance Evaluation (ASX Recommendation 1.6)

SunRice has an established practice of regular performance reviews, covering the Board as a whole, Committees and individual director contributions. A performance review was not conducted during the reporting period.

In FY19, the Board performance review was conducted by an independent third party. An action plan was developed to set priorities for the FY20 year and progress against the agreed areas was overseen by the Board.

A Board sub-committee was appointed to oversee the Implementation of the recommendations of the FY19 review. This has seen important changes being proposed regarding Board composition and Board size. In addition, changes have been implemented to Director tenure and a comprehensive review of the Board and the Committee Charters has been undertaken to reflect the ASX Recommendations (fourth edition).

All Directors have completed the Company Directors Course run by the Australian Institute of Company Directors and, where relevant, have either undertaken, or committed to undertake, the Company Directors Course Update. Programs are in place to ensure Directors are provided with updates on corporate governance, Directors' duties, workplace health and safety and other relevant regulatory requirements.

Directors are satisfied with the role and performance of the Board, and with the program of ongoing development.

Management Performance Evaluation (ASX Recommendation 1.7)

The company has established processes for evaluating the performance of its Senior Executives. In summary, each Senior Executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is considered in setting the remuneration of the relevant Senior Executive.

Detailed information regarding the company's remuneration practices is provided in the Remuneration Report in the company's Annual Report. An evaluation of Senior Executives has taken place during the reporting period in accordance with the processes described above.

Principle 2 – Structure the Board to add value

Nomination Committee (ASX Recommendation 2.1)

The role of the Nomination Committee is to identify the attributes that are required by the Board and to enhance those attributes, both on an ongoing basis and in the circumstances that candidates are recommended to shareholders for election to the Board.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non-executive Directors. Currently, the Committee is comprised of two independent Directors and two non-independent Directors. The Chairman of the Board is the Chairman of the Committee.

The composition of the Nomination Committee does not comply with Recommendation 2.1 of the ASX Principles to the extent that it recommends that a nomination committee consists of a majority of independent Directors and is chaired by an independent Director. However, the Board believes that in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

Details of Directors (ASX Recommendation 2.2)

Board composition requirements are set out in the company's Constitution, which requires the Board to comprise up to four Directors who are A Class Shareholders, up to three elected members of the Rice Marketing Board (who are also A Class Shareholders) and up to four Directors who are persons with appropriate experience to be appointed as a Director (one of whom may be an employee of the company, such as the CEO). The three elected members of the Rice Marketing Board are appointed to the Board on their election to the Rice Marketing Board.

Within the constraints of the company's Constitution, the company aims to achieve a mix of rice industry knowledge, finance, risk management and other business skills among the Directors to lead and monitor the company as well as protect shareholder interests. The table on the next page sets out the range of skills identified as important for the Board, how many Directors the Board believe is the minimum number of Directors required to have that skill and the current number of Directors that have been assessed as having that skill.

The procedure for the selection and appointment of new Directors and the re-election of incumbent Directors, and the Board's policy for the nomination and appointment of Directors, is set out in the Nomination Committee Charter.

The names, qualifications, tenure and experience of all Board and Committee members and their attendance at Board and Committee meetings are included in the company's Annual Report.

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Skills and experience of Directors

Key Skill	Demonstrated by these attributes	Board Strength
Rice industry experience	Good working knowledge of the structure, operations and opportunities in the Australian rice industry.	
Food Processing and Distribution and/or Fast Moving Consumer Goods (FMCG) experience	Successful recent experience in a relevant part of the food or FMCG industry.	
Risk management expertise	Proven knowledge, background and experience with balancing commercial imperatives with agreed risk appetites.	
Financial management expertise	Successful executive experience with financial accounting, corporate finance, treasury, tax and internal controls.	
Research & Development (R & D)	Experience in, or commissioning of and evaluating R & D activities.	
Successful strategy, growth and business development experience, including with mergers and acquisitions (M & A)	Track record of creating long term value for shareholders and identifying suitable opportunities.	
ASX board and other relevant board experience	Exposure to relevant disclosure regimes, understanding of contemporary governance practices.	
International markets and trade	Experience with import/export practices, knowledge of relevant trade law and appreciation of market opportunities.	
Executive leadership	Experience with appointing and evaluating senior management, succession planning and monitoring corporate performance.	
Audit and compliance including responsibility for culture and ethical standards	Including large organisation experience, audit committee expertise, setting and monitoring appropriate standards.	

Importance for SunRice (how many Directors the Board believe is the minimum number of Directors required to have that skill)

Current Board strength (the number of Directors assessed as having that skill)

Independence of Directors (ASX Recommendations 2.3, 2.4 and 2.5)

The independence, relevant skills, experience and expertise held by each Director in office are provided in the company's Annual Report.

The company's three independent Directors are Ian Glasson, Luisa Catanzaro and Andrew Crane. The remaining eight Directors are not considered independent, which includes the Chairman of the Board (who is not the same person as the CEO).

The Board considers a Director to be independent only where they are 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.

In accordance with the commentary to the ASX Recommendations, a Director who is employed in an executive capacity by the

company or any of its subsidiaries will not be an independent Director. In other respects, the Board has not set materiality thresholds, considering it more effective to assess relationships on the individual circumstances applicable on a case-by-case basis, and where appropriate with the assistance of external advice.

The Board regularly reviews the independence of each non-executive Director. Each non-executive Director is required to provide to the Board all information that may be relevant to this assessment. In addition, all Directors are required to disclose to the Board any conflicts

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of interest or duty and any material personal interest in any matter that relates to the affairs of the company.

As noted above, the Constitution requires that the Board is comprised of up to four Directors who are A Class shareholders and up to three elected members of the Rice Marketing Board (who are also A Class shareholders). Currently, seven out of eleven Directors are A Class shareholders.

Directors who are A Class shareholders supply rice to the company on the same terms as other rice suppliers.

The Board recognises that there may be a perception that the rice supply relationship between the company and these Directors may influence their decision-making, so they are not characterised as independent. However, the company's procedures and systems ensure that the Paddy Price is set according to the commercial interests and needs of the company and the Board considers that these directors are in practice able to bring an independent judgment to bear on Board decisions.

The CEO is an executive employee and is therefore not characterised as independent.

Induction for new Directors (ASX Recommendation 2.6)

The company has a program in place for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Access to Information

Directors have access to Management and external and internal audit to seek explanations and information, if required.

Directors can also seek independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgement when making decisions. If the Chairman of the Board consents, the Group will pay a Director's costs of seeking such advice. 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 Chairman agrees otherwise.

Principle 3 – Act ethically and responsibly

All Directors, Senior Management and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

The Board has approved Codes of Conduct for Directors and employees and a Share Trading Policy.

Code of Conduct (ASX Recommendation 3.1)

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

The company has established a Group Code of Conduct which applies to all Board members, officers, employees and contractors of the company. All Directors also need to comply with the Directors' Code of Conduct.

Share Trading Policy

The Share Trading Policy applies to all Directors, executives, employees, consultants and professional advisers of the company. The policy specifies the periods during which the Directors and executives of the company may purchase and sell the company's securities, and sets out a notification procedure concerning trading by Directors.

Copies of the Directors' Code of Conduct, Group Code of Conduct and Share Trading Policy are available on the company's website at www.sunrice.com.au.

Principle 4 – Safeguard integrity in corporate reporting

Finance, Risk and Audit Committee (ASX Recommendation 4.1)

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

The conduct, objectives and proceedings of this Committee are governed by a Charter approved by the Board. All members of the Committee must be non-executive Directors

and the Chairman of the Board cannot be the Chairman of the Committee. The CEO, the Chief Financial Officer (CFO) and representatives of the internal auditor and external auditor are invited to attend the meetings.

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

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

The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. Under the Paddy Pricing Policy the external audit firm also reviews SunRice's Rice Pool calculation in respect of each crop. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence.

A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance, Risk and Audit Committee. A copy of the company's External Auditor Independence Policy is available on the company's website.

The Committee is also responsible for the internal audit program of the company, which is totally independent of the external audit function. The Committee reviews and monitors the program and reviews internal audit reports. The internal audit function has been outsourced to KPMG.

Currently, the membership of the Committee is comprised of three independent Directors and two non-independent Directors (all of whom are non-executive Directors). An independent Director is the Chairman of the Committee.

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Financial records (ASX Recommendation 4.2)

Before approving the company's financial statements for a financial period, the Board receives a declaration from the CEO and the CFO that in their opinion, the financial records of the entity have been properly maintained, and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditor's attendance at the AGM (ASX Recommendation 4.3)

The external auditor attends the company's Annual General Meeting (AGM) to be available to answer questions from shareholders relevant to the audit.

Principle 5 – Make timely and balanced disclosure

Continuous disclosure (ASX Recommendation 5.1)

The company has adopted a Disclosure and Communications Policy. This policy outlines corporate governance measures adopted by the company to deliver on its commitments to the disclosure and communication of information concerning the company.

The company is committed to the objective of promoting investor confidence and protecting investor rights. This means complying with continuous disclosure obligations imposed by law; ensuring that company announcements are presented in a factual, clear and balanced way; ensuring that investors have equal and timely access to material information concerning the company, and communicating effectively with investors.

Under this policy, the company has approved the establishment of a Disclosure Committee to manage its disclosure obligations. The Disclosure Committee's responsibilities include, amongst others, assessing the possible materiality of information which is potentially price sensitive, making decisions on information to be disclosed to the market, referring any announcements which the Disclosure Committee considers to be a matter of key significance to the Board for consideration, and monitoring disclosure processes and reporting.

The company has also adopted relevant guidelines and training programs to assist its officers and employees to understand and comply with the Disclosure and Communications Policy. This includes understanding the disclosure obligations under the ASX Listing Rules and the Corporations Act, how to comply with the company's internal reporting processes and controls, and the consequences of a breach of disclosure obligations.

Principle 6 – Respect the rights of security holders

The Disclosure and Communications Policy (ASX Recommendations 6.1, 6.2, 6.3 and 6.4)

The company's Disclosure and Communications Policy promotes effective communication with all stakeholders, including shareholders, to assist them in making informed decisions and to encourage effective participation. Communication initiatives undertaken by the company include regular business updates, grower and shareholder briefings, media announcements, and the company website at www.sunrice.com.au.

Relevant information released to the market by the company is posted on the company's website after the information has been given to the ASX and the ASX has confirmed the release of this information to the market.

All recent company announcements, media releases, details of company meetings and annual reports are also available on the company's website.

All Board members attend the AGM and are available to answer questions.

The company has a range of investor relations strategies to facilitate effective two-way communication with investors. Shareholders of the company have the option to receive communications from, and send communications to, the company and its security registry electronically.

Principle 7 – Recognise and manage risk

Risk management oversight (ASX Recommendations 7.1 and 7.2)

The Board oversees the establishment, implementation and review of the company's risk management framework, which has been established to identify, assess, monitor and manage operational, financial and compliance risks.

The Finance, Risk and Audit Committee assist the Board in discharging its risk oversight role. The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board.

The Finance, Risk and Audit Committee conducted a review of the company's risk management framework during the reporting period to satisfy itself that the risk management framework continues to be sound.

Management has reported to the Finance, Risk and Audit Committee and the Board on the effectiveness of the risk management and internal control system during the year, and of the company's management of its material business risks.

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

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

Currently, the membership of the Committee is comprised of three independent Directors and two non-independent Directors (all of whom are non-executive Directors). An independent Director is the Chairman of the Committee.

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Internal audit function (ASX Recommendation 7.3)

The internal audit function plays a key role in providing an objective and continuing assessment of the effectiveness of the company's internal control systems. It ensures information is reliable and has integrity, operations are efficient and effective, and policies and regulations are adhered to.

The internal auditor has direct access to the Finance, Risk and Audit Committee and to the Board.

Economic, environmental and social sustainability risks (ASX Recommendation 7.4)

The Board and management have identified a number of risks that are relevant to SunRice. The company's approach to identifying risks and the key risks and responses are included in the 2020 Annual Report. The company's approach to sustainability is also included in the 2020 Annual Report and on the company's website at www.sunrice.com.au

Safety, Health and Environment Committee

The Safety, Health and Environment Committee has been established to support the provision of robust systems to ensure that the company achieves and maintains its objectives in relation to safety, health and environment, including all relevant legislation, policies and targets. The Committee reviews and makes recommendations to the Board on policies in relation to Safety, Health and Environment policies, priorities and targets.

The conduct, objectives and proceedings of this Committee are governed by a charter approved by the Board. A non-executive Director is Chairman of the Committee.

Grower Services Committee

The role of the Grower Services Committee is to optimise the interdependent relationship between the company and rice growers to achieve alignment and integration of activities and business plans.

The Committee reviews and makes recommendations to the Board on policies in relation to on-farm production of rice and services to growers.

The conduct, objectives and proceedings of this Committee are governed by a charter approved by the Board. All members of the Committee are non-executive Directors.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee (ASX Recommendations 8.1, 8.2 and 8.3)

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

The conduct, objectives and proceedings of this Committee are governed by a charter approved by the Board. All members of the Committee are non-executive Directors.

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors (who are all non-executive Directors).

The composition of the Remuneration Committee does not comply with Recommendation 8.1 of the ASX Principles to the extent that it recommends that a remuneration committee consists of a majority of independent Directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate. The Chairman of the Committee (who is currently an independent Director) has a casting vote in addition to a deliberative vote.

Information about the company's remuneration policies for executives and Directors is set out in the Remuneration Report in the company's Annual Report.

The company's Share Trading Policy prohibits directors and executives from trading in financial products issued or created over the company's securities by third parties, or trading in associated products. The Policy also prohibits directors and executives from entering into any transaction that operates to limit the economic risk of their security holding in the company.