



Board Charter

June 2020



1. INTRODUCTION

- 1.1 This Charter sets out the role, responsibilities, structure and processes of the Board of Directors of Ricegrowers Limited ACN 007 481 156 trading as SunRice and its related bodies corporate (“Company” or “Group”).
- 1.2 The Board may review and amend this charter at any time.

2. BOARD COMPOSITION

2.1 Composition

- 2.1 The size and composition of the Board is prescribed in SunRice’s Constitution.
- 2.2 The Board will periodically review its composition and the total duration of terms served by each Director in accordance with the standards adopted by the Board from time to time, including the Director independence criteria set out in this Charter.
- 2.3 The Nomination Committee is responsible for developing, reviewing and recommending the succession plans of the Board (including the role of Chairman), with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity on the Board over time. The Board will have regard to these factors in considering succession planning and determining whether the composition and mix remain appropriate for the Company’s strategy and covers the skills needed to address relevant existing and emerging business and governance issues.

3. ROLE AND RESPONSIBILITIES OF THE BOARD

- 3.1 The role of the Board is to provide leadership and strategic guidance for the Group and delivery of the Group’s purpose.
- 3.2 Matters Reserved for the Board

In addition to the matters required by the Constitution or law to be fulfilled by the Board, the Board has reserved the following matters and is responsible for:

3.2.1 Strategy, Performance and Financial Plans

3.2.1.1 Set the Group’s strategic direction and approve the Group’s business and financial plans and monitor Management’s performance with achieving and implementing the Group’s strategic objectives to create value for all shareholders.

3.2.1.2 Oversee the business of the Group by approving:-

- The delegated authority to the CEO
- Major corporate initiatives
- New business ventures in new countries or industries
- Any transaction (including capital expenditure for investments and divestments and operational expenditure), that exceeds the limits delegated to the CEO

3.2.2 Values and Culture

- 3.2.2.1 Approve the Group's statement of values and Code of Conduct and lead the culture and behaviours to deliver the values.
- 3.2.2.2 Monitor the culture of the Group and instill the Code of Conduct and values through the effective implementation of policies, processes, and systems.
- 3.2.2.3 Monitor Management action plans to strengthen the desired organisational culture and address weaknesses, as recommended by the Remuneration Committee.

3.2.3 Risk Management

- 3.2.3.1 Set and monitor compliance with the Group's Risk Appetite, within which the Board expects Management to operate, and approve and monitor the risk management systems and frameworks across the Group, including financial and non-financial risk management systems.
- 3.2.3.2 Monitor the management of strategic and emerging financial and non-financial, material risks, including reputational risk.
- 3.2.3.3 Ensure compliance with legal and regulatory requirements and ethical standards and policies.
- 3.2.3.4 Receive from Management material correspondence from regulators and reports on Management's interactions with regulators.
- 3.2.3.5 Receive information regarding material breaches of the Group Code of Conduct and Anti-Bribery & Corruption Policy, and reports of material incidents under the whistleblower policies.
- 3.2.3.6 Review the Group's risk management system at least annually to ensure that it continues to be sound and that the Company is operating with due regard to the Risk Appetite set by the Board.

3.2.4 Financial Reporting and Funding

- 3.2.4.1 Approve financial statements, trading updates and any other published reporting required to be adopted by the Board under the Constitution, Corporations Act, ASX Listing Rules and any other applicable company policy, laws or regulations.
- 3.2.4.2 Approve and monitoring annual operating and capital budgets.
- 3.2.4.3 Review and approving capital management plans, including payment of dividends, share issues, buy back and capital returns and policies and processes, such as the Dividend Policy and the Dividend Reinvestment Plan Rules.
- 3.2.4.4 Approve material funding facilities of the Group.

- 3.2.4.5 Oversee the integrity of the Group's accounting and corporate reporting systems, including the external audit, and reviewing the effectiveness of these systems in ensuring they result in adequate, accurate and timely information being provided to the Board.
- 3.2.5 External Audit
 - 3.2.5.1 Approve the appointment and removal of the External Auditor and approve the External Auditor's remuneration.
 - 3.2.5.2 Approve a statement on the provision of non-audit services and External Auditor independence for inclusion in the Directors' Report.
- 3.2.6 Continuous Disclosure and Shareholders
 - 3.2.6.1 Oversee that appropriate policies and systems are in place for the timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of B Class Shares and monitor the effectiveness and the Group's compliance with those policies and systems.
 - 3.2.6.2 Receive reports on Management's interactions and communications with shareholders and the broader community.
- 3.2.7 The CEO and Management
 - 3.2.7.1 Appoint, replace and assess the performance of the CEO.
 - 3.2.7.2 Approve the appointment and replacement of the Company Secretary and Chief Financial Officer and oversee the appointment of direct reports to the CEO and reviewing the CEO's assessment of their performance.
 - 3.2.7.3 Oversee the effective and timely succession planning for the CEO and direct reports to the CEO.
- 3.2.8 Remuneration Structure
 - 3.2.8.1 Approve the Group's remuneration policies for NED's, the CEO and senior executives and ensuring these policies are aligned with the Group's purpose, values, strategic objectives and risk appetite.
 - 3.2.8.2 Approve the remuneration arrangements, including performance scorecard measures and outcomes, at least annually for the CEO, the direct reports to the CEO or as required by relevant Group policies, following an assessment of performance.
 - 3.2.8.3 Approve performance management frameworks, variable remuneration plans, employee share plans, employee superannuation, and benefits of material value to employees.
 - 3.2.8.4 Determine fees payable to NEDs within the shareholder approved fee pool limit.
 - 3.2.8.5 Make recommendations to shareholders regarding the size, composition and structure of the Board.

3.2.9 Diversity

3.2.9.1 Approve the Group's Diversity and Inclusion Policy, and setting, and annually assessing, measurable objectives in relation to diversity and progress against achieving them.

3.2.10 Policy and Corporate Governance

3.2.10.1 Oversee and monitor the effectiveness of the system of the Group's corporate governance practices to ensure compliance with legal and regulatory requirements, including the formation and cessation of Board committees and the terms of the relevant Charters.

3.2.10.2 Approve the Company's:-

- Corporate Governance Statement; and
- Governance and other key policies that require, or are reserved for, Board approval and overseeing the implementation of systems and processes for compliance with those policies.

3.2.11 Safety, Health and Environment

3.2.11.1 Oversee the establishment and compliance with the Group's safety, health and environment management systems, which have been established by management to assess, monitor and manage safety, health and environment risk.

3.2.11.2 Review reports and recommendations from the Safety, Health and Environment Committee on matters in relation to relevant legislation, policies, priorities and targets.

3.2.12 Environmental, Social & Corporate Responsibility

3.2.12.1 Approve the Group Sustainability Plan.

3.2.12.2 Consider the social, ethical and environmental impact of the Group's activities; and approve corporate responsibility and climate related disclosures.

3.2.12.3 Assess the effectiveness of the Group's sustainability policies.

3.2.13 Reporting and Management

3.2.13.1 Satisfy itself that the Board reporting framework is appropriate and that the quality of the reporting within that framework is adequate. Where required, the Board will provide feedback to and challenge Management.

4. THE ROLE AND RESPONSIBILITIES OF MANAGEMENT

4.1 The Board retains ultimate responsibility for the strategy, risk appetite and performance of the Group, but has delegated responsibility for day to day management and the implementation of Board approved strategy and risk management policies to the CEO. The CEO, through the delegation of authority and effective reporting to the Board, is accountable to the Board.

- 4.2 The CEO (with Management) is responsible for the timely preparation, presentation adequacy and integrity of information provided to the Board to enable the Board to carry out its responsibilities.

5. BOARD COMMITTEES

- 5.1 The Board will establish those Committees of Directors it considers necessary to assist it in carrying out its functions. The standing committees of the Board are:-
- 5.1.1 Finance, Risk & Audit Committee.
 - 5.1.2 Grower Services Committee.
 - 5.1.3 Remuneration Committee.
 - 5.1.4 Nomination Committee.
 - 5.1.5 Safety Health and Environment Committee.
- 5.2 The Board determines and reviews as appropriate, Committee memberships and charters.
- 5.3 All NEDs are entitled to attend meetings of any Committees where there is no conflict of interest, with prior notice to the Committee Chair.
- 5.4 Minutes of all Committee meetings are made available to all Directors. Committee Chairs will provide verbal reports on Committee business at the relevant Board meeting and will consider if any material matters arising out of Committee Meetings should be advised to other Committees.

6. BOARD MEETINGS

- 6.1 The Board shall meet at least nine times per year, and otherwise as often as the Directors determine necessary to enable the Directors and the Board to fulfil their duties and responsibilities to the Group. NEDs will have the opportunity to meet without Management present.
- 6.2 The Company Secretary is responsible for the timely distribution of Board meeting papers to Directors prior to each meeting.
- 6.3 A quorum for a Board meeting shall be determined in accordance with the Constitution.
- 6.4 Draft Minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chairman and the Board.

7. ROLE AND RESPONSIBILITIES OF THE CHAIR

- 7.1 The Chair of the Board:-
- 7.1.1 Is a Director appointed by the Directors.
 - 7.1.2 May not be the same person as the CEO, except if the chair of the Board is appointed to also act as the CEO in exceptional circumstances and on a short term basis. An incumbent CEO may not become the chair of the Board.
- 7.2 The role of the Chair is to lead the Board and to manage the Board function and performance in accordance with the Charter.

- 7.3. The Chair's principal responsibilities are to:-
- 7.3.1 Represent the views of the Board to stakeholders including, shareholders, regulators and the community.
 - 7.3.2 Promote constructive and respectful relations between the Board and shareholders, between the Board and management, and between Directors.
 - 7.3.3 Foster an open, inclusive, and, where appropriate, challenging discussion by the Board.
 - 7.3.4 Promote the efficient organisation and conduct of the Board's functions.
 - 7.3.5 Encourage the effective contribution and ongoing development of all Directors.
 - 7.3.6 Maintain a regular dialogue with the CEO and Management, serving as the primary link between the Board and Management.
 - 7.3.7 Liaise with the CEO in relation to the Board's information requirements to assist the Board with effective decision making.
 - 7.3.8 Set the agenda for Board meetings together, with the CEO and the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board.
 - 7.3.9 Exercise any specific and express powers delegated by the Board from time to time.
 - 7.3.10 Chair General Meetings.

8. ROLE AND RESPONSIBILITIES OF COMPANY SECRETARY

- 8.1 The Company Secretary is accountable to the Board, through the Chair, on matters relating to the proper functioning of the Board.
- 8.2 All Directors have direct access to the Company Secretary.
- 8.3 The role of the Company Secretary includes:-
 - 8.3.1 Advise the Chairman, Board and Board committees on governance matters.
 - 8.3.2 Oversee that Board and committee policy and procedures are followed.
 - 8.3.3 Co-ordinate the timely completion and dispatch of Board and committee papers.
 - 8.3.4 Oversee that all Directors receive copies of all material market announcements promptly after they have been made.
 - 8.3.5 Accurately record in in the Minutes the business at Board and committee meetings.
 - 8.3.6 Oversee the induction and professional development of Directors.

9. INDEPENDENCE OF DIRECTORS

- 9.1 The Board will regularly review 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 NED 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.
- 9.2 Each NED is required to provide to the Board all information that may be relevant to the assessment of their independence status.
- 9.3 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.

10. ACCESS TO INFORMATION AND INDEPENDENT ADVICE BY DIRECTORS

- 10.1 Directors have access, to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 10.2 Directors have access, through the Chair, to:-
- 10.2.1 Management, including the Group Risk Manager and Group Internal Audit Manager to seek explanations and information if required.
 - 10.2.2 Auditors, both internal and external, to seek explanations and information from them without management being present.
 - 10.2.3 Independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 10.3 If the Chair of the Board consents, the Group will pay a Director'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.

11. BOARD PERFORMANCE AND CHARTER REVIEW

- 11.1 The Board assesses its performance and the fulfilment of its responsibilities under the Charter annually, including the use of external reviews on a periodic basis.
- 11.2 The Board will review the performance of its Committees and of individual Directors.
- 11.4 The Board will from time to time review the Charter to ensure that it complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Group and the Board.

12. OTHER

- 12.1 Induction and Continuing Education
 - 12.1.1 All NEDs will undertake an induction program upon joining the Board.
 - 12.1.2 Director education is conducted regularly and is incorporated into the annual Board calendar.
- 12.2 Communication of Information
 - 12.2.1 The Board will:-
 - 12.2.1.1 communicate effectively with shareholders.
 - 12.2.1.2 give shareholders ready access to balanced and understandable information about the Group and its corporate goals.
 - 12.2.1.3 facilitate shareholder participation in General Meetings.
 - 12.2.2 The Board has adopted a Disclosure and Communication Policy to facilitate and promote effective communication with shareholders and encourage participation at General Meetings.