



# Conflict of Interest Policy

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## 1. Structure and objects of SunRice

### 1.1 Share structure

The share capital of Ricegrowers Limited (**SunRice** or **Company**) comprises A Class Shares and B Class Shares. The A Class Shares give their holders the right to vote at general meetings of SunRice but no right to participate in dividends. A Class Shares can only be issued to Active Growers<sup>1</sup> (as defined in the constitution of SunRice (**Constitution**)) and may be redeemed by the board of directors of SunRice (**Board**) if the holder ceases to be an Active Grower. B Class Shares are quoted on the Australian Securities Exchange and entitle their holders to participate in dividends declared by the Board but no right to vote at general meetings of SunRice.

### 1.2 Dual objects of SunRice

Each individual SunRice director (**Director**) has a duty to exercise their functions in good faith in what he or she believes is in the best interests of SunRice as a whole. This duty is expressed in section 181 of the *Corporations Act 2001* (Cth) (**Corporations Act**) as a duty to act in good faith in the interests of the corporation and for a proper purpose. While the interests of SunRice, as a corporate entity, are the primary focus of the Directors' duties, the Directors should also consider the interests of the SunRice shareholders. In circumstances where the interests of A Class Shareholders (including in their capacity as rice growers) and B Class Shareholders diverge, the Directors should act fairly between those classes. Accordingly, the Board may be required to balance the interests of A Class Shareholders and B Class Shareholders.

In this respect, clause 2.1 of the Constitution, as set out below, identifies dual objects of SunRice that the Board will have regard to when assessing the best interests of SunRice and balancing those shareholder interests. However, those objects are not exclusive and the Directors may consider other matters when assessing the best interests of SunRice.

#### *Primary Objects*

*The primary objects of the Company's business are:*

- (a) to receive, process and market rice, rice products and rice by-products; and*
- (b) to achieve a long term improvement in the returns to Supplier Members for paddy rice supplied to the Company and the profitability of the Company's businesses.*

These dual objects are reflected in the division of the SunRice businesses into two broad categories, which are:

- **Rice Pool Business**, which is aligned to the farmers who grow and supply rice to SunRice (**Growers**), the majority of whom are A Class Shareholders. The Rice Pool Business deals with the receipt, milling, marketing and selling of rice grown in the Riverina district (**Riverina Rice**) and forms the basis of the Paddy Pool. The Paddy Pool is a financial model through which the price paid by SunRice for Riverina Rice (**Paddy Price**) payable to Growers is calculated in line with SunRice's Paddy Pricing Policy and Crop Carry-Over and Carry-In Policy; and
- **Profit Businesses**, which comprise the SunRice business segments known as International Rice, Rice Food, Riviana Foods, CopRice and Corporate. The after-tax profits of the Profit Businesses, less retained earnings, are available for distribution to B Class Shareholders in the form of dividends that may be declared by the Board from time

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<sup>1</sup> And persons whom the Directors believe, on reasonable grounds, will become Active Growers.

to time. Profits from these businesses may also be used to supplement the Paddy Price payable to Growers in certain circumstances.

While separate, the Rice Pool business and Profit Businesses are complementary and deliver shared benefits to both A and B Class Shareholders, including:

- profitable participation in world markets through the Rice Pool Business and International Rice segment;
- increased business scale to maintain market share and profitability;
- shared investment in SunRice brands; and
- providing SunRice with critical mass to compete in a dynamic global market.

The two businesses also contribute directly to one another via the Rice Pool Business payments to the Corporate segment of the Profit Businesses for use of assets and brands. Additionally, the Rice Pool Business and Profit Businesses share some overheads and the Board has a discretionary right to supplement the Paddy Price paid to Growers via earnings of the Profit Businesses.

In this way the two businesses work together to minimise risk across the Group and build resilience for SunRice.

### 1.3 **Board structure**

The Constitution prescribes that the Board includes up to 11 Directors comprising up to 7 Grower Directors (3 of whom can be elected members of the Rice Marketing Board for the State of NSW) and 4 Non-Grower Directors (one of whom may be an executive director). Accordingly, a majority of the Directors must be Grower Directors. Further, the Constitution provides that a quorum for a meeting of the Board must comprise at least one half of the number of Directors with a majority of those comprising the quorum being Grower Directors.

### 1.4 **Various capacities and interests of Directors**

Each Director has various interests and capacities.

Grower Directors hold (or are representatives of entities that hold) A Class Shares and supply (or the entities they represent supply) Paddy to the Company. The Paddy Pricing Policy referred to in section 7.2 of this Policy has been adopted to manage any actual or perceived Conflict that arises out of the Grower Directors' interests in the determination of Paddy Prices.

Directors also hold or have interests in B Class Shares.

As well as being directors of the Company, some Directors are also directors of subsidiaries of the Company or the Company's nominee on the board of directors of incorporated joint venture companies that the Company has an interest in.

The different capacities and interests of each Director will be entered in a register of interests maintained by the Company Secretary.

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## 2. Duties

### 2.1 Directors' duties

Under the Corporations Act and the general law, each Director has a duty:

- (a) to act in good faith in the best interests of SunRice and for a proper purpose;<sup>2</sup>
- (b) in circumstances where the interests of A Class Shareholders (including in their capacity as rice growers) and B Class Shareholders diverge, to act fairly between those classes;
- (c) not to improperly use their position, or information received through holding that position, to gain an advantage for themselves or someone else, or cause detriment to SunRice;<sup>3</sup> and
- (d) to identify, disclose and appropriately manage any conflict of interest that they may have.

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## 3. Objectives

The principal objectives of this Policy are to establish procedures to:

- (a) **(identify)** identify all potential or actual conflicts of interest that arise in relation to the affairs of SunRice;
- (b) **(evaluate)** evaluate any potential conflicts of interest. This will permit the decision to be made as to whether a particular conflict of interest situation is manageable or whether it must be avoided; and
- (c) **(manage)** adequately manage and monitor conflicts of interest.

This Policy is applicable to managing conflicts and potential conflicts between:

- the interests of a Director (and in some circumstances, may also include interests of their family members or associates) and the interests of SunRice or its shareholders;
- the duties which a Director may owe to another entity of which he or she is a director and his or her duties as a director of SunRice; and
- the interests of A Class Shareholders and B Class Shareholders.

The procedures in this Policy apply equally to any matters to be brought before any committee of the Board. In such circumstances, references to the Chairman should be read as references to the Chairman of the relevant committee and references to the Board should be read as references to the relevant Board committee.

To the extent applicable, this Policy also applies to:

- directors of SunRice's Australian and foreign wholly-owned subsidiaries; and
- persons who are SunRice's nominees on the board of directors of incorporated joint venture companies that SunRice has an interest in,

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<sup>2</sup> Section 181(1) of the Corporations Act.

<sup>3</sup> Sections 182 and 183 of the Corporations Act.

and in such circumstance, references to a Director should be read as references to those persons and references to Board should be read as references to the board of the relevant subsidiary or joint venture company.

This Policy contains SunRice's global standards. In some countries where the SunRice Group operates, there may be more stringent laws and regulations, in which case, to the extent applicable those more stringent standards apply.

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## **4. Conflicts of interest**

### **4.1 What is a conflict of interest?**

A conflict of interest (**Conflict**) arises where one party, which owes a duty or responsibility to a second party, has an interest or other duty that may conflict with the interest of the second party. This includes actual (that is, a real, existing conflict), potential (that is, the person could be in a situation that may result in a conflict) and perceived (that is, the person is in or could be in a situation that may appear to be a conflict, even if it is not the case) conflicts.

### **4.2 Examples of potential conflicts of interest situations**

Interests which may give rise to a Conflict include, without limitation:

- (a) Potentially conflicting duties owed by the Director to other entities, for instance, by virtue of holding a directorship in the other entity. This includes conflicts that may arise by reason of a Director also being a director of a joint venture company that SunRice has an interest in.
- (b) The Director having a direct or indirect interest in a transaction with SunRice, where the interest may conflict with their duties or obligations to SunRice or its shareholders. For the purposes of this Policy, where applicable, "shareholders" refer to the A Class Shareholders and B Class Shareholders.
- (c) Where the interests of one class of shareholders of SunRice may be inconsistent with the interests of another class of shareholders.

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## **5. Managing Conflicts**

### **5.1 Responsibilities**

The Board has overall responsibility for the operation of this Policy. That responsibility includes:

- assessing and evaluating Conflict situations;
- managing Conflict situations in accordance with this Policy;
- ensuring this Policy is implemented; and
- reviewing and considering if any changes are required to this Policy from time to time.

The Company Secretary is responsible for monitoring compliance with this Policy. That responsibility includes:

- maintaining an up-to-date register of interests and Conflicts (including any actual, potential or perceived Conflicts); and
- monitoring the implementation of this Policy.

In undertaking any of the above responsibilities, the Board and/or Company Secretary may consult with, or seek the assistance and advice of, such persons (whether internal or external) as they consider necessary or desirable. The retention of advisers who are independent of conflicted persons may be an important consideration in managing Conflicts.

## 5.2 Identifying

- (a) Any actual, potential or perceived Conflict identified in the course of conducting any business in relation to the affairs of SunRice must be disclosed immediately to the Company Secretary. The Conflict will be recorded in the register of Conflicts, considered and appropriately managed in accordance with this Policy.
- (b) Conflicts may be identified in a number of ways, including:
  - (i) from declarations of interest made by Directors (refer to section 5.5 of this Policy);
  - (ii) from declarations of interest by shareholders and/or their representatives;
  - (iii) from the register of interests maintained under this Policy;
  - (iv) by SunRice employees bringing the Conflict to the attention of the Company Secretary;
  - (v) through an analysis of transactions (as part of the approval process outlined in parts 6 and 8 of this Policy below); or
  - (vi) via due diligence processes.

## 5.3 Assessing and evaluating

The Board is responsible for assessing the seriousness of the Conflict (after receiving advice from independent advisers, as appropriate) having regard to the following factors:

- the nature of the interests or duties in conflict;
- the potential impact on the interests of SunRice and SunRice shareholders, such as the potential impact on SunRice's performance and transaction size; and
- relevant legal obligations on SunRice and the Directors, including the Directors' fiduciary duties and obligations.

## 5.4 Managing

Once the Conflict situation has been evaluated, the Board will determine a suitable resolution (after receiving advice from independent advisers, as appropriate). This may include:

- **Disclosing:** If the Conflict is material, the Board may require the existence, nature and extent of the Conflict to be disclosed to all affected entities and/or SunRice shareholders, and seek consent where applicable;
- **Identify conditions:** The Board may identify conditions to manage the Conflict (e.g. set up information barriers and other protocols or the establishment of a sub-committee to deal with the matters that give rise to the Conflict);
- **Avoiding:** If the Board believes that the Conflict situation cannot be adequately or appropriately managed, then the Conflict will be avoided by SunRice refraining from or deferring the transaction that relates to the Conflict; or

- **Dismissing:** The Board may dismiss the Conflict if it is unlikely to have a material consequence for SunRice or its shareholders.

## 5.5 Disclosure of interests

- (a) Subject to section 191 of the Corporations Act, Directors are required to disclose to the Board, immediately on becoming aware of the interest:
- (i) any material personal interest that they may have in a matter relating to the affairs of SunRice; and
  - (ii) any other interest in a matter relating to the affairs of SunRice, which may give rise to, or be perceived to give rise to, a real or substantial possibility of Conflict.
- (b) A Director may give standing notice of their Conflict to the Board in accordance with section 192 of the Corporations Act (**Standing Notice**). The Company Secretary will keep and maintain a record of Standing Notices which will be provided to any Director on request.
- (c) As a Standing Notice ceases to have effect when a new Director joins the Board unless the new Director is provided with a copy of the Standing Notice,<sup>4</sup> the Company Secretary will provide Standing Notices to all new Directors as part of their induction process. A Standing Notice also ceases to have effect in relation to a particular Conflict if the nature or extent of the Conflict materially increases above that disclosed in the relevant Standing Notice.<sup>5</sup> Directors must therefore keep their Standing Notices under review and update them if the nature or extent of the Conflict changes.
- (d) “Material personal interest” is not defined in the Corporations Act. However, the word “material” implies that the interest needs to be of some substance or value, rather than merely a slight interest. An interest of small value does not warrant further notice or inquiry.<sup>6</sup> In addition, the interest must be “personal”. An interest may not be personal if it affects a Director as a member of a wide group or class in the same manner and to the same degree that it affects the other members of the group or class.<sup>7</sup>
- (e) A Director does not need to give notice of an interest in certain circumstances specified in section 191 of the Corporations Act. An example is where the Director is a shareholder of SunRice and the interest is an interest held in common with other all other shareholders.<sup>8</sup>
- (f) Except in certain limited circumstances, if a Director has a material personal interest in a matter that is being considered at a Board meeting, that Director must not:
- (i) be present while the matter is being considered at the meeting; or
  - (ii) vote on the matter.<sup>9</sup>

<sup>4</sup> Section 192(5)(b) of the Corporations Act.

<sup>5</sup> Section 192(6) of the Corporations Act.

<sup>6</sup> ASIC Regulatory Guide (**ASIC RG**) 76.31 (Related party transactions), citing *Grand Enterprises Pty Ltd v Aurium Resources Ltd* (2009) 256 ALR 1 at 15–16.

<sup>7</sup> ASIC RG 76.33.

<sup>8</sup> Section 191(2)(a)(i) of the Corporations Act.

<sup>9</sup> Section 195 of the Corporations Act.

## 5.6 Identification by the Board

- (a) Directors are expected to be sensitive to and recognise when they have, potentially have, or could be having, a Conflict.
- (b) If a Director has a concern that any matter which is or is likely to be brought before the Board would give rise to a Conflict, including if the disclosure of such matter to a particular Director would:
  - (i) not be in the best interests of SunRice; or
  - (ii) place that particular Director in a position of Conflict,then the matter should be referred to the Chairman or, if the Chairman is or could be placed in a position of Conflict, the Chairman of the Finance and Audit Committee.
- (c) The agenda for every Board meeting will include a standard agenda item for receiving any new notices of Conflicts, and noting any Conflicts in relation to items in that meeting's agenda and considering how those items will be handled according to this Policy.
- (d) When any matter is being discussed at a Board meeting, any Director may query another Director as to whether they consider that they have a possible Conflict concerning the matter under discussion.
- (e) The Board will determine in accordance with sections 5.1 and 5.3 whether the particular Director is, or will be, in a position of Conflict. If there is any dispute or disagreement with a particular Director as to whether that Director is in a position of Conflict, the Board and/or Company Secretary may consult with, or seek the assistance and advice of, such persons (whether internal or external) as they consider necessary or desirable.

## 5.7 Conflicts protocols

- (a) Where a Director has a Conflict, the Board is to adopt protocols to deal with the Conflict, which may include one or more of the following:
  - (i) The relevant Director (**Conflicted Director**) shall not be entitled to receive Board papers, minutes or other information which relates to the matter or issue which is the subject of the Conflict, unless the other Directors or the Chairman determines otherwise. The Conflicted Director may, at the discretion of the Chairman, be advised by the Company Secretary that certain papers have been excluded and/or be notified of the reason why information relating to the matter has been withheld.
  - (ii) Subject to section 5.7(b) of this Policy, the Conflicted Director shall withdraw from any part of the Board meeting for the duration or any discussion on that matter.
  - (iii) Subject to section 5.7(b) of this Policy, the Conflicted Director shall not take part in any Board decision on that matter.
- (b) There may be circumstances where it is appropriate for a Conflicted Director to remain in a Board meeting in order to make a contribution to the full and proper discussion of the matter to which the Conflict relates. Whether the Conflicted Director may remain in a Board meeting and vote on the matter will be decided by a resolution of the other Directors (complying with section 195(2) of the Corporations

Act). It may be that the Conflicted Director will only be allowed to remain in the meeting for the purposes of providing the other Directors with the benefit of their views, skills and experience on the matter, and the Conflicted Director is excluded from the remainder of the Board meeting to provide the other Directors with a reasonable opportunity to discuss the matter in the Conflicted Director's absence and, if appropriate, make a decision.

- (c) In circumstances where information withheld from a Director in accordance with this Policy becomes public knowledge, or in the opinion of the Chairman the potential for Conflict has passed, that Director will be entitled, at their request, to a briefing by the Chief Executive Officer or Company Secretary as to the status of the matter and particulars of any decision of the Board with respect to that matter.
- (d) Where the Board determines that a matter or issue the subject of a Conflict cannot be properly addressed because of its composition (including if a quorum for a Board meeting cannot be achieved because of a number of Directors being Conflicted), the Board may delegate the making of the decision in relation to that matter to a committee of the Board comprising Directors who are not Conflicted.

## 5.8 Nominee directors

- (a) From time to time, SunRice may nominate persons to be appointed to the board of other companies (e.g. a joint venture company or a partly-owned subsidiary) (each, an **Associated Company**) to represent the interests of SunRice.
- (b) Nominee directors generally have the same legal obligations to the Associated Company as the other directors of that Associated Company. Under Australian law, this includes the obligation to exercise their powers in good faith, for a proper purpose and in the best interests of the Associated Company as a whole. They also owe the same duties of loyalty and confidentiality to the Associated Company as the other directors.
- (c) The constitution of the Associated Company may in some circumstances modify aspects of its directors' duties, although the extent of the modification that is permitted may be limited. For instance, the constitution of Trukai Industries Limited (**Trukai**) (a joint venture company that SunRice is a shareholder of) provides that a director of Trukai may act in a manner which he or she believes is in the best interests of the shareholder whom he or she represents even though it may not be in the best interest of Trukai, provided that the prior agreement of all shareholders of Trukai has been obtained. This provision is also subject to the overriding obligation that the directors must not act in a manner that contravenes the Companies Act 1997 of Papua New Guinea or the constitution of Trukai.
- (d) Under Australian law, directors of wholly-owned subsidiaries are permitted to act in the best interests of the parent company if the constitution of the subsidiary authorises this and the subsidiary is not insolvent or does not become insolvent because of the director's act.<sup>10</sup>
- (e) It is SunRice's policy that nominee directors on the board of Associated Companies must, when acting as a director of an Associated Company:
  - (i) act in the best interests of the Associated Company as a whole;
  - (ii) keep in mind the interests of SunRice and identify circumstances where there is a conflict between the interests of SunRice and the Associated Company; and

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<sup>10</sup> Section 187 of the Corporations Act.

- (iii) bring to bear on their decision-making all knowledge they possess,

except to the extent that any of these duties has been modified by the constitution of the Associated Company or by unanimous agreement of the Associated Company's shareholders (and to the extent permitted by applicable law). While there may be a mutuality of interests between the Associated Company and SunRice in many cases, if a Conflict is identified, a director of an Associated Company should ensure that mechanisms are put in place to manage that Conflict.

- (f) Nominee directors need to consider if information brought to their attention by virtue of their appointment on the board of the Associated Company can be disclosed to SunRice and/or what approval needs to be obtained before disclosure is made. In some cases, the disclosure of such information to SunRice may be authorised by the constitution of the Associated Company or by agreement of the shareholders of the Associated Company.
- (g) There must be full and proper disclosure of any Conflict, including any actual, perceived or potential Conflict, before participating in decision making.
- (h) Where there is a Conflict, the nominee director may not be able to participate in decision making of the board of the Associated Company in relation to the relevant matter. However, subject to applicable law, there may be circumstances where the other directors may approve the participation of the nominee director despite the Conflict.
- (i) To avoid a Conflict which may arise as a result of the duties of a Director to SunRice (in his or her capacity as a director of SunRice) conflicting or potentially conflicting with his or her duties to an Associated Company (in his or her capacity as a director of that Associated Company), the Board and/or the board of the Associated Company may form committee(s) comprising different groups of directors to make decisions in relation to the relevant matter for SunRice and the Associated Company. In doing so, the boards and the committees may seek such legal and other advice as they deem appropriate.
- (j) The Conflicts protocol set out in section 5.7 of this Policy is also applicable to deal with any Conflict which a Director has due to his or her position as a director of an Associated Company.

## 5.9 Records

To ensure that Conflicts are appropriately managed, the Company Secretary will document all notified Conflicts in the Conflicts register (including the actions taken by SunRice to manage the Conflict) and monitor compliance with this Policy.

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## 6. Related party transactions

### 6.1 Overview

- (a) The Corporations Act provides that a public company must not give a financial benefit to a related party without approval of the company's shareholders, unless the giving of that financial benefit falls within an exemption.<sup>11</sup>

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<sup>11</sup> Section 208(1) of the Corporations Act.

- (b) This Policy seeks to ensure that related party transactions are conducted:
  - (i) on terms which are arm's length and which are comparable with the market equivalent for related party transactions; and
  - (ii) where required, with the approval of SunRice shareholders.

## 6.2 Related parties

For the purposes of this Policy, the related parties of SunRice include:

- (a) the Directors (and their immediate families) of SunRice;
- (b) any entity which has the ability to control SunRice as well as its Directors and their immediate families;
- (c) any entity controlled by a related party referred to in paragraph (a) or (b) above;
- (d) any other person who is a related party of SunRice for the purposes of Part 2E.3 of the Corporations Act.

## 6.3 Procedure

- (a) Other than in relation to the provision of a benefit which is exempt from the requirement for shareholder approval pursuant to sections 211 to 216 of the Corporations Act (both inclusive), any contract with a related party of SunRice may only be entered into on terms no more favourable than those on which it would be reasonable to expect if the contract was at arm's length in the same circumstance, which is to be determined in accordance with the procedures set out below:
  - (i) Any proposed related party transaction must be reported to the Board.
  - (ii) The decision whether or not to approve or recommend the related party transaction must be made by the Board. In doing so, the Board will apply the same level of review and diligence as would be applied to a transaction with an unrelated party.
  - (iii) The Board will identify any legal procedures applicable to the related party transaction, including any shareholder approvals required.
  - (iv) If the related party transaction involves:
    - (A) the acquisition or a divestment of an asset by SunRice from or to a related party, the acquisition or divestment (as applicable) will be supported by one or more of the following:
      - (I) an independent valuation from a suitably qualified third party confirming the reasonableness of the amount of consideration to be paid by SunRice;
      - (II) an independent legal sign-off confirming that the terms on which the asset is being acquired or divested (as applicable) are reasonable when compared with comparable arm's length transactions;
    - (B) the provision of services to SunRice from a related party, the appointment will be supported by one or more of the following:

- (I) an independent valuation from a suitably qualified third party confirming the reasonableness of the fees and expenses proposed to be charged and paid by SunRice;
    - (II) an independent legal sign-off confirming that the terms on which the services are to be provided are reasonable when compared with comparable arm's length transactions;
  - (C) a change of control or restructure involving SunRice, the change of control or restructure will be supported by one or more of the following:
    - (I) an independent expert's report from a suitably qualified third party confirming the reasonableness of the amount of consideration to be paid by SunRice (if applicable) or whether the restructure or change of control is in the best interests of SunRice (as the case may be);
    - (II) an independent legal sign-off concerning the decision to be made by the Board; or
  - (D) a proposal to enter into any other type of contract, a report by an independent expert or legal adviser (as appropriate) that the proposal is reasonable in the circumstances of parties acting on an arm's length basis.
- (b) The procedures in section 6.3(a)(iv) above will not apply to any acquisition of Paddy (as referred to in section 7.1 of this Policy) from, or the provision of grower services to, Grower Directors on the same terms as all other Growers.
  - (c) The Board may decide in any instance that an independent legal sign-off as to arm's length comparability of any contract is not required where such sign-off has been recently obtained in respect of other contracts on terms which do not differ in any material respect from the contract under consideration.

#### 6.4 Record keeping

To ensure that related party transactions are appropriately managed, the Company Secretary will document all notified related party transactions in a register and monitor compliance with this Policy.

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## 7. Determination of Paddy Prices

### 7.1 Overview

The Board has the overall responsibility to determine the price payable by SunRice for Paddy (being rice grown in New South Wales in the form that it is harvested, prior to any milling) (**Paddy Price**).

### 7.2 Paddy Pricing Policy

- (a) As required by the Constitution, a majority of the Directors are Grower Directors who also supply Paddy to SunRice on the same terms as all other Growers. The acquisition of Paddy is a commercial transaction as SunRice requires a quantity of Riverina grown rice as the major raw material of its business.

- (b) The Board has devised the Paddy Pricing Policy to document the processes and principles applied to the calculation of Paddy Prices and the provision of services to growers. This Policy ensures that Paddy Prices are set in a rigorous, commercially focused manner that ensures that the needs of the SunRice business are the principal consideration and any actual or perceived Conflict with the interests of Grower Directors is carefully managed.
- (c) In broad terms, the Paddy Price is determined through a “pool” mechanism (**Pool**), which is a financial model through which the Paddy Price is calculated by aggregating all revenue from the sale of Riverina Rice, and then deducting relevant costs, including contributions to the Corporate segment for asset financing and other internal charges. The balance is available to be paid out in the form of Paddy Prices in line with the Paddy Pricing Policy. In the event that the Board determines that the Paddy Price should be set in a manner different to the Pool methodology (for example, as a forward-looking price signal to incentivise production), a committee of the Board comprising Non-Grower Directors will formulate the Modified Paddy Price for approval by the Board.

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## **8. Change of control and restructure**

### **8.1 Overview**

In any proposal involving a change of control or restructuring of SunRice, the interests of the different classes of shareholders of SunRice may diverge. This Policy seeks to ensure that the consideration of such a proposal by the Board satisfies the duties owed by the Board to SunRice and its shareholders.

### **8.2 Procedure**

Any such change of control proposal or restructuring proposal is to be determined in accordance with the procedures set out below:

- (a) Any such change of control proposal or restructuring proposal must be reported to the Board.
- (b) The decision whether or not to approve or recommend the change of control proposal or restructuring proposal must be made by the Board. In doing so, the Board will apply the level of review and diligence required to satisfy its statutory duties.
- (c) The Board will also identify the legal procedures applicable to the change of control or restructuring proposal, including any shareholder approvals required.
- (d) A change of control or restructuring involving SunRice will be supported by one or more of the following:
  - (i) an independent expert’s report from a suitably qualified third party confirming that the proposal is fair and reasonable for SunRice or whether the restructure is in the best interests of SunRice (as the case may be);
  - (ii) an independent legal sign-off concerning the decision to be made by the Board.

### **8.3 Record keeping**

To ensure that change of control or restructure transactions are appropriately managed, the Company Secretary will document all notified change of control or restructure transactions in a register and monitor compliance with this Policy.

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## **9. Training and awareness**

All Directors will receive training on this Policy on its adoption and at least every two years thereafter. All new Directors appointed after this Policy has been adopted will receive training on this Policy as part of their induction process and at least every two years thereafter.

Directors must familiarise themselves with this Policy and participate in the training sessions.

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## **10. Review and updating of this Policy**

The Company Secretary must report to the Board at least annually as to the adequacy of the processes and procedures in this Policy to identify and manage Conflicts and related party transactions. This report must include any breaches of this Policy, and may include recommendations on whether any amendments or updates to this Policy should be considered by the Board.

The Board is to review this Policy annually, having regard to the Company Secretary's report, to ensure that it continues to meet SunRice's and the Board's duties (including those referred to in part 2). In reviewing this Policy, the Board should also consider whether additional situations where Conflicts can arise have become apparent and if so, whether additional procedures are required to be included in this Policy to address those situations.

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## **11. Related documents and policies**

Directors should also be familiar with the following related documents and policies:

- Directors' Code of Conduct
- SunRice Group Code of Conduct
- Paddy Pricing Policy
- Share Trading Policy