



The Rice Food Experts

**Ricegrowers Limited
Rice Marketing Act Compliance Policy**

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INTRODUCTION

Through innovation, initiative and operating excellence, Ricegrowers Limited, together with its associated entities and complementary businesses (collectively, the “**SunRice Group**”, “**we**”, “**our**” or “**us**”), develops great tasting and nutritious foods that excite and satisfy consumers all over the world.

The *Rice Marketing Act 1983 (NSW)* (the “**Act**”) regulates the purchase and sale of rice grown in New South Wales (“**NSW Rice**”) and, in particular, prohibits the export of NSW Rice without the approval of the Rice Marketing Board for the State of NSW (“**RMB**”).

Rice produced in New South Wales (**NSW Rice**) is a commodity proclaimed for the purposes of the Act. Under section 51 of the Act, the RMB has the power to appoint, by order in writing, any person to be an authorised buyer of Rice (**Authorised Buyer**). An Authorised Buyer is authorised under section 51(2) to purchase Rice from a producer of NSW Rice or any other person, on its own account.

Section 51A allows the RMB to impose conditions on a person’s appointment as an Authorised Buyer. Section 51A(2) prescribes that the conditions of appointment must include a condition prohibiting, except with the RMB’s written approval, any sale or supply to persons outside Australia of NSW Rice purchased by the Authorised Buyer pursuant to the power conferred by section 51(2).

RMB and SunRice entered into a Sole and Exclusive Export Licence Agreement on 28 June 2007 (“**SEEL**”). Pursuant to the SEEL, RMB granted SunRice an Authorised Buyer’s Licence under the Act and granted SunRice the sole and exclusive right to sell and supply NSW Rice outside Australia.

SunRice supplies a diverse, innovative and nutritious range of rice food products including NSW Rice to retailers, Foods Services and Food Ingredients customers in Australia, New Zealand and around the world. In doing so, SunRice is required to comply with the Act, SEEL and its Authorised Buyer’s Licence which impose obligations on SunRice’s sales of NSW Rice to customers in Australia.

1 Policy Statement

- 1.1 The SunRice Group is committed to complying with our obligations under the Act, SEEL and our Authorised Buyer’s Licence.
- 1.2 Our commitment extends to ensuring that our customers in Australia also comply with their obligations under the Act.

2 Scope

- 2.1 This NSW Rice Compliance Policy (“**NSW Rice Policy**”) applies to all directors, officers, employees and contractors of the SunRice Group companies including SunRice, CopRice, Australian Grain Storage (AGS), Riviana, who are involved in the sale of rice to customers in Australia (referred to below as “**you**” or “**your**”).
- 2.2 Any customers of the SunRice Group who purchase rice in Australia are within the scope of this Policy.

3 Purpose

- 3.1 The purpose of this Policy is to:
 - (a) ensure that you are aware of and understand the SunRice Group’s NSW Rice obligations; and
 - (b) provide you with guidance on the SunRice Group’s NSW Rice policies and procedures so that you may act accordingly.

4 Relevant Legislation

4.1 Authorised Buyer's Licence

The order under which SunRice has been appointed as an Authorised Buyer (Authorised Buyer's Licence) contains the following conditions relating to the sale of rice grown in NSW:

- 2(b) SunRice must not sell or supply rice to a person within Australia ("**the Purchaser**"), other than an Authorised Buyer or an end-user, unless the sale or supply is made under a written contract including provisions that:
- (A) prohibit the Purchaser from selling or supplying any of the rice to persons outside of Australia;
 - (B) prohibit the Purchaser from selling or supplying any of the rice to persons within Australia ("**the Subsequent Purchaser**"), other than end-users, unless the sale or supply is made under a written contract including provisions that prohibit the Subsequent Purchaser from selling or supplying any of the rice to persons outside of Australia; and
 - (C) require the Purchaser to ensure that any subsequent sale or supply of any of the rice is made under a written contract including provisions in the same terms, with any necessary changes, to those referred to in paragraphs (a) and (b) of Condition 2.
- 2(c) SunRice must not sell or supply rice to a person, other than an Authorised Buyer, if it is aware that the person intends to sell or supply any of the rice to persons outside of Australia.

4.2 Effect of breach

- (a) If SunRice, as an Authorised Buyer, is found to have contravened a condition of its appointment, it will be guilty of an offence and the RMB may suspend or revoke our appointment as an Authorised Buyer (section 51 A of the Act). If the contravention occurs in connection with the sale of rice by SunRice, the maximum penalty could be up to AU\$220,000 per contravention (as at the issue date of this Policy).
- (b) In addition, the SEEL may be terminated immediately by SunRice or the RMB if SunRice ceases to be an Authorised Buyer for any reason.
- (c) If a customer of SunRice exports NSW Rice without permission from the RMB, it will be guilty of an offence with a maximum penalty of up to AU\$220,000 per contravention (as at the issue date of this Policy).

5 Responsibility for Compliance

- 5.1 Overall responsibility for this administration of this Policy lies with the SunRice General Counsel.
- 5.2 Each manager is responsible for themselves and their direct reports to monitor and apply this Policy when selling rice to external parties.
- 5.3 You are responsible for your own individual compliance including completing training. You are required to understand and comply with this Policy.
- 5.4 You should be vigilant and report any breaches or suspicious activity to the SunRice General Counsel or a member of the Legal Team.

5.5 Compliance with this Policy will be audited from time to time.

6 Training, Awareness and Implementation

6.1 Staff in sales roles will receive training on compliance with the Act, our Authorised Buyer's Licence and the SEEL on an annual basis.

6.2 Management across the SunRice Group have ultimate responsibility for ensuring that this Policy is effectively communicated to employees and for ensuring that adequate systems and controls are in place.

6.3 Management are expected to periodically monitor compliance with this Policy.

6.4 For further clarification on your compliance responsibilities, please contact SunRice Company Secretary or the General Counsel.

POLICY REQUIREMENTS

7 What is NSW Rice?

7.1 NSW Rice is rice grown in NSW. To assess whether a particular product is "NSW Rice", two elements need to be considered:

- (a) Is the product rice?
- (b) Was the rice grown in NSW?

7.2 "Rice" is not defined under the Act, our Authorised Buyer's Licence or our SEEL.

7.3 SunRice defines "rice" to mean wholegrain rice and rice broken. It does not include rice products which involve a "transformation" such that the product can no longer be described as "rice".

7.4 For example, the following forms of rice have been sufficiently transformed so that they are NOT rice:

- (a) rice flour;
- (b) rice bran;
- (c) rice cakes;
- (d) microwave rice and 'quick cup' meals; and
- (e) ready to go meals.

7.5 The following SunRice products ARE rice and will be NSW Rice if grown in NSW:

- (a) Short grain, medium grain, long grain, brown, jasmine, basmati, organic, and other premium rice varieties.

7.6 Products which consist of NSW rice blended with imported rice or non-rice ingredients, or products which involve only a small amount of processing of the rice, may or may not fall within the definition of "NSW Rice".

7.7 In these instances the overall impression of the product is important in terms of the product name, the look and feel of the packaging, the way the product is advertised etc.

7.8 If you are not sure whether your product falls within the definition of NSW Rice, please contact the General Counsel or a member of the Legal Team.

8 Application of export restrictions to Customers

8.1 Which customers are impacted?

All customers who purchase rice from the SunRice Group in Australia are subject to this Policy. This means their agreement with us must set out the Required Prohibitions (defined in clause 8.3) and the person responsible for managing our relationship with that customer must take steps to ensure that the customer does not export any NSW Rice.

Please inform the General Counsel or a member of the Legal Team whenever you plan to enter into an agreement with any new customers for the supply of rice.

8.2 What is the impact on customers?

Customers who purchase NSW Rice from the SunRice Group from within Australia are not permitted to sell NSW Rice:

- (a) overseas; or
- (b) to subsequent buyers unless they have agreement with those subsequent buyers that sets out the “**Required Prohibitions**”, that is, the agreement:
 - (i) sets out the prohibition on exporting NSW Rice; and
 - (ii) prohibits the subsequent buyer from on selling to other subsequent buyers without a similar prohibition on exporting NSW in their agreement.

8.3 What contractual arrangements are required to be in place?

All customers who purchase rice from the SunRice Group must have the following clause (referred to as the “**Required Prohibitions**”) in their agreement:

Compliance with the Rice Marketing Act

The Distributor acknowledges that the Rice Marketing Act regulates the sale and purchase of NSW Rice. If this agreement or any Product Order relates to the sale and purchase of NSW Rice and if:

- (a) *the Distributor is not an Authorised Buyer or an end-user of the NSW Rice, the following provisions apply:*
 - i. the Distributor must not sell or supply any of the NSW Rice to persons outside of Australia;*
 - ii. the Distributor must not sell or supply any of the NSW Rice to persons (subsequent buyers) within Australia, other than end-users of the NSW Rice, unless the sale or supply is made under a written contract including provisions that prohibit the subsequent buyer from selling or supplying any of the NSW Rice to persons outside of Australia; and*
 - iii. the Distributor must ensure that any subsequent sale or supply of any of the NSW Rice is made under a written contract including provisions in the same terms, with any necessary changes, to those referred to in paragraphs (i) and (ii) of this clause 4.5(a); and*
- (b) *the Distributor is not an Authorised Buyer of the NSW Rice, the Distributor acknowledges that SunRice is prohibited from selling or supplying NSW Rice to the*

Distributor if SunRice is aware that the Distributor intends to sell or supply any of the NSW Rice to persons outside of Australia.

This clause X does limit any restrictions on, or obligations of, the Distributor prescribed by another provision of this agreement, including without limitation the restrictions contained in clause Y.

“Authorised Buyer” means an Authorised Buyer appointed under the Rice Marketing Act.

“NSW Rice” means rice grown in New South Wales.

“Rice Marketing Act” means the Rice Marketing Act 1983 (NSW).”

Note that a similar clause has been inserted into the Standard Terms of Sale for each of the Australian businesses within the SunRice Group.

8.4 Who is a Subsequent Buyer?

A subsequent buyer is any person or business to whom our customer sells rice, who intends to on-sell the rice to other buyers, irrespective of whether those buyers are end users. For example, retailers and wholesalers are subsequent buyers.

8.5 Who is an End-User?

An end-user is any person or business that purchases rice and does not intend to resell that rice. For example consumers are end-users. Manufacturers are also end users where the products they manufacture using the rice are sufficiently transformed so that they are no longer defined as “rice”.

8.6 What products can customers sell?

Customers are able to export rice products which are not NSW Rice; they are not permitted to export NSW Rice. If you are not sure whether or not your customer’s products are NSW Rice, please contact the General Counsel or a member of the Legal Team.

8.7 What happens if you find out a customer has been exporting NSW Rice?

If you discover that a customer has been exporting NSW Rice, you are required to notify the General Counsel as soon as possible. The SunRice Group is not permitted to supply any customers NSW Rice if it is aware that it plans to export the NSW Rice. As a result, you may need to cease supplying rice to that customer.

9 Registers

9.1 The Legal team under the guidance of the General Counsel is required to maintain the following registers:

- (a) **Contracts Register:** The Legal Team under the guidance of the General Counsel will maintain a register of NSW Rice Customers. The Register is to include details about the customer, the products supplied to that customer and the contractual arrangements in place.
- (b) **Breach Register:** The Legal team under the guidance of the General Counsel will maintain a breach and corrective action register.

10 Reporting

The General Counsel will report on the Contracts and Breach Registers as well as any other issues associated with the implementation of this Compliance Plan and the Compliance Policy to the:

- (a) Corporate Management Team quarterly; and
- (b) the Finance Risk and Audit Committee bi-annually.

11 Reviews

- 11.1 This Compliance Plan and the Compliance Policy will be reviewed by the General Counsel on an annual basis. The updated documents will be presented to the Corporate Management Team and Finance Risk and Audit Committee for approval.
- 11.2 SunRice will consult with the RMB before making any changes to this Compliance Plan, and will work with the RMB to make any changes requested by the RMB.
- 11.3 This Compliance Plan, Compliance Policy and their implementation will be reviewed by an independent reviewer in accordance with clauses 4.2 and 4.4 of the Deed Poll in favour of the RMB signed by SunRice on 21 May 2014.
- 11.4 SunRice will consider making any changes to this Compliance Plan or the Compliance Policy that may be recommended by the independent reviewer, or by the RMB following the independent review.

12 Your responsibilities

- Know and understand this Policy
- Complete any training on the sale of NSW Rice
- Report new customers to the General Counsel or a member of the Legal Team
- Ensure all customer agreements contain the Required Prohibitions
- Ensure all customers are aware of the restrictions on the export of NSW Rice and their obligation to incorporate the Required Prohibitions into their agreements with their customers
- Know which products your customer is exporting and whether or not they are NSW Rice
- Report any incidents of customers exporting NSW Rice to the General Counsel