



SunRice Stakeholder Engagement Statement

June 2020

Our Stakeholders

Active stakeholder engagement enables SunRice to remain attuned to macro-environmental insights, navigate the regulatory, legislative and political landscape; nurture goodwill ambassadors; and ultimately ensure our continued social licence to operate.

We proactively manage material economic, social and environmental risks and opportunities identified by our key stakeholders and our business through a materiality process, to identify the issues that are significant to both SunRice and our key stakeholders. The 2018 Sustainability Report outlined the first materiality assessment SunRice conducted which included 26 stakeholder interviews and a detailed documentary review. During FY2020, SunRice undertook a further detailed review of the material topics with our leadership group to understand the alignment of each function and business unit to these topics. Workshops included approximately 60 senior leaders in cross functional groups, resulting in 12 key materiality topics grouped under seven focus areas that we now report on, beyond our financial performance.

These seven focus areas fall under three overarching pillars outlining the bigger positive impact we seek to create: **to make a difference to our environment, to make a difference to our communities** and **to make a difference with nourishing products**.

Making a Difference to the Sustainability of Places and Lives

by



Making a Difference to Our Environment



Making a Difference to Our Communities



Making a Difference with Nourishing Products

through our focus areas



Agricultural Research



Wasting Nothing



Sourcing Globally



Thriving Communities



Respecting People



Employee Experiences



Nourishing Products

to address the material topics to our business



R&D and agronomics



Water management



Energy efficiency & emissions reduction



Climate change



Secure rice supply



Labour practices



Role in local economies



Anti-bribery & corruption



Workplace health & safety



Our people



Product safety & quality



Financial challenges in the supply chain

all of which deliver on the following SDGs

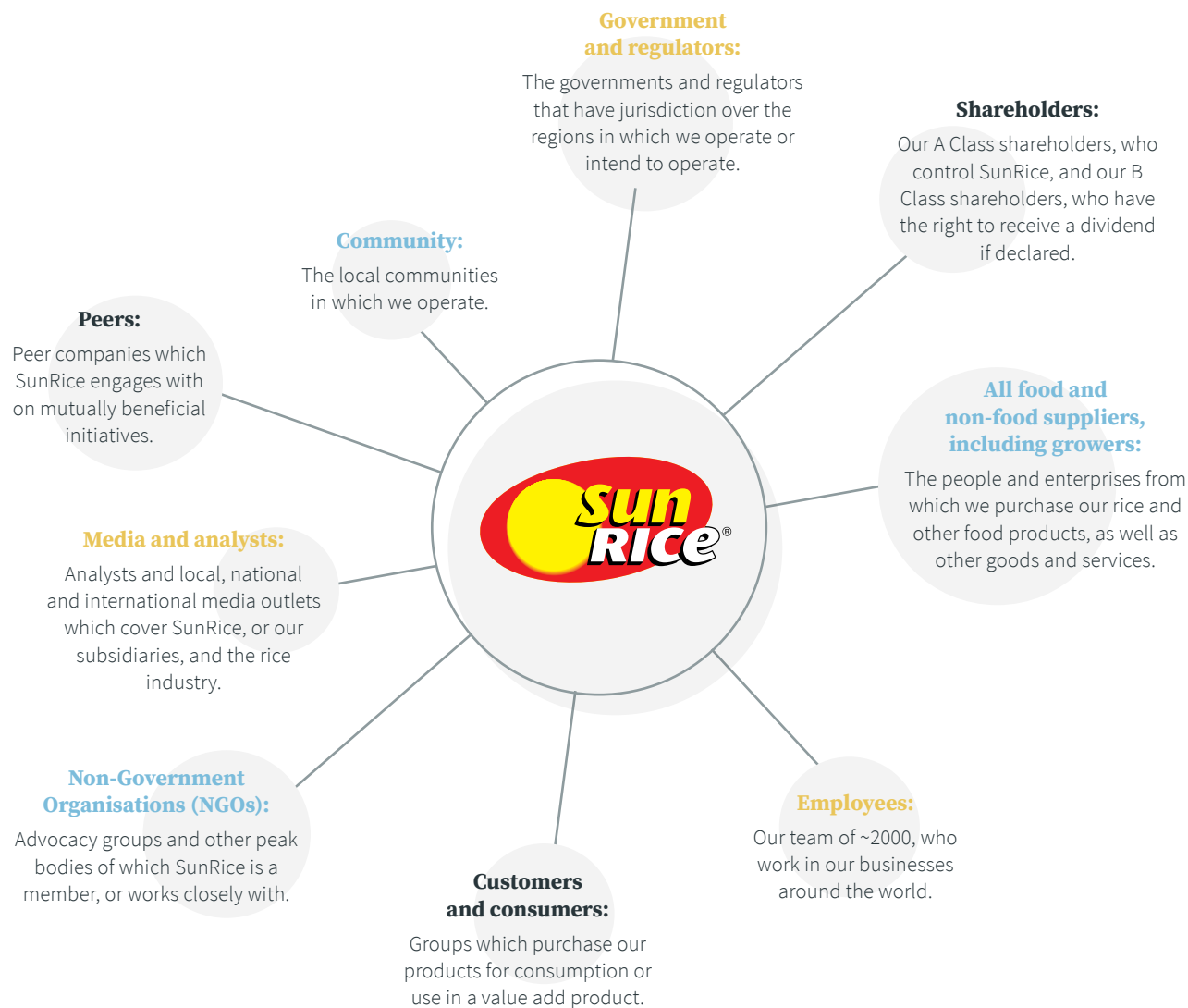
As a member of the United Nations Global Compact Network Australia, SunRice is guided by the 10 principles of the UN Global Compact and our SunRice Sustainability Charter. We continue to focus on the role SunRice can play in making a meaningful contribution to the UN Sustainable Development Goals.

We have identified eight SDGs in which we believe we can have the greatest impact:



Our Board is committed to stakeholder engagement with the interactions, monitoring and implementation of the engagement being the responsibility of relevant leaders and teams across the Group. At all levels we are committed to providing our stakeholders with credible, transparent and timely information as we seek to create and sustain value in all we do.

The diverse stakeholder groups across our entire value chain are outlined in the following pages, together with their material needs, expectations and concerns, and how we create value for each.



Employees

It is the commitment, skills and knowledge of our ~2,000 employees across the Group, along with efficient value-creating strategies and operations, that allow us to meet our customers' wants and needs and contribute materially towards the communities in which we operate.

Across the Group our employees are proud of and live daily our Values of Dynamic, Integrity, Community, Innovative and Collaborative.

How we engage

Employee engagement occurs on a daily basis in the normal course of business both formally and informally. Formal one-on-one engagements are undertaken through annual setting of objectives and training and development goals, checking-in conversations to align on progress against strategic and personal development goals and annual end of year performance conversations.

All types of communications are utilised to keep employees informed about general business issues and priorities, from business and strategy updates, roadshows and toolbox talks, to intranet tools, email communication and monthly newsletters.

We utilise multiple ways to obtain feedback from our employees including engagement surveys, onboarding and exiting surveys. These surveys are a key tool for employees to express their level of engagement. Active two-way feedback, in line with high performing teams, is also encouraged within teams.

Governance Committees across People, Remuneration, Safety and Health are chaired by senior leaders with Board representation.

How we create value for them

Providing employment in the regions in which we operate and additional opportunities as our Group grows.

Rewarding our employees for the value they add with fair and responsible remuneration.

Recognising all forms of diversity in the markets in which we operate; we strive to have a workforce that resembles our customers and consumers.

Self-directed work teams who are able to combine different skills and talents to work without the usual managerial supervision, to provide greater employee responsibility, accountability and satisfaction.

Providing employees with opportunities to participate in employee volunteering and workplace giving programs.

Providing employee health and wellbeing offerings and on-site occupational health and safety assistance.

Providing opportunities for employees to participate in the success of the company.

Needs, concerns and expectations of our stakeholders

- Employment
- Remuneration
- Diversity and inclusion
- Talent attraction
- Talent management
- Training and development
- Performance management
- Employee community involvement
- Employee wellness
- Recognition

Materiality Topics



R&D and agronomics



Water management



Energy efficiency & emissions reduction



Climate change



Secure rice supply



Labour practices



Anti-bribery & corruption



Workplace, health & safety



Our people



Product safety & quality



Role in local economies



Financial challenges in the supply chain

Shareholders

Our A Class shareholders, who control SunRice, and our B Class Shareholders, who have the right to receive a dividend (if declared), and provide a source of capital enabling our business continuity and growth.

How we engage

We provide regular trading updates and notifications to our shareholders and address their key issues and concerns through ASX announcements, presentations and via the Investor section of the company website.

We interact and receive feedback from A and B Class shareholders through the Annual General Meeting and participation in roadshows and broker related conferences, as well as through ongoing face-to-face meetings, telephone calls and email correspondence.

Board representatives and management also engage regularly with our A Class shareholders through the Grower Services Committee and Grower Reference Group.

How we create value for them

Improving paddy returns for A Class shareholders and increasing shareholder returns for B Class shareholders in the form of distributing dividends (if declared) and improving the market price of shares.

Responsibly investing capital including strategic investments, and considering GRI and UN sustainable goals where appropriate.

Ensuring adequate funding to meet financial obligations and strategic objectives (2022 Growth Strategy).

Actively managing the level of debt and liquidity, refinancing interest rates, and counterparty risks.

Needs, concerns and expectations of our stakeholders

- Consistent returns and growth on their investment
- Strong corporate governance
- Management of materiality risks
- Foreign currency exposure
- Prudent management of balance sheet
- Business strategy

Materiality Topics



R&D and agronomics



Water management



Secure rice supply



Labour practices



Product safety & quality



Role in local economies



Financial challenges in the supply chain

All food and non-food suppliers, including growers

Our relationships with the people and enterprises from which we purchase our rice and other food, as well as goods and services along the supply chain, from Australia and rice growing regions across the world, are a key competitive advantage and provide us with a flexible and diversified supply chain.

We have a stated intention to lead in environmental, social and ethical business performance and to do that we actively seek to join the value chains of like-minded companies. We are committed to supporting the development of our supply partners globally to support this intention.

How we engage

The interests and concerns of suppliers are identified in the normal course of business and at regular supplier presentations, shed talks, field days, industry events, and via email communications and videos.

In Australia our Board actively engages with our Riverina Growers via regular grower meetings and communications plus a Grower Reference Group.

Growers are also engaged through our Grower Services team of field officers and administration staff, along with our representation on and membership of the Riceworkers Association of Australia (RGA).

Suppliers are expected to adhere to applicable codes of conduct and anti-bribery and corruption/modern slavery policies, and to comply with all relevant laws and regulatory requirements.

Our growers sign pre-harvest declarations around food safety, farming practices and hygiene.

How we create value for them

Supporting our Growers in all regions to maximise their paddy returns and improve on-farm efficiencies.

Assisting our suppliers to contribute positively towards the environment and communities in which they operate through various sustainability initiatives.

Continuing to strengthen our mutually beneficial supplier relationships and integrate closely with them.

Needs, concerns and expectations of our stakeholders

- Fair and ethical sourcing
- Timely payment and favourable terms
- Supplier and enterprise development

Materiality Topics



R&D and agronomics



Water management



Secure rice supply



Labour practices



Workplace, health & safety



Product safety & quality



Role in local economies



Financial challenges in the supply chain

Customers and consumers

Every year we bring the world 8 billion* serves of rice, feeding around 22 million people each day.

Our customers are our main source of revenue and include retail and food ingredients groups, which purchase our products for consumption or for use in a value-add product.

Ensuring that end-use consumers are satisfied with the quality, variety and safety of our products, contributes to this revenue.

How we engage

Consumers are engaged through providing them great tasting rice experiences every day. We connect with consumers through our brand website, social media, media/public relations, consumer hotline, advertising, product labelling, lifestyle and community sponsorship.

We recognise the importance of strong relationships with our trade customers and distribution partners across the globe. We engage in regular routines to address issues which are material to our customers. Issues and topics are identified through the normal course of business interactions and through participation in audits and questionnaires, joint planning and objective setting meetings, and communication packs.

How we create value for them

Delivering quality, appealing, safe, innovative and responsibly sourced products that have reliable continuity of supply and offer convenience and value.

Needs, concerns and expectations of our stakeholders

- Product innovation
- Value
- Convenience

Materiality Topics



Water management



Energy efficiency & emissions reduction



Climate change



Secure rice supply



Workplace, health & safety



Our people



Product safety & quality



Role in local economies

Non-Government Organisations (NGOs) / industry organisations

We have active membership and involvement with advocacy groups and other peak bodies to discuss and contribute to issues of mutual concern which optimise opportunities for SunRice, our growers or the communities in which we operate.

How we engage

Through our membership and engagement with industry bodies, we provide commentary and advice on emerging issues via face-to-face meetings, participation in research and advocacy, written communications and media.

How we create value for them

Through our industry partnerships we are able to provide commentary and input on emerging issues, policy and best practice for shared benefit.

Needs, concerns and expectations of our stakeholders

- Policy development
- FMCG/retail related matters (including packaging and labelling)

Materiality Topics



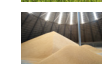
R&D and agronomics



Water management



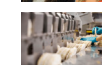
Climate change



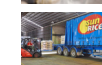
Secure rice supply



Our people



Product safety & quality



Financial challenges in the supply chain



Role in local economies

* Based on a 75 gram serving size.

Communities

Ensuring a productive and positive relationship with the local communities in which we operate is fundamental to our operations and employees (existing and future).

How we engage

We continue to actively engage with members of the communities in which we operate to deepen and expand our relationships with them.

We monitor the socio-economic impact we have in our communities, and engage or partner with experts and interest groups, where possible, to ensure that we use the strengths and skills of our business and people to provide a meaningful contribution to our communities. This includes sponsorships, in-kind support and sharing our employees' knowledge, skills and experience.

How we create value for them

We partner with communities to enrich lives socially and economically. We are committed to having positive social impact in every community in which we operate working with growers and communities to improve livelihoods and build resilience.

We do this by assisting in driving economic growth, by leveraging our expertise wherever we operate to benefit communities, by investing capital in the regions in which we operate and by supporting community organisations with a view to supporting the most vulnerable.

Needs, concerns and expectations of our stakeholders

- Community involvement and contribution
- Economic growth and contribution
- Responsible marketing

Materiality Topics



R&D and agronomics



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Climate change



Secure rice supply



Our people



Product safety & quality



Financial challenges in the supply chain



Role in local economies

Governments and regulators

We are committed to making a positive contribution to society, by actively engaging with the governments and regulators which have jurisdiction over the regions in which we operate or intend to operate, to ensure alignment and compliance for our business operations.

How we engage

We have dedicated resources focused on ensuring that we are active corporate citizens. This includes proactive government relations in the countries in which we operate, and managing participation in industry affairs, face-to-face meetings, written communications, and through participation in formal Government processes.

We share insights and concerns with government and gain invaluable information through these interactions that allows us to mitigate risks, explore opportunities and partner with stakeholders on the different socio-economic and environmental initiatives of the relevant countries.

How we create value for them

We go aim to go beyond regulatory compliance to adhere to the intent of legislation.

We use our core competencies to contribute to addressing social problems such as food security.

We actively engage government and industry on policy matters.

Needs, concerns and expectations of our stakeholders

- Legislation and regulation adherence

Materiality Topics



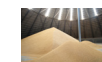
Water management



Energy efficiency & emissions reduction



Climate change



Secure rice supply



Labour practices



Product safety & quality



Role in local economies

Media / analysts

Regional, national and international media outlets and journalists through whom we aim to raise the profile of key sustainability issues in the regions where we operate on matters which cover SunRice, our subsidiaries, and the rice industry.

Financial analysts through whom we aim to raise the profile of SunRice sustainability initiatives underway, and the benefits of the business in order to attract investment from their clients or capital managed directly by them.

How we engage

We engage with media via press releases, interviews, fact sheets, opinion pieces and direct communication.

We interact with and respond to questions from analysts through ASX announcements, presentations, participation in roadshows, conferences, meetings and via the Investor section of the company website.

How we create value for them

Building transparent relationships with:

- Media ensures mutual benefit of shared story ideas and community education, allowing customers to make informed decisions; and
- Analysts ensures developments with regards to SunRice's objectives, results and outlook are shared with existing and potential new investors.

Needs, concerns and expectations of our stakeholders

- Retail and consumer issues (labelling/marketing/ food safety)
- Product information
- Corporate governance
- Prudent management of balance sheet
- Business strategy
- Risk management
- Prospects for sustainable financial returns and business growth

Materiality Topics



R&D and agronomics



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Climate change



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Our people



Product safety & quality



Financial challenges in the supply chain



Role in local economies

Peers

We engage with peer companies on mutually beneficial initiatives for the betterment of the industry as a whole.

How we engage

We engage with peer companies through industry associations and advocacy groups via meetings, written communications, attendance at conferences and presentations.

How we create value for them

Co-operating on matters of shared benefit to the industry improves the operating environment of SunRice.

Needs, concerns and expectations of our stakeholders

Materiality Topics



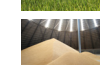
Water management



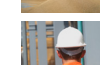
Energy efficiency & emissions reduction



Climate change



Secure rice supply



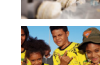
Workplace, health & safety



Our people



Product safety & quality



Role in local economies



SunRice needs to maintain investment in innovative research and technologies to manage the risk of fluctuating volumes of rice production, and to increase the efficiency and minimise the environmental impacts of rice growing (e.g. by reducing water and energy use and methane production), while also supporting the development of rice varieties that meet customers' needs and preferences.



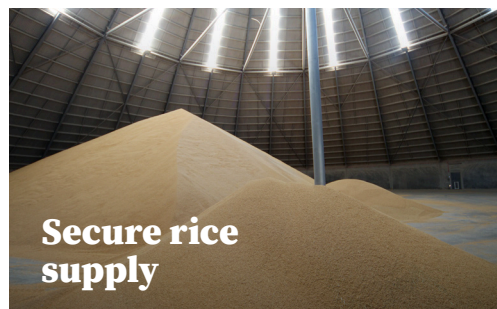
Refers to the actual and perceived intensity of water use in rice production. SunRice recognises need to minimise water use in rice production and our operations, and the importance of maintaining secure access to high quality water. Our stakeholders raised the issue of water allocation, particularly in Australia, and highlighted the need to respond to external stakeholder concerns, maintain water quality and invest in the development of water efficient rice varieties to support the ability to secure required volumes of Australian and overseas grown rice.



Relates to the need for SunRice to reduce energy consumption across our operations and supply chain. Internal stakeholders commented on three factors encouraging energy consumption reductions: external stakeholder expectations; environmental and reporting regulation, including National Greenhouse gas and Energy Reporting (NGER); and financial pressure to reduce operational costs and increase efficiency.



Refers to the impact of a changing climate and extreme weather events on rice production across the globe, including California, South-East Asia and in particular Australia. Our stakeholders commented that the effects of climate change and extreme weather events (such as drought) cause crop sizes to fluctuate over time. SunRice has diversified its rice supply, providing some resilience and continuity of rice supply. At the same time, businesses are experiencing increasing expectations to report their own responses to climate change related risks.



Continued rice supply is critical to SunRice's core business. Access to water, continued research and innovation to improve water efficiency and support the continued involvement of rice growers in the industry, as well as expansion of rice supply areas across Australia, South-East Asia and beyond, are key factors that influence secure rice supply. There are a number of other environmental, social and governance factors that support SunRice and maintain our reputation as an ethical and transparent business, and therefore our social licence to operate.



Refers to the role that global businesses like SunRice have in providing fair labour standards, good working conditions and identifying, mitigating and addressing any potential risks of exploitative labour practices occurring in global supply chains. Recognising its role, SunRice is committed to industry best practice as evidenced by its Sustainability Charter and Supplier Sustainability Code ("Code") and actively seeks to join the value chains of like-minded companies. The Code has been developed through a process of engagement with our internal supplier relationship owners and will be rolled out during FY2021 as part of SunRice's preparations for the disclosure of our first Australian Modern Slavery Statement.



Anti-bribery & corruption

Refers to the need to manage the risk of bribery and corruption occurring within SunRice's operations and supply chain, both in Australia and globally. Maintaining high standards of ethical conduct was seen as a relevant issue for SunRice as we continue to expand our international sourcing program and market presence. Stakeholders emphasised the need to prevent reputational damage to the SunRice brand, maintain consumer trust and to maintain high standards of integrity in expanding markets.



Workplace health & safety (WH&S)

SunRice needs to provide a safe work environment for our employees, contractors and suppliers through developing, implementing and monitoring robust management systems to reduce WH&S risks and maintain a safe working environment. While SunRice has a strong focus on WH&S at our own sites, there is a need to continue to encourage and support rice growers and other suppliers, both in Australia and overseas, to ensure their own WH&S practices are of a sufficiently robust standard.



Our people

Refers to SunRice maintaining a supportive, innovative and collaborative culture in order to attract and retain passionate, high-performing staff. Internal stakeholders described feeling proud to work for SunRice and the need to provide continuous development opportunities, support innovation and encourage collaboration across the business. Promoting diversity and inclusion, providing equal access to opportunity and preventing discrimination are key issues of interest to external stakeholders.



Product safety & quality

SunRice needs to enforce high standards of product safety and quality, so as to consistently produce high quality, safe foods that meet the health and wellbeing needs of our customers. Ensuring product safety and quality is critical to maintaining consumer trust in the SunRice brand and to managing reputational risks associated with the occurrence of food safety issues. SunRice invests significantly in the equipment, systems and quality assurance processes required to ensure compliance with Australian food standards and has worked with key international rice suppliers to build capacity in this area.



Financial challenges in the supply chain

Relates to the financial challenges and pressures that arise, albeit in different ways, across SunRice's supply chain. Financial challenges support innovation, for example through encouraging water efficiency and good environmental practices or through encouraging reduced energy, water and chemical use. Financial challenges can also be seen as a risk to rice production. This is because the price of water in Australia is a contributing factor to rice growers' decision making processes. In years when there is drought, low water availability and high water prices, this can lead to significant reductions in plantings of annual crops like rice. The development of value added products and products that use the by-products of rice production, are viewed as opportunities to support the financial viability of the industry.



Role in local economies

Refers to the significant role SunRice plays in the communities in which we operate. Both by providing opportunities for local employment and procurement, as well as through involvement in community-focused activities. SunRice maintains a strong presence in the Riverina communities we operate in as well as in Papua New Guinea and the Solomon Islands. Our commitment to local economic and social contribution underpins our approach as we develop and grow in new markets, as evidenced by our vitamin enriched rice products sold in PNG and the Solomon Islands as well as the creation of a robust distribution network in the Solomon Islands supporting food security and revitalising economic activity in remote islands.