

CORPORATE GOVERNANCE STATEMENT

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

This Corporate Governance Statement summarises the main corporate governance policies of the company and outlines the extent to which the company's corporate governance policies and practices are consistent with the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (**ASX Principles**) as at the date of its admission to the official list of the ASX..

The Board does not consider that all of the ASX Recommendations are appropriate for the company given the related provisions in its constitution regarding the composition of the Board and shareholding requirements. However, where the company has not followed an ASX Recommendation, this has been identified together with the reasons why it has not been followed.

Copies of all the company's key policies and practices and the charters for the Board and its current Board Committees referred to in this statement are available in the corporate governance section of the company's website at www.sunrice.com.au.

Principle 1 – Lay solid foundations for management and oversight

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

The Board is responsible for the governance of the company and oversees its operational and financial performance. It sets strategic direction, establishes goals for management and assesses the achievement of those goals, determines the appropriate risk profile and monitors compliance, in terms of regulatory and ethical standards.

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

The roles and responsibilities of the Board and Committees are defined in the Board Charter and the written charters of the Finance, Risk and Audit Committee, the Nomination Committee, the Remuneration Committee, the Grower Services Committee and the Safety, Health and Environment Committee.

Prior to the election of any Director, candidate information, with all material information to support an informed decision, is provided to shareholders. The company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director.

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

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

Diversity Policy (ASX Recommendation 1.5)

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

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

for women and men.

SunRice's revised inclusion and diversity priorities include:

- Diversity in leadership;
- Creating flexible, adaptable work practices; and
- Respectful workplaces.

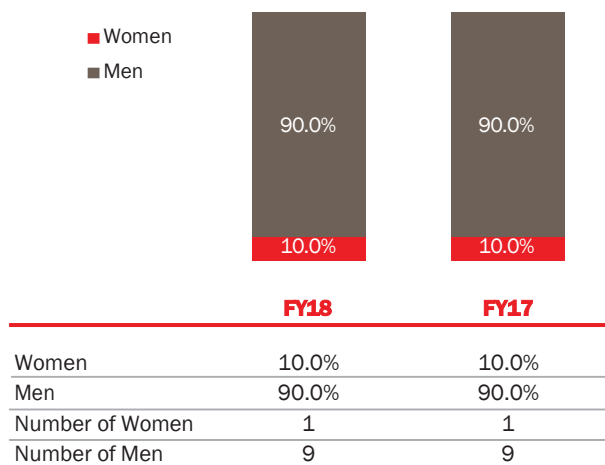
Across the Group, the respective proportions of male and female employees on the Board, in senior executive positions and across the business for FY18 are illustrated in the tables on the following page. Key points of note include:

1. The number of women on the SunRice Board and the proportion of female senior executives remained unchanged from FY17.
2. The proportion of women in senior management positions in Australia increased by 2.1% to 37.3% (April 2018) from 35.2% (April 2017). This increase did not allow us to meet our target of 40% but continues to reflect the increase of appointments of females into business-critical roles.
3. SunRice's enhanced recruitment practices (we insist on at least one female candidate on all recruitment shortlists) have contributed to the Group female employee representation increasing by 1.3% from 23.2% (April 2017) to 24.5% (April 2018). Female representation across Australia remained consistent at 33%.

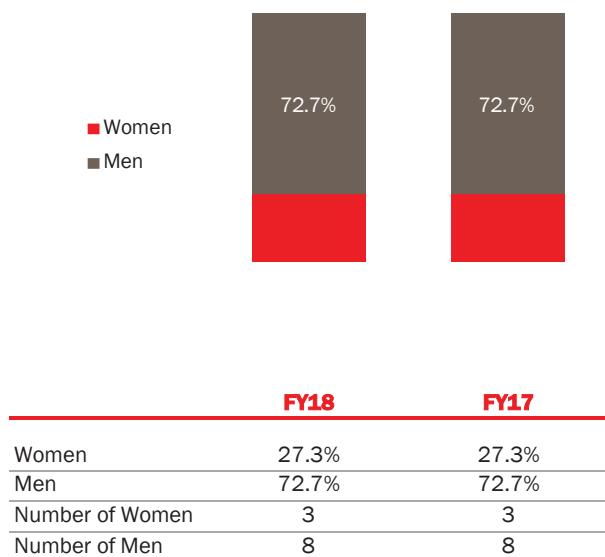
Compared to our peer group 'Food Product Manufacturing' (118 organisations), the representation of women in senior leadership at SunRice well surpasses our peers by 13.5%.

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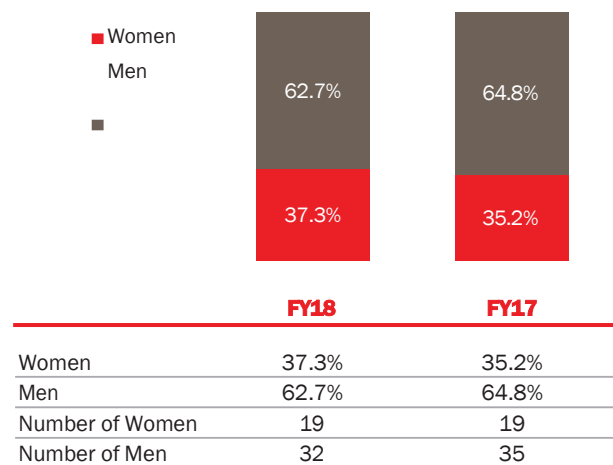
Proportion of women on the Board



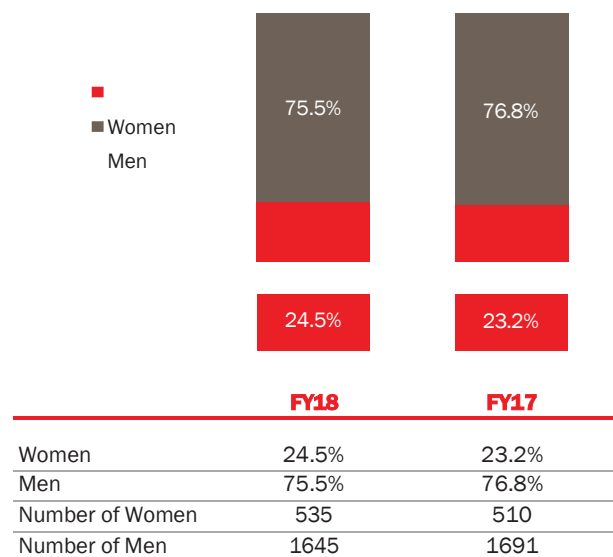
Proportion of women in senior executive positions in the Group¹



Proportion of women in senior management positions in Australia as reported in the Workplace Gender Equality Agency Report²



Proportion of women employees across the Group



¹ Senior Executive includes the Group CEO and other members of the

Corporate Management Team and Subsidiary Company Heads.

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² Senior Management includes Senior executives (as defined above) and their direct reports. The number of senior managers represents Australian based senior managers only.

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The following assessment of achievements to date against the measurable objectives in FY18 demonstrates our ongoing commitment to inclusion and diversity.

FY18 Objective	Initiatives and Outcome
Continue to focus on increasing the representation of women in senior management positions to 40% for FY18	<p>Increased Gender Balance</p> <ul style="list-style-type: none"> During FY18, the proportion of women in senior management positions across Australia increased from 35.2% to 37.3%, falling short of our target of 40%. However, we continue to exceed our peer group benchmark by 9.8%. The SunRice Group continues to report a much higher proportion of males to females i.e. 24.5% female to 75.5% male.
Cascade cultural intelligence workshops to educate our leaders on the benefits of diversity and working effectively together	<p>Increased Focus on Asia</p> <ul style="list-style-type: none"> Piloted cross-cultural business protocols program for our people doing business in Asia. This included meeting protocols, visible signs of emotion and what they mean, the use of English language, how to act in formal and informal occasions and establishing contacts and networks through official channels. Our Board and CMT also participated in education sessions conducted by KPMG and King Wood Mallesons on doing business in Asia. Cultural intelligence briefings conducted for all expatriates travelling to Singapore, Vietnam and PNG.
Deliver on our action plans arising from our 'Say it as you see it!' engagement survey and cultural intelligence survey in Trukai so we can increase our inclusion engagement score by 10% (to 67%) and our flexibility score by 10% (to 65%) because we know that flexibility is a key enabler of inclusion and diversity	<p>'Say it as you see it!' Engagement Survey</p> <ul style="list-style-type: none"> Achieved a participation rate of 74% and an engagement score of 69%, representing a 17% and 11% increase respectively. Exceeded our target of 67% to reach a favourable response of 71% stating '<i>SunRice is committed to creating an inclusive culture and I am given an equal opportunity to succeed</i>'. Only 8% indicated an unfavourable response. Sentiment was split evenly between men and women. Exceeded our target of 65% to reach a favourable response of 72% stating '<i>We are genuinely supported if we choose to make use of flexible working arrangements</i>'. Only 6% indicated an unfavourable response. Sentiment was split evenly between men and women.
Other Notable Achievements	<p>Performance Review and Pay Gap Analysis</p> <ul style="list-style-type: none"> Each year we take action to analyse performance review outcomes to ensure equity while calibrating. We also undertake equal pay analysis across all roles, and adjust pay when appropriate. <p>National Association of Women in Operations (NAWO)</p> <ul style="list-style-type: none"> Active member of NAWO's Regional Committee with a focus on growing female talent regionally. Profiled SunRice female employees in regional job advertisements as a way of demonstrating to potential applicants that women are welcome in our operations/maintenance/engineering business. <p>AgriFutures Rural Women's Award</p> <ul style="list-style-type: none"> Ongoing sponsorship of awards dinner enabling 12 women across the business to be inspired by rural women in our communities. <p>Jan Cathcart Memorial Scholarship Program</p> <ul style="list-style-type: none"> Launched the 2018 Jan Cathcart Memorial Scholarship Award, designed to support talented women who demonstrate a passion and commitment to the rice industry and who can contribute and play a critical part in shaping a positive future. Provided work experience opportunities for scholarship recipients in Finance Operations and Riviana Marketing. Scholars also attended the SunRice Leaders Forum in Sydney where 90 leaders came together to learn about our strategy and empowering leadership at every level.

Western Riverina 'Grow Our Own'

Joined as partners of Grow Our Own to transform the Western Riverina by:

- Developing, mentoring and retaining local skills;
- Helping young people undertake tertiary studies while staying and working in the region; and
- Providing education and training that leads to sustainable jobs.

Other initiatives focusing on development and education include:

- Ongoing partnership with FemilPNG to support employees who have been victims of sexual or domestic violence.
- Increased participation among leaders in the Courage: Inclusive Leadership in Action course.
- Participated in the National Aborigines and Islanders Day Observance Committee (NAIDOC) week celebrations.
- Adopted a disability and employment initiative at our Deniliquin Mill and Melbourne offices.

Building on our desire to create an inclusive work environment for all our people, we are aware that the benchmark keeps rising and we must not stand still if we are to continue to attract and retain the best talent. We have set ourselves the following measurable objectives for FY19.

FY19 Measurable Objectives

Our FY19 Measurable Objectives will be:

1. Continue to focus on increasing the representation of women in all leadership roles at 40% for FY19.
2. Continue to demonstrate a Group-wide approach that is based on flexibility of where we work, when we work and what we work on at any given time. Flexibility focuses on outcomes rather than face time and is both formal and informal in nature. We will check in with our engagement survey results via a 'Pulse' check to increase '*SunRice motivates me to go beyond what I would in a similar role elsewhere*' from 58% favourable to 62% favourable.
3. Continue to create positive change by refreshing our Diversity and Inclusion Strategy to ensure it is aligned with our five-year strategy. This will include understanding our 'right to play/right to win' in all of the countries in which we operate and define how we will measure ourselves to ensure success, drive progress and hold ourselves accountable.

Board Performance Evaluation (ASX Recommendation 1.6)

SunRice has an established practice of annual performance review, covering the Board as a whole, Committees and individual director contributions. In 2016/17, this review was conducted by an independent third party.

An action plan was developed which set priorities for the 2017/18 year and progress against the agreed areas has been reviewed by the Chairman.

With the exception of Ian Mason, who joined the Board in February 2018, Directors have completed the Company Directors Course run by the Australian Institute of Company Directors and, where relevant, have either undertaken, or committed to undertake, the Company Directors Course Update. Programs are in place to ensure Directors are provided with updates on

corporate governance, Directors' duties, workplace health and safety and other relevant regulatory requirements.

The review of the 2016/17 action plans formed part of a self-evaluation conducted by the Board in 2017/18.

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

Management Performance Evaluation (ASX Recommendation 1.7)

The company has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

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

Principle 2 – Structure the Board to add value

Nomination Committee (ASX Recommendation 2.1)

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

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All

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members of the Committee are non-executive Directors.

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors. The Chairman of the Board is the Chairman of the Committee.

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

The Committee charter is available on the company's website at www.sunrice.com.au.

The names, qualifications and experience of the Committee members and their attendance at the meetings of the Committee are included in the

Directors' Report of the company's Annual Report.

Details of Directors (ASX Recommendation 2.2)

The Board's composition is determined by the company's constitution and has been established to comprise of up to four Directors who are A Class Shareholders, up to three elected members of the Rice Marketing Board (who are also A Class Shareholders), and up to four Directors who are persons with appropriate experience to be appointed as a Director (one of whom may be an employee of the company).

Within the constraints of the company's constitution, the company aims to achieve a mix of rice industry, finance and business skills among the Directors. The table below sets out the collective key skills and experience of the non-executive Directors across the Board and Committees.

Elections are held for the four Directors, who are A Class Shareholders, every four years (or such other period as the A Class Shareholders may determine concluding at the end of the Annual General Meeting in the last year of their term of office). A retiring Director is eligible for re-election.

The three elected members of the Rice Marketing Board are appointed to the Board on their election to the Rice Marketing Board. This appointment is confirmed by shareholders at the next Annual General Meeting of the company for the period of their term on the Rice Marketing Board, which is currently four years.

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

Skills and Experience of non-executive Directors

Rice Industry and Production

Ability to provide leadership in developing the longer-term strategies for Riverina and global rice production.

Financial Management

Senior leadership experience in financial accounting, corporate finance and treasury, tax, and internal controls.

Risk Management

Experience anticipating and identifying key risks and monitoring the effectiveness of risk management frameworks.

Fast Moving Consumer Goods and Food Processing

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Experience in “FMCG” and food processing industries that includes sales, marketing and technological innovation.

Strategy

Experience in developing and implementing strategy that creates long term value for growers and shareholders.

Mergers and Acquisitions

Experience in mergers and acquisitions, business integration and organisational change.

Chief Executive Officer/non-executive Director and Governance

Experience as a senior executive or non-executive Director with strong corporate governance acumen.

Research and Development

Experience related to international research and development.

International Supply Chain and Logistics

Experience in international supply chain and logistics management.

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

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

The company's independent Directors are Ian D Glasson, Luisa Catanzaro and Andrew Crane.

The Board considers a Director to be independent only where they are free of any interest, position, association 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.

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

The Board regularly reviews the independence of each non-executive Director. Each non-executive Director is required to provide to the Board all information that may be relevant to this assessment. In addition, all Directors are required to disclose to the Board any conflicts of interest or duty and any material personal interest in any matter that relates to the affairs of the company.

Directors who are A Class Shareholders supply rice to the company on the same terms as other rice suppliers, and the company's procedures and systems ensure that the Paddy Price is set according to the commercial interests and needs of the company.

However, the Board recognises that there may be a perception that the rice supply relationship between the company 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, the seven Directors who are A Class Shareholders have not been characterised as independent due to this potential perception concern. This means that contrary to Recommendation 2.4 and 2.5 of the ASX Principles, the Board does not have a majority of independent Directors nor an independent Chairman. However, the company complies with ASX Recommendation 2.5 to the extent that it requires the Chairman of the Board not to be the same person as the CEO.

Induction for new Directors (ASX Recommendation 2.6)

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

Access to Information

The Board's policy is to enable Directors to seek independent professional advice at the company's expense, after first discussing such intentions with the Chairman. The Chairman determines if the estimated cost is reasonable, but without impeding the seeking of advice. In the case of Chairman related issues, reference is made to the Chairman of the Finance, Risk and Audit Committee.

Principle 3 – Act ethically and responsibly

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

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

Code of Conduct (ASX Recommendation 3.1)

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

The company has established a Group Code of Conduct which applies to all Board members, officers, employees

and contractors of the company. All Directors also need to comply with the Directors' Code of Conduct.

Share Trading Policy

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

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

Principle 4 – Safeguard integrity in corporate reporting

Finance, Risk and Audit Committee (ASX Recommendation 4.1)

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

The conduct, objectives and proceedings of this Committee are governed by a Charter approved by the Board. All members of the Committee must be non-executive Directors and the Chairman of the Board cannot be the Chairman of the Committee. The Chief Executive Officer, the Chief Financial Officer and representatives of the internal auditor and external auditor are invited to attend the meetings.

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

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

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The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence.

A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance, Risk and Audit Committee.

A copy of the company's Corporate Policy on Audit Services by the External Audit Firm is available on the company's website.

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

Currently, the membership of the Committee is comprised of three independent Directors and two non-independent Directors. An independent Director is the Chairman of the Committee.

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

In accordance with the Corporations Act 2001, the lead partner and the review partner of the external auditor will be rotated at least every five years.

The Committee charter is available on the company's website at www.sunrice.com.au.

Financial records (ASX Recommendation 4.2)

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

External auditor's attendance at the Annual General Meeting (ASX Recommendation 4.3)

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

Principle 5 – Make timely and balanced disclosure

Continuous disclosure (ASX Recommendation 5.1)

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

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

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

key significance to the Board for consideration, and monitoring disclosure processes and reporting.

The Continuous Disclosure and Communications Policy is available on the company's website at www.sunrice.com.au.

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

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Principle 6 – Respect the rights of security holders

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

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

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

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

All Board members attend the Annual General Meeting (AGM) and are available to answer questions.

Notice of the AGM, and related papers, are sent to all shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Remuneration Report.

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

The Continuous Disclosure and Communications Policy is available on the company's website at www.sunrice.com.au.

Principle 7 – Recognise and manage risk

Risk management oversight (ASX Recommendations 7.1 and 7.2)

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

The responsibility for ongoing review of risk management has been delegated to the Finance, Risk and Audit Committee

who conduct formal reviews at least twice a year.

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

The Board's risk strategy is to minimise risk so as to ensure that it does not inhibit the company from operating its business and pursuing its goals and objectives. The Chief Executive Officer has responsibility for the establishment and maintenance of effective risk management strategies and for the reinforcement of a risk management culture throughout the company.

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

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

Internal audit function (ASX Recommendation 7.3)

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

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

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

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

The Board and management have identified that the company has material exposure to the following economic sustainability risks, which are now managed in the following segments. The company has not identified any material exposure to environmental or social sustainability risks.

The company's 2018 sustainability

report is available on the company's website at www.sunrice.com.au.

Work Health and Safety Risk

The company operates a number of manufacturing sites and is exposed to the risk of injury to its employees or contractors. If a workplace injury occurs and the company is found to have breached its obligations under work health and safety laws, it may be subject to prosecution and incur significant financial penalties. It may also be required to pay compensation and may suffer reputational damage and loss of production. The company has work, health and safety policies and programs in place to address this risk, overseen by a Board committee.

Workplace health and safety is a key priority for the company, with substantial investment across many years in safety systems, training and equipment, as well as ongoing work underpinning the maintenance of relevant Occupational Health and Safety Management System Certification at all sites.

Foreign Currency Risk

The Group is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency, that is not the entity's functional currency.

The Group's foreign exchange risk management policy is to, where possible, hedge its foreign currency denominated exposure. The carrying value of the Group's assets and liabilities denominated in foreign currency and the translation of overseas businesses' results for the reporting period, would be impacted by any movement in exchange rates.

Sovereign Risk

The company operates in and has ambition to expand into a number of countries regarded as having a higher risk rating than Australia. Any political, legal, economic or social change in these countries has the potential to reduce its operational returns and the value of its investment in these countries.

In addition, some of the overseas countries in which the company conducts business have different business practices and are more susceptible to corruption, bribery and other criminal conduct. While the company has policies and controls in place to address the risk of the company becoming liable for such conduct, it cannot guarantee that those policies and controls will be effective. The company may incur fines or penalties, reputational damage or

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suffer other adverse consequences if it, or its staff or business partners are found to have been involved in such conduct.

Supply of Rice

Supply levels of Riverina rice can impact on the company's international sourcing operations and the maintenance of brands and markets. The company monitors the anticipated Riverina crop size and market demand, and reconfigures its Riverina asset base and/or varietal mix accordingly.

Fluctuations in rice supply may, when in surplus, result in greater volumes being sold on the world market at prevailing commodity prices, or, when in short supply, endanger market relationships and/or result in under-utilisation of assets and under-recovery of overheads.

The size of the Riverina crop can vary substantially from year to year, and the company has developed a global sourcing strategy utilising overseas suppliers as a key mitigation tactic to help navigate these fluctuations, in addition to its existing Crop Carry-Over and Carry-In Policy. In this context, the company's activity on foreign markets may fluctuate year on year. The supply level of Riverina rice is influenced by climatic conditions, on-farm yield levels, water availability and affordability and competing crops' financial return.

The company closely monitors the anticipated level of production of Riverina rice and gauges the extent to which rice needs to be sourced from overseas suppliers or that Riverina rice needs to be carried over from year to year.

Global commodity markets

Rice is a globally traded commodity and its price is subject to local and international changes in supply and demand which are themselves influenced by weather conditions, level of global stockpiles, tariffs and other trade barriers. Fluctuations in global pricing of rice may result in volatility in the company's operating results and its ability to remain competitive.

Water availability and affordability

The availability and price of water and financial attractiveness of competing crops may negatively impact the quantity of Riverina rice produced in any given year. If there are multiple consecutive years of small Riverina crops, this may severely affect the company's business model and operations. Restructuring measures to redeploy resources and material impairment charges for underutilised or idle

assets may be required, materially impacting on the company's balance sheet, profit and cash flows.

Regulatory Risk

The Rice Marketing Act 1983 (NSW) (the Act) sets out the regime under which the company operates as an Authorised Buyer appointed by the Rice Marketing Board for the State of NSW (RMB) to provide a single export desk for NSW grown rice. A proclamation vesting all NSW grown rice in RMB has effect until June 2022. RMB can appoint additional Authorised Buyers which has the potential to affect the company's market share of domestic rice sales. RMB has appointed the company as the exclusive exporter of NSW grown rice under the Sole and Exclusive Export Agreement. This agreement can be terminated by RMB giving at least five years' notice. This appointment also falls away if vesting proclamation is not renewed in 2022.

The company continues to assess and record the economic benefits of vesting and, when required, provides evidence of this to the NSW Government to support the continuation of vesting and the single export desk enjoyed by it.

Safety, Health and Environment Committee

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

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

The names and qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

The Committee charter is available on the company's website at www.sunrice.com.au.

Grower Services Committee

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

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

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

The names and qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

The Committee charter is available on the company's website at www.sunrice.com.au.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee (ASX Recommendation 8.1, 8.2 and 8.3)

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

Remuneration policies are competitively set to attract and retain qualified and experienced employees. The Committee obtains independent advice on remuneration packages and trends in comparative companies.

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

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors.

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

The Committee charter is available on the company's website at www.sunrice.com.au.

The names, qualifications and experience of the Committee members and their attendance at the meetings of the Committee are included in the

CORPORATE GOVERNANCE STATEMENT CONTINUED

Directors' Report of the company's Annual Report.

The company's Share Trading Policy prohibits directors and executives from trading in financial products issued or

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

their security holding in the company. A copy of the company's Share Trading Policy is available on its website at www.sunrice.com.au.