



## NOTICE OF MEETING

The Annual General Meeting of the Members of Ricegrowers Limited (ABN 55 007 481 156) (“the Company”) will be held at Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, at 10.30am on Friday 23 August 2013. This meeting will also be a class meeting of A Class Shareholders.

## AGENDA

### 1. Financial Reporting

Consideration of the Financial Report, Directors’ Report and Independent Audit Report for the year ended 30 April 2013.

### 2. Remuneration Report

To adopt the Remuneration Report for the year ended 30 April 2013.

#### EXPLANATORY NOTES

The Remuneration Report forms part of the Directors’ Report. The vote on this resolution is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

### 3. Election of External Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution at the Annual General Meeting:

*“That Mr Peter Margin be elected as a Director of Ricegrowers Limited for a period of two years.”*

#### EXPLANATORY NOTES

Following the retirement of Mr Russell Higgins a casual vacancy existed on the Board. Under Rule 11.1 (e) of the Constitution of the Company, if a casual vacancy arises on the Board, it may be filled by the appointment of a new Director who satisfies the qualification requirements applicable to the position left vacant by resolution of the Board. Mr Margin was appointed as a casual vacancy under these provisions by the Board on 27 September 2012. The Board is satisfied that Mr Margin satisfies the qualification requirements applicable to a non-grower director. A Director elected by the Board holds office until the next annual general meeting.

Mr Margin, being eligible, offers himself for election. It is proposed that Mr Margin be elected for a further period of two years so his initial term of office corresponds to the aggregate three year term that an external director generally holds office.

Mr Margin’s qualifications are set out in the Annual Report.

#### 4. Proposed Constitution Change – minimum quantity of rice

To consider and, if thought fit, pass the following resolution as a special resolution at both the Annual General Meeting and the class meeting of A Class Shareholders:

*That the Constitution be amended by replacing the existing definition of “Active Grower” in existing Rule 1.1. with the following new definition of “Active Grower” in Rule 1.1, and that this variation of the rights and terms of issue of A Class Shares be approved for all purposes:*

*“Active Grower” means any person who has supplied paddy rice (being the produce of that grower and not acquired for delivery) to the Company on or before a particular date (a “Test Date”):*

- a) where the Test Date is on or before 30 June 2016, the paddy rice so supplied is one (1) tonne in the Two Year Delivery Period before that Test Date; and*
- b) where the Test Date is after 30 June 2016, the paddy rice so supplied is two hundred (200) tonnes in the Two Year Delivery Period before that Test Date.*

#### EXPLANATORY NOTES

It is proposed to increase the minimum rice delivery obligations for an A Class Shareholder from one tonne each two years to 200 tonnes each two years (an average of 100 tonnes per annum) from 30 June 2016. This allows Members 3 crop years to reach the new minimum rice delivery obligation.

Rule 1.1 currently requires an Active Grower to deliver one tonne of paddy rice over a two year period. The Board believes that this volume requirement is too low. One tonne of paddy rice is a small amount that does not reflect a minimum production level for a commercial farming enterprise. In order to review this situation the Board froze the A Class Share register in May 2012.

The Board believes that a change to Rule 1.1 is required to ensure that the membership of the Company reflects true active growers of rice who are engaged in commercial farming enterprises. A larger delivery requirement makes it more difficult for affairs to be arranged so that various entities supply rice.

It should be noted that all A Class Shareholders will have until 30 June 2016 (3 crop years) to reach the new minimum rice delivery obligation. From that time the 200 tonne delivery requirement will apply with the result that at 30 June 2016 at least 100 tonnes of delivery will have been required in the 2015 and 2016 rice crop delivery years or at least 200 tonnes in aggregate for both of those rice crop delivery years.

In connection with the unfreezing of the Class A Share register in April 2013 the Board has adopted enhanced review procedures to ensure that it is satisfied that paddy rice supplied by an applicant for shares is the produce of the applicant and is not supplied on behalf of another.

This special resolution effects a variation of the class rights of A Class Shareholders. For that reason approval of the resolution is given both at a general meeting of the Company and a class meeting of A Class Shareholders.

The Board recommends that A Class Shareholders vote in favour of the special resolution to implement this change to the Constitution.

## **5. Proposed Constitution Change – Minimum B Class Shares**

To consider and, if thought fit, pass the following resolution as special resolution at both the Annual General Meeting and the class meeting of A Class Shareholders:

*That the Constitution be amended by:*

- a) *replacing the existing definition of "**Minimum B Shareholding**" in existing Rule 1.1 with the following new definition of "**Minimum B Shareholding**" in Rule 1.1;*

***"Minimum B Shareholding"** means 3,000 B Class Shares, provided that if a different minimum B Class Shareholding applied to a particular Member before 23 August 2013 that minimum holding will apply to that Member until 23 August 2016;*

- b) *deleting Rule 3.6;*

- c) *amending Rule 5.3(c) to read as follows;*

*5.3(c) the Member or their Approved Entity does not hold a number of B Class Shares which is not less than the Minimum B Shareholding within three years of becoming a Member;*

*and that this variation of the rights and terms of issue of A Class Shares be approved for all purposes.*

### **EXPLANATORY NOTES**

It is proposed to increase the minimum holding of B Class Shares that A Class Shareholders must hold from 1,000 to 3,000 B Class Shares. Members will have 3 years to obtain this new minimum shareholding.

Rule 1.1 currently requires that A Class Shareholders hold at least 1,000 B Class Shares (or any lesser number an A Class Shareholder held on implementation of the 2006 restructure of the Company). The Board believes that this requirement is too low, and that the number of B Class Shares held to qualify as an A Class Shareholder should be increased to 3,000.

The Board believes that a change to Rule 1.1 is required to ensure that each A Class Shareholder has a more substantial interest in the financial performance of the Company. Increasing the minimum number of B Class Shares to 3,000 for A Class Shareholders will ensure that the interests of active growers are more aligned to the interests of other shareholders in the Company.

It should be noted that A Class Shareholders will have 3 years to reach this new minimum shareholding requirement and will be allowed to continue to exercise their A Class Share vote during that period. For existing A Class Shareholders that 3 year period will run until 23

August 2016. For new A Class Shareholders that 3 year period will run from the date of the issue of their A Class Share.

This special resolution effects a variation of the class rights of A Class Shareholders. For that reason approval of the resolution is given both at a general meeting of the Company and a class meeting of A Class Shareholders.

The Board recommends that A Class Shareholders vote in favour of the special resolution to implement this change to the Constitution.

## **6. Proposed Constitution Change - appointment and removal of Directors**

To consider and, if thought fit, pass the following resolution as a special resolution at the Annual General Meeting:

*That the Constitution be amended by replacing the existing Rule 11.1(a) with the following new Rule 11.1(a):*

*“The Board will comprise up to eleven (11) Directors (or such lesser number determined by the Company in general meeting from time to time) made up from the following categories, all of whom shall be natural persons and at least 18 years of age:*

- i. [deleted];*
- ii. up to four (4) Directors (or such lesser number determined by the Company in general meeting from time to time) who satisfy the qualification requirements of Rule 11.1(b)(ii) or 11.1(b)(iii) and are nominated for election by the Directors provided that only one (1) of such Directors may be an employee of the Company; and*
- iii. up to seven (7) Directors (or such lesser number determined by the Company in general meeting from time to time) who satisfy the qualification requirements of Rule 11.1(b)(i).*

*Of the Directors referred to in Rule 11.1(a)(iii), up to three (3) of those Directors may be Elected RMB Members as determined by the Board provided they satisfy the qualification requirements of Rule 11.1(b)(i).*

*Notwithstanding any other provision of this Rule a majority of Directors in Office at any time must be Directors referred to in Rule 11(a) (iii).”*

## **EXPLANATORY NOTES**

It is proposed to reconfigure the Board of Directors so that the Board comprises up to 11 Directors, 7 of whom are grower Directors and 4 of whom are non-grower Directors.

The current composition of the Board is that the Board comprises up to 10 Directors, 7 of whom are grower Directors (of whom 3 are RMB Elected Directors) and 3 of whom are non-grower Directors.

The material changes proposed by this resolution are as follows:

- to add 1 non-grower Director to the Board so that the Board comprises 11 Directors;
- to allow greater flexibility for the Company to reduce the Board from 11 Directors, provided a majority of the Directors are grower Directors; and
- to allow up to 3 of the grower Directors to be RMB Elected Directors as determined by the Board.

Rule 11.1(a)(i) has been deleted to facilitate the change to the determination and appointment of RMB Elected Directors outlined above. No change to the current arrangements are contemplated.

Having regard to the history and nature of the Company's businesses and the grower control exercised by A Class Shareholders, the Board considers it important that grower Directors comprise a majority of the Board. That position will not change as a result of the adoption of this resolution.

The Board is also conscious that a substantial contribution can be made to the Board through the experience and skills that can be brought to the Board by non-grower Directors. This is particularly so in relation to the Board's oversight of the development of the Company's upstream processing and consumer product business activities and the Company's export activities. In balancing the need for substantial grower Director involvement against the experience and skills that non-grower Directors can contribute to the Company, the Board has determined that the addition of one non-grower Director to the Board would be of assistance to the Company.

The Board has also been giving consideration to the size of the Board. A Board of 11 is large by Australian standards with many Australian listed companies operating with Boards in the range of 5 to 9 directors. For this reason the resolution proposes to give the Company greater flexibility to approve a reduction in its size if the Board forms the view in the future that this is desirable. No such decision has been made at this time and any reduction in the Board would require a further approval of members by ordinary resolution.

Any reduction of the size of the board will not result in the Board ceasing to have a majority of grower Directors and the resolution makes this clear.

The Board recommends that A Class Shareholders vote in favour of the special resolution to implement this change to the Constitution.

## **7. Remuneration of Non-Executive Directors**

To consider, and if thought fit to pass, the following resolution as an ordinary resolution at the Annual General Meeting:

*"That the shareholders approve the amount of \$1,100,000 as the total remuneration available for payment to the Non-Executive Directors of the Company under Rule 11.4(a) in each financial year commencing on or after 1 May 2013, including any superannuation contributions made for the benefit of the Directors under the Superannuation Guarantee (Administration) Act 1992 (Cth)."*

## EXPLANATORY NOTES

The current remuneration structure for Non-Executive Directors was approved by shareholders at the 2010 Annual General Meeting.

The Board has reviewed the Non-Executive Directors remuneration structure and found it is less than the 25<sup>th</sup> percentile of the market which inhibits the Company's ability to attract and retain the highest quality Directors to manage what is a very large and complex international public company.

In light of this, expert remuneration consultants, Egan and Associates, were engaged to assist with a review of Directors' remuneration. This review took into account:-

- Governance and remuneration practices of comparable companies; and
- The workload and responsibilities of Directors as a result of the Company's expanded international operations and the increasingly complex regulatory and legislative requirements that apply to the business of the Company.

The work conducted by Egan and Associates recommended that total fee pool is increased to \$1,100,000 which would enable:-

- Directors fees to be increased to the 25<sup>th</sup> percentile (bottom quarter of the market)
- Increase the size of the Board from 10 Directors to 11 Directors
- Allow for headroom in the Directors fee pool for the next 3 years

The Board recommends that A Class Shareholders vote in favour of the resolution to increase the total remuneration.

## VOTING NOTES

In accordance with NSX Listing Rule 6.46, the Non-Executive Directors of the Company must not vote on this resolution unless the vote is cast as a proxy for a person entitled to vote:

- a) by the Chairman of the meeting; or
- b) by any other Non-Executive Director in accordance with the directions on the form of proxy.

## BY ORDER OF THE BOARD

*M. Del Gigante*

M Del Gigante  
Company Secretary

19 July 2013

## NOTES

1. Under the Constitution of the Company only A Class Shareholders are entitled to vote at general meetings of the Company. Under the Constitution of the Company only A Class Shareholders are entitled to vote at class meetings of A Class Shareholders of the Company. B Class Shareholders are entitled to receive notice of and attend general meetings, but are not entitled to vote at those meetings.
2. Each A Class Shareholder has one vote at general meetings and class meetings of A Class Shareholders.
3. Each A Class Shareholder may appoint a proxy to attend and vote on their behalf at a general meeting and class meeting of A Class Shareholders. A proxy does not need to be a member of the Company.
4. In order for the appointment of a proxy to be valid, the proxy form and the original or an attested copy of the power of attorney or other authority under which it is signed, must be received by the Company not less than 48 hours before the general meeting. Duly signed proxy forms must be lodged with the Company either:
  - a. At the registered office, Yanco Avenue, Leeton, NSW 2705; or
  - b. By facsimile at the Company's fax number 02 6953 7208.
5. In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that the time as at which a person will be recognised as an A Class Shareholder for the purposes of voting at the general meeting and class meeting of A Class Shareholders is 7.00 pm (EST) on Thursday 22 August 2013.