

CEO Remuneration

Annual General Meeting
23 August 2013



The Rice Food Experts

Principles

In setting executive remuneration, the Board applies the following principles:

- Salary is reflective of the market
- The incentive schemes must encourage executives to meet and exceed targets
- Attract, retain and motivate key employees
- Ensure shareholders also benefit

Benchmarking

- An independent remuneration consultant, the Hay Group completed a remuneration benchmarking for the CEO role
- The benchmarking results were:
 - Base salary is lower than the median and average of the market
 - The CEO has more variable or 'at risk' pay based on company performance than peers in the market

Structure of CEO Total Remuneration

- **Total Fixed Remuneration** is **45%** of total remuneration earned in FY13
- **Short Term Incentive** is **35%** of total remuneration earned in FY13
- **Long Term Incentive** is **20%** of the total remuneration earned in FY13
- More than half of the CEO's remuneration was 'at risk' or variable pay based on performance

Remuneration Aligned to Performance

- SunRice delivered a very strong result in 2013:
 - 44% increase on last year in the underlying profit before tax by \$19m to \$62m
 - Increase in Paddy price from \$275 to \$317 (representing a total \$40m uplift for growers)
 - Together this represents total uplift of \$59m on last year
- The remuneration paid to the CEO for FY13 reflected this strong financial performance
- The total remuneration package paid in FY13 is at the average of the market for comparable companies

CEO Remuneration Performance Measures

The performance measures to achieve **Short Term Incentive** pay included:

- Maximising grower return
- Maximising net profit
- Strategic issues
- Operational goals
- Corporate governance, risk and compliance objectives

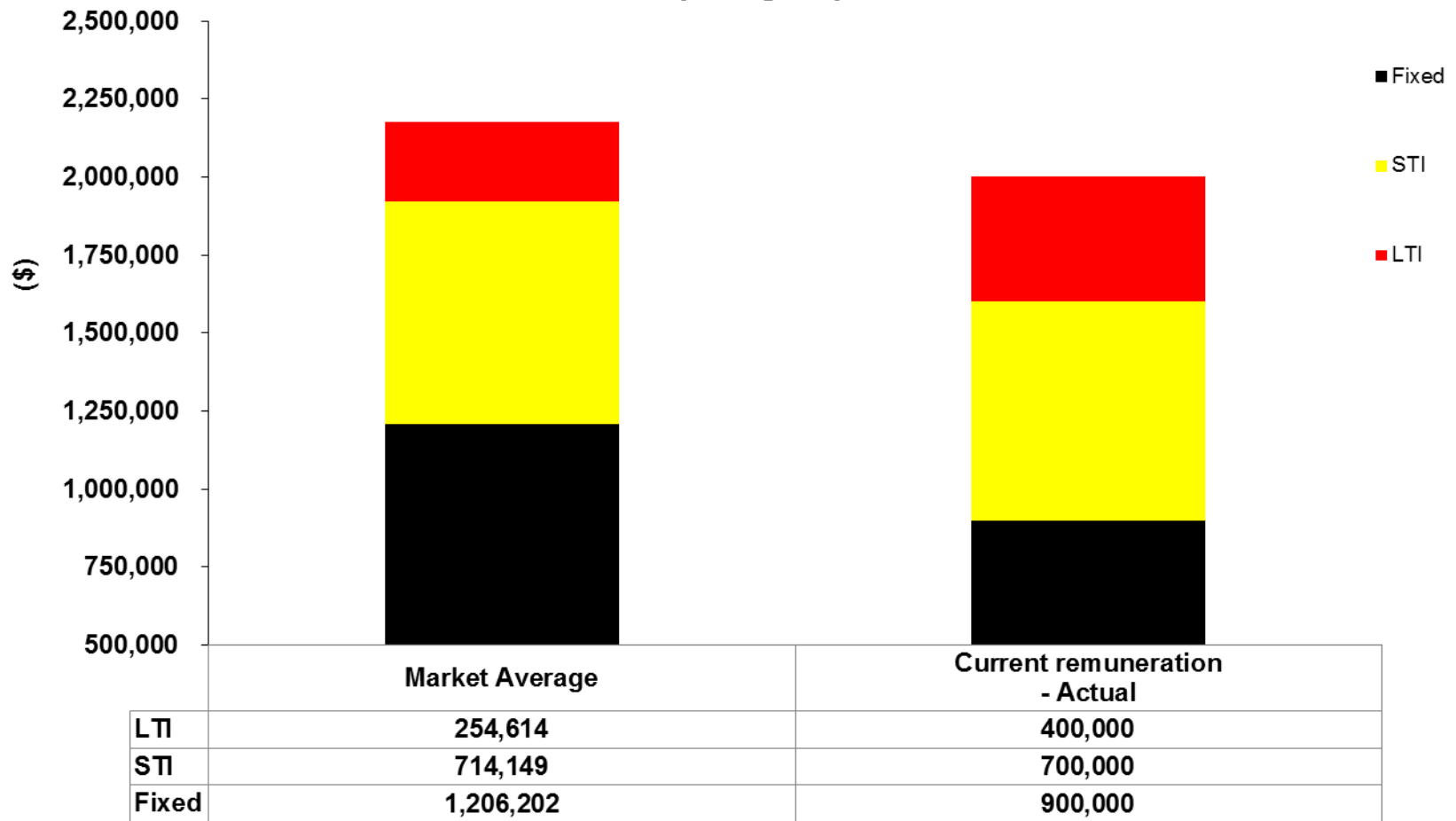
CEO Remuneration Performance Measures

The performance measures over a three year period to achieve **Long Term Incentive** pay include:

- Profit
- Paddy price
- Costs
- Strategic goals
- Succession goals

CEO Comparative Remuneration

Comparison of Ricegrowers CEO remuneration to peer group



Source: Hay Group, June 2013

Conclusion

- SunRice has delivered a very strong financial result in FY13
- The benchmarking demonstrates that the CEO has more at risk than peer executives
- We believe in the principle that if management deliver superior results we will reward accordingly

Questions

Non Executive Directors' (NED) Remuneration

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Proposed Increase in NED Fee Pool

- A 9% increase in Directors' fees to take into account that fees have not increased for three years
- Committee fees: (Safety, Health and Environment obligations)
- The appointment of an additional non-grower Director
- Headroom for progressive adjustments to Directors' fees to maintain market competitive fees

Remuneration Benchmarking - Background

- Independent remuneration benchmarking has been conducted by Egan Associates
- SunRice is now one of the significant companies in the Fast Moving Consumer Goods sector in Australia
- Anchored in the Riverina, SunRice has an international footprint with marketing offices and subsidiaries in Australia, USA, Jordan, Japan, Papua New Guinea and Solomon Islands

Remuneration Benchmarking

- Benchmarking was conducted against companies with similar financial attributes to SunRice (revenue, assets and operating profit)
- The average Directors' fees are in the bottom quartile and below the 25th percentile
- Since the last increase to Directors' fees, the market has increased between 16% and 27% primarily due to the increased responsibility of Non-Executive Directors
- Fees need to be competitive to attract Non-Executive Directors with appropriate industry skills and knowledge

Board Governance

- Corporations Act
- Competition and consumer laws
- Rice Marketing Act and exclusive marketing arrangements
- Employment laws including Workplace Health and Safety, Workcover, Workplace Gender Equality, Fair Work Australia
- Taxation laws in Australia and internationally
- Foreign laws where SunRice has businesses
- Environment laws
- Common law
- Anti-bribery and corruption

Board Commitment

In addition to the Ricegrowers Board meetings, the Board has established a number of formal sub-committee:

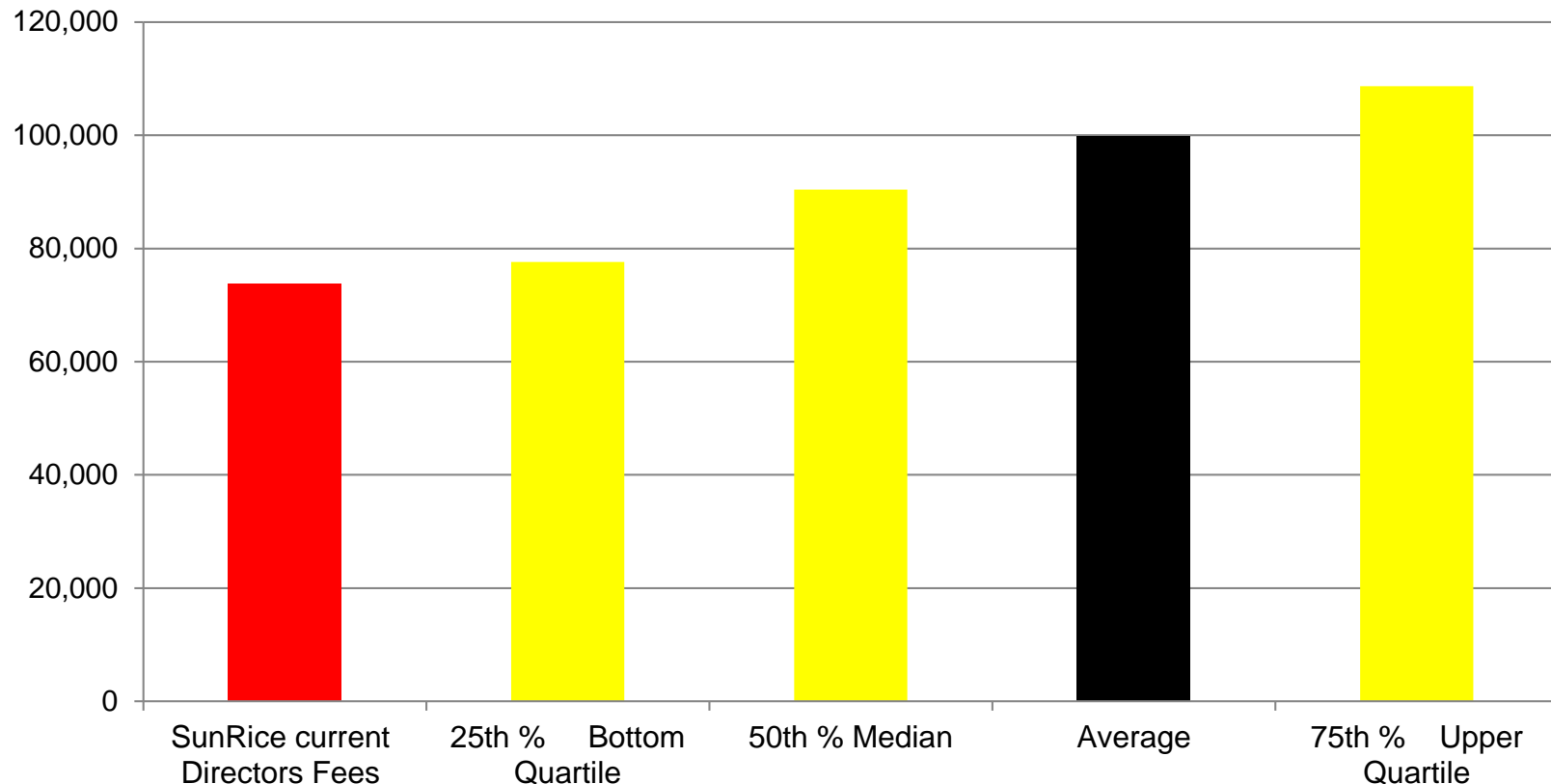
- Finance and Audit Committee
 - Grower Services Committee
 - Remuneration Committee
 - Nominations Committee
 - Safety, Health and Environment Committee
 - Due Diligence Committee
 - Disclosure Committee
- Subsidiary Boards (Riviana, Trukai, SunFoods, SolRice, RRAPL)
 - Capital Structure Review

Structure of Director Remuneration

- In 2010, the structure of the remuneration paid to Directors was aligned to market practice
- Directors no longer receive daily fees per meeting
- Directors are paid an annual base salary
- Fees are currently paid for only 3 of the 7 committees
- Fees are currently paid for only 1 of the 5 subsidiary boards
- Entitlements under the retirement plan were grandfathered

Benchmarking Results for Director Fees

Companies with comparable financial data within the Consumer Staple Sector

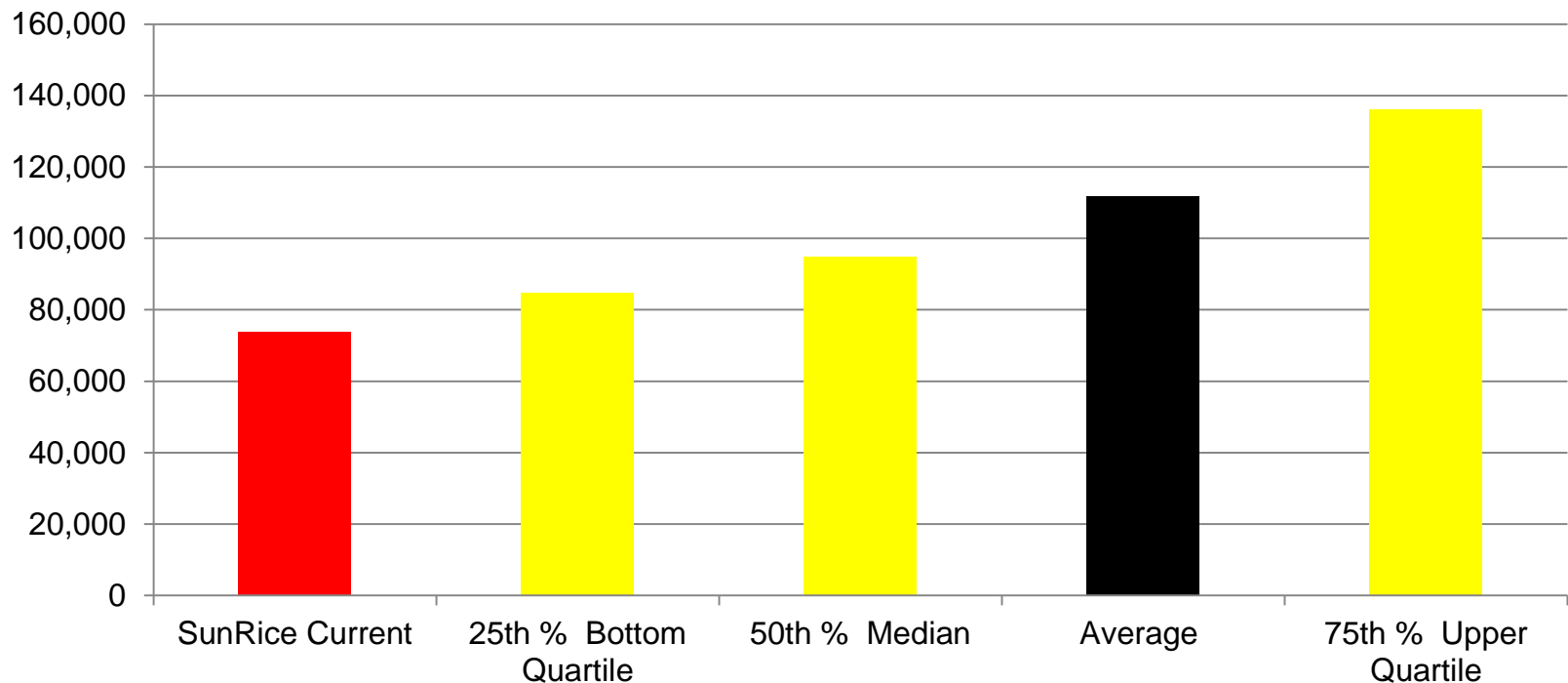


Source: Egan Associates, July 2013



Benchmarking Results for Directors Fees

Selected Companies (Bega Cheese, Ridley Corporation, Tassal Group, Goodman Fielder, Warrnambool Cheese & Butter, Graincorp)



Source: Egan Associates, July 2013

Benchmarking NED Fee Pool

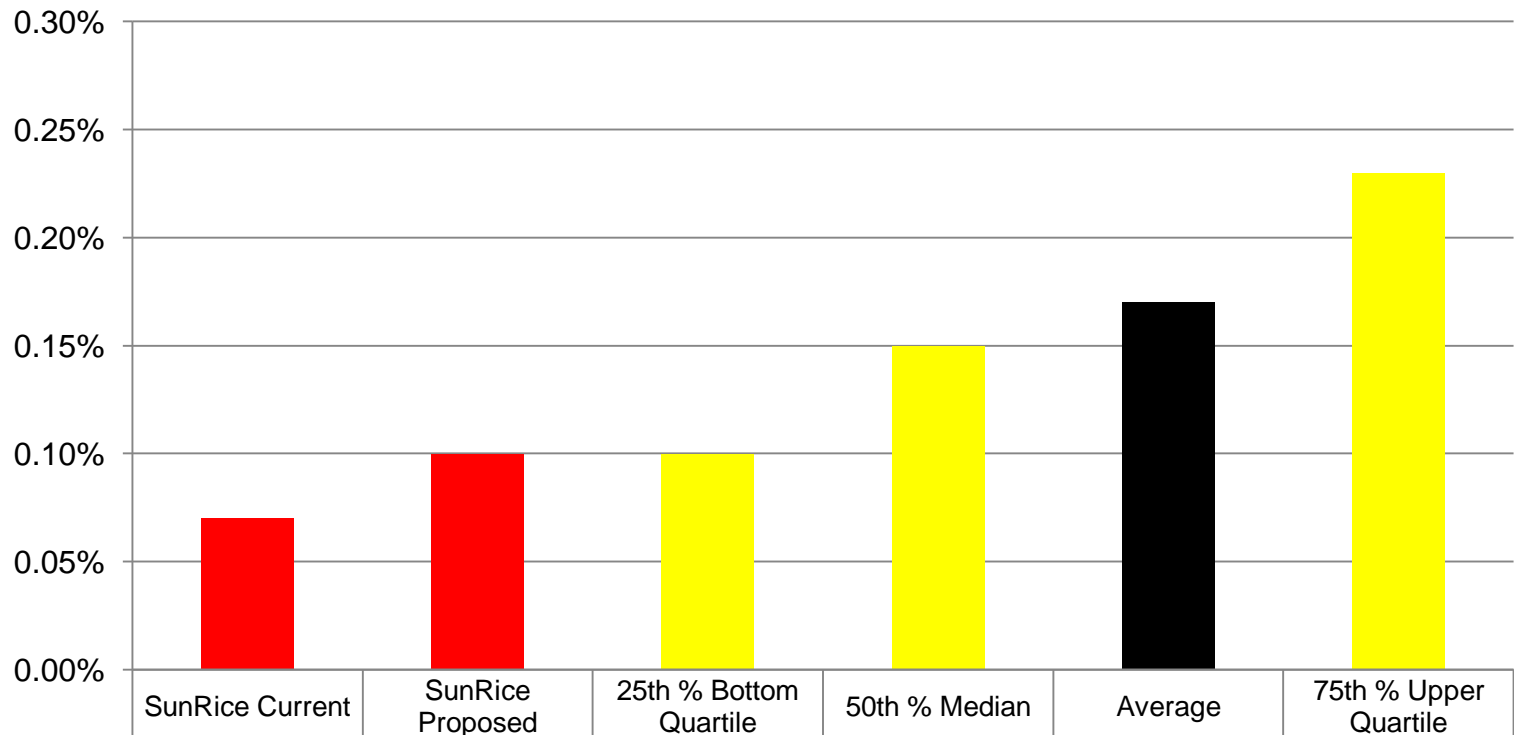
- Independent benchmarking was also conducted for the total fee pool
- Fees as a percentage of revenue
- 13 comparable companies, many with international operations were in the sample



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Benchmarking NED Fee Pool

Consumer companies with comparable revenue



Total NED	9	10	5	5	5	6
Fee Pool as a % of Revenue	0.07%	0.10%	0.10%	0.15%	0.17%	0.23%

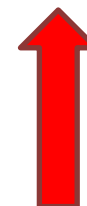


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Source: Egan Associates, July 2013

Proposed NED Fees

	Current	Egan Associates recommendation	Market data Bottom Quartile
Fees per Position:			
Chairman	150,420	174,800	159,232
Deputy Chairman	86,110	102,695	93,409
Director (x7)	73,353	90,209	81,157
Total Fees Paid	750,000	908,960	820,741
New Non-Executive Director		90,209	81,157
Allocated fee pool		999,169	901,898
Additional Headroom		100,831	198,102
Total Proposed Fees		1,100,000	1,100,000



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Conclusion

- The proposed increase of 9% is modest and considerably less than market movement over the past three years
- It is also considerably less than the recommendation we received from the independent expert
- Headroom as per market practice

Questions