



Sugar Research
Australia®

2018 NOTICE OF ANNUAL GENERAL MEETING

Sugar Research Australia Limited
ABN 16 163 670 068

2 pm (Brisbane time)
Thursday 25 October 2018
50 Meiers Road,
Indooroopilly, QLD 4068

CHAIRMAN'S LETTER

Dear Member,

It is my pleasure to invite you to the Annual General Meeting (AGM) of Sugar Research Australia Limited (SRA) scheduled for Thursday, 25 October 2018.

The meeting will be held at SRA, 50 Meiers Road, Indooroopilly, Qld commencing at 2.00pm (Brisbane time). Registration will commence at 1.00pm (Brisbane time) and light refreshments will be available after the meeting.

The AGM is an opportunity for the Members to talk to the Directors and I encourage you to attend.

At this AGM, along with the tabling of Financial Statements and the election of Directors, SRA is also proposing enhancements to two main elements of the Constitution, which are explained further within this notice of meeting. SRA is also proposing some minor technical corrections to the Constitution.

We have enclosed a Proxy Form for Members who are unable to attend the meeting and would like to appoint a proxy to attend on their behalf. You can complete and return the hardcopy of your Proxy Form by post in the Reply Paid envelope provided. Alternatively, you can return the proxy by 2.00pm on 23 October 2018 by any of the methods described on the back of the Proxy Form.

The Directors and executives of SRA look forward to seeing you at the AGM.

Yours sincerely,



Dr Ron Swindells

Chairman

21 September 2018

ABOUT OUR AGM

What is an Annual General Meeting (AGM)?

The Annual General Meeting of SRA is a meeting of the Group G Members and Group M Members of SRA (together the "Members").

This year's AGM for SRA is being held within 5 months of the end of the financial year, being 30 June 2018.

What is the business of an AGM?

The business of an AGM may include:

- Consideration of the annual Financial report, Director's report, Auditor's report, Director Selection Committee Report and any resolutions
- Election of Directors
- Questions or comments from Members about the management of the company.

The business of this year's AGM is set out on page 4.

Who can attend SRA's AGM?

SRA's AGM can be attended by:

- An SRA Member or its Member Representative or
- A proxy or representative properly appointed by a Member or
- Other persons permitted by SRA.

How to Vote

Set out below are the voting entitlements for Group G and Group M Members.

When an item of business requires a vote of Members, all Members are entitled to vote. Your voting entitlement is as follows:

Group G Members

Each Group G Member is entitled to cast one vote at a General Meeting. Each Group G Member Representative may cast one vote for each Growing Business for which they are the Member Representative as shown in the Voting Register for the relevant calendar year.

Group M Members

Each Group M Member is entitled to cast the number of votes shown in the Voting Register as allocated to it for the relevant calendar year.

SRA has given notice to each Group M Member of its voting entitlement which is calculated on two separate bases:

- one vote per Mill Company; and
- one vote per whole tonne of Sugarcane Delivered to the Processing Plant(s) of the Mill Company in the prior calendar year.

If your Member Representative cannot attend, you can still vote by proxy, attorney, or, for corporate Members, corporate representative. You can nominate the chairman to vote as your proxy.

Proxy Forms must be received by SRA no later than 2 pm (Brisbane time) on Tuesday 23 October 2018.

Annual Report

An electronic copy of the 2018 Annual Report can be viewed on the SRA website at www.sugarresearch.com.au.

You can request to receive a hard copy of the Annual Report by notice in writing to SRA as set out below.

Please contact the Company Secretary at members@sugarresearch.com.au or (07) 3331 3333 to request a hard copy of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an **Annual General Meeting** of the Members of **Sugar Research Australia Limited** ('Company' or 'SRA') will be held at **2.00 pm on 25 October 2018 at SRA, 50 Meiers Road, Indooroopilly, QLD 4068.**

Items of Business

Item 1. Financial Statements and Reports

To receive and consider the Financial Statements and Reports of the Directors and the Auditor for the financial year ending on 30 June 2018. *(No vote is required for Item 1).*

Item 2. Director Selection Committee Report

To receive and consider the Director Selection Committee Report dated 18 July 2018. *(No vote is required for Item 2).*

Item 3. Amendment of SRA's Constitution to allow appointment of directors for terms of less than 3 years

To consider and, if thought fit, pass the following resolution as a Special Resolution:

That the constitution of the Company be amended with effect from the passing of this resolution by:

- (a) Inserting at the conclusion of the existing rule 27.4(a) the following additional words 'and identify if they should be appointed for a term of less than 3 years';
- (b) Renumbering existing rule 27.5(c)(ii) as rule 27.5(c)(iii) and inserting a new rule 27.5(c)(ii) as follows:
'whether the Director Selection Committee is proposing that the nominee's election is for a term of less than 3 years; and';
- (c) Revise rule 30.4(a) by inserting the underlined words as follows:
'(a) A Director must retire from office at the earlier of:
(i) conclusion of the third Annual General Meeting after the Director was last elected or re-elected; or
(ii) expiry of the term, if any, recommended by the Director Selection Committee pursuant to rule 27.5(c)(ii) (whether before or after the date this rule 30.4(a)(ii) is included in this constitution).'

Item 4. Election of Directors

To consider and, if thought fit, pass the following resolutions as separate Ordinary Resolutions:

- (a) That, in accordance with rule 28.1 of SRA's constitution, Dr Ron Swindells, who retires by rotation in accordance with rule 30.4 of SRA's constitution, and who has been recommended by the Director Selection Committee and is eligible for re-election, be re-elected as a Director of SRA for a term of 3 years.
- (b) That, in accordance with rule 28.1 of SRA's constitution, Dr Guy Roth, who retires by rotation in accordance with rule 30.4 of SRA's constitution, and who has been recommended by the Director Selection Committee and is eligible for re-election, be re-elected as a Director of SRA for a term of 3 years.
- (c) That, in accordance with rule 28.1 of SRA's constitution, Mr Sam (Salvatore) Bonanno, who has been recommended by the Director Selection Committee, be elected as a Director of SRA for a term of 3 years, unless the resolutions in Item 3 are passed, in which case it shall be for a term of 2 years.

- (d) That, in accordance with rule 28.1 of SRA's constitution, Mr Peter Russo, who has been recommended by the Director Selection Committee, be elected as a Director of SRA for a term of 3 years, unless the resolutions in Item 3 are passed, in which case it shall be for a term of 2 years.

Item 5A. Amendment of the SRA Constitution - Removal of the current prohibition on certain commercial activities by the removal of rule 6(c) from SRA's Constitution

To consider and, if thought fit, pass the following resolution as a Special Resolution:

That the constitution of the Company be amended by deleting rule 6(c) in its entirety.

Item 5B. Amendment of the SRA Constitution - Removal of the concept of Delegates from SRA's Constitution

To consider and, if thought fit, pass the following resolution as a Special Resolution:

That the constitution of the Company be amended by:

- (a) Rule 3.1 - deleting the definition of 'Delegates' in its entirety.
- (b) Deleting rule 11.8(d) – Members' rights to appoint or elect Delegates, in its entirety, add 'and' at the end of rule 11.8(c) and renumber rule 11.8(e) as rule 11.8(d).
- (c) Deleting rule 13, which relates to the nomination, election, removal, status and meetings of Delegates, in its entirety and mark it 'not used'.
- (d) Deleting rule 16.8 – appointment of alternates by Delegates, in its entirety.
- (d) Revising rule 18.5 by deleting the struck out words and inserting the underlined words as follows:

18.5. Performance Review precedes review of the Sugarcane Levy

- (a) *Changes to the Sugarcane Levy are to follow the processes in the Department of Agriculture, Fisheries and Forestry Levy Principles and Guidelines or successor documents including the requirements for a Levy Poll (Sugar Poll).*
 - (b) *The report and findings of each Performance Review conducted pursuant to clause 18.4, plus the Board assessment and response, are to be presented to the next General Meeting of Members convened under rule 14.1.*
 - (c) *If a levy change is recommended based on performance, and supported, the change would be taken to a Sugar Poll. If there is no recommendation for a levy change, Delegates may accept that or they may decide to call for a Sugar Poll on changing the Sugarcane Levy.*
 - (d) *If the Company (following prior consultation with the Industry Peak Organisation) considers there is a special case for a change in the Sugarcane Levy at another time, it may call for a Sugar Poll~~this should also be presented to a meeting of the Delegates convened under rule 13.6.~~*
 - (e) *A Sugar Poll ~~instigated by the Company or the Delegates~~ is to include three levy options, one of which is to be a zero levy.*
 - (f) *Voting in any future Sugar Poll is to use the four bases used in Sugar Poll 2012 with a target of 50% positive votes on each basis (growing business ABN, tonnes; milling companies, tonnes).*
- (e) Revising rule 19.1(b) – by deleting the struck out words as follows:
- (b) *The Board may make policies consistent with the constitution, which in the opinion of the Board are necessary or desirable for the proper control, administration and management of the Company's finances, affairs and property, or are necessary for the convenience and well-being of the Members (including the terms of entry of Member Representatives ~~and Delegates~~ to the Company's premises and any event or function sponsored, promoted, facilitated or conducted by the Company). The Board may amend or rescind any policies.*
- (f) Revising rule 22.5 – by deleting the struck out words and inserting the underlined words as follows:
- Members of Committees established under rule 22 are entitled to fees and allowances as determined by the Board. The Chair of a Director Selection Committee shall receive a fee in line with the Commonwealth Remuneration Tribunal recommendations for part-time office holders. The other Members of a Director Selection Committee who are elected by Delegates under rule 27.1 shall not receive a fee. The Board may also decide not to pay fees for certain Committees.*

(g) Revising rule 24.1(a), by deleting the struck out words, as follows:

(a) *The Board must formulate and implement a code of conduct (code) for the Directors and senior officers of the Company, ~~Delegates and members of Committees.~~ The code is to include provisions about at least the following: [...].*

(h) Revising rules 27.1 (a), by deleting the struck out words and inserting the underlined words as follows:

27.1. Establishing Director Selection Committees

(a) *~~At a Delegate meeting convened under rule 13.6,~~ The Board will ensure a Director Selection Committee is formed following a vote of the Delegates to operate in advance of the next Annual General Meeting at which an election of Directors will be required to be held. The Director Selection Committee will be five people, comprising:*

(i) *an independent chair appointed by the Board;*

(ii) *two Group G Members nominated by the Industry Peak Organisation ~~elected from Group G Member Representatives by Group G Delegates;~~ and*

(iii) *two Group M Members nominated by the Industry Peak Organisation ~~elected from Group M Member Representatives by Group M Delegates.~~ [...].*

(i) Revising rule 27.2, by deleting the struck out words, as follows:

If a casual vacancy arises for a member of the Director Selection Committee ~~elected by Group G Delegates or Group M Delegates,~~ the Board should follow the process set out in rule 27.1 for the election and appointment of a replacement Director Selection Committee member.

(j) Deleting Schedule 1 – Process for election of Group G Delegates, in its entirety.

(k) Updating the table of Contents to reflect changes made.

Item 5C. Amendment of the SRA Constitution – Minor and Technical amendments

To consider and, if thought fit, pass the following resolution as a Special Resolution:

That the constitution of the Company be amended by:

(a) Revising Rule 18.4 (Reviews of Performance) by deleting the struck out words and inserting the underlined words as follows:

18.4. Reviews of Performance

The Company is to commission a comprehensive Performance Review at the end of each ~~fourth~~^{third} year in line with the provisions of the Statutory Funding Agreement, to be undertaken by an independent organisation against terms of reference agreed with the Industry under rule 7 and the Commonwealth Government Minister, and recorded in a Performance Review report. The Performance Review must investigate and report objectively on the:

(a) *performance of the Company in meeting its obligations under its governance documents;*

(b) *implementation of the strategic and operating plans and the effectiveness and efficiency of the Company in meeting the targets and budgets set out in those plans and any sub plans; and*

(c) *delivery of benefits to the Industry as foreshadowed by strategic and operating plans.*

(b) Deleting rule 27.1(c) – requirement for the majority of members of the Director Selection Committees to be of independent status and renumber rule 27.1(d) as rule 27.1(c).

DATED: 21 September 2018

By order of the Board

MB Shannon *Company Secretary*

Notes on Voting and Proxies

- (a) The resolutions in Items 3, 5A, 5B and 5C are each proposed as a Special Resolution. The requirements for a Special Resolution are described in Sections 3, 5A, 5B and 5C of the Explanatory Notes to this Notice.
- (b) A Member who is entitled to attend and cast a vote at the meeting is entitled to appoint a person as the Member's proxy to attend and vote for the Member at the meeting. A Member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise (in accordance with section 249L(d)(iii) of the *Corporations Act 2001* (Cth)).
- (c) A proxy need not be a Member of the Company. A proxy has no power to act for a Member at a General Meeting at which the admitted Member or Member Representative is present. You can appoint the Chairman of the meeting or any other person as your proxy. If your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy.
- (d) You can direct your proxy as to how to vote by completing the Proxy Form appropriately. To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. If you do not direct your proxy how to vote on the Proxy Form, then the proxy may vote as he or she thinks fit. Additional information is contained in the Notes for Completion of the Proxy Form.
- (e) If you wish to appoint a proxy and are entitled to do so, then you must complete and return the attached Proxy Form so that it is received by the Company **before 2pm** (Brisbane time) on **23 October 2018** at its registered office at:

50 Meiers Road Indooroopilly QLD 4068 Facsimile: 07 3871 0383 Email: members@sugarresearch.com.au

- (f) A corporation is entitled to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (g) A Member is entitled to appoint an attorney to act on behalf of a Member at all meetings (or at all meetings for a specified time). For an instrument appointing an attorney to be effective, the power of attorney or a copy of the power of attorney, certified as a true copy by statutory declaration, and such evidence as the directors may require of the validity and non-revocation of that power of attorney, must be received by the Company at the address set out in note (e) above, no less than 48 hours before the commencement of the meeting or any adjourned meeting.
- (h) If you have any queries on how to cast your votes, please call the Company Secretary Mr Michael Shannon on **07 3331 3326** during business hours.

EXPLANATORY NOTES

The following explanatory notes (including any annexures) have been prepared to provide information to SRA Members about the items of business set out in the Notice of Meeting and form part of that Notice.

1. Financial statements and reports

The *Corporations Act 2001* (Cth) requires the financial report (which includes the financial statements and director's declaration), the Director's report and Auditor's report to be laid before the Annual General Meeting.

There is no requirement either in the *Corporations Act 2001* (Cth) or in SRA's Constitution for members to approve the financial report, the Directors' report or the Auditor's report.

SRA Members will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

2. Director Selection Committee Report

Under the SRA Constitution, a Director Selection Committee (**DSC**) is to be formed each year to identify and nominate the number of persons needed for election to the Board as directors of the Company.

The SRA Board appointed Ms Kathryn Adams as the independent chair of the DSC. The SRA Constitution requires that the SRA Grower and Miller Delegates elect 2 Group G Member Representatives and 2 Group M Member Representatives to sit on the DSC.

The SRA Delegate meeting was held on 6 April 2018 and at that meeting the SRA Delegates elected the following Member Representatives to be members of the DSC:

Group G	Group M
Alan Din gle	Stewart Norton
Paul Schembri	John Pratt

Having regard to rule 30.4 of the SRA Constitution, the following members of the SRA Board must retire from office and are eligible for re-election at the Annual General Meeting in 2018:

Dr Ron Swindells	Mr Ian Sampson
Mr Ian Johnsson	Dr Guy Roth

In accordance with the SRA Constitution, the SRA Board is required to be a skills based board with collective expertise in range of identified areas detailed in rule 26.1(c) of the SRA Constitution. These are:

- (i) corporate governance including in chairing a company and legal and compliance;
- (ii) sugarcane growing;
- (iii) sugarcane processing for any product;
- (iv) crop-based agriculture;
- (v) National and international R&D, technology, technology transfer, commercialisation and adoption;
- (vi) conservation and management of natural resources;
- (vii) administration and oversight of Research and Development including an understanding of benefits of economic analysis in relation to R&D projects; and
- (viii) finance and business management.

The DSC agreed a recruitment process, timeframes, position details and skills gaps and an advertising and search strategy.

The DSC was assisted by independent consultants, Directors Australia.

The DSC considered all applications received following a national and regional advertisement programme and interviewed shortlisted candidates.

The DSC provided its formal Director Selection Committee Report dated 18 July 2018 to the SRA Board and this report is to be submitted to the Annual General Meeting of SRA.

The DSC recommended the following:

- Dr Ron Swindells, Dr Guy Roth, Mr Sam Bonanno and Mr Peter Russo be nominated for election as directors for the periods specified in the resolutions.

3. Amendment of SRA's Constitution to allow appointment of directors for terms of less than 3 years

The Constitution of the Company provides that Directors hold office until the third Annual General Meeting following the meeting at which they were last elected or re-elected (rule 30.4).

The Director Selection Committee has advised the Directors that it believes that there, will from time to time, be circumstances in which interests of the Company will be best served by appointment for a shorter term. This is, in particular, to ensure an orderly rotation and transition process amongst Directors.

Accordingly it is proposed that rules 27.4(a), 27.5(b) and 30.4(a) of the Constitution of the Company be amended at this Annual General Meeting, with effect from the passing of the resolution to effect the amendment, to provide the Director Selection Committee with the ability to make a nomination for a person to fill a vacancy on the Board of Directors on the basis that the nominee would hold office for a period of less than 3 years.

These amendments will be required to be approved as a Special Resolution. This means that they must be passed by more than 75% of the votes cast at the Annual General Meeting on the bases set out in rules 11.1, 11.2 and 11.3 of the constitution. This will require more than 75% of the votes cast by Group G Members on the basis set out in rule 11.2 of the constitution and more than 75% of the votes cast by Group M Members on both of the two bases set out in rule 11.3(b)(i) and (ii) of the constitution.

Each of the Directors recommends that Members vote in favour of the Resolution in Item 3 to amend the constitution of the Company.

4. Election of Directors

In line with the results of the Director Selection Committee process the meeting will be asked to consider and, if thought fit, pass the following resolutions as separate Ordinary Resolutions:

- (a) That, in accordance with rule 28.1 of SRA's constitution, Dr Ron Swindells, who retires by rotation in accordance with rule 30.5 of SRA's constitution, and who has been recommended by the Director Selection Committee and is eligible for re-election, be re-elected as a Director of SRA for a term of three (3) years;
- (b) That, in accordance with rule 28.1 of SRA's constitution, Dr Guy Roth, who retires by rotation in accordance with rule 30.5 of SRA's constitution, and who has been recommended by the Director Selection Committee and is eligible for re-election, be re-elected as a Director of SRA for a term of three (3) years;
- (c) That, in accordance with rule 28.1 of SRA's constitution, Mr Sam Bonnano, who has been recommended by the Director Selection Committee be elected as Director of SRA for a term of three (3) years, unless the resolutions

in Item 3 are passed, in which case it shall be for a term of 2 years; and

- (d) That, in accordance with rule 28.1 of SRA's constitution, Mr Peter Russo, who has been recommended by the Director Selection Committee be elected as Director of SRA for a term of three (3) years, unless the resolutions in Item 3 are passed, in which case it shall be for a term of 2 years.

The following provides information on the nominated candidates:

Dr Ron Swindells *Chairman – SRA Board*

Dr Swindells has been a Director of Sugar Research Limited and served as its Chairman between 1993–2003. He has also been a Director for Mackay Refined Sugars and the Australian Sugar Milling Council as well as an alternate Director of Sugar Australia Ltd and the New Zealand Sugar Company.

Dr Swindells has operated at the senior management level in a number of companies including:

- Chief Executive Officer of Mackay Sugar for ten years
- Bundaberg Sugar Company as Manager of Millaquin Mill and Bundaberg Refinery.

More recently he has worked on a number of sugar-related consulting projects for various clients.

Dr Swindells is currently serving a directorship with Pelala Pty Ltd.

Dr Guy Roth

Dr Guy Roth has extensive experience as a director, executive, and leader in agricultural research, development, and consulting. He has particular expertise in services related to irrigation, water, soil and natural resource management for agriculture and rural communities.

He is the Director of Northern Region Agriculture at The University of Sydney's Narrabri Campus.

Dr Roth is the Principal and Director of his own agribusiness consultancy, providing strategic leadership services across a range of functions.

Dr Roth is a former National Manager and Research Director with the National Program for Sustainable Irrigation, was CEO of the Cotton Catchment Communities Cooperative Research Centre and was a Research Program Manager for the Cotton Research and Development Corporation (CRDC).

Dr Roth is currently:

- a Director of Northern Agriculture with The University of Sydney, Plant Breeding Institute at Narrabri (commenced January 2017); and
- Member – Research Funding Panel (appointed 1 August 2016).

Mr Sam (Salvatore) Bonanno

BEng (Mechanical), AdvDip (Business Management), GAICD

Mr Sam Bonanno is an independent management consultant with more than 35 years' experience in ports, logistics, infrastructure and mining operations in Australia and overseas. His experience has encompassed strategic planning and implementation, commercial negotiations, business planning, operations management, asset management, project management, materials processing and bulk supply chain management. He has also held four non-executive board positions in Australia—with three key industry-wide service providers and a government corporation for regional economic development—as well as being a director and chair of a global industry association for bulk export coal ports and terminals.

Mr Bonanno is currently a Non-Executive Director with Sugar Terminals Limited.

Mr Peter Russo

Mr Peter Russo has over 40 years of experience in sugarcane growing and milling.

Working in a farming partnership with his two sons in the Childers region, he is knowledgeable in all aspects of sugarcane farming and is particularly passionate about the adoption of innovative practices ranging from irrigation to land management to harvesting.

He is Chairman of the Board of the Isis Central Sugar Mill and has served on the Board since 1990. He has served on various committees while on the Isis Central Sugar Mill Board and has also previously been a Board member of St Luke's Anglican School, Bundaberg. He is a member of the Australian Institute of Company Directors (AICD).

**5A. Amendment of the SRA Constitution –
Removal of the current prohibition on certain
commercial activities by the removal of rule
6(c) from SRA's Constitution**

SRA's constitution sets out the rules under which SRA operates for delivering research, development and adoption (RD&A) activities for our investors and other stakeholders.

After five years of operation, the SRA Board has identified some enhancements to the Constitution that would allow SRA to operate more effectively.

As different sectors of the industry seek out new avenues of increasing profitability, SRA is also receiving increased interest from our Members, and the private sector, to co-invest in RD&A activities relevant to the Australian sugar industry. In response, SRA must continue to meet the needs of our Members, investors and other stakeholders so as to ensure that we are and remain agile, contemporary, and responsive to opportunities that may arise.

Under the existing constitution, SRA is prohibited from carrying out commercial activities to generate revenue. However, there is potential for SRA to deliver value to investors and other stakeholders by putting its services and expertise to optimum use, and also extracting greater value from our intellectual property. The SRA Board has also been considering opportunities for SRA to better meet the needs of individual Members, such as responding to requests from Members for SRA to undertake specific commissioned research or services.

The SRA Board has identified the following guiding principles to ensure that any potential business opportunity delivers value and is fair for the industry:

- The activity has clear benefit to the Australian sugar industry.
- Research and services are provided equitably to levy payers. Where additional services are provided above core services, these services are to be on a 'user pays' basis.
- There is transparency in the provision of commercialised research and services.
- There is a viable business case based on the full cost of provision. This would include consideration of actual cost to deliver, expected returns, relevant competitors, and potential risks and impacts. Based on these considerations, SRA would confirm whether it is worthwhile to pursue the opportunity.
- The activity provides an avenue for SRA to increase the value derived from its Intellectual Property for the benefit of industry.
- Any additional activity does not compromise the delivery of core research and services to levy payers.

It is proposed that rule 6(c) of SRA's Constitution be deleted to enable SRA to be more agile and able to respond to business opportunities that will benefit both SRA and the Australian sugar industry.

The proposed change would enable SRA to be more responsive to the needs of investors, Members and other stakeholders, and better positioned to capitalise on business opportunities. It would allow SRA to build and maintain capability and provide more targeted benefits to our investors, Members and other stakeholders.

These amendments will be required to be approved as a Special Resolution. This means that they must be passed by more than 75% of the votes cast at the Annual General Meeting on the bases set out in rules 11.1, 11.2 and 11.3 of the constitution. This will require more than 75% of the votes cast by Group G Members on the basis set out in rule 11.2 of the Constitution and more than 75% of the votes cast by Group M Members on both of the two bases set out in rule 11.3(b)(i) and (ii) of the constitution.

Each of the Directors recommends that Members vote in favour of the Resolution in Item 5A to amend the Constitution of the Company.

5B. Amendment of the SRA Constitution – Removal of the concept of Delegates from SRA's Constitution

Since SRA's inception, there has been a lack of clarity around the role of Delegates and limited opportunity for them to provide value within their roles. In 2017 and 2018, SRA consulted extensively with industry regarding a new Adoption Strategy. During that consultation, the large majority of those consulted stated that the current system of participation through the Delegates model was ineffective and only loosely linked to SRA's broader Strategic Plan. Several Delegates suggested that they could make a greater contribution to industry through improved regional engagement.

Under the Adoption Strategy, regional adoption advisory groups (RAAGs) will replace Delegates as the key vehicle for regional engagement within SRA. These groups will play a key role in identifying priorities and developing regional strategies.

It is proposed to remove references to the Delegates in the Constitution. This will also necessitate that rules in the Constitution around formation of the Director Selection Committee (DSC) and a Sugar Poll will need to be amended to ensure continued industry consultation and involvement in these processes.

This shift of role will improve the processes for linking regional investors and stakeholders with the decision-making level of SRA.

These amendments will be required to be approved as a Special Resolution. This means that they must be passed

by more than 75% of the votes cast at the Annual General Meeting on the bases set out in rules 11.1, 11.2 and 11.3 of the constitution. This will require more than 75% of the votes cast by Group G Members on the basis set out in rule 11.2 of the constitution and more than 75% of the votes cast by Group M Members on both of the two bases set out in rule 11.3(b)(i) and (ii) of the constitution.

Each of the Directors recommends that Members vote in favour of the Resolution in Item 5B to amend the SRA constitution.

5C. Amendment of the SRA Constitution – Minor and technical amendment

It is intended to make some minor adjustments to the constitution to correct obvious drafting errors as follows:

1. Rule 18.4 states that the company is to commission a comprehensive Performance Review at the end of each third year but the Strategic Funding Agreement states that SRA must complete a Performance Review and provide the report to the Commonwealth Government six months before the expiry of the four-year contract.

It is proposed that rule 18.4 be amended so that it operates in line with the provisions of the Statutory Funding Agreement.

2. In addition, it is proposed to delete the requirement for the majority of members of the Director Selection Committees to be of independent status which is contained in rule 27.1(c). This is because the majority of the Director Selection Committee is made up of two (2) G Members and two (2) M Members. As a result such members of the Director Selection Committee would not meet the independence requirements as contained in the ASX Corporate Governance Council's Corporate Governance Principles. The chair of the Director Selection Committee must of course be independent and this is clearly stated in the existing rule 27.1(b).

These amendments will be required to be approved as a Special Resolution. This means that they must be passed by more than 75% of the votes cast at the Annual General Meeting on the bases set out in rules 11.1, 11.2 and 11.3 of the constitution. This will require more than 75% of the votes cast by Group G Members on the basis set out in rule 11.2 of the constitution and more than 75% of the votes cast by Group M Members on both of the two bases set out in rule 11.3(b)(i) and (ii) of the constitution.

Each of the Directors recommends that Members vote in favour of the Resolution in Item 5C to amend the constitution of the Company.



Sugar Research Australia Limited

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