



Corporate Code of Conduct and Business Ethics

1. Introduction

Ruralco's vision to be Australia's largest, most innovative and successful group of independent businesses servicing rural Australia requires the Company to adopt best practice business standards.

Ruralco is committed to maintaining ethical standards in the conduct of its business activities. It expects and requires all its officers and employees to have a personal commitment to meeting these standards. These standards go beyond mere compliance with laws and regulations. They also embrace the core values which are essential to Ruralco's continued success to the Company.

2. Purpose of this Code

Those values are the Company's aspiration to be the leader in independent rural businesses requires the Company to commit to its trading members, customers, shareholders, employees and the broader community. This Code of Conduct has been adopted by the directors to provide a clear guideline of the commitment and business standards expected.

The Code of Conduct also requires officers and employees to adhere to the law and various policies of the Company which are referred to in this Code. The standards set out in this Code cannot - and do not try to - anticipate every situation which may pose a legal, ethical or moral issue. Officers and employees are expected to exercise sound judgment when evaluating an issue of business conduct. If they are in any doubt, they are expected to seek advice before taking any action which may compromise themselves or the Company.

Officers and employees also have an obligation under this Code to advise the Company of any illegal or unethical practices of which they become aware. Directors and management will monitor compliance and will act on any actions which are inconsistent with this Code of Conduct.

Our reputation as an ethical business organisation is important to our ongoing success. Adopting and complying with this Code will help ensure appropriate corporate behaviour.

3. Ruralco 's Business Ethics

3.1 Openness, honesty and integrity

Ruralco's officers and employees will conduct themselves with openness, honesty and integrity in all business transactions and in all dealings with others. This applies to all stakeholders in the Company: shareholders; trading members and

other customers; employees; suppliers; creditors; financiers; the financial markets and the general public - particularly those in rural Australia.

3.2 Mutual respect

Ruralco's employees are expected to treat other employees, trading members, customers, shareholders and anyone else with whom they interact in their work, with courtesy and respect.

3.3 Fairness

Ruralco is committed to dealing fairly with trading members, customers, suppliers, other business associates and with their colleagues in the Company.

3.4 Ethical conduct

Ruralco's employees will adhere to the standards of conduct that the Company has set in this Code. Also, they will act ethically in their approach to business decisions.

3.5 Compliance with Laws

Ruralco's employees are expected to comply with all laws and regulations that govern the Company's business and policies that the Company adopts from time to time.

4. Business Conduct

These guidelines outline the behaviour the Company expects of Ruralco's officers and employees when conducting Company business and interacting with others.

The guidelines specifically address three areas:

- Compliance with laws and regulations;
- Personal and professional conduct; and
- Relationships with others.

4.1 Compliance with laws and regulations

Ruralco will act in compliance with all laws that apply to its business. Directors and management have a responsibility to ensure that employees know what the law requires of them and that they understand the importance of complying with the law.

(a) Trading in Shares

All Ruralco's officers and employees are expected to comply fully with Australian laws and the Australian Stock Exchange (ASX) Listing Rules governing transactions in securities (shares) of Ruralco and other companies. The Board of Ruralco has adopted a Share Trading Policy to ensure this compliance. Ruralco's officers and employees are prohibited:

- from using non-public or privileged Company information for personal advantage; and
- from disclosing this information to any other person before the information is available to the general public.

The Share Trading Policy provides that directors and senior management may deal in shares at any time except in the periods following the end of the half-year and full year until 24 hours following the release of Ruralco's full and half yearly results.

Ruralco's officers and senior employees who possess non-public or confidential information gained through their work at Ruralco that might affect the price of the Company's securities, may not use that information to trade in Ruralco shares or the securities of another Company to which the information relates. Officers or employees must not engage in any other action to take advantage of, or to pass on to others, material information before its release to the public and for a reasonable period of time after that. These restrictions also apply to family members, friends and associates.

The Company Secretary will issue regular reminders to employees of the limitations and prohibitions relating to trading in Ruralco securities.

Remember, any trading of Ruralco shares must be done in accordance with the Share Trading Policy. If you have any doubt, you should contact the Company Secretary. Ruralco's Share Trading Policy is available on our website - www.ruralco.com.au.

(b) Privacy

Officers and some employees may have access to trading member and customer records which contain information that may be of a personal nature, or that the Company has obtained to assist in the management of the business. This information is private and confidential and may not be disclosed to any unauthorised third party. The Board has adopted a Privacy Policy to ensure that the Company complies with its obligations of privacy. All officers and employees must act in accordance with this policy. Ruralco's Privacy Policy is available on our website - www.ruralco.com.au.

(c) Intellectual property

One of Ruralco most important assets is its intellectual property, including its copyrights, trademarks, patents, and trade and business secrets. Each officer and employee is responsible for protecting Ruralco's intellectual property rights by complying with Ruralco's policies and procedures for the protection of these rights.

All intellectual property that an employee or contractor generates in relation to Ruralco is the property of Ruralco. Employees and contractors are required to sign a statement to this effect when they join Ruralco.

(d) Use of unlicensed software

Ruralco respects the intellectual property rights of others and it is against Ruralco's policy to reproduce copyright software, documentation or other materials without permission. Third party software in the possession of Ruralco must not be copied unless copying is consistent with relevant licence agreements, and either management has previously approved the copying, or copies are being made merely for backup and archival purposes.

4.2 Personal and professional conduct

(a) Financial integrity

The use of Company funds or assets for any unethical purpose is prohibited. No undisclosed funds or assets of Ruralco will be maintained or established for any purpose. No false entries will be made in the books or records of the Company for any reason. No payment on behalf of the Company may be made or approved on the understanding that it will or might be used for something other than the stated purpose.

The Company has stringent financial accounting procedures that are overseen by management, the audit committee and the external auditor. Officers and employees must ensure:

- that Ruralco's financial books, records, reports and statements properly document all assets and liabilities, revenue; and

- that expenses accurately reflect all transactions of the corporation and are retained in accordance with Ruralco's policies and all applicable laws and regulations.

(b) Giving gifts

The Company recognises that it is accepted business practice that - entertainment and small tokens such as cards and small gifts may be extended to prospective and existing customers at certain times. However, any such gifts must be for a proper purpose.

Ruralco's officers and employees may provide meals, refreshments or entertainment appropriate to the circumstances in connection with business relationships. Providing meals, refreshments or entertainment must not violate the standards of conduct of the recipient's organisation or of any contractual agreement with a customer.

In appropriate circumstances that the relevant manager has approved, gifts may be given. Beyond this, officers and employees may not offer or give gifts, commissions, gratuities, or other payments, whether openly or secretly, to prospective or existing trading members and customers or government officials. It is not permissible to provide any service, accommodation or travel, other than as part of the performance of Company business.

Officers and employees who incur, and employees who approve, expenditure for gifts, meals, refreshments and entertainment must use discretion and care to ensure that the expenditure is in the ordinary and proper course of business and could not reasonably be construed as a bribe or improper inducement.

(c) Accepting gifts

The Company expects Ruralco employees to strive to obtain the best service and purchases for the Company at the most competitive price. Officers and employees should not accept personal gifts or extraordinary hospitality, accommodation or travel which may influence, or appear to influence a business decision. It is Company policy that all Christmas gifts received by management will be equitably shared with all staff within the operating group.

Ruralco's officers and employees may accept meals, refreshments and entertainment as appropriate to the circumstances in connection with business discussions. Any Ruralco supplier funded business trips must be undertaken in accordance with the Company's employment policy. In brief, if the supplier funded business trip is not fully justifiable as Company business, then a specified percentage of the time involved as determined by the relevant Manager will be regarded as annual leave.

(d) Business agreements and contracts

Ruralco expects to compete fairly and ethically for all business opportunities. Officers and employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law. All statements, communications and representations made to trading members and customers, suppliers, competitors and others with whom they undertake business transactions, should be accurate and truthful. They must not be misleading. All appropriate approvals must be obtained before contracts are executed. No side letters modifying or amending contracts may be executed without appropriate authority.

Ruralco is committed to meeting all of its contractual obligations. Ruralco's officers and employees are expected to know, understand, and honour the terms of the Company's contractual obligations that are relevant to their role.

(e) Confidentiality

All employees joining Ruralco sign a confidentiality undertaking which binds them during and after their employment with Ruralco. Employees may not at any time, directly or indirectly, profit from confidential information obtained during the course of duties they perform on behalf of the Company.

Confidential information includes business strategy, marketing and sales plans, competitive analyses, business and financial plans and forecasts, prospective and existing trading member information, customer and employee information, supplier information, computer system and building security passwords software and other inventions developed or licensed by, or for, Ruralco.

Each employee must safeguard confidential information of the Company by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business or as directed or authorised by Ruralco. Unless specified otherwise by contract, all confidential or proprietary information that has been entrusted to Ruralco by a third party must be treated as though it is Ruralco 's confidential information.

(f) Smoking and the use of drugs and alcohol

Smoking is not allowed in any Ruralco premises or motor vehicle. The use of recreational or non-prescription drugs while on any Ruralco premises or on Company business is not permitted.

Consumption of alcohol on Ruralco premises or on Company business is only allowed when authorised by the appropriate manager and appropriately supervised. Consumption of alcohol is not allowed in any Company vehicle.

(g) Gathering information on Ruralco 's competitors

While Ruralco acknowledges that an understanding of the market, and therefore its competitors, is essential in undertaking business, gathering this information should be done legally and ethically.

Ruralco's officers and employees should not specifically seek information about the Company's competitors that is proprietary. Nor may they gain information through unlawful or deceitful means.

(h) Conflict of interest

A conflict of interest describes any circumstances which could cast doubt on an officer's or employee's ability to act with total objectivity with regard to Ruralco 's interests. All officers and employees have an obligation to avoid financial, business or other relationships which might be opposed to the interests of Ruralco or which may conflict with the performance of their duties. Employees should conduct themselves in a manner that avoids even the appearance of conflict between personal and Company interests.

If you have any doubt about conflicts of interest, you should contact your manager or the Company Secretary.

(i) Use of Company's resources

No property of the Company may be sold, loaned, given away, or otherwise disposed of, without proper authorisation.

Employees must use all Ruralco assets for proper purposes during their employment with the Company. Improper use includes unauthorised personal use of Ruralco's assets, data or resources, including computer equipment, software, photocopies, facsimile machines, telephones, vehicles, facilities, materials and supplies.

Ruralco has designed an Electronic Communication System to help communications with staff, customers and suppliers. These facilities may not be used for personal gain but may be used for incidental personal purposes. All data and communications using the system remain the property of Ruralco.

Ruralco's Electronic Communication Systems policy is posted on our website - www.ruralco.com.au.

(j) Private employment and honorary voluntary positions

Ruralco discourages officers and employees from seeking additional employment outside the Company which may interfere with Company commitments. This means any employment outside Ruralco which could lead to a conflict of interest, or results in absenteeism, inability to meet job requirements or poor job performance at Ruralco.

Employees who may be considering outside employment must consult their manager so that potential conflicts can be assessed.

As part of Ruralco's commitment to the community, employees are encouraged to take honorary voluntary positions. Before doing so, the employee should consult with their manager.

4.3 Relationships with others

(a) Ruralco and its employees

Ruralco actively supports the principle of equal employment opportunity regardless of race, religion, national origin, sex, age, physical disability, marital status, personal appearance or sexual orientation and expects its officers and employees to practise and support this principle.

Ruralco's policy is to avoid discriminatory practices of any kind and to make employment and career decisions strictly on the basis of individual ability, performance, experience, and Company requirements.

Ruralco believes that every individual has the right to dignity and respect in the workplace. Therefore, Ruralco regards any personal, physical or sexual harassment as totally unacceptable. That sort of behaviour is unacceptable regardless of who the perpetrator is, and may lead to the termination of their employment. These policies apply to all officers and employees of the Company regardless of their position.

Ruralco is committed to protecting the health and safety of its employees, visitors and the public. The Company expects and requires all its employees to comply with Occupational Health and Safety laws and Company policies.

Ruralco's Employment Policies are posted on our website - www.ruralco.com.au.

(b) Ruralco and its trading members and customers

Ruralco's commitment to operating Australia's leading and most innovative group of independent rural businesses, requires that trading members are the focus of our core business. Customer service is therefore paramount at Ruralco. If the Company is to retain and attract trading members and customers, we must offer quality products and services which are well priced and provide value. Our staff must be seen to be knowledgeable, competent and honest.

Ruralco is committed to, and requires its employees to be committed to, the objective of providing the best possible range of products and services, at the best price, to our trading members and customers in a clear and transparent manner.

(c) Ruralco and its suppliers

Our relationship with suppliers is an important aspect of our ability to serve our trading members and customers.

Ruralco maintains open and frank business dealings with suppliers and strives to develop mutually advantageous relationships. The Company will select suppliers solely on the basis of quality, price and service offered to the Company and trading members. Suppliers will be treated fairly and with respect.

5. Whistleblowing: if you suspect fraudulent or unethical behaviour

We realise that it is difficult to always ensure compliance with this Code and therefore we ask for your help.

If you suspect that any fraudulent or unethical behaviour has occurred, you should contact your manager or the Company Secretary.

Confidential messages can be sent to the Company Secretary if you prefer.

6. More information

If you wish to obtain more information regarding any aspect of the Ruralco Code of Conduct, please ask your manager or consult the Company Secretary.

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Updated as at 15 February 2007.