

**RURALCO HOLDINGS LIMITED
NOMINATION & REMUNERATION COMMITTEE CHARTER**

1. OBJECTIVE OF CHARTER

- 1.1 This Charter sets out the structure, role and responsibilities of the Nomination and Remuneration Committee (Committee) of Ruralco Holdings Limited (Ruralco).
- 1.2 The Committee is appointed and authorised by the Board of Directors of the Company, to assist the Board in fulfilling certain of its statutory, fiduciary and regulatory responsibilities.
- 1.3 In particular, the Committee is to undertake the functions of the respective nomination and remuneration committees as set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (ASX Principles).
- 1.4 The authority of the Committee is sourced from:
 - (a) the Company's Constitution;
 - (b) this Charter; and
 - (c) separate Board delegations, resolutions and approvals granted to it from time to time.
- 1.5 The Board of Ruralco recognises that for Ruralco to prosper it must be able to attract, motivate, develop and retain key executives.
- 1.6 The Board also appreciates that it must be comprised of persons who have the necessary range of skills expertise and experience to effectively discharge its duties and support Ruralco's strategic direction, long term growth and success.
- 1.7 This Charter outlines the manner in which non-executive director fees and executives salaries are determined, structured and reviewed.
- 1.8 This Charter forms part of a broader corporate governance framework, consisting of the Ruralco Constitution, Board Charter, other committee charters, Ruralco corporate governance policies and the law.

2. STRUCTURE

- 2.1 The Committee shall consist of no less than three (3) members.
- 2.2 The Ruralco Board shall appoint the Committee and its Chair.
- 2.3 The Committee may consider any matter that falls within the roles and responsibilities delegated to it by the Board, despite any other matter being referred to or considered by another Committee.
- 2.4 The Committee may make recommendations to the Board as it sees fit.

3. ROLE

3.1 Selection and appointments

The Committee provides advice and support to the Board:

- (a) to meet its responsibilities to shareholders by ensuring that the Board is comprised of persons with a suitable range of skills, expertise and experience;
- (b) on the composition, size and performance of the Board;
- (c) on diversity policy and diversity objective development and monitoring; and
- (d) succession planning for the Board and the executive team.

3.2 Remuneration

The Committee provides advice and support to the Board on remuneration policies, strategies and practices for directors and executives based on the guiding principles that,

- (a) remuneration must reflect the market in which the Company operates;
- (b) key performance indicators will apply to deliver results to the Company;
- (c) remuneration is to be linked to the creation of value to shareholders; and
- (d) remuneration is to reward both financial and non financial performance.

4. RESPONSIBILITIES – NOMINATION AND BOARD PERFORMANCE

The Committee shall perform the following functions:

- 1) Review and make recommendations to the Board on:
 - a. The necessary and desirable competencies of directors;
 - b. The appropriate mix of skills, expertise and experience required of a Ruralco director so as to enable the Board to discharge its responsibilities effectively;
 - c. Board size, composition and tenure of directors;
 - d. The appointment and removal of directors and the effectiveness of the processes followed;
 - e. Induction protocols for new directors and the effectiveness of the processes followed; and
 - f. Education of directors, including continual education and development initiatives and access thereto.
- 2) Identify potential candidates to fill vacancies on the Ruralco Board. In selecting and recommending the appointment of new directors, the Committee will:
 - a. adopt a board skills matrix to identify any deficient competencies in the skills and experience of the Board;
 - b. assess candidates with regard to Ruralco's diversity objectives;
 - c. engage external consultants where necessary to assist in the selection process of suitable candidates; and

- d. recommend candidates who have the appropriate range of skills, experience and expertise that will best complement Board effectiveness.
- 3) Review and make recommendations to the Board on the annual performance of the Board, and its Committees, including the provision of assistance to its Chair (if required) in reviewing the performance of individual directors.
- 4) Co-ordinate the Board's review of its Chair's performance – annually.
- 5) In reviewing the composition and performance of the Board, the Committee will consider the term served by non-executive directors so that, over time, new directors are appointed to challenge existing approaches and to incorporate new ideas and energy.
- 6) Develop and review Board and executive succession plans to enable an appropriate balance of skills, diversity, experience and expertise to be maintained.
- 7) Review the time commitment required for non-executive directors and whether directors are meeting that commitment.
- 8) Review and consider conflicts of interest faced by Ruralco directors and make recommendations to the Board.
- 9) With respect to matters of Board diversity and Ruralco's general diversity policy:
 - a. Formulate strategies on Board gender diversity and diversity in general (which includes age, ethnicity, culture and religion) and recommend to the Board appropriate policies and strategies to address Board diversity.
 - b. Make recommendations to the Board regarding:
 - a. Ruralco's policy in relation to Board diversity;
 - b. strategies to facilitate greater gender diversity in management and leadership roles; and
 - c. new ways to entrench diversity as a cultural priority across the organisation.
- 10) Monitor achievement against gender diversity objectives including representation of women at all levels of the organisation and assess the effectiveness of related initiatives designed to identify, support and develop talented women with leadership potential.

5. RESPONSIBILITIES - REMUNERATION

5.1 Remuneration policy

- 1) The Committee will review and make recommendations to the Board in relation to any remuneration policy or any other policy relating to the following:
 - a. Remuneration of directors;
 - b. Executive remuneration including fixed and variable components with both a short term and long term focus
 - c. Succession planning for executive positions;
 - d. Incentive schemes and related performance measures (financial and non-financial);

- e. Recruitment, retention and termination policies for executives; and
 - f. Superannuation arrangements.
- 2) The Committee's objectives in determining the remuneration and incentive framework are to:
- a) encourage executives to align their interests with those of shareholders and, where appropriate, trading members;
 - b) align individual and team reward with business performance in both the short term and long term;
 - c) encourage executives to perform to their fullest capacity;
 - d) be business focused and flexible;
 - e) be competitive and cost effective in each relevant employment market; and
 - f) be internally consistent.

5.2 Remuneration for non-executive directors

- 1) The Committee makes recommendations to the Board annually on the remuneration of non-executive directors, taking into account:
- a) competitive market practices and trends;
 - b) the level of complexity of the Ruralco business; and
 - c) the commitments required of each non-executive director.
- 2) The Board's focus is on long-term strategic direction and overall performance of the Company. As a consequence, non-executive director remuneration is not directly related to short term results, instead it is related to long-term performance.
- 3) The remuneration of non-executive directors is structured separately from that of executive Directors and senior executives. Non-executive directors:
- a) receive a cash fee for service;
 - b) have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes; and
 - c) are not entitled to retain a retirement benefit beyond the statutory superannuation obligations.
- 4) The Committee may from time to time seek independent advice in relation to the remuneration of non-executive Board members and may make recommendations to members in relation to any total fee increase.

5.3 Remuneration for the Managing Director and senior executives

- 1) The Committee works with the Managing Director to determine the appropriate level and structure of remuneration of the senior executive team based on the guiding principal that executive remuneration is to be set at levels and structured to attract, motivate, reward and retain good performers to drive the business effectively.

- 2) The Committee makes recommendations to the Board on the remuneration of the Managing Director, including any incentive schemes, equity based remuneration, superannuation arrangements and other employee provisions. As part of this annual process, the Committee gathers and reviews relevant information, comparative remuneration, individual performance and, if required, obtains external advice.
- 3) Each year the Committee reviews the remuneration of executives on the recommendation of the Managing Director (other than in relation to the Managing Director). The Committee's review considers individual performance, comparative remuneration in the market and where appropriate, external advice.

5.4 Remuneration Report

The Committee:

- a) approves the annual remuneration report and makes recommendations to the Board for the inclusion of the Remuneration Report in Ruralco's annual financial report.
- b) ensures the Remuneration Report contains relevant information on Ruralco's remuneration policy, practices, and strategy; and
- c) ensures that reward arrangements of the Managing Director and other senior executives are disclosed in the annual financial report and the Remuneration Report in accordance with any applicable governance, accounting and legal requirements.

6. RESOURCES

6.1 Internal resources

The Committee and each Committee Member, shall have direct access to appropriate internal resources to assist in the discharge of the responsibilities set out in this Charter, including without limitation the Managing Director, Chief Financial Officer, Company Secretary and Human Resources Manager. Administrative support is available upon request.

6.2 External resources

The Committee acknowledges that there will be occasions where matters of particular complexity or sensitivity warrant the use of external advisers. The Committee shall have access to appropriate funds to engage external advisers or specialists to advise on all matters relevant to the discharge of the responsibilities set out in this Charter.

7. MEETINGS

- 7.1 The Committee shall meet often enough to undertake its role effectively, but not less than two (2) times per calendar year.
- 7.2 A quorum shall be no less than two (2) members, with at least one member being an independent director. If the Chair is not present within fifteen minutes after the scheduled time for the commencement of a meeting, the Committee shall appoint a Committee Member as Chair of the meeting.

- 7.3 Issues requiring a resolution shall be decided by way of a majority of votes, with each member having one vote. In the event of an even decision, the Chair of the meeting shall have the casting vote.
- 7.4 The conduct of the proceedings of the Committee shall be in accordance with the rules in place for the Ruralco Board, including notice of meeting and agenda protocols.
- 7.5 The Committee will maintain adequate minutes of all its meetings and the minutes are to be included in the papers of the next full Board meeting after each Committee meeting. The Committee Chair will report actions and progress to each meeting of the Board. At each Committee meeting, Committee members will be given copies and confirm the minutes of the previous meeting.
- 7.6 The Company Secretary, or such other person that the Ruralco Board may nominate, will act as Secretary to the Committee.
- 7.7 The Chair will be required to call a meeting of the Committee if requested to do so by the Ruralco Board, the Managing Director or a Committee Member.
- 7.8 The Chair of the Ruralco Board shall have a standing invitation to attend Committee meetings and Directors who are not Committee members are also entitled to attend Committee meetings.
- 7.9 It is anticipated that the Committee will invite members of management to meetings or external advisers as and when required. In particular it is likely that the Managing Director, Human Resources Manager, Chief Financial Officer and Company Secretary would attend meetings of the Committee as required. Management attendance at such meetings of the Committee is always at the discretion of the Committee and the Chair may, in their absolute discretion, withdraw an invitation.

8. HUMAN RESOURCE POLICIES

- 8.1 The Committee will review strategic human resource policies and practices for Ruralco including:
- a) reviewing reports on management succession planning for executive positions; and
 - b) reviewing and monitoring Ruralco's recruitment, retention and termination policies and procedures for executives and senior management.

9. OTHER

- 9.1 The Committee will consider any other matters referred to the Committee by the Board.

10. COMMITTEE PERFORMANCE

- 10.1 The Committee will evaluate its performance at least annually to determine whether it is functioning effectively by reference to current best practice which may be conducted as a self assessment and will be co-ordinated by the Chair.
- 10.2 The performance evaluation will have regard to the extent to which the Committee has met its responsibilities under this Charter and also review the effectiveness of the Company's director induction program.
- 10.3 The Committee will present to the Board annually a report of its activities for the prior financial year and on its performance following the annual performance evaluation.

11. REVIEW OF CHARTER

- 11.1 The Committee will review the contents and the continuing adequacy of this Charter at least annually and make recommendations to the Board as to any changes it considers should be made.
- 11.2 The Charter may be amended by resolution of the Board

12. DISCLOSURE

- 12.1 The Board will make appropriate disclosure to shareholders in Ruralco's annual financial report of the key aspects of this Charter, including explaining any departure from the best practice recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations.
- 12.2 This Charter is publicly available on the Company's website and may be accessed within the "Corporate Governance" section.

This Charter was approved by the Ruralco Board on 18 October 2011 and supersedes any terms of reference previously in force.