

Board Charter

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1. Introduction and Overview

This Board Charter (the Charter) sets out key details of the functions and responsibilities of the Board of Ruralco Holdings Limited and its subsidiaries (Ruralco).

2. Role of the Board

The Board is accountable to shareholders and other stakeholders such as employees, customers, suppliers, financiers and creditors for the performance of the Company and for ensuring that Ruralco has an appropriate corporate governance structure aimed at creating and protecting shareholder value.

It is accordingly responsible for:

- (a) the overall corporate governance of Ruralco including setting its strategic direction and risk appetite;
- (b) approving and monitoring systems of internal controls, risk management and legal compliance;
- (c) reviewing the performance and implementation of corporate strategies and risk management by senior management and ensuring that senior management have the necessary resources to carry out their functions;
- (d) approving and supervising significant capital expenditure, capital management, acquisitions and divestments;
- (e) approving and monitoring annual budgets and strategic plans; and
- (f) approving and monitoring financial and other reporting made to shareholders and the ASX under the continuous disclosure regime.

Day to day management of the Company is delegated to the Chief Executive Officer (CEO) and Ruralco's senior management team.

In performing its responsibilities, the Board will act in accordance with Ruralco's Code of Conduct.

3. Membership

3.1. Composition and size

- (a) The Board will be structured to ensure that it consists of directors who have a proper understanding of the business, who can add value in the context of Ruralco's business and so that the Board collectively comprises directors with a broad range of skills, diversity, expertise and experience from a range of backgrounds.
- (b) Board members must have (or develop) a thorough understanding of the business conducted by Ruralco and be able to bring value to the Board's deliberations.
- (c) The Board is committed to ensuring that there will be at least five directors of whom a majority will be non-executive directors, (and where possible, satisfy the criteria for independence set out in Section 9).
- (d) The Board will appoint as its chair, one of the non-executive directors who satisfies the criteria for independence set in Section 9 of this Charter.

3.2. Board skills matrix

When appointing directors the Board will utilise a Board skills matrix setting out the skills and diversity that the Board has or is looking for in order to identify any gaps in skills that the Board seeks. Ruralco's succession plans are

designed to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board.

3.3. Appointment and re-election of directors

Non-executive directors are engaged by a letter of appointment. Executive directors and other senior management will have their roles and responsibilities and Ruralco's expectations set out in an employment contract. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

Directors must retire from office in accordance with the constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the Nomination & Remuneration Committee will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chair) will conduct the review of the Chair.

4. Role of the Chair

The Board will appoint one of its members to be the Chair in accordance with Ruralco's Constitution.

The Chair must be an independent Non-executive Director. The Chair should not be the same person as the CEO of Ruralco.

The Chair is responsible for leadership of the Board and "setting the tone" for an effective working relationship between Board members, and between the Board and management. This includes:

- chairing meetings of the Board and of shareholders;
- settling the agenda for Board meetings after consulting with the Managing Director;
- facilitating Board discussions to ensure that appropriate time is given to core issues and that individual Directors have adequate opportunity to participate in discussions;
- leading the process for reviewing periodically the performance of the Board overall as well as the effectiveness of individual contributions; and
- maintaining effective communication with and providing mentoring and guidance to the CEO.

5. Role of the Company Secretary

The Company Secretary is appointed and removed by the Board. All Directors have direct access to the Company Secretary.

The Company Secretary will be accountable to the Board, through the Chair, on matters to do with the proper functioning of the Board. The Company Secretary is responsible for advising the Board and its committees on

governance issues.

The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, communication with the Australian Securities Exchange about listing rule matters and all statutory and other filings.

6. Board meetings

- (a) The Board shall meet often enough to undertake its role effectively and no less than 6 times each year.
- (b) The Chair is responsible, in consultation with the CEO and the Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive and that all agenda items are appropriate.
- (c) Members of senior management are invited to attend all Board meetings as determined by the Chair in consultation with the CEO and the Company Secretary.
- (d) A session involving non-executive directors (only) may be held as part of each Board meeting.
- (e) In discharging his or her duties, each director must act in accordance with the Code of Conduct.
- (f) All directors are entitled to be heard at all meetings and should bring an independent judgement to bear in decision-making.

7. Powers reserved to Board

In addition to matters expressly required by law to be approved by the Board, the powers reserved for the Board are as follows:

- a. appointing a Chair;
- b. appointing and removing the CEO and determining his or her terms and conditions of service;
- c. approving the appointment of the Chief Financial Officer and Company Secretary;
- d. any changes to the delegations by the Board;
- e. any matters in excess of the discretion that it delegates to the CEO and Senior Management in relation to business transactions, credit transactions, risk limits and expenditure;
- f. the issue of any shares, options, equity instruments or other securities in Ruralco;
- g. establishment of any incentive plan for Company officers and employees; and
- h. approving each of the following:
 - i. memberships for any of Ruralco's trading groups (including Combined Rural Traders Pty Ltd (CRT)), although this may be delegated to the CRT Member Council;
 - ii. any action in relation to terminating Ruralco or CRT's membership of any trading group;
 - iii. the budget and strategic plan - at least annually;
 - iv. the remuneration and conditions of service including financial incentives for the direct reports to the CEO as recommended by the Nomination & Remuneration Committee - at least annually;

- v. significant changes to organisational structure and the appointment of senior officers as the Board may determine;
- vi. the acquisition, establishment, disposal or cessation of any significant business of Ruralco;
- vii. alterations to conditions of membership of trading groups;
- viii. the Charter of the CRT Member Council;
- ix. any public statement which reflects significant issues in relation to Ruralco's policy or strategy; and
- x. compliance policies.

8. Board Committees

The Board may from time to time establish Committees to assist it in carrying out its responsibilities.

The Board has established an Audit, Risk & Corporate Governance Committee, a Nomination & Remuneration Committee and an Investment Committee and has adopted charters setting out the authority, composition, responsibilities and administration of those Committees. Each committee must report on its Meetings to the Board.

9. Director Independence

9.1. General

The Corporate Governance Principles and Recommendations (Recommendations) developed by the ASX Corporate Governance Council recommend directors of publicly listed companies assess and disclose the 'independence' of its Board.

The Board's overarching test for independence is whether the director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of the director's objective, unfettered and independent judgement.

The Board reviews the independence of Directors annually. Each director must promptly provide the Board with any new information that may be relevant to the director's independence.

If the Board's assessment of a director's independence changes, that change will be disclosed immediately through an announcement to the ASX.

9.2. Criteria

These criteria will be considered by the Board and may indicate that a director is not independent:

(a) Officer or substantial shareholder:

- i. the director is an executive of Ruralco;
- ii. the director is a substantial shareholder in Ruralco or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder in Ruralco;
- iii. the director has been employed by a Company in the Ruralco Group within the last 3 years.

(b) Adviser

- i. the director has been a principal or material employee of a material professional adviser or consultant to a member of the Ruralco Group within the last 3 years; or
- ii. the director currently receives consulting, advisory or other fees other than in the capacity as a director.

(c) Supplier, customer or material contractual relationship

- i. the director, or a direct family member, is a material supplier or customer of a member of the Ruralco Group or is an officer, substantial shareholder of, or otherwise associated directly or indirectly with a material supplier or customer; or
- ii. the director, or a direct family member, has a material contractual relationship with a member of the Ruralco Group or is an officer, substantial shareholder of or otherwise associated directly or indirectly with an entity which has a material contractual relationship with a member of the Ruralco Group.

(d) Long-term director of Ruralco

- i. the director has served on a Board of Ruralco (or a predecessor Company) for a period of more than 10 years.

(e) Business relationship

- i. the director has had a material business relationship with Ruralco either directly, or as a partner, shareholder or director of an entity that has had such a relationship with a member of the Ruralco Group within the last 3 years.

10. Access to Information and Independent Advice

Management must provide the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Unless requests occur in the context of a committee meeting, requests for information should be provided to the CEO who will issue them to relevant employees.

Any director may take such independent legal, financial or other advice relevant to the performance of his or her duties as a director of Ruralco as they consider necessary at Ruralco's cost. Any director seeking independent advice must first discuss the request with the Chair who will facilitate obtaining such advice. The details or copies of the advice so obtained must be provided to the Board (subject to the appropriate protection of legal professional privilege) unless the Chair has agreed that the advice obtained is personal to the director's specific lawful performance, duties and/or responsibilities as a director.

11. Reviews

The Board will regularly evaluate itself and individual directors with assistance of the Nomination & Remuneration Committee.

The Board will review the contents and the continuing adequacy of this Charter at least annually

12. Related Documents

- Ruralco Constitution
- Disclosure Compliance Policy
- Communications Policy
- Code of Conduct;
- Securities Trading Policy

Approved by the Ruralco Holdings Ltd Board

Date: 05 September 2016