

RELATED PARTY AND CONFLICTS OF INTEREST POLICY

1. PURPOSE AND SCOPE

This policy provides guidance on Ruralco’s procedures for managing related party transactions and conflicts of interest.

2. RELATED PARTY TRANSACTIONS

Under the *Corporations Act 2001* (Cth), neither Ruralco nor any of its controlled entities may give a “financial benefit” to a “related party” of Ruralco without shareholder approval unless the terms are at “arm’s length” or fall within an exception.

Ruralco’s policy on related party transactions is that:

- all related party transactions and payments should be conducted on an arm’s length basis
- the process surrounding related party transactions must be transparent and fully documented, and
- Board approval must be obtained for all related party transactions (noting that the Board can approve a class of related party transactions).

IMPORTANT CONCEPTS EXPLAINED

A **related party** of Ruralco includes:

- each director and any spouse, de facto spouse, parents and dependent children of each director, and entities controlled by any of them
- any person or entity who was a related party of Ruralco at any time in the past 6 months, and
- any entity that believes or has reasonable grounds to believe that it is likely to become a related party of Ruralco at any time in the future.

A **financial benefit** to a related party may include:

- providing finance or property to a related party
- buying or leasing an asset from or selling an asset to a related party
- supplying services to or receiving services from the related party
- issuing shares or granting options to the related party
- taking up or releasing an obligation of the related party.

These include where the financial benefit is given or received indirectly through an interposed entity and does not require the payment of money.

For the purposes of this policy, “financial benefit” does not include reasonable remuneration within parameters approved by the Nomination & Remuneration Committee or the Board.

When is a transaction arm’s length? A transaction is at arm’s length if the parties have dealt with each other as parties normally do when they are not related so that the outcome of their dealing is a matter of genuine bargaining with terms reflecting market practice and the ordinary course of business.

2.1 PROCESS TO MONITOR AND APPROVE RELATED PARTY TRANSACTIONS

Where Ruralco or any of its controlled entities proposes to enter into a transaction which may confer a financial benefit on a related party of Ruralco:

The relevant responsible officer of the Ruralco entity proposing to enter into the transaction must inform the Group General Counsel & Company Secretary with details of the transaction, how the parties are related, and evidence of arm’s length terms



The Group General Counsel & Company Secretary will review the transaction



The Group General Counsel & Company Secretary will advise the Board of the proposed transaction and, if appropriate, seek Board approval for Ruralco or the controlled entity to undertake the transaction



Where the transaction is considered not to be at “arm’s length” and does not fall within any statutory exception, the Board will determine whether to proceed with the transaction. If the transaction does proceed, the Board will ensure it is carried out in a manner that is compliant with the *Corporations Act* (including obtaining shareholder approval where necessary)



Where Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board



A register of all Board approvals in respect of related party transactions must be maintained by the Group General Counsel & Company Secretary including details of the nature of each transaction, the date of approval and any key conditions to which the approval is subject.

3. CONFLICTS OF INTEREST

Under the Corporations Act and general law, directors and officers must avoid situations where their interests and the interests of Ruralco conflict.

Each director and officer (which includes all officers of Ruralco and its related bodies corporate) has a duty to avoid conflicts of interest. Interests which give rise to a conflict include:

- other directorships
- potentially conflicting duties owed to other entities
- outside investments of the director or officer and their related parties, and
- outside employment or engagements.

3.1 OBLIGATIONS IN RELATION TO ACTUAL, POTENTIAL OR PERCEIVED CONFLICTS OF INTEREST

Directors and officers are required to comply with Ruralco's Directors' Code of Conduct, which includes obligations in relation to conflicts of interests. In addition to those obligations, directors and officers have the following obligations:

- directors and officers must take all reasonable steps to avoid actual, potential or perceived conflicts of interests
- directors must comply with the Board procedures set out in section 3.2 below
- directors and officers must immediately notify the Chair or the Group General Counsel & Company Secretary if they become aware of any current or potential conflicts of interest
- directors may submit standing notices of interest to all Board members, or must disclose their interest in a matter being considered by the Board at that time
- directors and officers are expected to be sensitive to actual and perceived conflicts of interest that may arise and give ongoing consideration to this in view of the changing nature of Ruralco's business
- all related party transactions require prior approval from the Board in accordance with section 2 of this policy, and
- directors and officers must obtain the Board's consent before disclosing Ruralco's sensitive information to a third party.

3.2 BOARD PROCEDURES FOR DIRECTORS TO MANAGE CONFLICTS OF INTEREST

Directors:

- cannot receive the relevant Board or Board Committee papers if an actual or potential conflict is recognised in advance of the distribution of the papers. At the discretion of the other directors, the Director may be advised that certain papers have been excluded
- must absent themselves from the room when the Board or Board Committee discusses and votes on matters to which the conflict relates unless the other directors resolve the director in question may stay
- cannot vote on the matter unless the other directors resolve that the director in question can vote
- cannot have access to minutes of the Board or Board Committees in relation to the conflicted matter, and
- must, if deemed appropriate by the Board, take any other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.


3.3 SPECIFIC ARRANGEMENTS

From time to time, Ruralco may enter into specific arrangements with a director or officer to assist with the management of conflicts. In such cases, that arrangement will override this policy to the extent of any inconsistency.

4. QUESTIONS ABOUT THIS POLICY

If you have any questions about this policy, please contact the Group General Counsel and Company Secretary:

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