

# BOARD CHARTER

## 1. PURPOSE AND SCOPE

This Charter outlines the role, responsibilities, composition and processes of the Board of Directors of Ruralco Holdings Limited (**Ruralco**) in setting the direction, management and control of Ruralco and its subsidiaries.

## 2. ROLE OF THE BOARD

The role of the Board is to appoint Ruralco's Managing Director and Chief Executive Officer (**MD/CEO**), set Ruralco's strategic direction and guide and oversee the management, performance and governance of Ruralco. The Board must exercise this role with accountability to the interests of shareholders, as well as the interests of Ruralco's employees, customers and the rural and regional communities in which Ruralco operates.

## 3. RESPONSIBILITIES OF THE BOARD

### 3.1 BOARD RESERVED MATTERS

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

#### Strategy and operational

- setting, with input from management, and approving the budget and strategic and financial plans for the Ruralco Group which are to be implemented by management, and monitoring the performance of management against those plans through its Board Committees
- approving major corporate initiatives and significant changes to the Group's organisational structure and the acquisition, establishment, disposal or cessation of any significant Group businesses
- approving capital and operational expenditure that exceeds the limits delegated to the MD/CEO
- approving any public statement which reflects significant issues in relation to the Group's strategic, financial, operation or policy positions

#### MD/CEO and senior management

- appointing and removing the MD/CEO and determining the terms and conditions of their service
- approving the appointment and remuneration of the senior management of Ruralco, including, the Chief Financial Officer and Company Secretary
- appointing Directors and the Chair of the Board

#### SENIOR MANAGEMENT

'Senior management' refers to the executives who report directly to the MD/CEO and any other members of the management team the Board or the Committee determines should be subject to its supervision

#### Remuneration

- approving the executive remuneration framework (including financial incentives) and approving the principles of Ruralco's Group incentive plan and remuneration policy
- determining the fees payable to directors within the shareholder approved fee pool limit

#### Risk

- monitoring the Group's culture and risk culture through policies, systems and processes
- setting the Group's risk appetite and overseeing and approving the Group's risk management framework and its operation by management
- overseeing Ruralco's external audit activities and monitoring its internal audit activities and control and reporting systems

#### Financial

- overseeing the Group's financial position, including the amount, nature and terms of its debt facilities and the Group's ability to meet its debts as and when they fall due
- reviewing and approving capital management initiatives, including dividend policy and the payment of dividends, capital restructures, capital returns, share issues and buy-backs
- approving the Group's accounting policies, financial statements and reports

#### Governance

- overseeing Ruralco's corporate governance frameworks
- overseeing shareholder reporting and communications and Ruralco's processes for complying with its continuous disclosure obligations
- approving Ruralco's corporate governance statement, governance policies and overseeing the implementation of systems and processes in compliance with those policies

#### Other matters

- overseeing and monitoring Ruralco's work, health and safety performance as well as its performance in the context of its sustainability strategy
- setting and assessing measurable objectives in relation to diversity at all levels of Ruralco
- all other matters specifically reserved by the Board as set out in Committee Charters and as designated from time to time

### 3.2 DELEGATION OF BOARD MATTERS

In fulfilling its responsibilities the Board may delegate, and has delegated, certain matters. The matters delegated to

the Board Committees are described in the Committee Charters available [here](#), and those delegated to the MD/CEO are described below.

### **3.3 ROLE AND RESPONSIBILITIES OF THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Subject to matters reserved by the Board or delegated to the Board Committees, the MD/CEO may make all decisions and take any necessary action to manage the day-to-day business of the Group. The MD/CEO is supported by senior management in accordance with Ruralco's Delegation of Authority Policy.

The key responsibilities of the MD/CEO are to:

- develop and implement the Group's strategic and financial plans and manage the Group's resource allocation, expenditure and major financial and operational decisions in accordance with those objectives
- instill in the Group a culture that aligns with Ruralco's values and its sustainability strategy, as well as to assess the reputational consequences of the Group's decisions and actions within the rural and regional communities in which we operate
- implement systems to manage the day-to-day operations of the Group.

The MD/CEO must report to the Board on the exercise of the delegated authority through timely reports, briefings and presentations. The MD/CEO is responsible for ensuring the timeliness, clarity, adequacy and integrity of information provided to the Board and for ensuring the Board has all the information necessary to enable it to carry out its responsibilities fully informed.

### **3.4 ROLE AND RESPONSIBILITIES OF THE CHAIR**

The Chair is appointed by the Board and is an independent Non-executive Director. The Chair should not be the same person as the MD/CEO. The Chair cannot have been the CEO of Ruralco at any time in the previous three years.

The Chair's key responsibilities are to lead the Board and ensure its efficient organisation and conduct in accordance with this Charter, and to represent the views of the Board and the Group to stakeholders. The Chair's specific responsibilities are to:

- maintain regular and effective communication with the MD/CEO, serving as the primary link between the Board and management, as well as to provide appropriate guidance to the MD/CEO
- consult with the MD/CEO to settle and approve board agendas, and to manage the Board's information requirements to assist the Board with effective decision making, and
- chair Board and general meetings and facilitate discussions to ensure that appropriate time is given to core issues and that individual Directors (in Board meetings) and individual shareholders (in general meetings) have adequate opportunity to participate in discussions.

### **3.5 ROLE AND RESPONSIBILITIES OF THE COMPANY SECRETARY**

The Company Secretary reports directly to the Board through the Chair on matters relating to the proper functioning of the Board. All Directors have direct access to the Company Secretary.

The Company Secretary's key responsibilities are to:

- advise the Board and Board Committees on governance issues and monitor that Board and Committee policies and procedures are followed
- coordinate all Board business, including meetings, agendas, Board and Committee papers and minutes, and monitor completion of all consequent actions
- communicate with regulatory bodies and the ASX to ensure all statutory and other filings and to ensure compliance with the Group's continuous disclosure obligations.

### **4 BOARD COMPOSITION, INDEPENDENCE AND CONDUCT OF THE BOARD**

#### **4.1 COMPOSITION AND SIZE**

The Board's size and composition is in accordance with Ruralco's Constitution and any applicable laws and regulations.

The Board uses a Board skills matrix to set out the skills, experience, expertise and diversity that the Board has, or is looking for, in order to ensure it is in a position to discharge its obligations effectively and to add value.

#### **4.2 INDEPENDENCE OF DIRECTORS**

The Board's intention is that the MD/CEO is the only executive Director and that the majority of the Board will be independent.

Ruralco defines an independent Director as a non-executive Director who is free of any interest, position, affiliation or relationship (business or personal) that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of his or her unfettered and independent judgement and ability to act in the best interests of Ruralco as a whole (rather than in the interests of an individual securityholder or other party). The Board assesses the independence of each Director at least annually (and, if notified of a change in a director's interests, positions, affiliations or relationships, as soon as practicable after becoming aware of the change) and includes this information in Ruralco's annual report.

When assessing the independence of a Director, Ruralco considers the relationships potentially affecting the independent status of a director as described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations. Where the Board determines a Director is independent notwithstanding the existence of a relationship described in Box 2.3, the Board will state the reasons for making its determination.

If at any time a Director ceases or may have ceased to be independent, he or she is required to advise the Chair immediately. Where the Board determines a Director is no longer independent, an announcement will be made to the market.

### 4.3 CONDUCT

Each Director is bound by Ruralco's **values** and the **Code of Conduct** and is required to comply with the terms of their appointment and any company arrangements or policies relevant to them, including Ruralco's **Related Party and Conflicts of Interest Policy**.

Directors must take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them to the Chair and the Board if they arise.

### 5 BOARD MEETINGS

The Board will meet at least 6 times each year, and otherwise as often as the Directors determine necessary to enable the Directors and Board to fulfil their duties and responsibilities to Ruralco effectively.

As determined by the Chair in consultation with the MD/CEO and Company Secretary, members of management are invited to attend Board and Committee meetings. A session involving only non-executive Directors is also held as part of each Board meeting.

### 6 BOARD COMMITTEES

The Board may establish the Committees of Directors it considers necessary to assist in carrying out its functions. The Board is responsible for approving and reviewing the charter terms and membership of each Committee established by the Board.

The standing Committees of the Board are:

- Audit, Risk and Corporate Governance Committee
- Nomination and Remuneration Committee
- Investment and Innovation Committee.

The Board may form ad-hoc Committees for special purpose business.

Minutes of all Committee meetings are made available to all Directors. Each Committee's Chair is responsible for providing verbal reports on Committee business to the Board.

### 7 ACCESS TO MANAGEMENT

Directors have complete, free and unfettered access to senior management, and to any other relevant internal and external party and information. Directors may make enquiries, and request such information they consider desirable or necessary, to fulfil their responsibilities and support informed decision-making, in each case as the Directors see fit.

In addition to any requests that are made in the context of Board Committee meetings, Directors may access management, and may make requests for information, through the Chair, the MD/CEO or the Company Secretary, and are provided briefings through regular presentations at Board meetings and as requested on any specific matters.

### 8 ACCESS TO INDEPENDENT ADVICE

The Board may obtain such independent legal, financial or other professional advice relevant to the performance of the Board's duties as the Board considers necessary at Ruralco's expense, including by engaging independent experts.

Directors are entitled to seek independent advice in certain circumstances, however the Director must first discuss the request with the Chair.

### 9 APPOINTMENT, INDUCTION AND CONTINUING EDUCATION

Non-executive directors are engaged by a letter of appointment. Executive directors (in line with and other senior management) will have their roles and responsibilities and Ruralco's expectations set out in an employment contract. Directors must retire from office in accordance with Ruralco's constitution, and may be eligible for re-election. Before each annual general meeting, the Nomination and 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.

All new Directors are offered an induction program to position them to discharge their responsibilities effectively and to add value. This includes professional development training and education activities on key legal and regulatory issues, accounting matters relevant to Ruralco's financial statements as well as on Ruralco's structure, business operations, history and culture. Director training and education is conducted regularly and is incorporated into the annual Board calendar.

The Nomination and Remuneration Committee is charged with regularly assessing whether the Board has the skills, knowledge and experience necessary for Ruralco to deal with new and emerging business and governance issues that may arise.

### 10 REVIEW OF BOARD PERFORMANCE AND CHARTER

With the assistance of the Nomination and Remuneration Committee, the Board undertakes an annual assessment of its performance, including against the requirements of its Charter, and annually reviews the performance of individual Committees and individual Directors.

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

**Approved by the Board on 17 April 2019.**