

Rural Funds Management Ltd

BOARD CHARTER

Core business

- 1 Rural Fund Management Ltd's (RFM) core business is to grow shareholder value by creating a prosperous agri-business funds management business.

Vision

- 2 RFM's vision is to:
 - (a) develop RFM as a premier agri-business fund manager;
 - (b) promote and develop RFM's role in rural communities; and
 - (c) achieve growth and development by balancing economic benefits and environmental impacts.

Values

- 3 In undertaking our Core Business and working towards our Vision RFM is committed to subscribing to the following values in all our dealings with shareholders, members, stakeholders and the wider community:
 - (a) integrity;
 - (b) achievement through win-win outcomes;
 - (c) innovation;
 - (d) respect and team work;
 - (e) open and honest communication;
 - (f) commitment to quality and service;
 - (g) personal and organisational growth; and
 - (h) organisational happiness.

Commitment to corporate governance

- 4 At all levels, RFM is committed to embracing good corporate governance policies, practices and procedures.
- 5 Fundamentally RFM believes good corporate governance comes from within and is based on a strong organisational culture underpinned by shared principles and an organisation wide commitment to our Values.

- 6 RFM is an unlisted public company and, whilst subject to the corporate governance requirements of its Shareholders' Agreement, Constitution and the Act, RFM is not required to comply with or report against ASX guidelines or rules. However, RFM recognises the ASX Best Practice Recommendations are a benchmark against which the corporate governance practices of Australia's largest companies are assessed.

Introduction

- 7 This policy outlines the main corporate governance practices in place and to which both the Board collectively and the Directors individually are committed.
- 8 The Corporate Governance practices are designed to:
- (a) assist RFM in:
 - (i) the operation of its Core Business;
 - (ii) the pursuit of its Vision; and
 - (b) reflect the high level of commitment RFM has to its Values.
- 9 The conduct of the Board is also governed by the Constitution and impacted by the Shareholders' Agreement and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

Guiding principle

- 10 The Board will, in carrying out its function and exercising its powers, at all times fulfil its overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of Shareholders and Members (with a view to building sustainable value for them) and those of RFM's employees.

Purpose and Role

- 11 The Board is responsible for:
- (a) Setting the direction, strategies and financial objectives for RFM and monitoring the implementation of these strategies and financial objectives;
 - (b) Monitoring compliance with regulatory requirements, ethical standards and external commitments; and
 - (c) Appointing and reviewing the performance of the Managing Director and Company Secretary.
- 12 In performing the responsibilities set out above the Board and Directors should at all times:
- (a) act in a manner designed to create and continue to build sustainable value;
 - (b) comply with the duties and obligations imposed upon them by the Constitution and by law;

- (c) be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- (d) treat confidential, information received by a director in the course of the exercise of directorial duties and recognise the information remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or disclosure is required by law;
- (e) have due regard to RFM's corporate responsibility objectives, and the importance of RFM's relationships with all its stakeholders and the communities and environments in which RFM operates; and
- (f) not misuse their position on the Board to advance personal interests nor to represent particular constituencies.

Structure of the Board

- 13 The Board should comprise a majority of non-executive directors. The Board shall appoint as chairperson of the Board one of the non-executive directors.

Specific Responsibilities

- 14 Specific responsibilities of the Board include:
- (a) setting specific limits of authority for management to commit to new expenditure, entering contracts or acquiring businesses without Board approval;
 - (b) approving acquisitions and disposals of businesses and investments above the delegated limits of authority;
 - (c) approving significant changes of key policies;
 - (d) ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and minimise the possibility of RFM operating beyond legal requirements or beyond acceptable risk parameters;
 - (e) monitoring compliance with regulatory requirements and ethical standards;
 - (f) reviewing the respective roles and allocation of responsibilities between the board and management at least annually;
 - (g) considering and approving the remuneration strategy and policies and the total level of annual remuneration for the Group, and the level of remuneration for executives;
 - (h) approving the appointment and terms of appointment of the external auditor; and
 - (i) appointing such Committees of the Board as may be appropriate to assist in the discharge of its responsibilities.

- 15 In discharging these responsibilities, each Director is bound by the Corporations Act, the Constitution and all charters, policies and codes of conduct in force from time to time including, but not limited to:
- (a) this Charter;
 - (b) any committee charters; and
 - (c) Rural Funds Management Limited Code of Conduct.

Meetings

- 16 Board meeting papers should be distributed to Directors preferably five days, and as a minimum standard forty-eight hours prior to each board meeting to enable Directors to read the papers and properly prepare for the meeting.
- 17 Board meetings will be held monthly on the third Thursday of each calendar month.
- 18 Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chairman. Thereafter, the draft minutes shall be tabled at the next Board meeting for final review and approval.
- 19 The non-executive directors should meet at least once each year for private discussion including conducting a review of its performance, the performance of individual directors, the company and management.
- 20 The Board will require and review the following written reports at each monthly meeting:
 - (a) Financial Report – balance sheet, profit & loss, cash flow including a projection of cash flow over at least the next three months for RFM and each managed scheme and other reports as required to ensure compliance with the conditions of the AFS licence;
 - (b) Human Resources Report – headcount movement and trends/issues, emerging trends/issues, significant resignations or terminations;
 - (c) Funds Management – status of product development, identified issues, client services trends/issues;
 - (d) Sales & Distribution – year to date performance, key trends/issues, market feedback;
 - (e) Farm Management Report – synopsis of each farming operation, key trends/issues, and financial performance including investor return; and
 - (f) Compliance Report – compliance trends/issues, breaches, complaints, key dates and events.

Board Committees

- 21 The Board may establish Committees to assist it in carrying out its responsibilities and will adopt Charters setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

Board Renewal, Performance Evaluation and Charter Review

- 22 The Board shall establish a policy and guidelines regarding Board renewal, and for assessing the performance of the Board with the aim of maintaining a proactive and effective Board.
- 23 The Board shall review this Charter and any other identified policies and procedures on an annual basis.