

Rural Funds Management Limited

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Corporate Governance Charter

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# Corporate governance charter

Rural Funds Management Limited ACN 077 492 838

## 1 Definitions and interpretation

### 1.1 Definitions

In this document:

Term	Definition
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>Audit Committee</b>	means the Committee responsible for the matters set out in Schedule 1.
<b>Board</b>	means the board of Directors.
<b>Board Charter</b>	means the charter of corporate governance in relation to the Board, set out in paragraph 3.
<b>CFO</b>	Means the chief financial officer or equivalent officer (by whatever the title known) of the Company.
<b>Chairperson</b>	means the chairperson of the Board.
<b>Committee</b>	means a committee appointed by the Board.
<b>Compliance Plan</b>	means the compliance plan for the Funds prepared under Part 5C.4 Corporations Act.
<b>Company or RFM</b>	means Rural Funds Management Limited ACN 077 492 838.
<b>Constitution</b>	means the Funds' constitutions.
<b>Continuous Disclosure Policy</b>	means the policy regarding continuous disclosure set out in paragraph 6.
<b>COO</b>	means the chief operating officer or equivalent officer (by whatever title known) of the Company.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Directors' Code of Conduct</b>	means the code of conduct set out in paragraph 4.
<b>Diversity</b>	means but is not limited to diversity of gender, age, ethnicity and cultural background.
<b>Diversity Policy</b>	means the Company's policy regarding Diversity which is set out in a separate document, referred to in paragraph 7.
<b>External Compliance Committee</b>	means any Committee engaged by RFM to carry out the functions set out in Part 5C.5 of the Corporations Act and

<b>Term</b>	<b>Definition</b>
	established pursuant to paragraph 2.16.
<b>Funds</b>	<p>means the registered managed investment schemes managed by RFM as responsible entity which at the date of this document includes:</p> <ul style="list-style-type: none"> <li>(a) Rural Funds Trust;</li> <li>(b) RF Active;</li> <li>(c) RFM Poultry;</li> <li>(d) RFM StockBank;</li> <li>(e) RFM Almond Fund 2006;</li> <li>(f) RFM Almond Fund 2007;</li> <li>(g) RFM Almond Fund 2008; and</li> <li>(h) 2007 Macgrove Project.</li> </ul>
<b>Group</b>	means the Company, its Subsidiaries and the Funds.
<b>Group Operating Policies and Procedures</b>	means the policies and procedures applicable to the Group from time to time, adopted by the Company.
<b>Independent Director</b>	<p>means a Director who is not a Senior Executive and who:</p> <ul style="list-style-type: none"> <li>(a) is not a substantial shareholder of the Company, or an officer of a substantial shareholder of the Company, and is not otherwise associated, directly or indirectly, with a substantial shareholder of the Company;</li> <li>(b) has not, within the last three years: <ul style="list-style-type: none"> <li>(i) been employed in an executive capacity by the Company or another Group member; or</li> <li>(ii) been a Director after ceasing employment in an executive capacity for the Company or another Group member; or</li> <li>(iii) has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;</li> </ul> </li> <li>(c) is not: <ul style="list-style-type: none"> <li>(i) a material supplier or customer of the Company or another Group member; or</li> <li>(ii) an officer of or associated, directly or indirectly, with a material supplier or customer;</li> </ul> </li> <li>(d) has no material contractual relationship with the Company or another Group member other than as a Director;</li> <li>(e) is free from any interest and any business or other</li> </ul>

<b>Term</b>	<b>Definition</b>
	<p>relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the Group's best interests; and</p> <p>(f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the Group's best interests.</p>
<b>Key Policies and Procedures</b>	<p>means the following policies and procedures:</p> <p>(a) Corporate Governance Charter;</p> <p>(b) Conflicts of Interest Management Policy;</p> <p>(c) Risk Management Policy;</p> <p>(d) Securities Trading Policy;</p> <p>(e) Continuous Disclosure Policy; and</p> <p>(f) any other policy or procedure nominated by the Board.</p>
<b>Listed Funds</b>	<p>means the registered managed investment schemes managed by RFM as responsible entity, that are listed on a Relevant Exchange, which includes but is not limited to:</p> <p>(a) Rural Funds Group (stapled entity encompassing Rural Funds Trust and RF Active); and</p> <p>(b) RFM Poultry.</p>
<b>Listing Rules</b>	<p>means the Listing Rules of the Relevant Exchange and any other rules of the Relevant Exchange which are applicable while the Listed Funds are admitted to the official list of the Relevant Exchange, each as amended or replaced from time to time, except to the extent of any express written waiver given by the Relevant Exchange.</p>
<b>Listed Securities</b>	<p>means units in the Listed Funds which are quoted on a Relevant Exchange.</p>
<b>Managing Director</b>	<p>means the managing director with sole responsibility for the strategic and operational management of the Group.</p>
<b>Member</b>	<p>means a person who holds an interest in a Fund.</p>
<b>NSX</b>	<p>means the National Stock Exchange of Australia Limited ACN 000 902 063 or the securities exchange operated by it (as the case requires).</p>
<b>Price Sensitive Information</b>	<p>means information that:</p> <p>(a) relates to the financial affairs of the Listed Fund;</p> <p>(b) may give the person proposing to deal in Listed Securities an advantage over other persons holding or dealing in Listed Securities; and</p> <p>(c) if it were generally available, would be likely to materially affect the price of the Listed Securities.</p> <p>For the avoidance of doubt, the following will be typically regarded as Price Sensitive Information:</p> <p>(a) material changes in the Listed Fund's turnover;</p> <p>(b) current or prospective profit figures for the Listed Fund;</p>

<b>Term</b>	<b>Definition</b>
	(c) proposed bonus issues or other new Listed Security issues;
	(d) proposed major disposals or acquisitions of assets;
	(e) proposed major contracts beyond the size and nature of contracts normally undertaken by the Listed Fund;
	(f) proposed changes in capital structure of the Listed Fund;
	(g) proposed changes to the Board other than filling a casual vacancy or a retirement due to ill health or similar situation;
	(h) proposed changes in the general character or nature of the business of the Listed Fund;
	(i) information regarding changes in the holdings of substantial Listed Security holder;
	(j) proposed significant changes in the Listed Security holdings of any Director;
	(k) appointment of a receiver, manager, liquidator or administrator in respect to the Company or the Listed Fund;
	(l) declarations of a distribution by the Listed Fund;
	(m) under subscriptions or oversubscriptions to an issue of Listed Securities;
	(n) transactions for which the consideration payable or receivable is a significant proportion of the written down value of the Listed Fund's assets;
	(o) claims against the Listed Fund for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Listed Fund's assets;
	(p) information about the beneficial ownership of Listed Securities obtained under Part 6C.2 Corporations Act;
	(q) any rating being applied by a rating agency to the Listed Fund's Securities and any change to that rating; or
	(r) giving or receiving a notice of intention to make a takeover of the Listed Fund.
<b>Relevant Exchange</b>	means: <ul style="list-style-type: none"> <li>(a) ASX in relation to Rural Funds Trust and RF Active, collectively known as Rural Funds Group, or any other entity managed by RFM which is listed on the ASX; and</li> <li>(b) NSX in relation to RFM Poultry or any other entity managed by RFM which is listed on the NSX.</li> </ul>
<b>Remuneration Committee</b>	means the Committee responsible for matters set out in Schedule 2.
<b>RFM Code of Conduct</b>	means the RFM Code of Conduct, a policy adopted by the Company.

<b>Term</b>	<b>Definition</b>
<b>Secretary</b>	means the secretary of the Company.
<b>Securities Trading Policy</b>	means the Company's security trading policy adopted by the Board in June 2013, and amended from time to time.
<b>Senior Executives</b>	means the senior management team (excluding Board members), being those who have the opportunity to materially influence the integrity, strategy and operation of the Company, the Group and their financial performance.
<b>Subsidiaries</b>	has the meaning given to that term by section 9 Corporations Act which at the date of this document include; (a) RFM Farming Pty Ltd; (b) Cattle JV Pty Ltd; (c) Rural Funds Renewables Pty Ltd; and (d) RFM Macadamias Pty Ltd. (e)

## **1.2 Interpretation**

Concepts not defined in this document which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.

## **2 Board Charter**

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### **2.1 Introduction**

This policy outlines the Company's corporate governance practices. The conduct of the Board is also governed by the Constitution, 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) RFM Code of Conduct.

Where there is an inconsistency between this document and the Constitution, the Constitution will prevail to the extent of the inconsistency.

### **2.2 Guiding principle**

Each Director has an overriding responsibility to act in good faith and in the best interests of the Company and the Group. In assessing the Company's and the Group's best interests the Board may however, have regard to the interests of:

- (a) Members (with a view to building sustainable value for them);
- (b) RFM shareholders;
- (c) employees of the Group; and
- (d) other people or entities with whom the Group deals.



## **2.3 Functions of the Board**

The Board's broad functions are:

- (a) to set the direction, strategies and financial objectives for the Group;
- (b) to monitor the implementation and execution of these strategies, objectives and performance against financial targets;
- (c) to monitor compliance with regulatory requirements, ethical standards and external commitments;
- (d) to appoint and review the performance of the Managing Director and Secretary;

and generally to take an effective leadership role in relation to the Group.

## **2.4 Responsibilities of Board**

The Board's responsibilities include:

- (a) determining the Board's composition (including appointment and retirement or removal of Directors);
- (b) oversight of the Group (including its control and accountability systems);
- (c) overseeing the performance of executive management;
- (d) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- (e) approving and formulating company strategy and policy;
- (f) monitoring Senior Executive's implementation of strategy;
- (g) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales;
- (h) approving and monitoring financial and other reporting;
- (i) performance of investment and treasury functions;
- (j) monitoring industry developments relevant to the Group and its business;
- (k) developing suitable key indicators of financial performance for the Group and its business;
- (l) overseeing the Group's compliance with its continuous disclosure obligations;
- (m) approving the Group's remuneration framework;
- (n) having input in and granting final approval of corporate strategy and performance objectives developed by management;
- (o) oversight of Committees; and
- (p) the overall corporate governance of the Group (including its strategic direction and goals for management, and monitoring the achievement of these goals).

## **2.5 Specific Responsibilities**

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 Group'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.

## **2.6 Board Composition**

- (a) The Chairman:
  - (i) subject to paragraph 2.6(b), should be an Independent Director;
  - (ii) is responsible for the Board's leadership and for its efficient organisation and conduct; and
  - (iii) should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors, and between the Board and the Senior Executives.
- (b) If the Chairman is not an Independent Director, the Board should appoint a Deputy Chairman who can act when the Chairman is conflicted.
- (c) The Board should comprise:
  - (i) a majority of non-executive directors; and
  - (ii) members with a broad range of experience, expertise, skills, diversity and contacts relevant to the Group and its business.

## **2.7 Ethical standards and values**

- (a) All Directors must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

- (b) The Directors must comply with the Director's Code of Conduct and the RFM Code of Conduct in the exercise of their duties.

## **2.8 Independence of Directors**

- (a) The Board must regularly assess whether each Director remains an Independent Director in the light of the interests disclosed by them.
- (b) A Director should only be characterised as an Independent Director if they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgment to bear on issues before the Board.
- (c) Each Director must provide the Board with all relevant information for this purpose.
- (d) The independence of Directors will be disclosed in the annual report of the Listed Funds.
- (e) Where the Board decides a Director has ceased to be an Independent Director, this must be immediately disclosed to the market.

## **2.9 Appointment and retirement of Directors**

- (a) The terms of the appointment of all new Directors should be set out in a letter of appointment.
- (b) All Directors, excluding the Managing Director (if a Director), must retire in accordance with the requirements of the Constitution and the Listing Rules. Retiring Directors may, in these circumstances, be eligible to be re-elected.

## **2.10 Performance review and evaluation of Directors**

- (a) The performance of the Managing Director and all other Directors should be reviewed and assessed each year collectively by the Board. The performance of Senior Executives should be reviewed and assessed each year by the Managing Director.
- (b) The Chairperson's performance should be reviewed and assessed each year by the other Directors.
- (c) The evaluation criteria and process to be followed is the same in each case.
- (d) The Board determines the evaluation criteria and process.
- (e) A Director, whose performance is unsatisfactory, may be asked to retire.
- (f) An external assessment of the Board's Key Policies and Procedures, and its effectiveness generally, should be conducted by independent professional consultants at intervals of no more than three years.
- (g) The Board should satisfy itself that its performance is efficient so that all Directors meet their obligations and are not exposed to any legal liability.
- (h) Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by the Chairperson or any other Director.

### **2.11 Training and advice for Directors**

- (a) Directors must be provided with information about the Group before accepting the appointment and complete an induction course after their appointment, in each case appropriate for them to discharge their responsibilities.
- (b) Directors must be given access to continuing education in relation to the Group, extending to its business, the industry in which it operates, and other information required by them to discharge their responsibilities.
- (c) Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairperson is required and may not be unreasonably withheld or delayed.

### **2.12 Board meetings**

- (a) Board meetings will normally be held monthly, and should occur at least ten times in any year.
- (b) Papers for Board meetings must be circulated, where practical, at least five days, and as a minimum standard forty-eight hours prior to each Board meeting, before the relevant meeting.
- (c) Draft minutes of Board meetings (for consideration and approval at the next relevant meeting) should be prepared by the Secretary promptly following the meeting for review by the Chairperson. Thereafter, the draft minutes will be tabled at the next Board meeting for final review and approval.
- (d) The Board will require and review the following written reports at each monthly meeting:
  - (i) Managing Director's Report
  - (ii) Financial Report – balance sheet, profit & loss, cash flow including a projection of cash flow over at least the next twelve months for RFM and the Funds and other reports as required to ensure compliance with the conditions of the AFS licence;
  - (iii) Human Resources Report – headcount movement and trends/issues, emerging trends/issues, significant resignations or terminations;
  - (iv) Farm Management Report – synopsis of each farming operation, key trends/issues, and financial performance including Member return; and
  - (v) Compliance Report – compliance trends/issues, breaches, complaints, key dates and events.
  - (vi) Other reports as required.

### **2.13 Secretary**

The Secretary is accountable to the Board, through the Managing Director, on all corporate governance matters and is responsible for:

- (a) advising the Board and any Committee on governance matters;
- (b) monitoring this policy and any Committee charter, to ensure they are followed; and
- (c) coordinating the timely completion and despatch of:

- (i) Board and Committee papers; and
  - (ii) draft minutes of Board and Committee meetings, that accurately capture the business of the meeting, for approval at the next meeting.
- (d) assisting with the organisation and conduct of the induction and professional development of Directors.

#### **2.14 Managing Director and CFO responsibilities**

- (a) The Managing Director and CFO must state in writing to the Board, when providing it with financial reports, that the Group's financial reports:
- (i) have been properly maintained;
  - (ii) present a true and fair view, in all material respects, of the Group's financial conditions and operational results;
  - (iii) are in accordance with relevant accounting standards; and
  - (iv) are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- (b) The Board has delegated to the Managing Director authority over the day to day management of the Group and includes responsibility for:
- (i) managing the Group's financial and other reporting requirements and ensuring the information is accurate and presented to the Board in a timely manner;
  - (ii) making decisions about whether a matter must be disclosed under the Group's continuous disclosure obligations;
  - (iii) ensuring that the Group complies with its continuous disclosure obligations;
  - (iv) notifying the Board of such matters;
  - (v) monitoring and promoting an understanding within the Group of compliance;
  - (vi) acting as the contact for media and comment, including analyst briefings and responses to Member questions; and
  - (vii) ensuring the Board is provided with adequate information to make fully informed decisions.

#### **2.15 Committees**

- (a) The Board may establish (and delegate powers to) Committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a charter for each Committee setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.
- (b) The Committees established at the date of this document is:
- (i) Audit Committee (charter set out in Schedule 1); and
  - (ii) Remuneration Committee (charter set out in Schedule 2).

## **2.16 External Compliance Committee**

- (a) The Company must establish an External Compliance Committee if less than half of the Directors of the Company are external directors.
- (b) The External Compliance Committee must have at least 2 members, and a majority of them must be external members.
- (c) External Compliance Committee members are appointed by the Board and serve as the Board determines.
- (d) The Board may appoint one member of the External Compliance Committee to act as Chairperson for the initial Compliance Committee meeting. After this, the members of the Compliance Committee may elect a chair for a meeting or a term.
- (e) The External Compliance Committee is governed by the Compliance Plan.

## **2.17 Audit Committee**

- (a) The Company must establish an Audit Committee.
- (b) The Audit Committee must consist of at least 3 members, with a majority of non-executive Directors who are also Independent Directors, or if a Listed Fund in accordance with ASX/NSX requirements.
- (c) Executive Directors will not be eligible to sit on the Audit Committee.
- (d) The Chairperson of the Audit Committee must be an Independent Director but not the Chairperson of the Board.
- (e) The Board will appoint one member of the Audit Committee to act as its Chairperson.
- (f) Each member must be financially literate and at least one member must have accounting or related financial expertise.
- (g) Members will be appointed for a 2 year term.
- (h) The Audit Committee is governed by the charter set out in Schedule 1.

## **2.18 Business risks**

- (a) The risks of the Company's and the Group's business should be included in the monthly board reports for each regular meeting of the Board. Once a risk is identified, a management action plan should be proposed by management for submission to the Board.
- (b) Corrective action should be taken as soon as reasonably practicable after adoption of a management action plan.
- (c) The Group Operating Policies and Procedures should contain risk management procedures that aim to address risk management issues including professional indemnity claims.
- (d) The Senior Executives should review (at least annually) and recommend to the Board any changes to the Group Operating Policies and Procedures.
- (e) The Senior Executives should take steps to ensure staff are provided with, and comply with, the Group Operating Policies and Procedures.

- (f) The Board should record in its minutes as and when Senior Executives have reported on the effectiveness of the Group's management of its material business risks.

### **2.19 Communication with Members**

- (a) The Board should consider the Group's continuous disclosure obligations at each regular Board meeting.
- (b) Directors must promptly provide details of any matter within their knowledge that might require disclosure to the market under the continuous disclosure obligations.
- (c) The annual reports for the Funds must be distributed to all Members in accordance with the requirements of the Corporations Act and Listing Rules, as applicable. The annual reports should include relevant information about the operations of the Fund during the year, changes in the state of affairs of the entity, and details of future developments in addition to the other disclosures required by the Corporations Act.
- (d) The half-yearly reports for the Funds should contain summarised financial information and a review of the operations of the entity during the period. The report should be lodged with and is available from the Relevant Exchange and ASIC, as applicable. It should also be sent to any Member who requests it from the Company.
- (e) Announcements must be made in a factual, timely, clear, and objective manner, and include any information material to decisions of Members and potential Members in the respective Fund.
- (f) Information about the Fund, including copies of announcements made through the Relevant Exchange and the annual reports and half-yearly reports, as applicable, should be made available to Members and prospective Members in the Fund on the Company's website.
- (g) The Company has a continuing commitment to electronic communication with Members and stakeholders generally, including through its website.

### **2.20 Recognition of interests of stakeholders**

- (a) The Group must function within, and operate with a sense of responsibility to, the wider community as well as to Members. This sense of responsibility to stakeholders generally is an important part of the Company's role within the broad community and represents not only sound ethics but also good business sense and commercial practice.
- (b) Constructive feedback on the Group's contribution to and role within the community will be sought (and welcomed) through the Company's website.

### **2.21 The annual budget**

- (a) An annual budget must be prepared by Senior Executives and approved by the Board prior to the commencement of each financial year.
- (b) Actual results, including both profit and loss statement and cashflow statement, must be reported on a monthly basis against budget for each Fund and the Company, and revised forecasts for the year are prepared regularly.

### **2.22 Disclosure to market**

Price Sensitive Information and other information reasonably required by a Member to make an informed assessment of the Listed Fund's activities and results must be reported to the Relevant Exchange, if applicable, in accordance with continuous disclosure requirements.

### **3 Directors' Code of Conduct**

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#### **3.1 Objective**

This code seeks to give the Directors guidance on how best to perform their duties, meet their obligations and understand the Company's corporate governance practices.

#### **3.2 Obligation to comply with code and law**

- (a) A Director must, at all times, comply with this code as well as the law.
- (b) All Directors must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.
- (c) A Board position involves important legal and ethical responsibilities and a commitment to upholding the values of good corporate citizenship, in both individual conduct and corporate actions. A person should not accept a Board position if they have any doubt about their ability to comply with this code.

#### **3.3 General duties**

- (a) Directors must:
  - (i) act in good faith in the best interests of the Group and for a proper purpose;
  - (ii) avoid any potential conflict of interest or duty;
  - (iii) exercise a reasonable degree of care and diligence;
  - (iv) not make improper use of information; and
  - (v) not make improper use of their position.
- (b) Breaches of these duties may expose Directors to potential liability in damages, fines and disqualification.
- (c) A Director, in the exercise of his or her powers, and in the discharge of his or her duties, must exercise the degree of care and diligence that a reasonable person would exercise if he or she were a Director:
  - (i) in the circumstance prevailing;
  - (ii) occupying the same position; and
  - (iii) with the same responsibilities within the Group as the Director.
- (d) A Director is a fiduciary and must act with fidelity and trust in Group matters. The Board has been appointed to manage the Group's affairs and should have regard not only to the interests of Members but (in appropriate circumstances) the interests of other third parties including creditors, regulators and the community.
- (e) Directors must act with a reasonable degree of care and diligence in the exercise of their powers and duties and to carry out their duties.
- (f) A Director who is appointed but fails to acquire and maintain a reasonable level of competence may be considered negligent.



- (g) All Board members should attend at least one educational seminar a year to remain fully informed of matters relevant to their position as a Director.
- (h) The Company maintains a directors' and officers' liability insurance. Directors must be fully aware of the terms of this insurance to qualify for protection under it.

### **3.4 Business judgement rule**

- (a) A Director's duty to act with care and diligence may be satisfied where the Director:
  - (i) makes a decision in good faith and for a proper purpose;
  - (ii) has no material personal interest in the subject matter of the decision made;
  - (iii) is informed about the subject matter of the decision to the extent the Director reasonably believes to be appropriate;
  - (iv) rationally believes the decision to be in the best interest of the Group.
- (b) The business judgement rule:
  - (i) relates only to decisions about the ordinary business operations of the Group; and
  - (ii) does not relieve a Director from other duties, such as to act in good faith, not to misuse the position of Director and not to make improper use of information obtained because they are, or have been, a Director or other officer or employee of the Group.
- (c) A business judgement is any decision to take or not to take action relating to the business operations of the Group, it does not apply to any failure to make a decision.

### **3.5 Independent decision making and soundness of decisions**

- (a) A Director must be independent in his or her judgement and actions, and must take all reasonable steps to be satisfied about the soundness of all Board decisions.
- (b) To satisfy this requirement a Director must:
  - (i) make a reasonable effort to become and remain familiar with the affairs of the Group;
  - (ii) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
  - (iii) commit the necessary time and energy to Board matters.
- (c) Directors may rely on advice relating to the Group or their affairs only where that advice is given or prepared by:
  - (i) an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;
  - (ii) a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;
  - (iii) another Director or officer on the subject within that Director's or officer's authority; or

- (iv) a Committee (on which the Director did not serve) on a subject within the Committee's authority.
- (d) Directors should only rely on information or advice if the Director's reliance was made in good faith, after independently assessing the information and advice, considering the Director's knowledge of the Group and the complexity of their structure and operations.

### **3.6 Confidentiality of Board matters and other information**

- (a) Directors must keep confidential any Board matters and all confidential information (which includes Price Sensitive Information and information that is not Price Sensitive Information but might reasonably be of use or of interest to retail investors) received by the Directors in the course of the exercise of their duties.
- (b) All information received by Directors to carry out their duties must be regarded as confidential and is the property of the Group.
- (c) A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by the Company or the information is required by law to be disclosed.
- (d) All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not Directors, except in cases where disclosure:
  - (i) has been authorised by the Company; or
  - (ii) is required by law.
- (e) Authorisation by the Company is presumed to the extent the Board (or Committee) minutes state or imply that it is intended that disclosure should be made to third parties.
- (f) Any Director in any doubt about his or her obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairperson before making any disclosure.

### **3.7 Improper use of information**

A Director must not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to the Company or the Group.

### **3.8 Cooperation**

- (a) Directors must observe solidarity with Board resolutions and cooperate in their implementation.
- (b) Directors are part of a team and should work cooperatively with the Chairperson and other Directors and with management.

### **3.9 Personal interests and conflicts**

- (a) A Director must not take improper advantage of their position as a director or officer.
- (b) No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice the Director's conduct or any Board (or Committee) decision.
- (c) A Director has a duty to avoid any conflict between:

- (i) the interests of, or duty to, the Group; and
  - (ii) his or her own personal interests or the interests of, or duty to, any third party.
- (d) Every Director should be actively vigilant for both actual and potential conflicts of interest or duty.
- (e) A Director with a conflict of interest or duty should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions.
- (f) A Director who has any material personal interest (whether direct or indirect, pecuniary or otherwise) in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter.
- (g) Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

### **3.10 Conduct by Directors**

- (a) A Director must not engage in conduct likely to discredit the Company or the Group.
- (b) Each Director should be aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.
- (c) Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.
- (d) Directors should conduct themselves at all times in a sober, polite, lawful and restrained manner in carrying out their duties, at both Board and Committee meetings, at Group functions and meetings, and where otherwise dealing with matters about or involving the Group.

### **3.11 Complaints procedure**

- (a) Directors are bound by the complaints procedure the Board adopts in the Group Operating Policies and Procedures.
- (b) Directors may be approached by Members, staff or other persons who have a complaint about a matter relating to the Company or the Group. Any such complaint must be handled under the relevant procedure in the Group Operating Policies and Procedures.
- (c) The Managing Director and COO must each ensure the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects, and provide a detailed statement to the Board about this with each financial report.

## **4 Securities Trading Policy**

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Each Director must comply with the Securities Trading Policy in respect of any dealings in Listed Securities.

## **5 Continuous Disclosure Policy**

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- (a) The Company must comply with the continuous disclosure regime in section 674 Corporations Act and under Listing Rule 3.1, as applicable for listed and unlisted entities in the Group.
- (b) The continuous disclosure regime requires the Company to disclose immediately (for listed entities) and/or as soon as practicable (for unlisted entities) information which may materially affect the price or value of the securities in the Funds. The continuous disclosure regime reflects the expectation of Members and the market to have ready access to that type of information.
- (c) The Company is committed to complying with the continuous disclosure regime. The Board has adopted policies on continuous disclosure, including framework to identify, report and disclose Price Sensitive Information, as set out in the Continuous Disclosure Policy.

## **6 Diversity policy**

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- (a) The Company is committed to fostering a governance culture that embraces employee Diversity, in particular in the composition of its Board and Senior Executive.
- (b) The Board will establish measurable objectives and procedures which the Company will implement and report against to achieve employee and Board Diversity.
- (c) The terms of the Company's policy on Diversity, including measurable objectives and means for assuring the effectiveness of the implemented diversity strategy, are set out in the Diversity Policy.

## **7 Standing rules of Committees**

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### **7.1 Application**

These rules apply to, and are deemed incorporated into the charter of each Committee, except to the extent of any conflict with any of its terms.

### **7.2 Composition**

- (a) Each Committee must consist of a majority of non-executive Directors, who are also Independent Directors.
- (b) The chairman of each Committee must be an Independent Director, but not the Chairman.
- (c) Each Committee must consist of no fewer than three members.
- (d) Committees are appointed by the Board and serve as the Board determines.
- (e) The Board will appoint one member of any Committee to act as its Chairman.

### **7.3 Proceedings**

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.

- (b) The quorum for a Committee meeting is any 2 members.
- (c) A Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as the Committee decides, for discussion of any particular matter relevant to that Director or in relation to which that Director may have a special contribution to make.
- (d) A Committee may delegate any specific task to one of its members.

#### **7.4 Reporting**

Each Committee must report in writing to the Board after each Committee meeting, and provide a copy of the minutes.

#### **7.5 Secretary**

The Secretary has responsibility for coordinating the completion and despatch of Committee agenda and briefing materials, as well as draft minutes of meetings of each Committee for approval at the next meeting. The Secretary may delegate this specific task to a suitable RFM employee.

#### **7.6 Performance review and evaluation**

- (a) The review and evaluation procedures set out in paragraph 3.10 apply to each Committee. Review and evaluation are conducted against the Board Charter, the applicable Committee charter, and any criteria the Board decides.
- (b) The Committee should report to the Board on the conduct and results of its review and evaluation and make recommendations it considers appropriate.

### **8 Charter Review**

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The Board shall review this Charter and any other identified policies and procedures on an annual basis.

# Schedule 1

## Audit Committee charter

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### 1 Standing rules

The standing rules for Committees (see paragraph 8) apply to the Audit Committee.

### 2 Purpose of Audit Committee

2.1 The Audit Committee's role is to assist the Board in discharging its oversight responsibilities. The Audit Committee will:

- (a) oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- (b) review the effectiveness of the entities' internal control and financial risk management and monitor their implementation;
- (c) oversee the independent audit process, including recommending the appointment and assessing the performance of the external auditor; and
- (d) oversee the entities' process for monitoring compliance with laws, regulations, internal policies and expectations of key stakeholders.

2.2 In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and external auditors. Each Audit Committee member must maintain their skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the entities' businesses, operations and risks.

### 3 Scope of responsibility

The Audit Committee is responsible for:

- (a) assessing financial risk and compliance with internal controls;
- (b) evaluating whether management is setting the appropriate 'control culture' by communicating the importance of control and management of financial risk;
- (c) ensuring management has appropriate processes for identifying, assessing and responding to financial risks in a manner that is in accordance with the entities' risk appetite, and that those processes are operating effectively;
- (d) understanding the areas of greatest financial risk at the relevant point in time and how these are being managed;
- (e) reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;
- (f) overseeing the periodic financial reporting process implemented by management and review the interim and annual financial statements and preliminary announcements before their release;
- (g) reviewing reports on any material misappropriation, frauds and thefts from the Group;

- (h) reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor;
- (i) liaising with the external auditors and monitoring the conduct of the annual audit;
- (j) reviewing financial statements and other financial information distributed externally;
- (k) reviewing management process for ensuring that information contained in analyst briefings and press announcements is consistent with published financial information, and is balanced and transparent particularly regarding Generally Accepted Accounting Principles (GAAP) and non-GAAP data;
- (l) preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document;
- (m) reviewing external audit reports and monitoring, where major deficiencies or breakdowns in controls or procedures have been identified, remedial action taken by management; and
- (n) reviewing and monitoring compliance with the Directors' Code of Conduct.

## **4 Powers**

- 4.1 The Audit Committee has an advisory role, to assist the Board in relation to matters set out in paragraph 2.1 and does not have any power to commit the Board to any recommendation or decision made by it except:
- (a) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and
  - (b) where and to the extent that (in other respects) it has express delegated authority from the Board.
- 4.2 The Audit Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors to carry out its function.

## **5 Risk reporting**

If the Audit Committee identifies a significant business risk, it should report that risk to the Board immediately following the relevant Audit Committee meeting.

## **6 Selection of auditors**

- 6.1 External auditors are selected according to criteria set by the Audit Committee which include:
- (a) the lack of any current or past relationship with the Group or with any Senior Executive that could impair, or risk impairing, the independent external view they are required to take in relation to the Company and the Group;
  - (b) their general reputation for independence, probity and professional standing within the business community; and
  - (c) their knowledge of the industry in which the Company and the Group operate.
- 6.2 Employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), should be rotated periodically (at least every five years) to

avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group.

## **7 Audit planning**

- 7.1 The Audit Committee reviews the performance of the external auditors throughout the year.
- 7.2 During each year, the Audit Committee should meet with the external auditor to:
- (a) discuss the external audit plan;
  - (b) discuss any potential significant problems;
  - (c) discuss the impact of proposed changes in accounting policies on the financial statements;
  - (d) review the nature and impact of any changes in accounting policies adopted by the Group during the year; and
  - (e) review the proposed audit fees.
- 7.3 Before the announcement of any Listed Fund half-yearly or yearly financial results the Audit Committee should meet with the external auditor to:
- (a) review the pro-forma half-yearly and pro-forma preliminary final report before lodgement of those documents with the Relevant Exchange, and any significant adjustments required as a result of the audit;
  - (b) make the necessary recommendation to the Board for the approval of these documents;
  - (c) review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and monitor the implementation of any recommendations made; and
  - (d) review the draft financial report and the audit report and make the necessary recommendation to the Board for the approval of the financial report.

## **8 Proceedings**

- 8.1 A quorum of any meeting will be a minimum of 2 members.
- 8.2 The secretary of the Audit Committee will be the company secretary or such other person as nominated by the Committee.
- 8.3 Only Audit Committee members are entitled to attend meetings. The Committee may invite other people (such as the Managing Director, CFO, COO, Company Secretary, external audit partner) to its meetings as it considers necessary.
- 8.4 External auditor should be invited to make presentations to the Audit Committee as appropriate.
- 8.5 Meeting will be held not less than twice each year corresponding to the entities' financial reporting cycle.
- 8.6 The Chairman of the Audit Committee will attend the Board meeting at which the financial statements are approved.
- 8.7 The Audit Committee may meet with the external auditor without management present and should do so once a year where practicable.



## Schedule 2

### Remuneration Committee charter

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#### **1 Standing rules**

The standing rules for Committees<sup>1</sup> apply to the Remuneration Committee subject to this charter.

#### **2 Purpose of Remuneration Committee**

The Remuneration Committee's role is to advise on remuneration and issues relevant to remuneration policies and practices, including for Senior Executives and non executive Directors.

#### **3 Scope of responsibility**

3.1 The Remuneration Committee is responsible for:

- (a) reviewing recommendations for the Group's remuneration policies and framework, including the allocation of the directors' fees to non-executive Directors;
- (b) reviewing and making recommendations to the Board for the Group's remuneration practices, including for equity-based remuneration plans and superannuation arrangements;
- (c) reviewing and making recommendations to the Board for the remuneration packages of the Managing Director and CFO and other Senior Executives and of non executive Directors and ensuring that the packages appropriately reflect the different roles and responsibilities of non-executive Directors compared with Senior Executives;
- (d) overseeing the preparation of any report for the Board that may be required under applicable legal or regulatory requirements about remuneration matters;
- (e) reviewing the Group's reporting and disclosure practices for the remuneration of Directors and Senior Executives;
- (f) reviewing, making recommendations to the Board on remuneration as required by Diversity benchmarks and reporting to the Board as necessary to facilitate compliance with the Diversity Policy; and
- (g) reviewing and reporting to the Board, at least annually, on the proportion of women and men in the workforce at all levels of the Group, and their relative levels of remuneration.

3.2 Remuneration includes not only monetary payments (salary and wages) but all other monetary and non monetary compensation for services and benefits including:

- (a) fringe benefits;
- (b) directors' and officers' and other insurance arrangements;
- (c) retirement benefits;
- (d) superannuation; and

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<sup>1</sup> See section 7.

- (e) equity participation, and other incentive programs.

## **4 Powers**

The Remuneration Committee has an advisory role to assist the Board with the matters set out in paragraph 3. The Remuneration Committee cannot commit the Board to any recommendation or decision made by it but may consult independent external experts to perform its function, and charge the costs to the Company.

## **5 Proceedings**

- 5.1 Meetings are held at least once a year and more often as required.
- 5.2 Representatives of management and other employed personnel may be invited to attend meetings, or specific parts of meetings, at the discretion of the Remuneration Committee.
- 5.3 If an executive Director is involved in deliberations of the Remuneration Committee, they must not be involved in deciding their own remuneration and must have regard to any indirect conflict in setting the remuneration of other Senior Executives.

## 9 Document information

### 9.1 Primary Contact

For all enquiries or proposed changes, please contact:  
Document Owner: Manager - Corporate Services

### 9.2 Version Control – Word Doc whilst in Draft (PDF = Final)

Version	Date	Comments	Initials
1.0	22 October 2013	First draft	LW
1.1	12 November 2013	McR Review	BL
1.2	16 December 2013	RFM Review	AB
1.3	17 December 2013	McR Review	BL
1.4	19 December 2013	RFM Finalisation	AB
1.5	20 March 2014	Amendments	LW
1.6	3 April 2014	Amendments (as approved by the Board)	LW
1.7	6 May 2014	Amendments (as approved by the Board)	LW
1.8	21 August 2014	Amendments	LW
1.9	8 October 2015	Annual review	KS
1.10	15 March 2017	Annual Review and external review by McCullough Robertson Lawyers	KS & SR
1.11	10 April 2017	Approved annual review	AL
1.12	26 April 2017	Change to remuneration committee charter 3.1(f) – approved by the Board	SM

**9.3 Authorisation and Sign-off**

<b>Date</b>	<b>Name</b>	<b>Position / Department</b>	<b>Sign-Off</b>
19 Dec 2013	N/A	RFM Board	Circ Res
25 March 2014	N/A	RFM Board (includes changes made on 3 April 2014)	Approved
30 April 2014	N/A	RFM Board (changes made on 6 May 2014)	Approved
10 September 2014	N/A	RFM Board	Approved
22 October 2015	N/A	RFM Board	Approved
26 April 2017	N/A	RFM Board	Approved