

## BOARD CHARTER

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### 1. This Charter

The Board has formally adopted this Charter to ensure best practice in the discharge of its duties.

### 2. The role of the Board

The Board is responsible for protecting the rights and interests of the Company, its shareholders and other stakeholders, including creditors and employees, and is accountable to them for the overall management of the Company. The Board has overall responsibility for the performance of the Company, the execution of the Company's strategy, and the implementation of sound corporate governance policies and practices. The Board has the following specific responsibilities:

#### *Governance*

- Oversight of the Company, including its control and accountability systems'
- Reviewing, ratifying and monitoring systems of risk management, internal control, and legal compliance generally;
- Ensuring the Company's Code of Conduct is implemented and observed by all employees, contractors and professionals who have a business association with the Company;
- Reviewing safety and environment issues;
- Reviewing industrial relations issues and quality assurance; and
- Reviewing, ratifying and monitoring systems of risk management, internal control, and compliance for tax purposes.

#### *Stakeholders*

- Driving corporate performance and delivering shareholder value;
- Authorising the release to the ASX of interim and final results; and
- Authorising the release to the ASX of other material information.

#### *Management*

- Appointing and removing the CEO (or equivalent);
- Approving remuneration of the CEO (or equivalent) including the setting of performance targets;
- Approving of the Company's remuneration policy;
- Ratifying the appointment and removal of senior management;
- Monitoring performance by executive management and the achievement of business objectives and financial performance; and
- Ensuring that appropriate resources are available to management to discharge its duties.

#### *Strategy and financial management*

- Approving the strategic direction and related objectives of the Company;
- Approving the annual business plan and budgets;
- Approving and monitoring the progress of major capital expenditure;
- Approving acquisitions or disposals of major assets or businesses;
- Approving and monitoring capital management strategies including the payment of dividends and issuing of any securities or options;
- Monitoring the financial operations and solvency of the Company; and
- Monitoring the Company's management of tax risks and compliance with tax-related obligations.

To assist the Board to discharge its responsibilities and duties it has resolved to delegate responsibility for the day-to-day leadership and management of the Company and its business to the CEO.

### **3. Performance of the Board**

The members of the Board, actively led by the Chairman with the input and support of the CEO and Company Secretary, evaluate the performance and efficient functioning of the Board, its Committees and its members on an ongoing basis.

The following protocols are in place to ensure that the Board is able to perform appropriately and discharge its duties efficiently:

- New Directors are to be fully briefed on the Company's business, its financial position, tax positions and tax risk management structures, any material risks, the structure and functions of the Board and the structure of management and are to be provided with the RCG Corporate Governance Framework documents (which form a documented director induction program);
- New Directors are also to be briefed on the necessary skills and knowledge required to perform their oversight of risk management strategies (and in particular, tax risk management);
- Directors are to be given direct access to management and the Company Secretary. These individuals are to provide Directors with any and all information reasonably requested of them in a timely and comprehensive fashion;
- Management is to provide directors with regular briefings on the Company's business, financial position, tax positions and risk management strategies and any material risks on an ongoing basis;
- Directors are to be given the opportunity to seek reasonable independent, external advice at the Company's expense subject to prior approval by the Chairman, and such advice will then be available to all Directors;
- The Chairman and CEO is to have regular contact with the Company's major shareholders and is to take on board feedback concerning the performance of the Board and its members; and
- The Company offers Directors an opportunity to undertake external professional development programs.

### **4. Composition of the Board**

The composition of the Board will be determined having regard to the nature and size of the Company's operations, the skill set of the Directors both individually and collectively, the independence of Directors, the principle of diversity and the best interests of Shareholders. In assessing the independence of Directors, the Board will apply the definition contained in the ASX Corporate Governance Principles.

Having regard to these factors, the Board may not comprise a majority of "independent" Directors as contemplated by the ASX Corporate Governance Principles. Notwithstanding this, this Charter requires all Directors, whether independent or not, to bring independent judgement to bear in respect of the discharge of their duties.

### **5. Appointment, removal and remuneration of Directors**

The number of RCG directors must not be less than 3 (clause 21.1 of the Company's constitution). With the exception of the managing director of RCG, a director may not hold office for more than three years or beyond the third annual general meeting following his or her appointment (whichever is the longer period) without submitting himself or herself for re-

election (clause 22.5 of the Company's constitution and ASX Listing Rule 14.4).

Further rules governing the appointment, removal and remuneration of Directors are provided for in the Company's Constitution and the Corporations Act. Notwithstanding these rules, the following principles have also been adopted:

- The Directors may agree to appoint a new Director. The appointment must be ratified by the shareholders at the next annual general meeting.
- The principal criterion for the appointment of a new Director is that such person is able to add significant value to the group and its business through having relevant skills and experience.
- The Board also recognises the benefits of diversity in driving business results and setting business strategy and will take this into account in its appointment of new Directors.
- The Board will comprise Directors with complementary and appropriate skills necessary to discharge the duties of the Board in accordance with this Charter.
- The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The apportionment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive Director. The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company (e.g. perform the role of Chairman of the Board or a Board Committee).

The Board must undertake appropriate due diligence in respect of prospective candidates before appointing a person, or proposing to Shareholders a candidate, as a director. Further, the Board must provide Shareholders with all material information to assist Shareholders in making a decision whether to elect or re-elect a Director.

The Company must have in place agreements with each Director and senior manager which outlines the terms of their appointment. Each Director must have signed a letter of appointment and each of the Company's senior managers must be employed under employment agreements.

## **6. Independent counsel**

An individual Director may engage separate independent counsel or advisors at the expense of the Company in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

## **7. Director's obligations**

Directors must:

- act in the best interests of the Company;
- at all times act honestly in the exercise of their powers and the discharge of the duties of their office;
- exercise the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in the Company's circumstances;
- ensure that at all times they have a good understanding of strategies and the businesses conducted by the Company;
- carefully study Board materials and issues;
- be active, objective and constructive in their participation at meetings of the Board and Committees;
- assist in representing the Company to the public;
- counsel on corporate issues;

- ensure that they have a good understanding of general economic trends and corporate governance; and
- minimise the possibility of conflict of interest in their involvement with the Company by restricting their involvement in other similar businesses.

A director will be deemed to have met the requirement of care and diligence, as set out in the third bullet point above, if:

- the judgement was made in good faith and for a proper purpose;
- the director does not have a material personal interest in the subject matter of the judgement;
- the director informed himself/herself about the subject matter of the judgement to the extent he/she reasonably believes to be appropriate; and
- the director rationally believes that the judgement is in the best interests of the Company.

## **8. The Chairman**

The Board supports the separation of the role of Chairman from that of the CEO. The general role of the Chairman is to manage the Board effectively, to provide leadership to the Board and to interface with the CEO.

The Chairman must be a non-executive Director. The Chairman, while working closely with the CEO, should retain an independent perspective to best represent the interests of the Company, Shareholders, and the Board. The Chairman of the Board will not be the chairman of the Audit and Risk Committee or the Remuneration and Nomination Committee.

The Chairman will be elected on his/her merits, with reference to his/her experience, track record and the needs of the Company. The Chairman is responsible for:

- Leadership of the Board and will assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Company and the achievement of its objectives;
- Overseeing the efficient organisation and conduct of the Board in the discharge of its duties;
- Ensuring the appropriate conduct of the Board at meetings
- Ensuring the effective contribution of all Directors;
- Ensuring constructive and open dialogue between the Board and Management;
- Setting the agenda for and frequency and length of Board meetings in conjunction with the Company Secretary;
- Ensuring that there is regular and effective evaluation of the Boards performance; and
- Acting as the principal sounding board and counsellor for the CEO and will co-ordinate with the CEO to ensure that management's strategy, plans and performance are appropriately represented to the Board and Shareholders as appropriate.

The Chairman will also chair both Board meetings and meetings of Shareholders, attend Board committee meetings where appropriate and act in a manner such that the Board and its committees are conducted in an efficient, effective and focused manner.

## **9. Access and Indemnity Deed and D&O Insurance**

The following principles have been adopted in respect of Directors indemnity:

- The Company will execute with each Director a Deed of Access and Indemnity in a form approved by the Board.
- The Company will arrange for the benefit of each Director, subject to cover availability at commercially acceptable premiums to the satisfaction of the Board, a policy of directors' and officers' insurance in a form and for an amount approved by the Board.

## 10. Board meetings

The following principles have been adopted in respect of Board meetings:

- The Board will meet at least four times per annum, but may meet more frequently if required.
- Although the quorum for a Board meeting under the Company's Constitution is 2 Directors, a Board meeting will not be held unless more than 50% of the Directors are to be present.
- As far as possible, the agenda and supporting papers will be dispatched in advance of the Board meeting to allow Directors sufficient time to prepare for the meeting.
- A scheduled Board meeting may be cancelled by the Chairman if, in conjunction with the Company Secretary, he determines that there is insufficient business to warrant a meeting.
- Resolutions will be voted on and passed if a majority of Directors present vote in favour.
- In accordance with the Company's Constitution, each member of the Board, including the Chairman, has one vote and the Chairman does not have a casting vote.
- Minutes of each Board meeting will be taken by the Company Secretary. These minutes, together with an action list, will be dispatched in draft form to each of the Directors as soon as is practicable after the meeting. Minutes of each Board meeting will be ratified at the start the following Board meeting and signed by the Chairman as an accurate record.

## 11. Committees

The Board may establish Committees as it considers appropriate in order to enable it to discharge its duties in the most effective manner. The Board has established the following permanent Committees:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

Each of these Committees is governed by its own Charter, which in turn form part of these Corporate Governance Principles and Practices and can be found at Page 9 and Page 14 respectively.

## 12. Chief Executive Officer

The CEO is in charge of the day-to-day leadership and management of the Company. The CEO also has the responsibility of managing and overseeing the interfaces between the Company and the public and to act as the principal representative for the Company. The CEO must report annually to the Board on succession planning and management development.

The Board evaluates the performance of the CEO annually. The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.

## 13. Senior Management

### *Obligations*

The executive management of the Company, including the CEO, the Finance Director and their direct reports ("Senior Management") will:

- develop strategies to deliver a strong market presence and build shareholder wealth over the long term;
- recommend appropriate strategic and operating plans;
- maintain effective control of operations;
- measure performance against peers;

- be strong, principled and provide ethical leadership;
- assure sound succession planning and management development;
- provide sound organisational structure;
- inform the Board regularly regarding the status of key initiatives; and
- advance Board materials which contain the right amount of information and are received sufficiently in advance of Board meetings.

#### *Evaluation*

The Board evaluates the performance of the Senior Management, with the assistance of the CEO, annually. The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.

#### **14. Company Secretary**

The Company Secretary plays an important role in the effectiveness of the Board by monitoring the adherence to Board policy and procedures and by effectively coordinating the collation and dispatch of all relating to official Board business. All Directors are to have reasonable access to the Company Secretary and the Company Secretary has a direct reporting line to the Chairman.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The appointment or removal of the Company Secretary is a matter for decision by the Board as a whole. For the avoidance of doubt, the decision to appoint the Company Secretary must be formally resolved, rather than simply approved, by the Board as required by section 204D of the Corporations Act.

#### **15. Conflicts of interest**

##### *Company's acknowledgements*

Some of the Company's directors (in this section referred to as the "**Common Director**") may, from time to time, hold directorships in other companies (in this section referred to as the "**Other Company**"). Any information confidential to the Other Company which a Common Director possesses and which came into their possession in the course of the performance of their duties as an officer of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company without the consent of the Other Company.

Further, any information which a Common Director possesses in relation to the Other Company which is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company.

##### *Meetings at which conflicts arise*

Where at any meeting of the Company it is proposed to discuss any matter which gives rise or may give rise to a conflict or a real sensible possibility of a conflict of interest between the duties and obligations of the Common Director to the Company and to the Other Company, the Common Director:

- must not be present while that matter is being considered; and
- must not vote on that matter,

unless the other Directors pass a resolution that states, effectively, that those Directors,

having considered the nature and extent of the conflict or possible conflict, are satisfied that the matter should not disqualify the Common Director from being present or voting.

A Common Director may at any meeting of the Company request that the meeting be postponed or temporarily adjourned to enable him or her to seek legal advice on whether they can:

- be present while the matter in question is being considered; and
- vote on the matter in question.

#### **16. Related party transactions**

The Board must ensure that any dealings between the Company and its Related Parties (as defined in section 9 of the Corporations Act) are conducted in accordance with the Corporations Act, the ASX Listing Rules and any other laws or regulations governing related party transactions. The Board may, at its discretion, adopt policies from time to time to assist in managing related party transactions.

#### **17. Ethical and responsible decision making**

In order to promote ethical conduct and ensure responsible decision making, the Board has developed the following policies:

- A Code of Conduct
- A Share Trading Policy
- A Diversity Policy

All Directors are bound by these policies. The policies are part of the RCG Corporate Governance Framework.

Additionally, the purpose of the Share Trading Policy is to ensure compliance with the ASX Listing Rules and the Corporations Act, and to ensure that relevant persons as set out in the policy and their associates are aware of the legal restrictions that exist on dealing in the Company's securities while such a person is in possession of price sensitive information concerning the Company.

#### **18. Continuous disclosure**

The Company has developed a Continuous Disclosure Policy in order to ensure that it complies with the Corporations Act and the ASX Listing Rules. The Company Secretary has primary responsibility for ensuring the implementation and enforcement of this policy and he is to be given the full support and cooperation of the Board in this regard. The Continuous Disclosure Policy forms part of the RCG Corporate Governance Framework.

#### **19. Communication with Shareholders**

The Company has developed a Shareholder Communications Policy in order to promote effective communication with Shareholders. The Shareholder Communication Policy forms part of the RCG Corporate Governance Framework.