

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

Australian Rural Capital Limited (ARC)

ABN/ARBN

52 001 746 710

Financial year ended:

30 June 2021

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website: <https://www.ruralcapital.com.au/investors-centre>

The Corporate Governance Statement is accurate and up to date as at *19 August 2021* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date:	19 August 2021
Name of authorised officer	Mark Licciardo
authorising lodgement:	Company Secretary

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter at: https://www.ruralcapital.com.au/investors-centre	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

⁵ If you have followed all of the Council’s recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☐ and we have disclosed a copy of our diversity policy at: [insert location] and we have disclosed the information referred to in paragraph (c) at: [insert location] and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☐ and we have disclosed the evaluation process referred to in paragraph (a) at: [insert location] and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: [insert location]	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☐ and we have disclosed the evaluation process referred to in paragraph (a) at: [insert location] and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: [insert location]	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☐ and we have disclosed our board skills matrix at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: [insert location] and, where applicable, the information referred to in paragraph (b) at: [insert location] and the length of service of each director at: [insert location]	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☐ and we have disclosed our values at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: https://www.ruralcapital.com.au/investors-centre	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: https://www.ruralcapital.com.au/investors-centre	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☐ and we have disclosed our anti-bribery and corruption policy at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☒ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: https://www.ruralcapital.com.au/investors-centre and the information referred to in paragraphs (4) and (5) at: Director's report in the Annual Report <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: https://www.ruralcapital.com.au/investors-centre	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: https://www.ruralcapital.com.au/investors-centre	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: [insert location]	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☒ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: https://www.ruralcapital.com.au/investors-centre and the information referred to in paragraphs (4) and (5) at: Director's report in the Annual Report <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☒ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks at: <i>[insert location]</i> and, if we do, how we manage or intend to manage those risks at: Annual Report	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: in our Corporate Governance Statement	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: Remuneration Report in the Annual Report	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☐ and we have disclosed our policy on this issue or a summary of it at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement OR ☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Statement

The Board of Directors of Australian Rural Capital Limited (**ARC** or **the Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the 4th edition of the ASX Corporate Governance Council's (**CGC**) Principles and Recommendations (**Recommendations**).

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Complies	The Board has adopted a Board Charter which establishes those matters reserved for the Board and authority delegated to management. The Board's functions, as detailed in the Board Charter, include: • approving ARC strategies, budgets, plans and policies and assessing performance against these; • reviewing operating and financial information; • overseeing and approving recommendations on proposed acquisitions, divestments and significant capital expenditure; • overseeing and approving recommendations on capital management, the issue or allotment of equity, borrowings and other financial proposals; • ensuring that the Company operates an appropriate corporate governance structure, in particular ensuring that ARC acts legally, ethically and responsibly on all matters; • approving ARC's risk management strategy and frameworks and monitoring their effectiveness; • considering the social, ethical and environmental impact of ARC's activities. ARC has an Executive Chairman, who fulfils both Executive and governance roles; and a recently appointed Managing Director who in his executive role is referred to as 'Lead Executive'. In its Charter. The Board specifically delegates the day-to-day management of the Company's affairs to the Lead Executive within the levels of authority specified by the Board, along with the implementation of strategy, policy and financial initiatives. The Company has made Board Charter publicly available on its website - https://www.ruralcapital.com.au/investors-centre.

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	Complies	(a) The Company seeks to appoint Board members and senior executives with the requisite experience and cultural fit given the focused area of operations and investments of ARC, its current size and desire for expansion. ARC undertakes formal and informal checks prior to proposing the candidate for initial and subsequent appointment by shareholders as required under the ASX Listing Rules and the Company's Constitution. (b) This includes undertaking background and other checks before appointing a person or putting them forward to shareholders as a candidate for election as a Director, as well as providing all material information relevant to a decision for election as a Director. The qualifications, experience and any special responsibilities of the Board members will be set out in the most recent Annual Report and for any individual Director seeking election or re-election, in the notice of Annual General Meeting (AGM).
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Complies	The Lead Executive's responsibilities and terms of employment, including termination entitlements, are set out in a formal service agreement. A summary of the main elements in terms of the agreement is reproduced in the Remuneration Report section of the Annual Report. Letters of appointment are prepared for non-executive Directors and any senior executives appointed, covering duties, time commitments, induction, company policies and corporate governance. Given the small number of these individuals, their remuneration structure and main elements of terms of employment are reproduced in the Remuneration Report section of the Annual Report.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Complies	The Board Charter sets out the role of the Company Secretary and that the appointment or removal of the Company Secretary must be made by the Board. The Board Charter also states that whilst the Company Secretary should be accountable to the Lead Executive and to the Board through the Chairman, on all corporate governance matters, all Directors shall have direct access to the Company Secretary.

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.5	A listed entity should: (a) have and disclose a diversity policy: (b) through its Board or a relevant committee of the Board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period (1) the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance: (2) the entity's diversity policy and its progress towards achieving them and either: (i) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Does not comply	Within the confines of being a small listed company, ARC seeks to ensure diversity within the organisation. Given the size of the Company and the nature of its business, a formal diversity policy has not yet been established. The Board's composition is reviewed on a needs basis. In the event a vacancy arises, the Board will consider diversity as part of its nomination process. The Company is not a relevant employer under the Workplace Gender Equality Act.

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Does not comply	Under the leadership of the Board Chairman, the performance of the Board is reviewed subject to an informal review, its Committees and individual Directors are considered as part of the overall functioning and governance of the Company. The Board does not undertake a formal evaluation process.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Does not comply	Apart from the Lead Executive, the Company did not have any full-time executives during the reporting period. There is another Executive Director who works on a part-time basis. This Executive Director fulfils the role of CFO. Given this structure, Board the Board has not yet identified a need to establish a performance evaluation structure for executives.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Does not comply with 2.1(a). Complies with 2.1(b)	As the number of Directors is small, the Board takes on the role of nominations and governance. Details of this role is set out in the Board Charter. By virtue of their shareholding in the Company, none of the Directors are considered independent. However, given the size and structure of the Board, the Directors consider that they are able to exercise proper judgement in carrying out their Board role. The Board as a whole considers the composition of the Board and appointment of any new Directors. The Board will identify suitable candidates to fill vacancies as they arise with consideration to the optimal mix of experience, skills and diversity. The process for nomination and succession is set out in the Board charter, a copy of which is on the Company's website.

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Does not comply	The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. During the reporting period, a Board Skills Matrix had not been finalised. The Company has recently developed a formal skills matrix. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Annual Report. Please see a copy of the Board Skills Matrix attached at Annexure A to this Corporate Governance Statement.
2.3	A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director.	Complies	During the reporting period, the Board comprised of three Directors and considers one of these to be independent. Two of the Directors are not considered to be independent for reasons of their shareholdings, executive role within the Company or the provision of services to the Company. As of 1 July 2021, the Board is comprised of four Directors and three of these are not considered independent. The Company however regards each Director as being capable of exercising impartial judgement based on their expertise, experience, and desire to grow the equity base of the Company. In addition, the Board has in place a process to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the Director concerned does not receive the relevant Board paper and leaves the Board meeting while the matter is considered. Directors must advise the Board immediately of any interests that could conflict with those of ARC. The length of service for each Director is disclosed in the Annual Report.
2.4	A majority of the Board of a listed entity should be independent Directors.	Does not comply	During the reporting period, the Board was comprised of three Directors, two of whom are currently considered independent (refer 2.3 above). The appointment of Harley Grosser brings the number of Directors to four, with one of these Directors considered to be independent.

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.5	The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	James Jackson as Executive Chairman of the Board is not considered independent. The Company believes that while the Executive Chairman has a significant personal interest in the Company, his skills and investment expertise add considerable value to the Company to the benefit of all shareholders. At this stage of its development, the Company regards this situation as enhancing its potential for growth, whilst maintaining a low cost base.
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Complies	Due to the relatively uncomplicated nature of the Company's operations and structure, the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. New Directors are also introduced to external service providers in order to build the relationships necessary to meet the requirements of the role. Directors receive a formal letter of appointment setting out the key terms and conditions together with corporate expectations relevant to their appointment. Directors are individually responsible for maintaining relevant and up to date skills and knowledge.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
3.1	A listed entity should articulate and disclose its values.	Does not comply	During the reporting period, the Company had not adopted a statement of its values, but has recently adopted a Statement of Values. The Company has made its Statement of Values publicly available on its website - https://www.ruralcapital.com.au/investors-centre .
3.2	A listed entity should: (a) have and disclose code of conduct for its Directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Complies	The Company has adopted a formal Directors' code of conduct. This is incorporated into the Company's Board Charter. The Company requires all its Directors to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and fairly in all dealings. The Company has made its Code of Conduct publicly available on its website - https://www.ruralcapital.com.au/investors-centre
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Complies	The Company has adopted a whistleblower policy. A copy of the policy is available on the Company's website - https://www.ruralcapital.com.au/investors-centre
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Does not comply	During the reporting period, the Company had not adopted an Anti-Bribery & Corruption Policy, but has recently adopted an Anti-Bribery & Corruption Policy. The Company has made its Anti-Bribery & Corruption Policy publicly available on its website - https://www.ruralcapital.com.au/investors-centre .

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

	Corporate Governance Council Recommendation	Compliance	Disclosure
4.1	The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complies (with the exception of 4.1 (a)1 and 2	The Company has a Risk and Audit Committee (Committee) which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, and risk management. The Company has adopted a Charter for this Committee incorporating policies and procedures to ensure an effective focus from an independent perspective. Members of the Committee are: Darren Anderson – Chairman, Non-executive Director James Jackson –Executive Director At the date of this report, due to the size of the Board and the CFO role undertaken by Director, Wayne Massey, the Committee has only two members, so as to maintain some independence from Mr Massey's executive role. The Board have considered this departure from the Recommendations (three members and majority independent) and are satisfied that the Committee still provides a valuable forum for the external auditor to raise any issues they may have. Details of the Directors' qualifications and their membership and attendance at Committee meetings are set out in the Directors' Report contained in the Annual Report. Detailed terms of reference for the Committee have been adopted and are available at https://www.ruralcapital.com.au/investors-centre. The Committee meets separately with the auditor to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence. At every Committee meeting, a period of discussion is held between the members of the Committee and the external auditor without the CFO and Company Secretary being present.

	Corporate Governance Council Recommendation	Compliance	Disclosure
			The external auditor is required to confirm at the time of any statutory reporting their independence within the meaning of applicable legislation and professional standards. The current engagement Auditor was appointed following the 2016 AGM and must be rotated every five years, as a minimum, under applicable legislation.
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The Lead Executive and Executive Director provide written confirmation to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. Further they confirm this is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complies	The Company has internal processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			

	Corporate Governance Council Recommendation	Compliance	Disclosure
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules 3.1.	Complies	The Board is very conscious of its disclosure obligations and has adopted a continuous and periodic disclosure policy. The Board Charter deals comprehensively with the process and policy to deal with the Company's continuous disclosure obligations. All Directors are responsible to ensure that the disclosure policy is adhered to. The Chairman and Lead Executive works with the Company Secretary in dealing with media contact and any external communications. Current and archived releases announced by the Company to the ASX are available free of charge at www.asx.com.au The Company has made its Board Charter publicly available on its website - https://www.ruralcapital.com.au/investors-centre.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Company has a process to ensure the board receives copies of all material market announcements promptly after they have been made.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation	Complies	The Company releases all new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform ahead of the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

	Corporate Governance Council Recommendation	Compliance	Disclosure
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website has a dedicated section for shareholders, and endeavours to publish on the website all important company information and announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company is committed to: • ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and the Company's website; • complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and • encouraging shareholder participation at general meetings. Being a smaller company at this juncture, the Board runs the Investor Relations program. The Board provides investors with comprehensive and timely access to information about the Company and its governance on its website, including copies of the Company's Board and committee charters and key corporate governance policies, copies of all material information lodged with ASX, copies of all announcements, briefings and speeches made to the market, analysts or the media, press releases or announcements made by the Company, financial data for the Company, the Company's annual reports and notices of shareholder meetings. The Board also utilises the services of a share registry to facilitate shareholder engagement at annual general meetings and resolve issues regarding shareholdings.

6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	The Board encourages full participation of shareholders at the Company's AGM and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. In addition, the Company encourages on-line voting if shareholders are unable to attend the relevant shareholder meeting. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	The Company conducts voting at its general meetings by poll for all resolutions put to a general meeting.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registrar, Boardroom Pty Limited, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at https://www.investorserve.com.au

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complies (with the exception of 7.1 (a)(1) and (2)).	The Board takes a proactive approach to the Company's risk management and internal compliance and control system. Whilst a Audit and Risk Committee has been established (refer to 4.1 above and the Annual Report for details) the Board of Directors is the ultimate sponsor of risk oversight within the Company. It does so in a manner which reflects the transparent nature of the Company's systems, reporting as well as noting the use of a number of external risk managers and advisers who contribute in various ways to providing comfort that the Company is operating within a sound management framework. The core activities of the Company mean that it deliberately assumes a level of risk of capital loss, the quantum of which is regularly discussed and debated by the Board. Through the reporting by the Lead Executive and the Executive Director, the Board is able to monitor the level of interest rate, asset concentration of, capital, reputational, credit and overall financial management risk being issued by the Company. The Audit and Risk Committee terms of reference include a requirement for the Committee to review and monitor the risk management practices and activities of the Company. An appropriate note or notes within the annual financial statements will capture the financial instruments, risk management and capital risk management that the Directors have identified and their assessment. For the reasons outlined earlier in this report, the Committee only has two members at this time which does not meet the Recommendations of having at least three members and the majority of which are independent. Therefore as noted above the full Board undertakes many of the responsibilities of the Committee in overseeing the entity's risk management framework.
7.2	The Board or a committee of the Board should:	Complies	The Audit and Risk Committee and the Board considers risk management in making all of its decisions at meetings throughout the year. As noted under 7.1 the Audit and Risk Committee has a mandate to review and monitor the risk management practices and activities of the Company.

	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.		In addition, the full Board actively engages in the risk framework of the Company. A review was undertaken during the period of certain aspects of the risk framework. The framework will be further developed in alignment with future business growth and activities.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Does not comply with 7.3(a) Complies	As a small entity with limited operational complexity, the Company does not have an internal audit function. The Board works collectively to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Complies	A summary of risks and actions taken to mitigate these risks including capital, interest rate, credit, liquidity, financial market and net fair values are included in the Annual Report.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Does not comply with 8.1(a) Complies	Given the size of the Company and its Board and that there are no employees other than Directors, a Remuneration Committee has not been formed. The Board believes that currently such a committee would not serve to protect or enhance the interests of the shareholders or its operations beyond the role currently performed by Directors. The Board as a whole considers the issue of remuneration and checks remuneration awarded to peer positions in cohort companies to ensure that being awarded to the Company's Directors is reasonable. Moreover, the limited current resources of the Company ensure that excessive remuneration is unable to be paid without curtailing the Company's future access to capital. All Directors have a substantial equity stake in the Company. In recent times, the ability to engage services which would normally command remuneration well in excess of that capable of being offered by the Company has meant that it has supplemented cash salaries with equity based remuneration. The equity based remuneration has been structured in such a manner that it only has value if all shareholders in the Company receive an acceptable return on their investment.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	Complies	The details of the remuneration paid to Directors is included in the Remuneration Report of the Annual Report.

8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable	As there are no suitable hedges for ARC securities given the small number and illiquidity, there is no policy in this respect.
-----	--	----------------	--

ARC's corporate governance practices were in place for the financial year ended 30 June 2021 and is up to date to 19 August 2021.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: www.ruralcapital.com.au

Board Skills Matrix

Skill Category	James Jackson	Harley Grosser	Darren Anderson	Wayne Massey
Leadership	3	3	3	2
Strategic Planning	3	3	3	2
Financial Services	2	3	1	2
Financial Acumen	3	3	2	3
Governance, Legal and Risk	3	2	3	3
Customer Experience and Marketing	1	2	2	1
Information Technology	1	2	1	2
Health, safety and environment	2	1	2	2
Crisis Management	3	2	3	2
People and Remuneration	2	2	2	2

Rating Criteria:

- 3 = Strong Skills and Experience,
- 2 = Medium Skills and Experience
- 1 = Low Skills and Experience