
Board Charter

RCL Group Limited

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RCL Group Limited

Board Charter

1. Background

RCL Group (RCL) is a stapled structure comprised of the following entities:

- RCL Group Trust (RCLGT); and
- RCL Group Limited (RCLGL).

The responsible entity of RCL Group Trust is RCL Group Services Limited (RCLGS). The issued units of RCLGT and the issued shares of RCLGL are stapled together and quoted jointly on the Australian Stock Exchange. The relationship between RCLGT and RCLGL is governed by the terms of a stapling deed (“Stapling Deed”).

The Board of RCLGL, as well as the Board of RCLGS as responsible entity for RCLGT, is subject to its own Board Charter.

2. Role of the RCLGL Board and this Charter

This Board charter (Board Charter) sets out the principles for the operation of the Board of Directors (Board) of RCLGL.

The Board must at all times, act honestly, fairly and diligently in all respects in accordance with the law applicable to RCLGL and must act in the best interests of RCLGL’s shareholders.

This Board Charter and the charters adopted by the Board for any Committees established by the Board have been prepared and adopted on the basis that corporate governance and good governance procedures can add to the performance of RCLGL and the creation of shareholder value, and engender the confidence of the investment market.

The Board of RCLGL, in consultation with the Board of RCLGS will formulate and approve the strategic direction, investment objectives and goals of RCL Group.

3. Responsibilities of the Board

The Boards of RCLGL and RCLGS will co-operate to the extent required under the Stapling Deed in meeting those joint responsibilities to ensure the interests of RCL security holders are met.

The Board's responsibilities encompass the following:

1. Set the strategic direction of the Group and monitor Management's implementation of that strategy;

2. Select and appoint (and, if appropriate, remove from office) the Managing Director/Chief Executive Officer, determine his/her conditions of service and monitor his/her performance against established objectives;
3. Ratify the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer and Company Secretary;
4. Approve conditions of service and performance monitoring procedures to apply to senior management;
5. Monitor financial outcomes and the integrity of reporting; in particular approve annual budgets and longer-term strategic and business plans;
6. Set specific limits of authority for Management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
7. Ensure that effective audit, risk management, compliance and control systems are in place to protect the Business's assets and to minimise the possibility of the Business operating beyond legal requirements or beyond acceptable risk parameters;
8. Monitor compliance with regulatory requirements (including continuous disclosure)
9. Establish and maintain ethical standards;
10. Review, on a regular basis, senior management succession planning and development; and
11. Effective and timely reporting to shareholders/securityholders.

The Board delegates to the Managing Director/Chief Executive Officer, responsibility for implementing the strategic direction and for managing the day-to-day operations of the Group. The Managing Director/Chief Executive Officer consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

Audit and Risk Management

- Considering recommendations of the Audit & Risk Management Committee and appointing the external financial auditor.

Corporate Governance

- Regularly reviewing the performance and effectiveness of RCLGL's corporate governance policies and procedures and considering any amendments to those policies and procedures.
- Reviewing and approving all disclosures related to any departures from the ASX Principles of Good Corporate Governance.
- Monitoring compliance with the Continuous Disclosure requirements.
- Subject to RCLGL's Constitution, relevant legislation and ASX Listing Rules, approving the appointment of Directors to the Board and to Committees established by the Board.

Performance Evaluation

- At least once per year, reviewing and evaluating the performance of the Board, each Board Committee, and each individual Director.

4. Structure of the Board

4.1 Overview

The size and composition of the Board is determined in accordance with the Constitution of RCLGL.

Generally it is intended that at least 50% of the directors will be independent.

The Directors appoint the Chairman of the Board.

4.2 Criteria for an "Independent" Director

Where this Charter or the charter of a Board Committee requires one or more "independent" Directors, the following criteria are to be applied.

An "independent" Director is a director who is not a member of management (ie. a non-executive Director) and who meets the following criteria:

- (a) is not a substantial shareholder (as defined in the Corporations Act) of RCL Group or an officer of, or otherwise associated directly with, a substantial shareholder of RCLGL;
- (b) is not, and within the last three years has not been, employed by RCLGL, Babcock & Brown or a related company of Babcock & Brown or RCL Group, or a senior manager of a related company of Babcock & Brown or RCL Group, or a director after ceasing to hold any such employment;
- (c) is not, and within the last three years has not been, a principal of a material professional adviser or a material consultant to RCLGL or a related company of Babcock & Brown or RCL Group, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of RCLGL, Babcock & Brown or a related company of Babcock & Brown or RCL Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) is not a member of a partnership that is, or has been in the previous three years, substantially involved in business dealings, or in a professional capacity, with RCLGL, Babcock & Brown or a related company of Babcock & Brown or RCLGL;
- (f) has no material contractual relationship with the Babcock & Brown Group or a related company of RCLGL;
- (g) is not a relative or a de facto spouse of a person who has a material interest in RCLGL or a related company of RCLGL;
- (h) 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 best interests of RCLGL; and

- (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the RCLGL.

Family links and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board.

4.3 Directors' responsibilities

The Directors of RCLGL are required to act in accordance with the Code of Conduct adopted by the Board, along with other relevant policies. The Code of Conduct sets out principles and standards to the Directors in respect of practices considered necessary to maintain confidence in RCLGL's integrity, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

In particular, each Director is bound by the following charters, policies and codes of conduct:

- the Code of Conduct adopted by the Board;
- RCLGL's Security Trading Policy relating to trading in RCL Group stapled securities;
- RCL Group's Continuous Disclosure Policy; and
- such other policies and charters as may be adopted or approved by the Board from time to time.

The Directors of RCLGL must:

- (a) conduct their duties at the highest level of honesty and integrity;
- (b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
- (c) maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules (in relation to RCLGL, as a listed entity);
- (d) observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal auditors, external auditors, compliance plan auditors and senior management;
- (e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of RCLGL; and
- (f) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of Director.

5. Roles and Responsibilities of the Chairman and the Managing Director/Chief Executive Officer

5.1 Objective

RCLGL recognises that it is important for the Chairman and the Managing Director/Chief Executive Officer to have defined roles in the organisation and operate in accordance with clear functional lines.

5.2 Chairman

The Chairman of RCLGL will be an independent non-executive Chairman.

5.3 Specific duties of the Chairman

The Chairman will:

- (a) chair Board meetings;
- (b) chair meetings of securityholders, including any Annual General Meeting of RCLGL;
- (c) with assistance from the Managing Director/Chief Executive Officer, be the primary spokesperson for RCLGL at any Annual General Meeting of RCLGL; and
- (d) together with the Managing Director/Chief Executive Officer, represent the views of the Board to securityholders, the general public, government, regulators and other stakeholders.

5.4 Role and responsibilities of the Managing Director/Chief Executive Officer

The Managing Director/Chief Executive Officer will be appointed by the combined RCL Group Boards and has primary responsibility to the Board for the affairs of RCLGL. The Managing Director/Chief Executive Officer will:

- (a) consult with the Chairman and the Company Secretary in relation to establishing the agenda for Board meetings;
- (b) in conjunction with other executives allocated responsibilities for RCLGL, review and monitor all matters material to the interests of RCLGL; and
- (c) otherwise oversee the day to day management of RCLGL.

6. Confidential Information and External Communication

The Board has established the following principles to apply in respect of information concerning RCLGL:

- (a) generally, the Chairman and Managing Director/Chief Executive Officer will speak for RCLGL. Individual Board members are expected not to communicate on behalf of the Board or RCLGL without prior consultation with the Chairman;

- (b) any disclosure of information to a shareholder in RCLGL which is not disclosed to the market must be approved under the Continuous Disclosure Policy and must comply with the ASX Listing Rules; and
- (c) all Directors are required to keep all information provided to them in their capacity as a director confidential.

7. Conflicts of Interest

The Directors are required to act in a manner which is consistent with the Code of Conduct adopted by the Board.

If a Director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any person associated with the Director, or his or her duties to any other company, on the one hand, and the interests of RCLGL or his or her duties as a Director of RCLGL, on the other hand, the Board requires that the Director:

- (a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- (b) abstains from voting on any motion relating to the matter and absents himself or herself from all board deliberations relating to the matter, except in circumstances where the Corporations Act permits otherwise.
- (c) If a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should immediately consult with the Chairman.

8. Related Party Transactions

The Directors must ensure that any dealings between RCLGL and any member of the Babcock & Brown Limited group of companies, or any other related party is conducted in accordance with the Corporations Act, the ASX Listing Rules and any other laws or regulations in respect of related party transactions.

The Board may adopt policies or procedures from time to time to assist in identifying and appropriately managing related party transactions.

9. Meetings

9.1 Overview

The Board will formally meet not less than four times per annum and as frequently as may otherwise be required to deal with urgent matters.

A meeting of the Board will usually be convened by the Chairman, although a meeting may be called by any Director.

All Directors are expected to diligently prepare for, attend, and participate in all Board meetings. At a minimum, a quorum of Directors is two, of whom one of those Directors must be an Independent Director. Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Constitution of RCLGL.

9.2 Agenda

An agenda will be prepared for each Board and Committee meeting. The agenda will be prepared by the RCLGL Company Secretary in consultation with the Chairman of the Board (or the relevant Board Committee) and/or the Chief Executive Officer.

10. Board Committees

To assist it in fulfilling its duties, the Board has established the Audit & Risk Management Committee which is responsible for monitoring and advising the Board on RCLGL's audit and risk management and regulatory compliance policies and procedures. The Audit & Risk Management Committee is constituted under a separate charter.

The Board has also established the Nominations, Governance and Remuneration Committee which has responsibility for advising the Board on all matters relating to directorial succession, corporate governance and remuneration of directors and senior management. The Nominations, Governance and Remuneration Committee is constituted under a separate charter.

The Board may establish such other committees as it determines appropriate from time to time and the terms of reference for any Board committee will be determined by the Board at the time the committee is established.

Although the Board may delegate powers and responsibilities to a committee, the Board retains ultimate accountability for discharging its duties.

The Board will consider and approve the charters of committees established on a permanent basis. These charters will identify the areas in which the Board will be assisted by the committee. The Board will ensure that such charters are reviewed at least every two years.

11. Independent Advice

A Director of RCLGL is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at RCLGL's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

- (a) a Director must seek the prior approval of the Chairman or where the advice sought relates to an issue in respect of which the Chairman has declared an interest or where it would be otherwise inappropriate for the Chairman to approve the seeking of independent professional advice, another Independent Director;

- (b) in seeking the prior approval of the Chairman or the other Independent Director (as the case may be), the Director must provide the Chairman or the other Independent Director with details of:
 - the nature of the independent professional advice;
 - the likely cost of seeking the independent professional advice; and
 - details of the independent adviser he or she proposes to instruct;
- (c) the Chairman or other Independent Director may set a reasonable limit on the amount that RCLGL will contribute towards the cost of obtaining such advice;
- (d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to RCLGL, and to the Director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the Director's appointment as a director or any dispute between the Director and RCLGL; and
- (e) the Chairman or other Independent Director may determine that any advice received by an individual Director will be circulated to the remainder of the Board.
- (f) All Directors are entitled to the benefit of RCLGL's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board papers, an indemnification and, at RCLGL's expense, Directors and Officers insurance for 7 years after the Director leaves the Board.

12. Remuneration

The Board of RCLGL will consider remuneration payable to its directors. Directors will be entitled to a director's fee. Fees paid to RCLGL's directors will be disclosed in RCLGL's annual financial statements. RCLGL Directors will not be entitled to RCL Group options or securities or to retirement benefits as part of their remuneration package.

13. Continuous Disclosure

The Board has adopted a policy related to the continuous disclosure obligations of RCLGL under the ASX Listing Rules. The Company Secretary has the responsibility of overseeing the implementation of the Continuous Disclosure Policy.