



Corporate Governance Principles and Practices

May 2009

1. INTRODUCTION

1.1. What is Corporate Governance?

Corporate governance is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised.

Effective corporate governance structures encourage companies to create value, through entrepreneurialism, innovation, development and exploration, and provide accountability and control systems commensurate with the risks involved¹.

1.2. RCG's Corporate Governance

RCG Corporation Limited ("RCG") has developed and adopted a number of standards, charters and codes (collectively the "framework") in order to ensure that its corporate governance policies and practices conform to industry best practice, having regard to its size and structure. This framework has been developed with particular reference to the ASX Corporate Governance Principles and Recommendations – 2nd Edition.

The RCG corporate governance framework incorporates the following [documents]:

- Board Charter
- Audit Committee Charter
- Remuneration Committee Charter
- Code Of Conduct
- Share Trading Policy
- Continuous Disclosure Policy
- Shareholder Communication Policy

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1.3. References

References in this document to RCG, the Company or the Group all refer to RCG Corporation limited and its controlled entities.

References to Corporate Governance Principles or Principle refer to the ASX Corporate Governance Principles and Recommendations – 2nd Edition.

¹ ASX Corporate Governance Principals and Recommendations – 2nd Edition

2. BOARD CHARTER

2.1. This Charter

Principle 1.1

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

2.2. The role of the Board

Principle 1.1

The Board is accountable to RCG's shareholders. It 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
- 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

Stakeholders

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

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Management

- Appointing and removing the CEO (or equivalent)²
- 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 executives
- Monitoring performance by executive management and the achievement of business objectives and financial performance
- 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

² RCG does not currently have a CEO. The business is managed by the three executive directors in conjunction with the Chairman. References to the CEO throughout this documentation should be taken to refer to each of the executive directors individually.

2.3. Performance of the Board

Principle 2.5 The members of the Board, actively led by the Chairman with the support of the 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 business, its financial position, any material risks, the structure and functions of the Board and the structure of Management and are to be provided with a copy of these Corporate Governance Principles and Practices
- 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
- Directors are to be given the opportunity to seek reasonable independent, external advice at the Company's expense if circumstances warrant such advice
- The Chairman and/or CEO (or equivalent) 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

2.4. Composition of the Board

Principle 2.1 The composition of the RCG 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 and the best interests of Shareholders.

Principle 2.1 Having regard to these factors, the Board may not comprise a majority of "independent" Directors as contemplated by the ASX Corporate Governance Principles and Recommendations. 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.

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2.5. The Chairman

Principle 2.2 The Chairman will be elected on his/her merits, with reference to his/her experience, track record and the needs of the Company. As a result, the Chairman may or may not be an Independent Director.

The Chairman is responsible for:

- Leadership of the Board
- 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

The Chairman of the Board will not:

- Principle 2.3* ▪ Concurrently perform the role of CEO (or equivalent)
- Principle 4.2* ▪ Be the Chairman of the Audit Committee
- Be the Chairman of the Remuneration Committee

2.6. Appointment, removal and remuneration of Directors

Principle 2.4

The 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 been adopted:

- The Directors may agree between them to appoint a new Director. The appointment must be ratified by the shareholders at a 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 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 Chairman of the Board or a Board Committee)

2.7. 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 [deed to be sorted out].
- 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

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2.8. Board meetings

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

- The Board will meet at least six 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.

2.9. 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:

- Principle 4.1* ■ Audit Committee
- Principle 8.1* ■ Remuneration 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 [] and [] respectively.

- Principle 2.4* Having regard to the small number of Directors, the relative stability of the Board and the size of the Company, the Board has not established a Nominations Committee. The functions of the Nominations Committee are carried out by the Remuneration Committee or the Board, as is appropriate. Section 2.6 of this Charter deals further with the appointment and remuneration of Directors

2.10. Company Secretary

- Principle 2.5* 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.

The Company Secretary is responsible, through the Chairman, for the implementation and effective execution of all governance matters.

The appointment or removal of the Company Secretary is a matter for decision by the Board as a whole.

2.11. Ethical and responsible decision making

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

- Principle 3.1* ■ A Code of Conduct
- Principle 3.2* ■ A Share Trading Policy
- A Related Party & Conflict Of Interest Policy

All Directors are bound by these policies. The policies are part RCG's Corporate Governance Principles and Practices framework.

2.12. Continuous disclosure

- Principle 5.1* 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 the 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 this Corporate Governance Principles and Practices framework.

2.13. Communication with shareholders

Principle 6.1 The Company has developed a Shareholder Communications Policy in order to promote effective communication with shareholders. The Shareholder Communication Policy forms part of this Corporate Governance Principles and Practices framework.

3. AUDIT COMMITTEE CHARTER

3.1. Purpose of Charter

Principle 4.1 The Board has established an Audit Committee, which reports to the Board. The purpose of this
Principle 4.3 Charter is to set out the roles and responsibilities as well as the structure, composition and membership of the Audit Committee.

3.2. Role and responsibilities of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to:

- The reliability and integrity of information for inclusion in the Company's financial statements
- Enterprise-wide risk management
- Compliance with legal and regulatory obligations including audit, accounting, tax and financial reporting obligations
- The integrity of the Company's internal control framework
- Safeguarding the independence of the external auditors

In particular, the Committee is to undertake the functions of the audit committee set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

3.3. Membership

Principle 4.2 The Committee is appointed by the Board in accordance with the Company's Constitution. Given the size and composition of the Board, it may not be possible for all the members of the Audit Committee to be non-executive Directors. For the same reason, it may not be possible for the majority of the members to be Independent Directors. However, this Charter requires all members to bring independent judgement to bear in respect of the discharge of their duties. 7

The following rules apply to the membership of the Audit Committee:

- There will be at least three members
- All members will be financially literate
- At least one member must be a qualified and experienced financial expert (such as a Chartered Accountant)
- The Chairman of the Audit Committee must be a non-executive Director who is not also Chairman of the Board

The Company Secretary is to attend all Committee Meetings to ensure minutes are taken of the Meeting

3.4. Meetings

The Committee will meet at least twice a year. Additional meetings may be requested through the Committee Chairman by any member, the Company Secretary, or the relevant partner from the external auditor. A quorum for a Committee Meeting is two members.

Recommendations of the Committee are to be referred to the Board for approval, with the exception of the approval of the audit plans of the external auditor.

3.5. Access to Information and Independent Advice

The Committee has the authority to seek any information it requires from any employee of the Company and all employees must comply with such any such reasonable requests.

The Committee may take such independent legal, financial or other advice as it considers necessary

3.6. Duties and Responsibilities

3.6.1. Overview

The function of the Committee is oversight. Committee members are entitled to rely on Management for matters within their responsibility and on external professionals on matters within their areas of expertise. Committee members may assume the accuracy of information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

Management is responsible for:

- The preparation, presentation and integrity of the RCG Group's financial statements
- Implementing, managing and maintaining appropriate enterprise-wide accounting, financial reporting and risk management systems, policies and procedures, reporting protocols and internal controls
- The preparation, presentation and integrity of the information provided to the Committee

The external auditor is responsible for planning and carrying out each audit and review in accordance with applicable auditing standards. The external auditor is accountable to shareholders through the Committee.

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3.6.2. Understanding the business

The Committee should understand the Company's structure and operations in order to be in a position to confirm with Management that:

- the reliability and integrity of financial information, the integrity of RCG' internal control structure and compliance with audit, accounting and financial reporting obligations
- That the significant enterprise-wide risks faced by the Company have been identified and appropriate mitigation plans have been implemented

3.6.3. Enterprise-wide risk management

The Committee will confirm that Management has established and operates an enterprise-wide risk management system which is designed to identify, assess, monitor and manage risk throughout the Group

3.6.4. Review of Financial Information

The Committee will review the draft half yearly and annual financial statements of the Group prior to consideration by the Board, to ensure they represent a true and fair view of RCG's financial position and performance, that they are prepared in accordance with the relevant accounting standards a and that they conform to relevant disclosure requirements.

3.6.5. Legal and Regulatory Compliance

The Committee will, in conjunction with the Board, monitor the Group's compliance with all relevant statutory and regulatory obligations, including the ASX's continuous disclosure obligations and all internal Policies and Procedures

The Committee will consider the effects on the Company of any new or proposed accounting or tax practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements.

3.6.6. Evaluation of Policies and Controls

The Committee will consider the adequacy and effectiveness of the Company's administrative, operating and accounting policies and internal control framework through communication with Management and the Company's auditor.

3.6.7. Auditors

The Committee will:

- Recommend to the Board the appointment, reappointment or replacement of the external auditor
- Agree to the fees to be paid to the auditor
- Review and approve the audit plans of the auditor
- Review the overall scope of the audit, including identified risk areas and any additional agreed-upon procedures
- Consider the overall effectiveness and independence of the auditor
- Resolve any disagreements between Management and the auditor regarding financial reporting.
- Monitor and note compliance by the auditor of the independence requirements imposed by the Corporations Act and will receive and review the Auditor's Independence Declaration to be provided to the Directors

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On an annual basis, the Committee will review a report from the auditor:

- Describing any material issues raised by the most recent quality control, or peer review, of the audit firm and any steps taken to deal with any such issues
- Describing all relationships between the external auditor and the Company or Management (to assess the auditor's independence)

3.7. Annual Review

To determine whether it is functioning effectively, once each year the Committee will:

- Review this Charter
- Perform an evaluation of its performance

4. REMUNERATION COMMITTEE CHARTER

4.1. Purpose of Charter

Principle 8.1 The Board has established a Remuneration Committee, which reports to the Board. The purpose of this Charter is to set out the roles and responsibilities as well as the structure, composition and membership of the Remuneration Committee.

4.2. Role and responsibilities of the Remuneration Committee

The role of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to:

- The Company's remuneration, recruitment, retention and termination policies for senior executives including the CEO, CFO and other senior executives
- Remuneration policies for Non-Executive Directors
- Executive equity grants

In particular, the Committee is to undertake the functions of the remuneration committee set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

4.3. Membership

Principle 8.1 The Committee is appointed by the Board in accordance with the Company's Constitution. Given the size and composition of the Board, it may not be possible for the majority of the members to be Independent Directors. However, this Charter requires all members to bring independent judgement to bear in respect of the discharge of their duties.

The following rules apply to the membership of the Remuneration Committee:

- All members must be non-executive Directors
- Where possible, there must be at least three members
- The Chairman of the Remuneration Committee must be a non-executive Director who is not also Chairman of the Board

The Company Secretary is to attend all Committee Meetings to ensure minutes are taken of the Meeting

4.4. Meetings

The Committee will meet at least once year. Additional meetings may be requested through the Committee Chairman by any member. A quorum for a Committee Meeting is two members.

Recommendations of the Committee are to be referred to the Board for approval. Any board member subject to such a Recommendation will not vote on the recommendation and will absent himself from the relevant portion of the meeting if requested to do so by the Chairman or, in the case of the Chairman, the Chairman of the Remuneration Committee.

4.5. Access to Information and Independent Advice

The Committee has the authority to seek any information it requires from any employee of the Company and all employees must comply with any such reasonable requests.

Principle 8.1 The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding his/her own remuneration.

4.6. Duties and Responsibilities

4.6.1. Remuneration Policies for Non-Executive Directors

Principle 8.2

In assisting the Board, the Committee will review and make recommendations to the Board on remuneration policies for Non-Executive Directors (including fees, travel and other benefits). In making its recommendations, the Committee will take into account the following guidelines:

- Non-Executive Director Remuneration will be set with reference to prevailing market rates for similar positions
- Non-Executive Directors should be remunerated by way of fees – in the form of cash, non-cash benefits, superannuation contributions or equity
- Non-Executive Directors should not participate in schemes designed for remuneration of executives
- Non-Executive Directors should not be provided with retirement benefits other than superannuation

4.6.2. Remuneration Policy for the CEO, CFO and Executive Directors

RCG's remuneration policy is designed to attract, motivate and retain employees, including senior executives, and ensure that the interests of the employees are aligned with those of the shareholders. In discharging its duties, the Committee will review and make recommendations to the Board on the remuneration of the CEO, CFO and Executive Directors, including:

- Short and long-term remuneration
- Any termination payments
- Appropriate grants of securities under the Employee Option Plan (or any alternate or replacement plan)

In making its recommendations, the Committee will ensure that:

- Remuneration is set with reference to prevailing market rates for similar positions, adjusted to account for experience, productivity and ability
- Remuneration packages are designed to motivate Executive Directors to pursue the long-term growth and success of the Company
- Is a clear relationship between performance and remuneration

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4.6.3. Performance measurement for the CEO, CFO and Executive Directors

Principle 1.2

The Remuneration Committee is responsible for setting the performance criteria for Executive Directors, communicating those criteria to the Executives and for assessing their performance against those criteria. In setting and measuring Executive performance, the Remuneration Committee will:

- Ensure that the interests of the employee and the shareholders are aligned
- Ensure that performance hurdles, targets and KPI's are set so as to motivate the executives to achieve measurable outcomes that progress the long term objectives of the Company.
- Conduct a performance review with each Executive at least once per annum during the course of which at least the following topics will be covered:
 - The Executive's performance relative to the KPI's set at the previous review
 - Any development objectives for the Executive flowing out of the review
 - Revised or updated KPI's for the next review period
 - The amount of, and basis for, any increase in base remuneration
 - The amount of, and basis for, any incentive or bonus awards

4.6.4. Human Resources Policies

The Committee will review human resource policies and practices for the Group

4.7. Reporting

The Committee will report on its Meetings to the Board.

4.8. Committee Performance

To determine whether it is functioning effectively, once each year the Committee will:

- Review this Charter
- Perform an evaluation of its performance

5. CODE OF CONDUCT

5.1. Introduction

Principle 3.1

The RCG Code of Conduct (“Code”) is the RCG Group’s principal corporate governance policy. The Code governs the conduct of RCG and its subsidiaries (the “Group” or the “Company”) and its directors, employees, consultants and all other people when they represent the Group. For ease of reference all such people are referred to as “Employees” in this Code.

This Code deals with:

- General Principles
- Statement of Compliance
- Compliance with Laws and Regulations
- Fair and Safe Employment
- Giving or Receiving Gifts
- Protection of RCG Assets
- Unauthorised Public Statements
- Conflict of Interest
- Use of Inside Information

5.2. General Principles

The following general principles apply:

- RCG, its subsidiaries and associated entities, directors, employees, consultants and all other people when they directly or indirectly represent the Group must comply, at all times, with all laws governing its operations. They must also conduct the Company’s operations in keeping with the highest legal, moral and ethical standards.
- All Employees must conduct the business of the Group with the highest level of ethics and integrity.
- Employees must, at all times, act ethically, honestly, responsibly and diligently; in full compliance with the letter and spirit of the law and this Code; and in the best interest of the Group.
- Any breach of applicable laws, prevailing business ethics or other aspects of this Code will result in disciplinary action. Such disciplinary action may include (depending on the severity of the breach) reprimand, formal warning, demotion or termination of employment. Similar disciplinary action will be taken against any supervisor or manager who directly approves (and/or condones) such breach or has knowledge of the breach and does not immediately take appropriate remedial action.
- All Employees must report immediately any circumstances which may involve deviation from this Code to an appropriate senior executive or Director.
- Any Employee who deals with agents, contractors or consultants who represent the Group must make them aware of this Code and that RCG expects them to conduct their business in accordance with this Code. All new or replacement contracts with agents, contractors or consultants must include a clause requiring the agent, contractor or consultant to comply with the "RCG Code of Conduct ".

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5.3. Statement of Compliance

Senior Management and all Directors will be required to personally certify compliance with this Code on an annual basis. The Board will include reference to compliance with this Code in the RCG Annual Report.

5.4. Compliance with Laws and Regulations

The following principles apply:

- The operations of the Group must, at all times be conducted in compliance with all laws and regulations applicable in Australia and in the jurisdiction in which operations and activities are being undertaken.
- Compliance with the law means observing the letter and spirit of the law as well as managing the business of the Group so that RCG and its Employees are recognised as "good corporate citizens" at all times.
- It is recognised that, in some cases, there may be uncertainty about which laws and regulations are applicable and there may be difficulties in interpretation. In such circumstances, Employees must seek advice from a Director or the Company Secretary.

5.5. Fair and Safe Employment

The following principles apply:

- All Employees are to be provided with a safe work environment that complies with the relevant Occupational Health and Safety laws.
- Employees should not be placed in unnecessary danger nor be asked to carry out potentially dangerous tasks for which they have not been properly trained.
- Employees are not to be discriminated against on the basis of their race, beliefs or gender.
- Employees are not to be harassed, bullied or enticed in an inappropriate, unethical or unlawful manner.
- All Employees are entitled to fair and reasonable treatment by their supervisors and all other Employees.

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5.6. Unacceptable Payments

The following principles apply:

- Bribes, kickbacks, inducements or similar payments must not be made to or for the benefit of any government official, customer, supplier or any other party in connection with obtaining orders or favourable treatment or for any other purpose.
- Employees must not seek or accept any type of compensation, fee, commission or gratuity from a third party in connection with the operations of the Group.

5.7. Giving or Receiving Gifts

The following principles apply:

- Employees must not give, seek or accept any gift, entertainment or other personal favour or assistance which goes beyond common courtesies associated with accepted ethical and general commercial practice.
- The purpose of this prohibition is to ensure that the offer or acceptance of a gift cannot create or be seen to be creating an obligation or be construed or used by others to allege favouritism, discrimination or collusion between an Employee and the third person.
- For avoidance of doubt, before any gift received by an Employee (or series of gifts from the one party) with an aggregate value of more than \$500 or which could otherwise be construed to be inappropriate is accepted, it must be reported to the Company Secretary with full details of the background of the gift. The Company Secretary will notify the employee as to the appropriateness or otherwise of accepting the gift and will record the gift in a register to be provided to the board from time to time.

5.8. Protection of RCG Assets

The following principles apply:

- Employees are responsible for taking all prudent steps to ensure the protection of Group assets and resources. In particular, Employees should take care to minimise the possibility of theft of Company property by any person.
- Employees must ensure that Group assets and resources are used only for the purposes of the Company and in accordance any appropriate authorisations.

5.9. Unauthorised Public Statements

The following principles apply:

- Employees must not, without authority, directly or indirectly state that they are representing RCG or its public position in respect of any matter.
- Employees must not directly or indirectly engage in any activity which could by association cause the Group public embarrassment or other damage.

5.10. Conflict of Interest

The following principles apply:

- Employees must not use their position for personal benefit independent from the business of the RCG Group or to benefit any other business or person.
- Employees must not take advantage of any property or information belonging to RCG, or opportunities arising from those, for personal benefit independent from the business of or to benefit any other business or person.
- No Employee, or any family member or companion over which the Employee has influence, may directly or indirectly have any equity interest in, or have a significant beneficial connection with, any business or individual which competes with, is a supplier, customer or franchisee of the RCG Group without the prior written consent of the Chairman or his nominee. Passive shareholdings of not more than 5% in listed companies are excluded from this provision.
- Employees must not engage directly or indirectly in any outside business activity involving commercial contact with, or work for the benefit of, Group customers, franchisees, suppliers or competitors without the prior written consent of the Chairman or his nominee.
- Employees have a duty to notify the Company Secretary of any actual or potential conflicts of interest.

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5.11. Use of Inside Information

The following principles apply:

- Employees must not disclose confidential RCG Group information to any third party without the prior consent of a Director.
- Employees must maintain the confidentiality of all Company documents and must not disclose any information contained within the documents to any third party without the prior consent of a Director
- Employees must not use Group information for the purpose of directly or indirectly obtaining personal gain.
- Employees must abide by the “RCG Share Trading Policy” which forms part of these Corporate Governance Principles and Practices.

6. SHARE TRADING POLICY

6.1. Introduction

Principle 3.2

The Corporations Act contains provisions which prohibit a person in possession of material, price-sensitive, non-public information relating to a company from dealing in any way with shares, options or other securities of that company (“Insider Trading”). In particular, any person in possession of such information may not buy or sell securities in that company.

This policy outlines:

- when trading in the Company’s securities by Directors and employees with access to price-sensitive information (collectively “Designated Officers”) is permitted
- When trading in the Company’s securities by Designated Officers is not permitted; and
- The procedures that are in place to reduce the risk of Insider Trading.

6.2. Objectives

The objectives of this policy are to:

- Ensure that the Designated Officers are aware of the legal restrictions on trading securities in the Company while in possession of unpublished Company price sensitive information
- Minimise the risk of any Designated Officer contravening the laws against insider trading
- Assist the Company in complying with the ASX Listing Rules
- Ensure the Company complies with the principles of good corporate governance and best practice recommendations set out by the ASX Corporate Governance Council
- Increase transparency with respect to trading in securities of the Company.

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To achieve these objectives Designated Officers should consider this policy to be binding on them in the absence of specific exemption by the board.

6.3. Insider Trading: Definition and Consequences

Insider Trading occurs when person, in possession of information about a Company that is both price-sensitive (as defined in section 1042D of the Corporations Act) and not generally available (as defined in section 1042C of the Corporations Act), engages in any of the following activities:

- Dealing in the Company’s securities
- Communicating the price-sensitive information to others who might deal in the securities; or
- Procuring another person to trade in the Company’s securities.

Insider Trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties on persons who engage in Insider Trading and order payment of compensation to shareholders who suffer loss or damage as a result.

6.4. Continuous Disclosure

All ASX listed companies are required to disclose all price-sensitive information immediately to ASX, except in limited circumstances. The tests of what constitutes price-sensitive information

under the insider trading laws and under the ASX continuous disclosure requirements are effectively identical.

6.5. Information that may be considered to be price-sensitive

The determining what is information constitutes price-sensitive, not generally available information is subjective. The following list contains some examples of what would usually fall into the category of price-sensitive, not generally available information (this list is not exhaustive):

- Financial results not yet released to the market
- Management accounts
- Budgets or forecasts not yet released to the market
- Sales and trading results
- An increase or decrease in dividends
- Proposals to raise additional equity or borrowings
- Proposed acquisitions, mergers, sales, joint ventures or takeovers
- Information about business plans, investment proposals or asset purchases or sales
- The entry into or termination of a major contract
- The change in employment status, health or capacity of any Director or Senior Executive

6.6. When a Designated Officer must not deal in securities

Designated Officers must not deal in securities of the Company:

- Until the second trading day after any release of information to the ASX or after a shareholder meeting so that the market has had time to review the information except in the case when a prospectus has been issued
- Within the period of 30 days prior to the release to the ASX of the Company's annual results or half yearly results
- If they are in possession of any price-sensitive information that is not generally available to the public.

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Designated Officers must also not do the following:

- Communicate price-sensitive information to any person who may deal in securities of the Company
- Recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust, or directors of a family company) that they buy or sell securities in the Company

6.7. When a Designated Officer may deal in securities

A Designated Officer may deal in securities of the Company if:

- Doing so would not contravene the provisions of clause 6.5 above
- They have given written advice to the Chairman (in the case of Directors) or the Company Secretary (in the case of all other Designated Officers) of their intention to do so
- The Chairman or the Company Secretary (as the case may be) has made appropriate enquiries with the board; and
- The Chairman or the Company Secretary has indicated in writing that there is no impediment to them doing so.

6.8. When employees (other than Designated Officers) may deal

If an employee, who is not a Designated Officer, is not in possession of information that he or she knows or ought reasonably to know is price-sensitive information not generally available to the public in relation to the Company's securities then he or she may deal in those securities.

If an employee becomes aware of price-sensitive information that is not generally available then, for the purpose of this Share Trading Policy, that employee will be deemed to be a Designated Officer.

6.9. Notification of Directors' dealings in securities

The Company (in this case as the agent of the Director for the purposes of section 205G of the Corporations Act) must notify the ASX of dealing in securities by Directors within 5 business days (ASX Listing Rules 3.19A and 3.19B).

Three appendices are included in the ASX Listing Rules for the purpose of this notification:

- 3X: Initial Director's Interest Notice
- 3Y: Change of Director's Interest Notice
- 3Z: Final Director's Interest Notice

All Directors must ensure that any change to the number of securities they hold, by virtue of dealing in those securities or otherwise, is communicated to the Company Secretary without delay so that he may lodge the necessary form with the ASX within the 5 day limit.

6.10. Breach of Policy

A breach of this policy by a Designated Officer will be regarded seriously. It may constitute a breach of the law and it may lead to disciplinary action being taken. Such action may include summary dismissal.

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6.11. Speculative Dealing

Designated Officers must not at any time engage in short-term trading in securities of the Company.

6.12. Further Information

If a Designated Officer has any query about the application of this policy or whether a particular piece of information is price-sensitive, he or she should consult the Chairman, an Executive Director or the Company Secretary.

7. CONTINUOUS DISCLOSURE POLICY

7.1. Introduction

Principle 5.1

RCG recognises the critical importance of timely disclosure to ensure the efficient operation of the securities market. The objective of this policy is to ensure that the management and delivery of price sensitive information by RCG is done in a comprehensive and efficient manner that complies with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act.

7.2. Continuous Disclosure Principle

The overarching principle of this Policy is governed by Listing Rule 7.1 which requires the Company to immediately notify ASX of any information that a reasonable person would expect to have a material effect on the price or value of RCG's quoted securities, provided that the information does not fall within the exception to disclosure under the Listing Rules.

7.3. Exceptions to the Continuous Disclosure Principle

Under Listing Rule 3.1A, the Company is exempt from the continuous disclosure requirements if *all* of the following are satisfied:

- A reasonable person would not expect the material to be disclosed; and
- The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- One or more of the following applies:
 - It would be a breach of law to disclose the information
 - The information concerns an incomplete proposal or negotiation
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure
 - The information is generated for the internal management purposes of the Company
 - The information is a trade secret

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The board of RCG will consider whether or not any piece of information meets these criteria before disclosing it.

7.4. Compliance with the Policy

The Board is responsible for ensuring that RCG complies with its continuous disclosure obligations. To this end, the Board is responsible for implementing and overseeing compliance with this Continuous Disclosure Policy.

7.5. Implementation of the Policy

In practice, the Board delegates responsibility for making "routine" continuous disclosure to a Disclosure Sub-Committee. The Disclosure Sub-Committee comprises the Chairman, the CEO (or relevant equivalent), the CFO and the Company Secretary.

Where disclosure is not "routine", the input from all relevant board members is sought before disclosure is made. The Disclosure Sub-Committee can and does seek outside expert advice in relation to disclosure matters from time to time.

7.6. Role of the Company Secretary

The Company Secretary is responsible for:

- Ensuring that RCG complies with the continuous disclosure obligations
- Communicating with ASX in relation to Listing Rule matters
- Overseeing and co-ordinating disclosure of information to ASX
- Together with the chairman, co-ordinating the disclosure of information to analysts, brokers, shareholders, the media and the public
- Educating Directors, officers and employees on RCG disclosure obligations, by reference to the listing Rules and this Policy.

7.7. Reporting Procedures

The following procedures ensure that price sensitive information is appropriately dealt with:

- Established internal practices and protocols are in place that ensure that information generated in the normal course of business which would be considered price-sensitive (such as financial reports and trading results) is distributed to an Executive Director before being distributed to anyone else.
- Divisional Managers are aware of the operation of the continuous disclosure requirements. Protocols are in place to enable these managers to pass on any information which may be brought to their attention and which may be potentially price sensitive to a Director without delay.
- All Directors are well versed in the continuous disclosure principle and the exceptions to the continuous disclosure requirements. When any Director, through the protocols described above or other means, becomes aware of any information which may be potentially price-sensitive, he or she refers this to the Disclosure Sub-Committee without delay.
- The Sub-Committee will assess the information and take the necessary steps to comply with the Company's continuous disclosure obligations.

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7.8. Communication of Information

Information concerning the Company that is subject to this policy will be dealt with as follows:

- All information to be released to the market under this policy will be released by the Company Secretary to the ASX before releasing it to any other person
- Immediately that confirmation is received from the ASX that the information has been released, all Directors are to be provided with an electronic copy of the notification
- All information disclosed to ASX in compliance with this policy will be promptly placed on The Company's website following confirmation of release by ASX
- The Disclosure Sub-Committee will determine if further dissemination of information is required (e.g. Press releases, investor presentations, etc) and will determine the best form and manner in which to disseminate the information.
- Unless otherwise advised, the nominated spokesperson for RCG is the Chairman. The Chairman is entitled to clarify information publicly released through ASX, but he should not add to or reveal any additional information which may be considered as price sensitive.

7.9. Market speculation and rumours

Market speculation and rumours, whether substantiated or not, have a potential to impact RCG. Speculation may also result in ASX requesting disclosure by the Company on the matter. RCG has a policy of not responding to speculation and market rumours and employees must

observe this policy at all times. The Disclosure Sub-Committee will deal with the regulatory authorities' requests in relation to such rumours.

7.10. Contact with the market

Whilst, in accordance with this policy, price sensitive material is first released to the ASX, RCG regularly interacts with the market in a variety of additional ways. These include presentations to the media, analysts and investors. The Company recognises that it is important to have such market discussions, but also recognises that no price sensitive information is to be communicated during these discussions. The authorised company spokesperson may clarify information has already been released but must not comment on material price or value sensitive issues that have not been disclosed to the market generally.

7.11. Breach of Policy

A breach of this policy by any person will be regarded seriously. It may constitute a breach of the law and it may lead to disciplinary action being taken. Such action may include summary dismissal.

8. SHAREHOLDER COMMUNICATION POLICY

8.1. Introduction

Principle 6.1 The purpose of the Shareholder Communications Policy is to promote effective communication with shareholders and encourage effective participation at General Meetings.

8.2. Shareholder Communications

RCG will ensure that:

- materials detailed in this Policy are available on the RCG website within a reasonable timeframe
- Shareholder communications are distributed to shareholders in accordance with the Corporations Act and Listing Rules
- This Shareholder Communication Policy is updated and maintained as required.

8.3. Methods of Communication

Shareholders may correspond with the Company in any of the following ways:

- Telephone
- Mail
- Email
- Fax
- In person at shareholder meetings or investor briefings

8.4. ASX Announcements

All announcements made to the ASX are available to shareholders as follows:

- On the RCG website at www.rcgcorp.com.au
- Under the Company Announcements section of the ASX website

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8.5. Share Registry

Shareholders are able to access information relevant to their holding via the Company's share registry, Computershare Investor Services Pty Limited, by:

- Phone on 1300-850-505
- Mail at GPO Box 2975, Melbourne VIC 3001
- Via the Investor portal – for more information go to www.computershare.com.au

8.6. General Meetings

RCG will conduct general meetings as follows:

- An Annual General Meeting (“AGM”) will be held between September and December each year.
- Extraordinary General Meetings (“EGM”) may also be held from time to time as the need arises. These may be held at any time throughout the year (subject to compliance with the Corporations Act and the Listing Rules)
- In the case of both AGM's and EGM's, the Company will circulate a Notice of Meeting to all shareholders within the framework established by the Corporations Act.
- A proxy form, allowing shareholders to appoint a proxy in the event they cannot attend the meeting, will accompany each Notice of Meeting.
- If the Chairman, CEO or any other Director plans to give an address at the meeting, the address will be released to the market immediately before the commencement of the meeting.
- A forum will be provided at each general meeting for shareholders to ask questions

8.7. Full-year and Half-year Results

The following information is relevant in relation to the published financial results of the Company:

- The Company will publish its financial results in accordance with the Corporations Act, ASX Listing rules, relevant accounting standards and any other regulatory requirement
- The results of each full financial year to the end of June are published in August of that year
- The results of each half year to the end of December are published in February of the following calendar year
- Both sets of results will be released to the market in compliance with the ASX Listing rules and will be available in the same manner as other ASX announcements
- Immediately following the announcement of RCG's financial results, RCG will release an "Investor Presentation", which summarises and provides context to the results
- The board may then, at its discretion, hold results briefing sessions at which time shareholders may ask questions concerning the published financial results.
- The Company's Annual Report is available electronically to all shareholders, via RCG's website. Shareholders will no longer automatically receive a printed copy of the Annual Report. To do so they must specifically request a hard copy by contacting RCG's Registry provider, Computershare on 1300-850-505