

RACV BOARD CHARTER

1. PURPOSE OF CHARTER

- 1.1 This Board Charter sets out the role, structure, composition and responsibilities of the Board of Royal Automobile Club of Victoria (RACV) Ltd (**RACV**).
- 1.2 The composition, structure and conduct of the Board is also governed by the RACV Constitution (**Constitution**), the *Corporations Act 2001*(Cth) as well as other applicable laws and statutes.
- 1.3 RACV supports the principles of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) as they apply to a mutual organisation with the scope of operation and breadth of member interest of the RACV.

2. COMPOSITION OF THE BOARD

- 2.1 The size and composition of the Board is determined in accordance with the Constitution.
- 2.2 The Board comprises:
 - a) non-executive directors; and
 - b) the Chief Executive Officer (**CEO**), if appointed to the office of Managing Director(**MD**).
- 2.3 The Board aims to maintain a position where most, if not all, non-executive directors are independent as assessed in accordance with section 10 of this Charter and the ASX Principles
- 2.4 The Chairman must be an independent non-executive director.

3. BOARD RESPONSIBILITIES

3.1 Overview

The Board is responsible for ensuring that RACV has an appropriate corporate governance structure for the creation and protection of member value. This requires that appropriate accountability and control systems are in place.

The Board must instil and continually reinforce a culture across the organisation of acting lawfully, ethically, safely and responsibly.

This Charter is not an all-inclusive document and should be read as an expression of principle. In addition to matters required by law to be approved by the Board and to matters reserved to the Board in the Constitution, the Board has set out below a summary of the responsibilities that the Board has reserved to itself.

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3.2 Strategy

The Board is responsible for setting the strategic direction of RACV and monitoring the implementation of that strategy by the MD/CEO and Leadership Team, including:

- (a) providing input to and final approval of the annual business plan (budget) and Business and MD/CEO KPIs;
- (b) reviewing KPIs of direct reports to the MD/CEO
- (c) approving and monitoring the progress of major capital expenditure, including major building projects, capital management and acquisitions/divestments;
- (d) monitoring progress against the business plan and budget;
- (e) approving the decision making and financial delegation of authorities; and
- (e) reviewing and monitoring major advocacy positions.

3.3 Membership

The Board must have regular involvement in member activities and remain informed about the range of member views relating to the scope of RACV's operations. The Board must provide members with appropriate information and facilities to allow them to exercise their rights as members effectively.

3.4 Oversight

The Board is responsible for overseeing RACV and its subsidiaries (together, the RACV Group) control and accountability systems in the areas set out below.

(a) Audit and Compliance Responsibilities

- (i) approving and monitoring financial performance and integrity of reporting to members, employees and other stakeholders;
- (ii) monitoring internal compliance and control systems;
- (iii) monitoring compliance with all legal and regulatory obligations;
- (iv) selecting, appointing and monitoring the performance of internal and external auditors; and
- (v) overseeing tax strategy, policies, risk, compliance and reporting obligations.

(b) Governance and Risk

- (i) satisfying itself that an appropriate risk framework exists for relevant information to be reported by management to the Board;
- (ii) reviewing, monitoring and ratifying a framework of risk management (for both financial and non- financial risks) which identifies key risks and sets the risk appetite within which the Board expects management to operate;
- (iii) reviewing and approving the Company Code of Conduct, Board policies, Board Committee Charters and significant corporate policies;
- (iv) reviewing annually (at the time of the approval of the business plan (budget) and approving changes to delegations of the MD/CEO to management; and
- (v) providing appropriate information about the RACV Group and its governance to members via its website.

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(c) Appointments and Remuneration Responsibilities

- (i) maintaining and updating, at least annually, a Board skills matrix which sets out the mix of skills that the Board currently has or is looking to achieve in its membership;
- (ii) appointing and removing the MD/CEO;
- (iii) appointing and removing the Chief Financial Officer (considering the recommendation of the MD/CEO);
- (iv) providing advice on the appointment or removal of any direct report to the MD/CEO;
- (v) appointing and removing the General Counsel and Company Secretary (considering the recommendation of the MD/CEO);
- (vi) monitoring MD/CEO and senior management's performance and implementation of strategy and policies and ensuring appropriate resources are available;
- (vii) approving the remuneration of the MD/CEO; and
- (viii) succession planning in relation to the Board, Chairman, Deputy Chairman, MD&CEO and direct reports to the MD&CEO.

4. RIGHTS AND DUTIES OF DIRECTORS

4.1 In discharging their duties, each director must:

- a) exercise due care and diligence;
- b) act in good faith in the best interests of RACV;
- c) not improperly use their position or misuse information of RACV;
- d) commit the time necessary to discharge effectively their role as a director; and
- e) abide by all other relevant requirements, the RACV Code of Conduct and board policies including the Director Code of Conduct, Board Stakeholder Engagement Guidelines, Board Management Protocol, Board Media Policy, Board Election and Governance Advertising Policy.

4.2 All directors (including the MD) are entitled to be heard at all meetings and should bring an independent judgement to bear in decision-making.

4.3 Non-executive directors should confer regularly, primarily on scheduled Board dates, without management present.

4.4 Any director may take such independent legal, financial or other advice as they consider necessary at RACV's expense provided the advice sought is in writing, is directly relevant to RACV affairs and the Chairman's consent is first requested and obtained. The consent of the Chairman will not be withheld unreasonably.

5. BOARD COMMITTEES

5.1 To assist the Board in fulfilling its duties and responsibilities, it has established the following committees:

- a) Appointments and Remuneration Committee
- b) Audit and Compliance Committee
- c) Club and Membership Committee; and
- d) Governance and Risk Management Committee

5.2 Each committee has a formal charter.

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- 5.3 Directors are expected to be members of two committees, subsidiary or associate boards.
- 5.4 All directors have an open invitation to attend any Committee meeting as an observer and, at the invitation of the Committee can speak but cannot vote. Directors who wish to attend off site Committee meetings are to attend by electronic means unless otherwise approved by the Chairman.
- 5.5 Committees are expected to test and refine information being brought to the Board to assist with efficient recommendation assessment and decision-making. Committees should be conscious of minimising duplication of work between the Committee and the Board.
- 5.6 With the exception of certain limited delegations contained in their charters, recommendations of the committees are to be referred to the Board for approval.
- 5.7 Committees cannot delegate responsibilities without Board approval.
- 5.8 The Board can establish *ad hoc* committees from time to time.
- 5.9 The Board and committees must be provided with the information they need to efficiently discharge their responsibilities.
- 5.10 The Board will arrange for management to supply the Board and committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. All directors are entitled to receive copies of Committee papers.

6. THE APPOINTMENT, ROLE AND TENURE OF THE CHAIRMAN AND DEPUTY CHAIRMAN

- 6.1 The Chairman and Deputy Chairman of the Board are each elected each year at the Board meeting prior to the Annual General Meeting and such appointments are ratified at the Board meeting following the Annual General Meeting.
- 6.2 The Chairman and Deputy Chairman of the Board each hold office up to the election of a successor provided they continue to hold office as a director.
- 6.3 The Chairman must resign as a director within 6 months after the expiry of their tenure as Chairman.
- 6.4 The Chairman is responsible for:
 - (a) leading the Board;
 - (b) facilitating the organisation and work of the Board including setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues and risk issues;
 - (c) facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the Board and management;
 - (d) maintaining an open dialogue with the CEO and, as appropriate, provide support and counsel to the CEO to facilitate the effective discharge of the CEO's duties and responsibilities; and
 - (e) reviewing the Board's performance in accordance with section 9 below.

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6.5 The Deputy Chairman is responsible for:

- (a) performing the role and functions of the Chairman in the absence of the Chairman for any reason;
- (b) facilitating approvals and actions required to be performed by the Chairman under this Charter, or its policies, where the Chairman may be compromised due to personal or other conflict of interest when and as appropriate and required;
- (c) supporting the Chairman in the performance of the role and function of the Chairman.

7. RESPONSIBILITIES OF THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

7.1 The MD/CEO is responsible for the day-to-day management of the RACV Group with all powers, discretions and delegations authorised, from time to time, by the Board.

7.2 The MD/CEO must have a formal employment agreement describing their term of office, duties, rights and responsibilities and entitlements on termination.

7.3 At each meeting where the Board approves the full-year financial statements, the MD/CEO and CFO must provide the Board with written certification which includes statements that:

- a) RACV's financial reports present a true and fair view, in all material respects, of RACV's financial condition and operational results and are in accordance with relevant accounting standards;
- b) this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- c) RACV's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. COMPANY SECRETARY

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

8.2 All directors have unfettered access to the Company Secretary and the Company Secretary has unfettered access to directors.

9. REVIEW OF BOARD PERFORMANCE

9.1 The Chairman must review annually the performance of the Board, its committees and individual directors and address any issues that may emerge from that review.

9.2 An external review of the Board and the committees will be completed every three years.

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10. INDEPENDENCE OF DIRECTORS

- 10.1 Subject to section 10.2 below, a non-executive director of the RACV (and its subsidiaries) will not generally be considered to be independent if the director is or has been in the last three years:
- a) an employee of RACV, of any wholly owned subsidiary of RACV or of any other entity or organisation in which RACV holds an interest (collectively the **RACV Entities** and each an **RACV Entity**); or
 - b) receiving payment from any RACV Entity by way of annual or periodic fee, remuneration or other sum (other than solely as a director of any RACV Entity); or
 - c) engaged in any capacity (including as a consultant or contractor) to provide any goods or services to any RACV Entity (other than solely as a director of any RACV Entity); or
 - d) involved in any capacity (including as an employee, director, officer or shareholder) with a firm, entity or other organisation (other than another RACV Entity) which is:
 - (i) engaged in any capacity (including as a consultant or contractor) to provide any goods or services to any RACV Entity; or
 - (ii) receiving payment from any RACV Entity by way of an annual or periodic fee, remuneration or other sum; or
 - (e) not 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 RACV.
- 10.2 In determining whether a non-executive director is independent, the Board will have regard to the following factors:
- (a) the materiality of the director's past or current relationship with the RACV (in any capacity, including as an employee, contractor, supplier or otherwise) and whether it might reasonably be seen to interfere with their capacity to:
 - (i) bring independent judgment to bear on issues before the Board; and/or
 - (ii) act in the best interests of the RACV and the members;
 - (b) the particular skills and experience of the director, having regard to the skill and experience requirements of the Board at the relevant time; and
 - (c) any other factors the Board considers to be relevant.
- 10.3 The guidelines in section 10.1 must be applied with common sense. Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each director is expected to advise the Chairman immediately if they believe they may no longer be independent. Should the Chairman or any other director have any concern about the independence of a director, they must immediately raise the issue with that director and, if the issue is not resolved, with the Board.
- 10.4 For the avoidance of doubt, the rules in section 10.1 do not apply where the directors' involvement is solely as the holder of securities in a company or trust listed on a recognised securities exchange, provided that the securities held by the director in aggregate carry not more than 5% of the votes that could be cast at a general meeting of that company or at a meeting of security holders of that trust.

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10.5 If the Chairman has any concern about their own independence, the Chairman must immediately raise the issue with the Board.

11. TENURE OF DIRECTORS

11.1 The rules concerning appointment, retirement and election of directors are set out in the Constitution.

11.2 Non-executive directors must retire at or before the date of the Annual General Meeting which takes place 12 years after the Annual General Meeting in the year in which the Director was initially appointed.

12. DIRECTOR SHARE TRADING

12.1 Restrictions are imposed on directors trading in shares pursuant to RACV's Insider Trading Policy. All directors must follow that policy.

13. DEED OF INDEMNITY AND ACCESS

13.1 Under the Constitution each director is indemnified to the fullest extent permitted by law.

13.2 Each director is entitled to a deed of indemnity which shall include provisions relating to:

- (a) access to Board papers;
- (b) confidentiality;
- (c) indemnity by the RACV; and
- (d) the provision of directors' and officers' insurance.

14. COMMUNICATIONS

14.1 The Board is committed to communicating effectively with members its member benefits and services, the organisation's financial and operational performance, and to encourage participation in Board elections and annual general meetings.

14.2 The concise annual report, notice of annual general meeting and election nomination advertisement are available on the RACV website and are published in the member magazine which is distributed to all members. Hard copies of the Annual Report and Financial Statements are available on the website and are also made available to members on request.

15. REVIEW OF CHARTERS

15.1 The Board must review and update this Charter and the Charters of Board Committees annually or as required to ensure they remain consistent with the Board's objectives and responsibilities and relevant standards of corporate governance.

Approved by the RACV Ltd Board on 25 August 2021