



CORPORATE GOVERNANCE STATEMENT

PURPOSE

The purpose of this statement is to articulate RACT’s commitment to high standards of corporate governance and demonstrate its support for the Corporate Governance Principles and Recommendations as amended and published by the ASX Corporate Governance Council as far as they apply to a non-listed organisation and the Co-operative Mutual Enterprise Governance Principles as they apply to the Club.

THE RACT GROUP

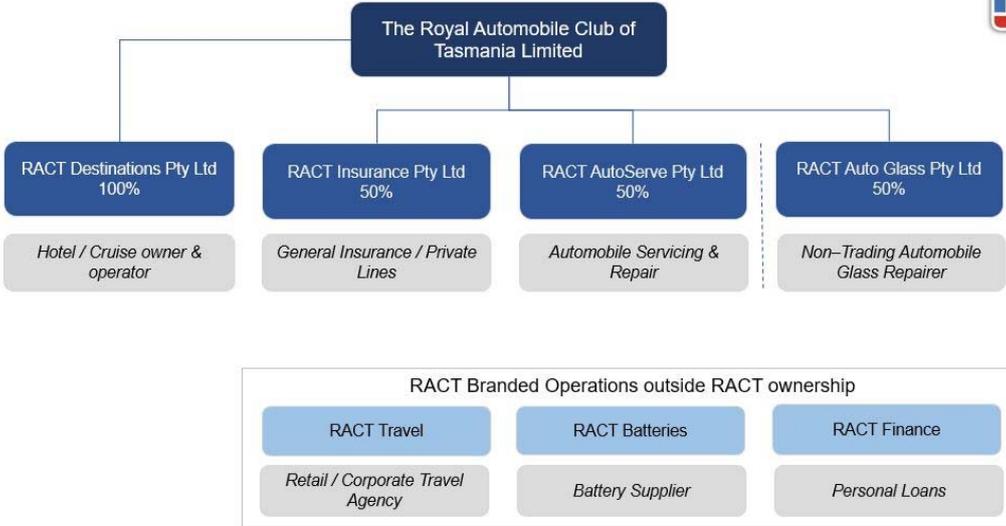
The Royal Automobile Club of Tasmania Limited (the Club) is a public company limited by guarantee that operates under mutual principles and is governed by its constitution, by-laws and the Corporations Act 2001 (Cth).

The Club operates within a group of subsidiary and associate companies that collectively provide services to, for and on behalf of, its members (the RACT Group).

The Board of Directors of the Club is responsible for ensuring that the Club has an appropriate corporate governance and management structure and that such structures operate efficiently and transparently. The Board guides and monitors the business and affairs of the company on behalf of the Club’s members.

While the Board is only directly responsible for the governance framework of the Club the Board ensures that those guiding principles are supported throughout the RACT Group through the joint control of, and representation on the board’s’, of each company within the RACT Group.

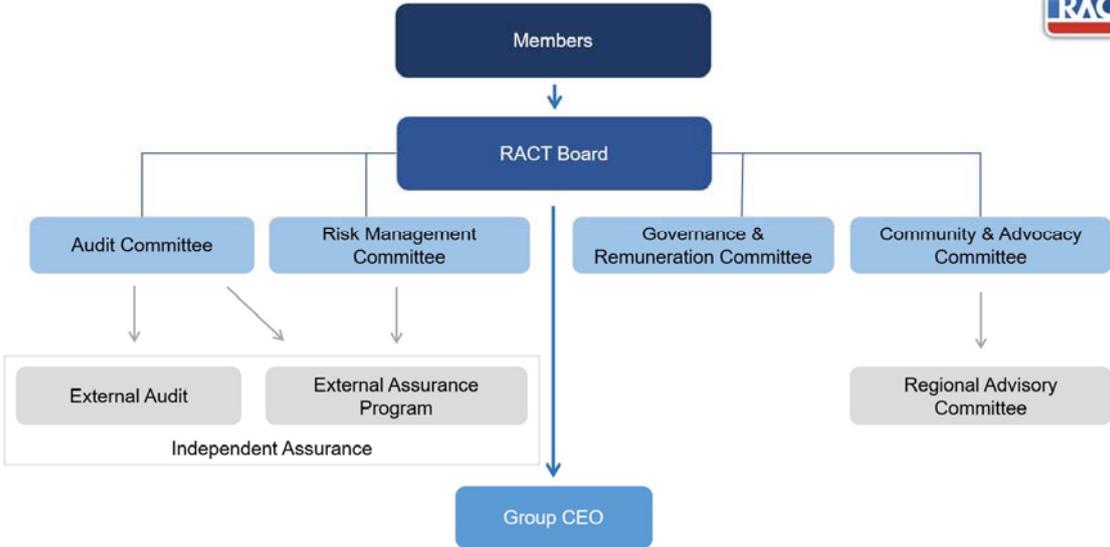
RACT Group Structure (simplified)



THE RACT GOVERNANCE FRAMEWORK

The Board has established a corporate governance framework that has been derived with consideration of best practice as adapted to allow for the Club being a mutual organisation and the interests of its members.

RACT Board Organisational Chart



THE BOARD OF DIRECTORS

Roles and Responsibility

The Board is ultimately responsible to the Club’s members for the satisfaction of the Club’s purpose as set out and agreed by members within its Constitution. In order to achieve this objective the Board has delegated authority to the Group Chief Executive Officer for the day to day operations of the Club and set out the Board’s key functions within a Board Charter as follows:

- To arrange the employment of and remuneration of the company’s Group Chief Executive;
- To set goals, formulate strategies and approve business plans, policies and investment strategies;
- To approve annual budgets and key management decisions;
- To monitor management performance and business results;
- To monitor the identification and management of business risks and internal controls
- To set and review and approve annual reports to members;

- To manage appropriate succession planning and renewal of the Board;
- To set and review budgetary control and conformance strategies; and
- Representation of member interests in respect to mobility and other matters of public policy.

Board Composition

The Board has representatives from the North, South and North West of Tasmania and is currently made up of 12 non-executive member-elected directors that have been determined as independent by the Board.

The Board will however transition to nine member-elected directors by November 2021.

In order to ensure that collectively the Board is diverse and has an appropriate range of skills, knowledge and experience necessary to properly oversee the Club the Board, when the number of member-elected directors is reduced below 12, will have the ability to supplement its number up to 12 through the appointment of board-appointed directors.

The required skills and experience of directors are determined from time to time by the Board in acknowledgement of the requirements of the Club, and its areas of operation, both at that time and in the future. A Board skills matrix is maintained by the Governance and Remuneration Committee.

Details of Directors are available on the RACT website and are included in the Clubs annual accounts.

Director Renewal

Member-elected Directors are elected by members for a period of three years. The Board has established a Director Tenure by-law that identifies that director tenure is under ordinary circumstances to be limited to 12 years.

BOARD COMMITTEES

The Board has the authority to delegate any of its powers to committees, as the Directors think fit. The Board has established a number of standing committees which report to the Board that each operates under a Charter approved annually by the Board. The current standing committees and their areas of focus are as follows:

Governance & Remuneration Committee	Audit Committee	Risk Management Committee	Community and Advocacy Committee
Assists the Board across the following areas: <ul style="list-style-type: none"> ▪ The Club’s remuneration framework; ▪ Board and Management Succession planning; ▪ Nomination of candidates for fulfilling casual vacancies of the Board; and ▪ Changes to Club governance structures. 	Assists the Board across the following areas: <ul style="list-style-type: none"> ▪ Reporting of financial information; ▪ Oversight of external audit and external assurance program; ▪ Financial management; ▪ Internal controls; and ▪ Compliance with laws, regulations and supporting standards and guidelines. 	Assists the Board in relation to the oversight of the Club’s Risk Management Framework, including the identification and monitoring of risks across the RACT Group.	Assists the Board through the oversight of the management of the Club’s community investment activities and advocacy on behalf of members.

Membership of RACT Committees as well as attendance by directors at both committee and board meetings are published the Club’s annual accounts which are available on the RACT website.

ETHICAL AND RESPONSIBLE PRACTICE

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and strive at all times to enhance the reputation and performance of the company. A formal Code of Conduct is in place and a mandatory training programme must be completed by all staff.

The RACT is committed to providing a workplace free of all forms of discrimination and harassment including bullying. It aims for equality of opportunity for all employees and a

comprehensive Workplace Bullying, Harassment and Discrimination Policy and relevant training are essential components of every employees induction programme.

The RACT Directors' Code of Conduct, (which is based upon the Australian Institute of Company Directors published Code of Conduct), endeavors to set down an authoritative series of clearly understood and observed rules concerning the conduct of RACT Directors. The Code is not intended to be exhaustive, nor derogate any obligations imposed by law. The RACT Directors' code of conduct is as follows:

- a Director must act honestly, in good faith and in the best interests of the Club as a whole;
- a Director has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a Director must use the powers of office for a proper purpose in the best interests of the Club as a whole;
- a Director must recognize that the primary responsibility is to the Club's members as a whole but should, where appropriate, have regard for the interests of all stakeholders;
- a Director must not make improper use of information acquired as a Director;
- a Director must not take improper advantage of the position of Director;
- a Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Club;
- a Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of Directors;
- confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Club and it is improper to disclose it, or allow it to be disclosed unless that disclosure has been authorized by the Club or the person from whom the information is provided, or is required by law;
- a Director must not engage in conduct likely to bring discredit upon the Club;

a Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

CORPORATE REPORTING INTEGRITY

The Club has established a structure of reviews and authorisations designed to ensure the truthful and factual presentation of the Club's financial position. This includes:

- the establishment of an Audit Committee, and the review and consideration of the accounts by that Committee;
- declarations by the Group Chief Executive Officer and Chief Financial Officer that the annual financial reports offer a true and fair view of the company's financial position;
- processes to ensure the independence and competence of the Club's external auditors; and
- maintenance of an independent assurance program which reports to the Audit Committee on matters including systems of internal control and company policies.

Compliance with relevant accounting standards is monitored by the external auditors as part of their program and any issues are reported to the Audit Committee prior to sign-off of the Annual Report.

MEMBER COMMUNICATION

The Club has established mechanisms for member communications and other stakeholders in an open, regular and timely manner across a number of mediums. These include:

- Journeys bi-monthly magazine;
- Member emails and surveys;
- Provision of the Club's annual report and other explanatory material in advance of the Club's AGM;
- Providing historical annual reports via the RACT website;
- Publication of Community Investment and Advocacy activities and campaigns via the RACT website.

The Board encourages full participation of members at the Club's AGM and in RACT Board elections the voting for which are independently adjudicated.

The Club ensures that representatives of the Club's external auditor attends its AGM to answer members' questions.

RISK MANAGEMENT

The Club's focus on risk management is primarily conducted through management in accordance Board approved risk appetites. The Club's risk management function is supported by external consultants where required.

The Risk Management Committee reviews the Risk Management Plans periodically to ensure that areas with a high assessed inherent risk are managed effectively and that adequate processes are in place to identify emerging risks. Where applicable projects are identified to mitigate the underlying risk and progress against these tasks is monitored by the Committee.

An insurance program is maintained to reduce the financial risk associated with those categories of risks that cannot be sufficiently mitigated through business practices. The program is managed by an external broker and is reviewed by the Risk Management Committee.

A Business Continuity Plan has been prepared by management to provide a set of protocols and actions to follow in the event of a major disruption to operations. The plan is reviewed and updated at least annually the outcomes of which are reported to the Risk Management Committee.

REMUNERATION AND PERFORMANCE

The Board and Senior Leadership Team set a range of longer term strategic objectives as part of the strategic planning process which guide the development of annual budgets and form the basis of internal performance measurement.

The Board reviews performance of the Club at each of its meetings using a set of key performance indicators. The key performance indicators provide a snap-shot of a range of financial, people and process measures which are consistent with the Club's strategic objectives.

Performance of senior managers is measured against agreed annual performance measurements that contain a number of components including departmental and individual performance indicators that are in turn aligned with strategic and business plans.

The Board completes regular reviews of its own performance and undertakes external performance reviews when it deems it appropriate to do so.