



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 RACT.

The RACT Group

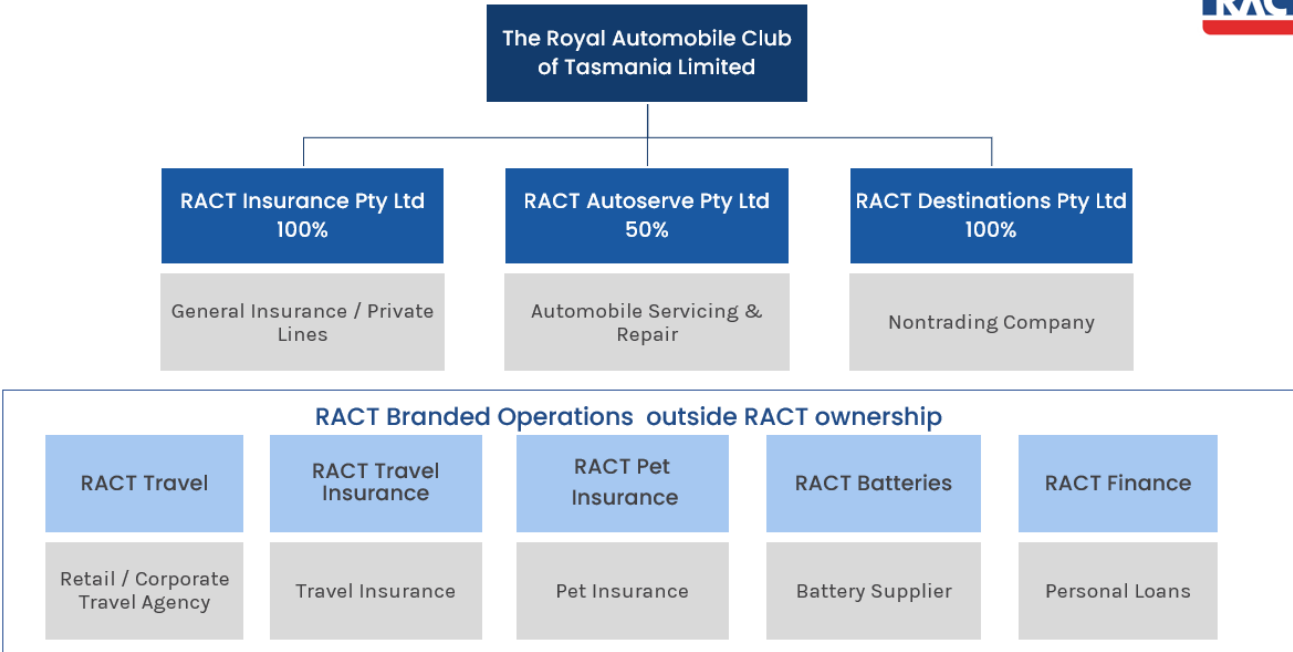
The Royal Automobile Club of Tasmania Limited (RACT) is a public company limited by guarantee that operates under mutual principles and is governed by its constitution, by-laws and the Corporations Act 2001 (Cth).

RACT 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 RACT is responsible for ensuring that RACT 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 RACT’s members.

While the Board is only directly responsible for the governance framework of RACT the Board ensures that those guiding principles are supported throughout the RACT Group.

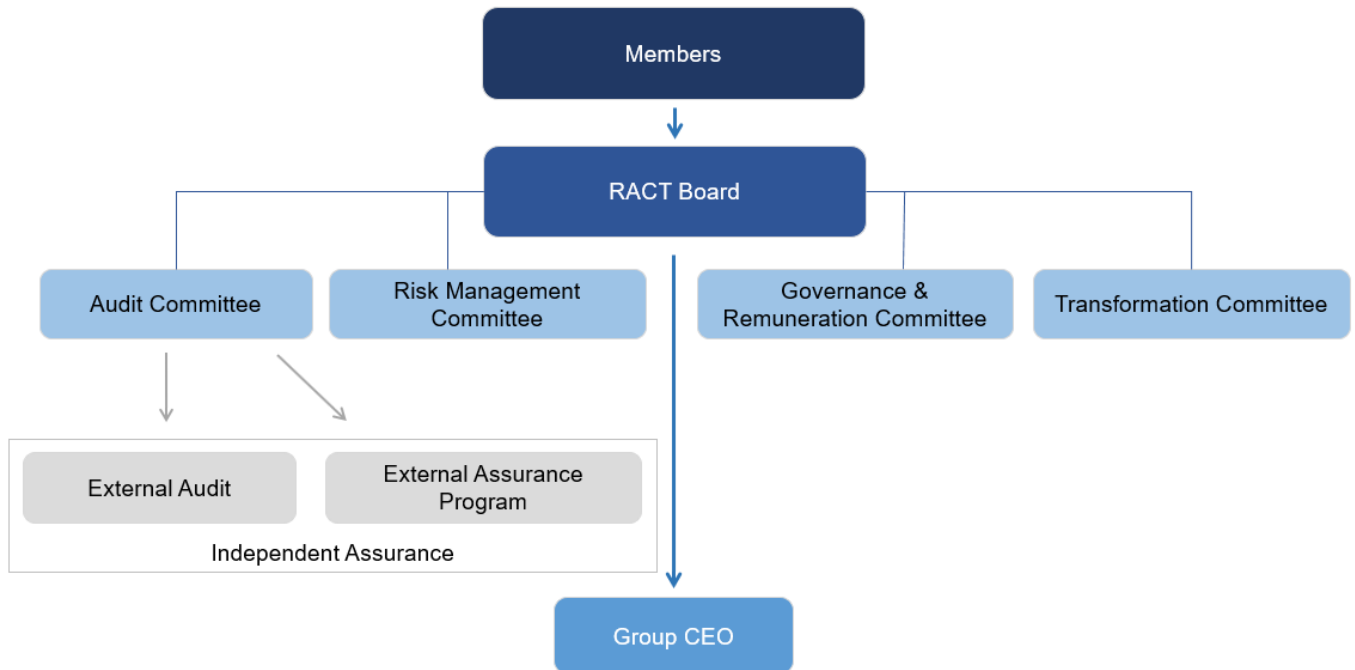
RACT Group Structure (simplified)



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 RACT 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 RACT's members for the satisfaction of RACT'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 RACT and set out the Board's key functions within a Board Charter to provide effective governance over RACT's affairs over the following functions:

- Board Governance
- Strategy, Values and Purpose
- Business Performance
- Capital Management
- Business Continuity
- Financial Reporting and Tax Compliance
- Risk Management Framework, Risk Appetite and Risk Culture
- People
- Work Health & Safety

- Internal and External Audit
- Advocacy, Environmental, Social and Governance Policy
- Cyber Security

Board Composition

The Board has representatives from throughout Tasmania and is currently made up of nine non-executive directors that have been determined as independent by the Board.

Six of the directors are member-elected and in order to ensure that collectively the Board is diverse and has an appropriate range of skills, knowledge and experience necessary to properly oversee RACT the Board has supplemented its number up to 9 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 RACT, 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 RACTs 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 whereby director tenure is under ordinary circumstances to be limited to 12 years.

As part of the RACT Board's succession planning processes Board roles are advertised both nationally and through member channels on an annual basis to align with RACT's constitutional board election requirements.

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 & Nominations Committee	Audit Committee	Risk Committee	Transformation Committee
<p>Assists the Board across the following areas:</p> <ul style="list-style-type: none"> • RACT's remuneration framework; • Board and Management Succession planning; • Board Skills and Experience requirements • Nomination processes for fulfilling Board renewal; and 	<p>Assists the Board across the following areas:</p> <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 	<p>Assists the Board in relation to the oversight of RACT's Risk Management Framework, including:</p> <ul style="list-style-type: none"> • Adoption of appropriate risk appetite and tolerance levels; and • Development of Key Risk Indicator measurements and limits 	<p>Assists the Board through the oversight of:</p> <ul style="list-style-type: none"> • RACT's Transformation Program • Key Strategic Initiatives

- Changes to Club governance structures.

supporting standards and guidelines.

- Identification and monitoring of risks across the RACT Group.

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 RACT Group 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 RACT Group as a whole;
- a Director must recognize that the primary responsibility is to RACT'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 RACT Group;
- 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 RACT Group and it is improper to disclose it, or allow it to be disclosed unless that disclosure has been authorized by RACT 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 RACT;

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

RACT has established a structure of reviews and authorisations designed to ensure the truthful and factual presentation of RACT'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 RACT'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

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

- Journeys quarterly magazine;
- Member emails and surveys;
- Provision of RACT's annual report and other explanatory material in advance of RACT's AGM;
- Providing historical annual reports via the RACT website;
- Publication of RACT's public policy positions and advocacy campaigns via the RACT website; and
- Holding Member and community events.

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

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

Risk Management

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

The Risk 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 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 Committee.

Remuneration and Performance

The Board and Executive 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 RACT 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 RACT'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.

A separate disclosure on RACT's remuneration practices is available on RACT's website.