

NATIONAL ROADS & MOTORISTS' ASSOCIATION LIMITED

Board Charter

Adopted by the Board on 29 June 2011



Contents

1. Introduction
2. Role of the Board
3. Structure and Composition
4. Responsibilities of the Board
5. Role of the President
6. Review of Performance
7. Reward and Evaluation
8. Review of Charters

1. INTRODUCTION

The Board Charter is a charter of the Board of Directors (*Board*) of National Roads and Motorists' Association Limited (*NRMA*) and its wholly owned or majority owned subsidiaries (*NRMA Group*). This charter sets out the role, structure, responsibilities and operation of the Board. The Board is accountable to NRMA Members (*Members*) for the corporate governance and performance of the NRMA Group.

2. ROLE OF THE BOARD

The role of the Board is to represent the Members and to promote and protect the interests of the NRMA Group by:

- a) guiding and monitoring its businesses and affairs. It does so by collectively overseeing and appraising the strategies, major policies, processes and performance of the NRMA Group using due care and diligence and ensuring that its long term reputation and sustainability is assured;
- b) undertaking to serve the interests of Members, employees, customers and the broader community with honesty and integrity;
- c) acting in good faith and in the best interests of the NRMA Group as a whole, irrespective of the Region for which each Director is elected;
- d) committing to collective decision making processes of the Board. Individual Directors will always respect the contributions of other Directors and strive to understand their perspectives and contributions to Board debate. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings. Directors will bring to bear their relevant skills, knowledge, experience and perspective on all discussions relating to the NRMA Group;
- e) ensuring that each Director's independence is paramount. Directors will not misuse their position on the Board or use information available to them as Board members to advance their personal interests or represent particular constituencies; and
- f) requiring Directors to inform the Board of any conflicts or potential conflicts of interest that they may have in relation to particular items of business. Directors must absent themselves from any discussion or decision on such matters. Where a conflict of interest or potential conflict is not identified by the Director, the Chair of the Board or Board Committee (or other Directors) must call the matter to the attention of the Director.

3. STRUCTURE AND COMPOSITION

The structure and composition of the Board, pursuant to the Constitution, has been determined as follows:

- a) the election process provides for up to a maximum of nine Non-Executive Directors to be elected by members;
- b) the Directors must elect one of their number as President and another as Deputy President. The President is the Chairman of the Board and the Deputy President is the Deputy Chairman. The terms President and Chairman should be viewed as interchangeable;
- c) the Directors must each hold an Ordinary Membership in NRMA and cannot be employees of NRMA, Insurance Australia Group Limited or any of their respective subsidiaries;
- d) the Directors are not eligible to hold office for more than 12 years, in aggregate, after being first elected or appointed as a Director;
- e) each Director must attend the Australian Institute of Company Directors *Company Directors Course* (or such other director development course or courses as the Directors decide) within two years after the date of first election or appointment, or as otherwise set out in the Constitution; and
- f) full Board elections are held every four years commencing in 2011. Directors elected for a Region in an Election Year will hold office until the first Saturday in December of the next Election Year or until such time as the Director ceases to hold office.

4. RESPONSIBILITIES OF THE BOARD

The Board has reserved to itself the following responsibilities for the governance of the NRMA Group:

- a) appointing and removing the Group Chief Executive Officer (*Group CEO*), approving the Group CEO's Service Agreement, monitoring the Group CEO's performance objectives and any termination payments made to the Group CEO which are in excess of those set out in his or her Service Agreement;
- b) appointing and removing the Company Secretary;
- c) reviewing the short list of acceptable candidates for the position of Group CEO, Expert Director or casual vacancy on the Board, and approving the appointment;
- d) with the input of management and the Group CEO, setting the NRMA Group's strategic direction, monitoring management's implementation of that strategy and reviewing management's performance against the strategic goals set;

- e) monitoring the integrity of and approving the NRMA Group's annual statutory financial reports and statements, annual budgets, long term strategic goals, business plans, annual advocacy plans, and any significant changes to key policies;
- f) reviewing any matters pertaining to the appointment, termination or replacement of the external auditors, for approval by Members;
- g) setting specific limits of authority for the Group CEO to commit to new expenditure, entering contracts or acquiring businesses without Board approval;
- h) approving acquisitions and disposals of businesses and investments above delegated limits of authority;
- i) approving the Investment Policy Statement on a triennial basis;
- j) reviewing any amendments to the NRMA Constitution, for approval by Members;
- k) recommending any increases to the Maximum Base Remuneration of the Directors (other than CPI increases provided for in the Constitution) for approval by Members;
- l) approving rules that are consistent with the Constitution for, or about, the conduct of the Election of Directors and any dates relating to the election of Directors, as required by the Constitution;
- m) determining the dates that the Register of Members is closed for the purposes of the annual general meeting and the Election of Directors;
- n) reviewing any proposals by management that have significant implications for the NRMA Group or have significantly different direction than previously approved advocacy positions; and
- o) appointing such Committees of the Board as may be appropriate to assist in the discharge of its responsibilities, determining their scope, objectives and membership.

In discharging these responsibilities, Directors are bound by the Corporations Act, the Constitution and all charters, policies and codes of conduct in force from time to time, including but not limited to:

- Board Charter and all Board Committee charters;
- Directors' Code of Conduct;
- Director Relationship with Region Board Protocol;
- NRMA Group Member & Director Correspondence Protocol; and
- Directors' Expenditure Policy.

The Board's responsibilities are collegiate and once decisions are made, Directors must not publicly advocate policies contrary to established Board decisions.

The Board delegates to the Group CEO responsibility for implementing the strategic direction, and managing the day-to-day operations of the NRMA Group, including exercising any of the powers, functions and discretions given to, or exercisable by, the Board under the Constitution in any way connected to the rights and obligations of any member or class of member of NRMA, the administration of membership of NRMA generally or the provision of services (as defined in the Constitution) to Members;

The Board and Directors relate to the staff of the organisation primarily through the Group CEO and contact between staff and Directors is coordinated through the office of the Group CEO.

Subject to the limitations imposed by the NRMA's Constitution, statute and other external regulation, the Board remains free to alter the matters reserved for its decision.

5. ROLE OF THE PRESIDENT

The responsibilities of the President are set out in the President's Letter of Appointment and are principally to:

- a) liaise with the Group CEO and the Company Secretary to ensure that new Board members receive the appropriate orientation and induction and have access to information on all aspects of the NRMA Group's operations;
- b) establish the agenda for Board meetings in consultation with the Group CEO and the Company Secretary;
- c) act as the main point of contact and communication between the Board and the Group CEO, ensuring that the Board's views are communicated clearly and accurately;
- d) act as counsellor and mentor to the Group CEO;
- e) represent and promote the NRMA Group's policies in external meetings with the public, governments or other bodies, as authorised or requested by the Board;
- f) protect the NRMA Group's policy of non-alignment with any political party;
- g) preside over Board and General or Special Meetings of the NRMA Group. The President has the task of making sure the Board is well informed and effective, that the Directors, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation and governance of the Board and the NRMA Group;

- h) set a standard for Board members in terms of attendance at meetings and prior familiarity with Board Papers distributed and issues to be raised;
- i) ensure that the meetings are conducted professionally, competently, ethically and in an open fashion consistent with a transparent culture, as well as providing effective leadership in formulating the strategic direction of the NRMA Group; and
- j) ensure that Members' Meetings are conducted efficiently and effectively and that the Members have adequate opportunity to air their views and obtain answers to their queries.

6. REVIEW OF PERFORMANCE

The Board will conduct, on a regular basis, a comprehensive review of its performance as a Board. The method and extent of that review is for the Board to determine from time to time.

The review of the President's performance will be conducted in accordance with the terms set out in the President's Letter of Appointment, signed by the President.

7. REWARD AND EVALUATION

The Board will ensure that the structure of remuneration for the Group is linked to the achievement of Group objectives.

The Governance, Compensation and Nomination Committee will ensure that the performance requirements of the Group CEO are linked to the achievement of the Group's objectives and that the systems of evaluation for the performance and remuneration of the Group CEO and the Group Executive Team are based on agreed criteria determined by the Committee from time to time.

The President will lead the annual performance evaluation of the Group CEO, on behalf of all Non-Executive Directors.

8. REVIEW OF CHARTERS

The Board is responsible for the regular review of this charter and the charters of all Board Committees to ensure that they remain consistent with the Board's objectives and responsibilities, and are in keeping with relevant standards of good corporate governance.