

Finance and Investments Committee Charter

1. Purpose

The Finance and Investments Committee (*Committee*) of the Board of Directors (*Board*) of National Roads and Motorists' Association Limited (*NRMA*) has been established in accordance with NRMA's constitution.

The Committee has been established to assist the Board in:

- a) managing and overseeing the investment portfolio of NRMA; and
- b) considering and, in certain circumstances, making decisions in relation to, investments, corporate transactions and growth opportunities, and NRMA's capital, treasury and financing arrangements,

(*Committee's Purpose*).

The Board delegates to the Committee the powers and authority set out in this Finance and Investments Committee Charter (*Charter*). The Board may make other delegations to the Committee from time to time.

This Charter supersedes the Finance and Investments Committee Charter approved by the Board on 14 December 2016.

2. Scope of Authority

The scope of the Committee's delegated powers and authority is set out in this Section 2.

2.1 Investment Portfolio

Reference is made to the NRMA Group Investment Policy Statement as approved by the Board from time to time (*Investment Policy Statement*), which sets out the governance framework for the investment portfolio of NRMA and its wholly-owned subsidiaries (*Investment Portfolio*). The power and authority of the Committee in relation to the Investment Portfolio is set out in this Section 2.1.

- a) **The Committee has authority to consider and approve:**
 - i. any investment (or change to an investment) as part of the Investment Portfolio which is consistent with the Investment Policy Statement and which has an initial investment commitment amount (including any gearing and transaction costs) of not more than \$50 million;
 - ii. any matter relevant or relating to management or oversight of the Investment Portfolio in accordance with the Investment Policy Statement (other than matters specifically reserved to management in that statement), including the appointment of principal asset consultants, advisers and custodians.
- b) **The Committee must review:**
 - i. at least annually, the performance of the Investment Portfolio against the stated objectives and benchmarks set out in the Investment Policy Statement; and
 - ii. at least once every three years, the Investment Policy Statement.

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- c) **The Committee has authority to consider and recommend to the Board for approval** any amendments to the Investment Policy Statement.

2.2 Property Investments

In relation to the acquisition of any real property assets (or interests in such assets) which will be held directly as a property investment (each a *Property Investment*):

- a) **The Committee has authority to consider and approve:**
- i. not more than \$3 million of out-of-budget expenditure for transaction and other costs to investigate and pursue any potential Property Investment, and to approve an adjustment to the approved annual budget and related targets equal to the amount of that expenditure; and
 - ii. the entry into any Property Investment which has an aggregate investment commitment amount (including the acquisition cost, transaction costs eg stamp duty, known capital expenditure and any gearing) of not more than \$50 million,
and must exercise such authority consistent with NRMA's corporate strategy approved by the Board.
- b) **The Committee has authority to consider and recommend to the Board for approval:**
- i. more than \$3 million of out-of-budget expenditure for transaction and other costs to investigate and pursue any Property Investment, and to recommend approval of an adjustment to the approved annual budget and related targets equal to the amount of that expenditure; and
 - iii. the entry into any Property Investment which has an aggregate investment commitment amount (including the acquisition cost, transaction costs eg stamp duty, known capital expenditure and any gearing) of more than \$50 million,
and must exercise such authority consistent with NRMA's corporate strategy approved by the Board.

2.3 Strategic Corporate Transactions

In relation to any:

- business acquisition, disposal, merger, other control transaction, joint venture, alliance or non-controlling investment; or
- opportunity that requires an unbudgeted capital expenditure commitment to a third party (such as a customer),

(each a *Transaction*):

- a) **The Committee has authority to consider and approve:**
- i. not more than \$3 million of out-of-budget expenditure for transaction and other costs to investigate and pursue any potential Transaction, and to approve an adjustment to the

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approved annual budget and related targets equal to the amount of that expenditure; and

- ii. the entry into any Transaction which has an aggregate investment and expenditure commitment, including any:
 - assumed debt;
 - integration costs, to the extent those can be reasonably quantified at the time of consideration of the Transaction; and
 - capital expenditure commitment to a third party (such as a joint venture partner or customer), of not more than \$50 million,**and must exercise such authority** consistent with NRMA's corporate strategy approved by the Board.

- b) **The Committee has authority to consider and recommend to the Board for approval:**
 - i. more than \$3 million of out-of-budget expenditure for transaction and other costs to investigate and pursue any potential Transaction, and to recommend approval of an adjustment to the approved annual budget and related targets equal to the amount of that expenditure; and
 - ii. the entry into any Transaction which has an aggregate investment and expenditure commitment (including the items specified in paragraph 2.3(a)(ii)) of more than \$50 million, **and must exercise such authority** consistent with NRMA's corporate strategy approved by the Board.

2.4 Approval Limited for Property Investments and Transactions

Notwithstanding paragraphs 2.2(a)(ii) and 2.3(a)(ii), the Committee must not approve Property Investments, Transactions or a combination of both, in one meeting or within one written resolution, totalling more than \$75 million.

2.5 Capital, Treasury and Financing

In relation to NRMA's capital, treasury and financing arrangements:

- a) **The Committee has authority to consider and approve:**
 - i. the capital management plan and any amendments to it;
 - ii. the treasury policy and any amendments to it;
 - iii. significant changes to existing financing arrangements (other than changes that will increase NRMA's total debt level to more than the amount referred to in sub-paragraph iv. below); and
 - iv. new, or changes to existing, financing arrangements that will not increase NRMA's total gross debt to more than 30% of total group assets as set out in the most recent consolidated balance sheet.

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- b) **The Committee has authority to consider and recommend to the Board for approval**, new, or changes to existing, financing arrangements that will increase NRMA's total gross debt to more than 30% of total group assets as set out in the most recent consolidated balance sheet.

2.6 Other Matters

In addition to the powers and authority set out in Sections 2.1 – 2.3 and 2.5 above:

- a) **The Committee has authority to consider and approve** any other matters relating to:
- i. the Investment Portfolio;
 - ii. Property Investments;
 - iii. Transactions; or
 - iv. NRMA's capital, treasury and financing arrangements, **provided that this Charter does not authorise the Committee to:**
 - v. approve any matter which the Committee only has the authority to recommend to the Board as set out in Sections 2.1 – 2.3 and 2.5 above;
 - vi. approve any expenditure or commitment exceeding the financial limits set out in Section 2.2(a), 2.3(a) or 2.4;
 - vii. take any action that is not consistent with NRMA's corporate strategy approved by the Board; or
 - viii. take any other action that the Board has expressly reserved to itself from time to time.
- b) **The Committee has authority to consider and recommend to the Board for approval** any other matters relevant to the Committee's Purpose as set out in Section 1 above.

2.7 Referral from Group CEO

- a) To the extent that a matter is within the delegated authority of the Committee under this Charter to approve and also within the Group CEO's delegated authority from the Board to approve, the Group CEO is not precluded from approving that matter.
- b) However, the Group CEO may refer to the Committee any matter relevant to the Committee's Purpose, whether or not that matter is:
- i. within the Group CEO's delegated authority from the Board (for example, where the Group CEO considers the matter should be referred to, or discussed with, the Committee); or
 - ii. outside of the Group CEO's delegated authority from the Board,
(each a *Referred Matter*).

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3. Sub-delegations

- c) In relation to any Referred Matter, **the Committee has authority to:**
- i. **approve** that Referred Matter if the matter is within the scope of the Committee's approval powers under this Charter;
 - ii. **consider and make recommendations** to the Group CEO for approval by the Group CEO if the Referred Matter is within the Group CEO's delegated authority; or
 - iii. **otherwise, make recommendations** to the Board for approval.

The Committee has authority to sub-delegate to such persons (or categories of persons) as the Committee determines from time to time, the authority to execute, implement and/or finalise any matter that has been approved by the Committee pursuant to this Charter, on terms and conditions substantially in accordance with the Committee's approval.

4. No Limitation on Board's Power

- a) The delegation of authority under this Charter does not preclude the Board from exercising power or authority in relation to a matter that is within the Committee's delegated authority, if the Board so decides.
- b) In addition, the Committee may at any time, through the Committee Chair, refer any matter that is before the Committee to the Board for consideration (even if that matter falls within the Committee's authority under this Charter to approve).

5. Membership and Protocols

Membership of the Committee and the protocols and processes applying to the Committee and conduct of the Committee's business will be in accordance with the **Protocol For Board Committees** document.

6. Reporting and Accountability to the Board


The Committee is accountable to the Board for the exercise of the Committee's delegated authority under this Charter. The Committee will:

- a) make available copies of its minutes to the Board on request;
- b) report to the Board on the exercise by the Committee of its authority, including when that exercise has any budgetary impacts;
- c) through the Committee Chair, provide updates and make recommendations to the Board on matters that are within the scope of this Charter; and
- d) through the Committee Chair, promptly bring to the attention of the Board any matters before the Committee that may materially impact the financial condition or affairs of NRMA.

7. Committee Performance and Charter Review

- a) The Committee will review its performance periodically, including to consider whether it is performing effectively and has met the terms of this Charter, and will report the outcome of the review to the Board.

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-  b) The Committee will review this Charter at least every two years to ensure it remains current to the needs and structure of NRMA, and recommend amendments to the Board for approval. This Charter may only be amended by a resolution of the Board.

Approved by NRMA Board on 29 November 2018