2023 RACQ Limited Constitution Table of proposed changes

RESOLUTION 3 – AMENDMENT OF CONSTITUTION – GENERAL

Rule	Proposed amendment	Comments
9.1 Number of directors	Amendments to: • remove the requirement for the RACQ Board composition to include a minimum number of Appointed Directors; and • expand the Board composition to include persons occupying an executive position in RACQ or a subsidiary and appointed as an Executive Director (or a Managing Director) by the Board, provided that directors that are not Executive Directors or the Managing Director constitute a majority of the directors.	This amendment supports the ongoing modernisation of RACQ's constitution in relation to the composition of the RACQ Board. It removes the requirement for a minimum number of Appointed Directors to provide the RACQ Board with flexibility to appoint up to the maximum number of Appointed Directors without having to maintain a minimum number of Appointed Directors. The other changes to this rule are seeking to bring greater flexibility to the board composition and to align with contemporary governance practices adopted by large companies and organisations in the mutual sector. The Board will have flexibility to appoint any person with appropriate qualifications, skills and experience, to an Executive Director position (or a Managing Director) within RACQ. This would provide the ability for an employee to be appointed to the board or a director, with the right skills and expertise, to be available to work operationally within the business, if circumstances required. The term of appointment would be determined by the RACQ Board. The proposed amendments to the Constitution are intended to achieve this, while at the same time ensuring that non-executive directors will continue to constitute the majority of the Board, and as such, members retain an appropriate level of influence over Board composition for good corporate governance.
New 9.9 Nomination and election of Elected Directors Deletion of previous 9.9 Nomination for Elected Director, 9.10 Form of Nomination for Elected Director, 9.11 Determination of nominees to stand to election and 9.12 Conduct of elections	Amendments to simplify the provisions around the nomination and election process for Elected Directors.	These amendments allow for the RACQ Board to determine the rules and procedures and any eligibility or other criteria or requirements for the election of Elected Directors provided they are not inconsistent with the constitution or the Corporations Act. The amendments also remove some of the more onerous and administrative requirements previously set out in the constitution with a view for any such requirements and procedures to be determined by the RACQ Board from time to time. The RACQ Board already has the power, under the constitution, to make rules about and exercise discretion around the nomination and appointment of Elected Directors, and these changes help simplify the nomination and election process for Elected Directors.

Rule	Proposed amendment	Comments
New 9.10 Appointment of Managing Director and Executive Directors	Amendment to introduce provisions permitting the RACQ Board to appoint any person as an Executive Director (or a Managing Director). These provisions provide that the Executive Director (or Managing Director) may either be appointed as a new addition to the Board or be an existing Appointed Director or Elected Director who is appointed as the Executive Director or Managing Director (as applicable), by the Board.	These amendments set out the operative provisions permitting the RACQ Board to appoint any person as an Executive Director (or a Managing Director), as well as addressing: • how an Executive Director (or a Managing Director) may be removed from that role; and • how the remuneration of the Executive Director and Managing Director may be determined by the Board. These amendments provide greater flexibility for changing circumstances and are more aligned to practice in other large companies and organisations in the mutual sector.
9.11 Persons not eligible to be directors (previously 9.13)	Removal of prohibition against paid employees or other persons receiving continuing payment from RACQ from being eligible to be a director.	This amendment is to accommodate the amendments to permit the RACQ Board to appoint an Executive Director (or a Managing Director) to the Board of RACQ, who will necessarily be employees of RACQ (or its subsidiary).
9.17 Chair of directors (previously 9.19)	Amendment to provide that in addition to the existing eligibility criteria for a person to serve as chair of the RACQ Board, they may not serve as chair of the Board while they are an Executive Director or the Managing Director.	This amendment is intended to ensure that only a non-executive director may serve as chair of the RACQ Board consistent with good corporate governance.
19 Transitional provisions	Removal of transitional provisions that are no longer relevant including those transitional provisions relating to the transition of the South West Zone director, initial vacancy in Appointed Director positions, and transition of the position of the chair of the RACQ Board.	This amendment removes the transitional provisions that are no longer or will by the date of the 2023 AGM be no longer, relevant.

RESOLUTION 5 – AMENDMENT OF CONSTITUTION – DIRECTOR REMUNERATION CAP INDEXATION

Rule	Proposed amendment	Comments
9.14 Remuneration (previously 9.16), 1.1 Definitions (Determined Indexation Rate, Maximum Aggregate Remuneration)	Amendments to allow the maximum aggregate remuneration of directors (excluding Executive Directors and the Managing Director) approved by Eligible Members in general meeting from time to time, to automatically increase on an annual basis on 1 July of each year by the Determined Indexation Rate, being the percentage increase in the index published by the Australian Bureau of Statistics (as selected by the RACQ Board in its discretion) over a reference period determined by the RACQ Board.	This amendment will allow for the maximum total pay of non-executive directors to be automatically indexed annually on 1 July in line with industry best practice. The calculation for the adjustment would be determined by the RACQ Limited Board and would be based on the most relevant index and reference period published by the Australian Bureau of Statistics. This change would not trigger an automatic change to individual director pay and annual increases in directors' pay will not exceed the average annual pay increase for RACQ employees. These changes support transparency, accountability and strengthen our governance processes, while aligning the interests of directors and members.