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Assistance Banking Insurance Lifestyle

Dear Member,

It is my pleasure to invite you to the 2023 Annual General Meeting (AGM) of The Royal Automobile Club of Queensland Limited (RACQ) to be held on Monday, 23 October 2023 at 10am (Brisbane time). If you cannot attend in person at our Eight Mile Plains office, the AGM will also be held online.

It has been another big year for your Club, and for me personally, as I mark my first full year as the President and Chair of this great organisation, which is undergoing significant change to better serve you, our members.

Ahead of the AGM and before you read the accompanying Notice of Meeting, I want to explain some of the proposed changes we are recommending, and why your support is so important to simplify our processes and give members a greater voice in what directors are paid.

In relation to *Resolution 4: Annual Maximum Aggregate Remuneration (the 'Cap') for Directors*, the board is seeking to change the way your directors are paid for their roles on the RACQ Limited board, and the boards of RACQ Bank and RACQ Insurance.

Currently, directors are paid through three different pay structures which makes it inefficient, overly complex and does not enable members to vote on the total fees paid to directors as you can only vote on the pay cap for one board, the RACQ Limited board.

To help us, we engaged an independent external advisor to make recommendations about the board's pay structure in comparison to other companies of a similar size, nature, and complexity. As a result, your board is looking to move to a member-approved total funding pool to cover directors' fees across all three boards and committees.

To enable this change, the board is proposing to:

- provide members with the voting rights for the total pay available to directors to cover all three boards, to a limit of $1,950,000.
- change the cap from $1,450,000 for 1 board, to $1,950,000 for all 3 boards. This cap increase does not mean more pay for directors. In fact, for FY24, total directors' pay is forecast to decrease to $1,659,057 representing a reduction of approximately $500,000 compared to the previous year. Simply, the increased cap gives you, as a member, the opportunity to have a say in total fees paid and gives the board flexibility to appoint additional directors if particular skills and expertise are required.

In relation to *Resolution 5: Amendment of Constitution – Director Remuneration Cap Indexation*, your board is proposing to:

- index the directors' pool cap in line with industry practice.
- commit that 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.

Finally, it is important to recognise the incredible work our people do every day and their commitment to supporting you, our members. As always, we welcome the opportunity to address your questions on these matters or any others you may have, either prior to or at the AGM. On behalf of my fellow directors and Chief Executive Officer, David Carter, I want to thank you for your ongoing support of our Club and look forward to engaging with you online or in person at the AGM.

Warmest regards,

Leona Murphy
RACQ Chair and President