

SINCE 1959

FORESTVILLE

– RSL CLUB –

Board Charter

Forestville RSL Club Limited

(ACN: 000 970 132)

(the “Company”)

Approved by the Board: 23rd April 2019

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1. Introduction and Purpose of this Charter

The Forestville RSL Club Limited ACN 000 970 132 (**Company**) is a public company limited by guarantee.

The purpose of this Board Charter is to set out the corporate governance structure of the Company so as to facilitate the sound and prudent management and governance of the operations of the Company in accordance with its Constitution and in compliance with applicable legislative and regulatory requirements including:

- a) *Corporations Act 2001* (Cth) (**Corporations Act**);
- b) *Registered Clubs Act 1976* (NSW);
- c) *Registered Clubs Regulation 2015* (NSW)
- d) *Gaming Machines Act 2001* (NSW)
- e) *Liquor Act 2007* (NSW)

This Charter sets out the roles and responsibilities of the Board and management, specific responsibilities that the Board has delegated to its committees or to management, as well as the Board structure, operations and processes.

2. Role of the Board

2.1. Role

The Board is responsible for the overall governance of the Company including overseeing the continuity of the Company's business and the long-term viability of the Company, strategic guidance of the Company and effective oversight of management. To achieve these roles the Board has reserved to itself the following responsibilities.

2.2. Responsibilities

The Board's responsibilities include:

Strategy

- a) setting the strategic direction and performance objectives of the Company in accordance with its Corporate Plan and performance objectives;
- b) reviewing draft strategic initiatives before such initiatives are costed and included in the Corporate Plan and Budget which is approved by the Board each year;
- c) monitoring implementation of the Corporate Plan and the Company's performance objectives;
- d) reviewing the social, environmental and ethical impacts of the Company's business practices and approving standards for social, environmental and ethical practices including the Company's Code of Conduct and its Corporate Social Responsibility Statement;

Oversight of Management

- a) appointing and removing the Chief Executive Officer (**CEO**)/Company Secretary;
- b) appointing and removing the Chief Financial Officer and Executive Management;
- c) approving succession plans for key individuals;

- d) monitoring senior management's performance against agreed criteria, including an annual private session review by the independent directors, and approving senior management remuneration;
- e) providing advice and counsel to management;

Oversight of Financial and Capital Management

- a) allocating appropriate human and financial resources;
- b) reviewing and approving the financial statements and the Financial Reports of the Company;
- c) monitoring the financial performance of the Company;
- d) overseeing that at all times a framework and supporting policies and controls are in place to maintain the integrity of the Company's financial statements;
- e) overseeing the reliability and appropriateness of the disclosure of the Company's financial statements and external financial communication;
- f) overseeing that at all times a framework and supporting policies and controls are in place to maintain solvency standards set by the Corporations Act;
- g) reviewing, approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures, investment management and material commitments;
- h) appointing external auditors where the role is vacant, subject to approval at the next Annual General Meeting of the Company;
- i) appointing and removing investment advisers and consultants;

Risk Management and Compliance

- a) reviewing and approving the Company's Risk Appetite Statement and risk management and compliance frameworks;
- b) monitoring that at all times an appropriate, sound and effective prudentially compliant risk management and compliance framework and supporting policies and controls are in place and observed to prudently identify, assess, monitor and manage risks to safeguard member's interests and that these are regularly reviewed;
- c) monitoring regulatory reporting and notification requirements are met;
- d) reviewing Company policies so that they give appropriate regard to the business and the specific requirements of the Company, as a Registered Club;

Stakeholders

- a) confirming that effective business relationships are being maintained with Company stakeholders including regulators and external auditors;
- b) confirming that there is in place a code of conduct to guide its Directors, senior management and all employees in the practices necessary to maintain confidence in the integrity of the Company;
- c) confirming that policies and functions for the Company take account of the business requirements of the Company;
- d) maintaining appropriate engagement between the Board and senior management of the Company, particularly with respect to key performance indicators and the allocation of resources;

- e) approving the nominees for Director positions and Director benefits, subject to and in consideration of the recommendations of the delegated committees;
- f) monitoring and influencing the Company's values to foster a culture that supports the Company's ability to operate consistently within its Risk Appetite Statement and to facilitate fair and balanced outcomes for the Company's stakeholders; and
- g) any other matters that require Board approval in accordance with the Company's Constitution or the Corporations Act.

3. Role of the Chair

The President is the Chair. The position is occupied by an independent non-executive Director elected by the Full Members of the Company and is responsible for:

- a) providing appropriate leadership to the Board;
- b) monitoring that Directors receive the appropriate induction;
- c) monitoring that the membership of the Board is balanced and appropriate for the Company's needs;
- d) setting the agenda, style and tone of Board discussions and monitoring that key decisions are made in a timely manner;
- e) facilitating Board discussions to ensure the core issues facing the Company are addressed and that adequate time is allocated for consideration of all issues;
- f) monitoring the performance of the Board;
- g) guiding and promoting the on-going effectiveness and development of the Board and individual Directors;
- h) liaising with the chair of any committee that is deemed necessary to assist with the corporate governance of the Company;
- i) liaising with any person as deemed necessary to assist with fulfilling the responsibilities of the Board; and
- j) promoting constructive relationships between Board members and between the Board and management.

4. Role of Individual Directors

The Directors' specific duties and responsibilities include:

Legal and statutory requirements

To act in accordance with legal and statutory requirements including:

- a) discharging their duties in good faith and acting honestly in the best interests of the Company and their current and prospective members;
- b) owing a fiduciary duty to the Company using their powers of office for proper purpose, in the best interests of the Company as a whole;
- c) acting with required care, skill and diligence, demonstrating commercial reasonableness in their decisions;
- d) understanding the Company's finances in order to reach a reasonably informed opinion of its financial capacity;
- e) not making improper use of information gained through their Directorship;
- f) not taking improper advantage of their Directorship;

- g) making reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- h) understanding collectively the risks to the Company;
- i) understanding the Company's legal and prudential obligations;
- j) overseeing the effective management of the Company and making key decisions in a timely manner;
- k) to contribute effectively to the Board's deliberation processes;
- l) undertaking diligent analysis of all proposals placed before the Board;
- m) not permitting the Company to engage in insolvent trading;
- n) to make an independent assessment of information or advice from a competent and reliable individual, before relying upon it;
- o) to exercise independent thinking and judgement in the discharge of these responsibilities;

Time commitment and participation in Board meetings

- a) to devote sufficient time to properly perform their duties to the Company and to assist the Board in carrying out its responsibilities;
- b) to confirm annually to the Board that the Director is able to devote sufficient time and attention to the Board for the coming year;
- c) to attend Board meetings, question, request information, raise any issue which is of concern to them, fully canvass all aspects of any issue confronting the business and cast their vote on any resolution according to their own judgement;
- d) to keep confidential Board discussions, deliberations and decisions except where decisions are required to be publicly disclosed;

Conflict of Interest

In accordance with the Constitution, the Corporations Act and current best practice, to be sensitive to conflicts of interest that may arise and to:

- a) disclose to the Board any actual or potential conflicts of interest (including details of transactions or relationships) that may exist or might reasonably be thought to exist as soon as the situation arises;
- b) inform the Chair of any proposed board or executive appointments they are considering undertaking;
- p) if deemed desirable by the Board or the Director, take such steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period;
- q) comply with the Corporations Act provisions relating to disclosing interests and restrictions on voting; and
- r) follow the agreed procedures to assist them in disclosing potential conflicts of interest.

Code of Conduct and Ethical Standards

To observe the Company and the Clubs NSW Code of Practice that sets out the ethical behaviour and professional conduct expected from all of the Company's colleagues and business partners including dealings with:

- members and consumers;

- suppliers;
- advisors and regulators;
- competitors;
- the community; and
- employees.

Availability to Regulators

To be available to meet with any regulator on request.

5. Role of the Company Secretary

The CEO/Company Secretary is accountable to the Board through the Chair on all corporate governance matters and is specifically responsible for:

- co-ordinating, organizing, and attending all Board Meetings;
- preparing minutes of meetings and resolutions of the Board in accordance with the Company's Board/Committee Paper and Minutes Policy;
- overseeing statutory and administrative procedures;
- identifying and implementing corporate governance issues, initiatives and opportunities; and
- liaising between the Board and management to ensure Company Secretariat activities align with business needs and business strategy.

6. Role of Management

The CEO (with the assistance of management) is responsible to the Board for:

- the overall management and performance of the Company's business;
- providing the Board with information that will assist the Board in discharging its duties;
- preparing and monitoring the Company's Corporate Plan, Budget and Risk Appetite Statement;
- reporting on performance against the Company's Corporate Plan, Budget and Risk Appetite Statement to the Board on intervals agreed by the Board;
- implementing and overseeing adherence to plans, policies and procedures in accordance with directives from the Board;
- maintaining an annual Board program of regular and annual items, which are supplemented with business items as required which is used to develop agendas for Board meetings;
- risk management and compliance framework and supporting policies and controls that are effective to manage risks; and
- facilitating that senior management are available to meet with any regulator on request.

7. Delegations of Authority

The Board may delegate any of its powers (other than the power of delegation), in writing, to a person or a committee consisting of such member or members of the Board, or such Full Members of the Company. This power may be revoked from time to time.

7.1. Delegations to Board Committees

Where the Board establishes committees to assist it in discharging its responsibilities, each committee will have a written charter approved by the Board setting out the authority, responsibilities, membership and operations of the committee.

The Board will monitor the committees' performance and exercise of delegated authority on a regular basis and review the written charter of the committee on an annual basis. The Chair of each committee will report any matters of substance to the next Board meeting and minutes of all committee meetings will be circulated to the Board.

The Chair of the Board and relevant management (as appropriate) will, and Directors may, attend committee meetings. Directors are also entitled to receive committee papers.

Committees are entitled to obtain professional or other advice in order to effectively carry out their proper functions. There are currently four standing committees:

- a) Finance & Audit Committee
- b) Risk & Compliance Committee;
- c) Nomination Committee; and
- d) Executive Remuneration Committee.

Other committees may be constituted by the Board from time to time, as required.

7.2. Delegations to Management

The Board has delegated to the CEO the authority to manage the day to day affairs of the Company in relation to all matters other than those responsibilities reserved to the Board in this Board Charter and as prescribed by law.

Management delegations that have been approved by the Board are set out in the Company's Delegation Register. Delegations are reviewed annually.

7.3. Oversight of Delegations

The Board must ensure there are procedures for the Company to monitor the exercise of delegations and not to abrogate its responsibilities through the use of delegations.

8. Board Structure & Renewal

8.1. Board Composition and Size

Pursuant to the Company's Constitution, the Board must have:

- a) a President, Vice President and five Directors;
- b) four of the seven Directors must be filled by RSL Members ;
- c) three Directors may be filled by Club Only Members;
- d) the positions of President and Vice President may only be filled by RSL Members;
- e) all Directors must be Australian Citizens who ordinarily reside in Australia; and
- f) In accordance with the Constitution the Board has determined, for the present that there will be no more than seven (7) Directors.

8.2. Chair

The President will be the Chair of the Board. In the absence of the President the Vice President will be the acting Chair. The President and Vice President must not have been the Chief Executive Officer of the Company at any time during the past three years.

Subject to the conditions for appointment and tenure of a Director under the Constitution, there is no additional limitation on the tenure of the Chair.

8.3. Director Independence

Pursuant to the Standard, the Board has determined the criteria for deciding whether a Director is independent.

An independent Director is a non-executive Director who is free from any business or other association – including those arising out of involvement in past management or as a supplier, customer or adviser – that could materially interfere with the exercise of their independent judgement. The circumstances that will not meet this test of independence include, but are not limited to, those set out below.

A Director is not independent if the Director:

- a) is employed, or has previously been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and being a Director;
- b) has within the last three years been a principal of a Material professional adviser or a Material consultant to the Company or its subsidiaries, or an employee materially associated with the service provided;
- c) is a Material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a Material supplier or customer; or
- d) has a Material contractual relationship with the Company or its subsidiaries other than as a Director.

For the purpose of this section, **Material** has the meaning determined by the Board. The Board will review and make an assessment of the independence of each Director annually.

Where a Director is not independent by reason of this section, the Board may elect to approve the appointment of a Director on any terms they deem appropriate and manage this lack of independence.

8.4. Board Renewal

The eligibility criteria for appointment to the Board as a Director, and remaining a Director, is set out in Rule 54 of the Constitution and will operate in conjunction with the Company's Board Renewal Policy.

The process of selection and appointment of new Directors to the Board and the retirement of Directors is set out in Rules 55 to 57 of the Company's Constitution.

8.5. Remuneration of Directors

In accordance with the Constitution, the Board will recommend the amount of honorarium payable to Directors to its Members for approval at the Annual General Meeting.

Directors are entitled to be reimbursed any reasonable out of pocket expenses incurred in the course of carrying out their duties for the Company.

The Board has determined, for the present, its recommendation will be pursuant to and in consideration of the recommendation provided by the Remuneration Committee.

9. Conduct of Board Business

9.1. Frequency and Calling of Meetings

The Board will meet on at least twelve (12) occasions throughout each year at appropriate intervals. Additional Board meetings may be convened as special meetings during the year, when required to carry out its responsibilities.

The Chair must call a meeting of the Board if requested by any Director or the External Auditor.

9.2. Quorum of Meetings

In accordance with the Constitution, the quorum for a Board meeting will be 50% plus one of the Directors entitled to vote.

The quorum must be present at all times during the meeting. No business may be transacted at any meeting of the Board unless a quorum is present. The majority of Directors present must be eligible to vote at all Board meetings.

9.3. Conduct of Meetings

Meetings will be conducted in accordance with the Constitution and the Corporations Act. They will be formally structured, held in appropriate facilities with timely notice, agendas and supporting papers and minutes of prior meetings distributed sufficiently in advance.

Matters will be debated openly and constructively amongst the Directors. The Board may invite management or external consultants to attend Board meetings, where necessary or desirable.

The process for preparation and approval of minutes and the security and retention of papers is set out in the Company's Board/Committee Papers and Minutes Policy.

The Board will provide the external auditor with the opportunity to raise matters directly with the Board.

Where approvals are granted outside a meeting of the Board, a report is to be provided to the next meeting of the Board.

The Board may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the Company's Constitution, this Charter or any resolution of the Board.

9.4. Access to Information and Independent Advice

The Directors have the ability to access members of the management team (or any other relevant staff) at any time to request relevant information in accordance with any protocols adopted by the Board from time to time.

Directors may seek independent professional advice as required in relation to his/her role or

responsibilities as a Director of the Company, at the Company's expense, with the prior approval of the Chair, which will not be unreasonably withheld. Directors must ensure that the costs are reasonable. The information must be made available to the rest of the Board.

9.5. Statutory Responsibilities

No prospective, current, or former officer, employee or contractor (including professional service provider) of the Company, will be constrained or impeded, whether by confidentiality clauses or other means, from disclosing information to relevant statutory authorities, from discussing issues of relevance to the management and prudential supervision of the Company, or from providing documents under their control, that may be relevant in the context of the management or prudential supervision of the Company.

Such persons are not to be constrained or impeded from providing information to auditors, and others, who have statutory responsibilities in relation to the Company.

9.6. Dealing with External Stakeholders

Generally, communication with the media and the external stakeholders on Company issues will be undertaken by the Chief Executive Officer. Directors are not expected to become involved with the media or the external stakeholders on Company affairs in the normal course of business.

9.7. Internal Audit

In accordance with the auditing Standard, the Board must be satisfied that the internal audit function (if implemented) is independent and that internal audit processes are clearly documented and subject to regular review and that the internal audit function has unfettered access to all business operations of the company. In its discretion, the Board may request that the Finance & Audit and Risk & Compliance Committees assist with this requirement.

10. Evaluation of Board and Committee Performance

The Chair will, on an annual basis, facilitate a discussion on, and formal evaluation of, Board and Committee performance relative to set objectives and the performance of individual Directors. The Chair may engage external consultants to facilitate Board and Director reviews.

11. Insurances

The Board must ensure that a Director & Officer Insurance program has been put in place by the Company. Directors are provided with a Deed of Access, Indemnity and Insurance on appointment which sets out the basis upon which Directors are indemnified in relation to actions which may be taken against them and their rights to access Company records.

12. Review of Charter

The Board will review this Board Charter on an annual basis in light of the prevailing legislation and current best practice governance principles and amend the Board Charter as appropriate.