

***Australian Automotive Dealer Association Limited (AADA Limited)***  
***Board Charter***

<b>Board size and composition</b>	
1.1	The Constitution states that there shall be a minimum of 12 and a maximum of 14 directors [Clause 7.1(a)] and that a director must be an owner or part owner, CEO or MD of an authorised new car business [Clause 7.1(b)]
1.2	Members in each State and Territory of Australia elect one (1) director each. [Clause 7.1(d)] – a total of eight (8) directors
1.3	<p>Directors shall elect four (4) additional directors. [Clause 7.1(e)]</p> <p>In electing these directors regard must be had to the following:</p> <ul style="list-style-type: none"> <li>• other than the 8 directors elected pursuant to Clause 7.1(d) the total number of directors from each State and Territory should reflect and be representative of the number of new car sales in each State and Territory as indicated by the latest VFACTS report.</li> <li>• the number of directors who are either employees or representatives of new car companies listed on the Australian Securities Exchange is limited to no more than one (1) director. At the date of this Charter the following entities are entitled to nominate one (1) director each: Automotive Holdings Group Limited and A.P. Eagers Limited.</li> <li>• the person being actively involved, as an owner, in their new car dealership(s).</li> </ul>
1.4	<p>The board by special majority may appoint up to two (2) additional independent directors so long as the number of directors does not exceed 14. This authority is only available to the board should there be no Dealer nomination for that board position. [Clause 7.1(f)]</p> <p>The appointment of any additional independent directors must be approved unanimously by directors.</p>
1.5	<p>The chairman is elected by directors. [Clause 7.1(h)]</p> <p>The appointment of a person as chairman must be approved unanimously by directors.</p> <p>Apart from the Foundation chairman the chairman will be an independent person with:</p> <ul style="list-style-type: none"> <li>• wide ranging commercial and business experiences not primarily associated with a new car business or dealership.</li> <li>• government experience (not mandatory but where relevant can be used to the benefit of members).</li> <li>• other skills identified by the directors that will assist in achieving the objectives of the company.</li> <li>• the independent chairman is to appointed as soon as possible but in any event before the expiration of the Foundation board in September 2015.</li> </ul>

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<b>Term of Office</b>	
2.1	<p>The Constitution states that the Foundation directors shall hold office for varying terms as follows:</p> <ul style="list-style-type: none"> <li>• New South Wales, South Australia, Tasmania or Western Australia – 3 years [Clause 7.2(a)] with a maximum of three (3) consecutive 2 year terms and then wait two years (one term) before seeking re-election.</li> <li>• Queensland, Victoria, ACT or Northern Territory – 2 years [Clause 7.2(b)] with a maximum of three (3) consecutive 2 year terms and then wait two years (one term) before seeking re-election.</li> </ul> <p>The term of office for the Foundation Board will continue for a period of 18 months (until September 2015) at which time the first rotation elections as per Clause 7.2(a) will be undertaken with the second rotation elections (as per Clause 7.2(b)) undertaken in September 2016.</p> <p>Foundation directors may, if they wish, offer themselves for re-election when their rotation period commences.</p>
2.2	<p>The four (4) additional directors [Clause 7.1(e)] hold office for one (1) year and can be nominated for re-election but cannot be a director for more than a maximum of five (5) consecutive years. [Clause 7.2(e)]. For continuity it is preferable they serve for a period of two (2) years before being subject to re-election.</p>
2.3	<p>Notwithstanding the terms of office set out in the Constitution the members and the board should have regard to a number of factors including, but not limited to, the following when both nominating and electing persons as directors:</p> <ul style="list-style-type: none"> <li>• the issues facing the holders of new car franchises in Australia will dictate that the persons appointed as a director have, as far as possible, the appropriate skills and experience to assist with both policy and advocacy work to arrive at a satisfactory outcome for all members;</li> <li>• as issues facing the holders of new car franchises in Australia change, and in the best interest of the company and its members, consideration be given to changing the board composition in order to meet challenges faced by members; and</li> <li>• to assist members in the election of persons with the appropriate skills and experience the board shall from time to time determine the key strategic issues facing members and share this with members either prior to the election of directors or as circumstances change.</li> </ul> <p>The impact of the consideration of the above factors may cause the board to recommend changes to the composition of the board prior to the end of the term of office as set out in the Constitution. Such changes may vary the board representation from that envisaged under the VFACTS report representation model identified in Board Charter Item 1.3 ONLY until the next election of directors at which time the board composition will return to reflect the VFACTS share.</p>

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<b>Board Activities – contracts, expenditure and remuneration</b>	
3.1	<p>The Foundation Board will focus on identifying current and future needs of new car dealers and in this regard:</p> <ul style="list-style-type: none"> <li>• must, where practical, avoid entering into contracts for the provision of goods or services for a period of two (2) years or more given their rotation and the changing needs of new car dealers;</li> <li>• all contracts, including employment contracts, for a term in excess of twelve (12) months must be approved by the board;</li> <li>• expenditure approval is given by Company Secretary for values between \$1,000 - \$5,000;</li> <li>• for the next 12 months expenditure that is estimated to exceed \$5,000 must be approved by the board prior to commitment. The board will re-assess expenditure approval limits from time to time;</li> <li>• all expenditure is reviewed at each Board meeting;</li> <li>• all major expenditure (in excess of \$5,000) must be approved by at least 9 directors;</li> <li>• board approval means 75% approval unless an unanimous vote is required.</li> </ul>
3.2	<p>Board remuneration will be as determined by the board.</p> <p>The following guidelines will apply:</p> <ul style="list-style-type: none"> <li>• no remuneration will be paid to a director or non-independent chairman.</li> <li>• only the independent chairman will be remunerated;</li> <li>• the remuneration package offered to the independent chairman must be unanimously approved by the directors;</li> <li>• directors travel and accommodation expenses in relation to company business are to be reimbursed on the submission of supplier tax invoices supporting the claim for reimbursement;</li> <li>• travel expenses can be either business or economy class travel. No first class travel expenses will be reimbursed by the company;</li> <li>• the reimbursement of expenses incurred by any director must be approved by not fewer than three (3) directors one of whom should be the chairman</li> </ul>
<b>Board Committees</b>	
4.1	<p>The board may sub-delegate all or any of its powers, authorities and discretions given to them by the establishment of a Committee. [Clause 7.8 and 8.3]</p>
4.2	<p>The board will determine from time to time the following in respect to any Committee:</p> <ul style="list-style-type: none"> <li>• terms of reference</li> <li>• membership and composition</li> <li>• power, authorities and discretions</li> <li>• life or term of the Committee</li> <li>• other matters</li> </ul>

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<b>Board Meetings</b>	
5.1	<p>The board will determine the location of meetings having regard to taking the opportunity to meet members and stakeholders across Australia.</p> <p>It is envisaged that meetings will take place on a rotation basis in the main capital cities. This rotation will be developed to reflect the relative membership numbers for each location.</p>
5.2	<p>A director may, if they wish, appoint a proxy should they be unable to attend a board meeting.</p> <p>A proxy given by a directors must:</p> <ul style="list-style-type: none"> <li>• be given only to another director – either a specific person or the chairman;</li> <li>• clearly state how the director wishes the proxy holder to vote in respect to a particular transaction, proposal or event; and</li> <li>• be given to both the proxy holder and the secretary within 48 hours of the scheduled commencement time of the board meeting either by email, facsimile or by post</li> </ul>
<b>Governance – independence and transparency</b>	
6.1	<p>The following governance principles apply:</p> <ul style="list-style-type: none"> <li>• contracts between the company and either a director or an executive, other than an employment contract, are prohibited;</li> <li>• if a director has irreconcilable conflict of interest in respect to the business of the company the director must resign immediately;</li> <li>• breaches of confidentiality will result in the resignation by either the director and/or executive;</li> <li>• a director can be a member of a Dealer Council;</li> <li>• a director cannot be a member of a board of any other motor industry association. The term motor industry association will be as determined by the board. If any doubt exists regarding compliance with this requirement the matter can only be resolved by unanimous board approval. If the board cannot reach a unanimous approval the director will be deemed to have an irreconcilable conflict of interest and must resign immediately.</li> </ul>
<b>Review of Board Charter</b>	
7.1	<p>The Board Charter will be reviewed, updated and presented to the AGM.</p> <p>At the AGM members will vote to either accept or reject the modified Board Charter.</p> <p>Approval of the modified Board Charter requires approval by 75% of members present either in person or by proxy at the AGM.</p>
7.2	<p>In accordance with good Corporate Governance principles the performance of the board and CEO will be reviewed annually by the Independent Chairman and the board.</p>