



TRAVELLERS CHOICE LTD  
**CORPORATE GOVERNANCE  
CHARTER 2018**

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# 1.0 INTRODUCTION

Travellers Choice is an unlisted public company which operates cooperatively, representing the interests of its member shareholders who are independent travel agents. The company was founded in 1977 and incorporated as a Western Australian cooperative. This structure served the organisation well, however in 2006 members approved a conversion of the cooperative to an unlisted public company.

The organisation is the leading network for independent travel agents in Australia and supports over 140 independently owned and operated travel businesses. Members receive a range of benefits through their association with Travellers Choice, some of those being:

- Strength of association with a national brand
- Incremental sales through national promotions and advertising
- Marketing support including digital marketing and website development
- Specially negotiated at-source and override commissions
- Financial returns through dividends and rebates
- Administration support
- Training and professional development

Travellers Choice is a company owned by independent travel agents, for independent travel agents.

This Corporate Governance Charter details the current Travellers Choice approach to corporate governance and is structured into four sections:

- Governance Roles
- Board Processes
- Key Board Functions
- Continuing Improvement

# 2.0 GOVERNANCE ROLES

## 2.1 BOARD STRUCTURE

### Number of Directors

Currently, there are six Directors appointed to the Board of which two are non-member Directors.

The 4-member majority of the Board are Member Directors appointed by Members and subject to periodic re-election. Appointment of all non-member Directors (except a Managing Director) requires ratification by members.

### Appointment of Directors

Directors are appointed under the terms of the Company's constitution. Subject to the number of Directors allowed under the Constitution, a Director may be appointed by an ordinary resolution of the Company in general meeting. In the situation of a vacancy occurring between such election the Board may appoint a casual Director. Such a Director will only hold office until the next Annual General Meeting (AGM) of the Company.

### Skills Required on the Board

Ideally, the Board should contain the relevant blend of expertise in:

- The needs of independent travel agents
- Understanding the travel industry
- Financial management
- Corporate governance
- Contractual and commercial arrangements
- Strategic and conceptual thinking

### Duration of Appointment

Directors are appointed for a four year term subject to one quarter of the Board standing for re-election at each AGM. Non-member Directors (other than a Managing Director) are appointed for a term determined by the Board and then ratified by members at an AGM.

### Vacation of Office

It is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution. Should a Director fail to attend three consecutive Board meetings without the permission of the Board, that Director will be deemed to have vacated their position of Director. The terms and conditions for Directors are contained in their letter of appointment. Where a Director vacates his/her position, the Board may appoint a casual Director who will stand for election at the next AGM.

## 2.2 ROLE OF THE BOARD

The Board plays a major role in improving the performance of the Company by setting the strategic direction of the organisation and monitoring the organisation's performance. It is also responsible for the direct conduct of Directors both as individuals and collectively as the Board. It has an obligation to ensure compliance of the Company with Company philosophy and that it operates in a manner to maximise the financial wellbeing of its members.

The key functions of the Board can be described as:

- **Strategy**

- Set strategy, its formulation and approval, including the development of major goals and strategies in conjunction with the senior management team
- Approve Capital Expenditure and major operating plans

- **Performance Monitoring & Communication**

- Approve the annual budget and review progress towards achieving same
- Monitor Company performance
- Communicate with key stakeholder groups, in particular, members

- **Risk Management**

- Set and overview risk management policies, practices and performance

- **CEO Recruitment & Assessment**

- Selection, monitoring, evaluation, mentoring, remuneration and, when necessary, removal, of the CEO

- **Compliance**

- Set and overview compliance policies and practices
- Ensure the Company's activities and performance are in compliance with its Constitution.

- **Policy**

- Ensure an appropriate top-level policy framework exists and ratifying specific policies
- Establish and determine the powers and functions of Committees of the Board

### **Matters Reserved for the Board**

The following decisions must be referred to the Board for approval:

- **Appointments**

- Appointment of the CEO
- Appointment or removal of the Company Secretary to the Board
- Senior management appointments
- Membership and terms of reference of Board Committees

- **Board and Senior Management**

- Delegations of authority to the CEO
- Ratification of the organisation chart
- Approval of remuneration and incentive policies
- Approval of senior management remuneration
- Management contracts
- Overseas visit approvals (delegated to the Chairman and Board informed)
- Approval of succession plans
- Disclosure of conflicts of interest
- Assessment of the organisation's and CEO's performance
- Assessment of Board performance
- Matters concerning the governance of the organisation

- **Relations with the Members and Stakeholders**
  - Arrangements for the AGM and other members' meetings
  - Formal review of AGM minutes
  - Matters involving the issue of shares or options
  - Matters relating to reports as required by the Corporate Law
  - Suggestions for nomination of Directors for election by the members
- **Financial Matters**
  - Approval of annual accounts including notes to financials and Directors' reports
  - Approval of accounting policies
  - Approval of the internal audit plan
  - Any question of borrowing or giving security over asset
  - Treasury policies including foreign currency and interest rates
  - Bank accounts and signatories, reviewed by Audit & Risk Committee
  - Acceptance of audit reports including management letters
- **Business Strategy**
  - Approval of strategic objectives
  - Approval of strategic plan
  - Approval of proposals for major expansion or closures
  - Approval of budgets
  - Approval of priorities and performance indicators
- **Capital Expenditures**
  - Approval of the capital expenditure budget and alterations to it
  - Approval of work programs
  - Approval of priorities
  - Approval of individual expenditure items above approved limit
- **Lease or Purchase of Buildings**
- **Major transactions not included in the budget or outside the ordinary course of business**
- **Actions or transactions which might involve questions of legality or propriety**
- **Internal controls and reporting systems**
  - Risk assessment and insurance
  - Risk management policies
  - Approval of Company policies, including compliance with the law
  - Approval of reporting systems
- **Use of the Seal**
- **Donations, gifts and sponsorships above approved limits**

## 2.3 ROLE OF INDIVIDUAL DIRECTORS

As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities.

- Directors need to ensure that the Board is providing:
- Leadership to the Company, particularly in the areas of ethics and culture
- A clear and appropriate strategic direction
- Accountability to key stakeholders, particularly shareholders
- Oversight of policies
- Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance
- An effective senior management team and appropriate personnel policies
- Timely and effective decisions on matters reserved to it

## 2.4 DIRECTORS' CODE OF CONDUCT

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the company:

- Will act honestly, in good faith and in the best interests of the whole Company
- Owe a fiduciary duty to the Company as a whole
- Have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- Will undertake diligent analysis of all proposals placed before the Board
- Will act with a level of skill expected from directors and key executives of a public company
- Will use the powers of office for a proper purpose, in the best interests of the Company as a whole
- Will demonstrate commercial reasonableness in decision making
- Will not make improper use of information acquired as Directors and key executives
- Will not disclose non-public information except where disclosure is authorised or legally mandated
- Will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law
- Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company
- Will not take advantage of Company property or use such property for personal gain or to compete with the Company
- Will protect and ensure the efficient use of the Company's assets for legitimate business purposes
- Will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company
- Have an obligation to be independent in judgment and actions and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board
- Will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals
- Will not engage in conduct likely to bring discredit upon the Company
- Will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees
- Will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith
- Will give their specific expertise generously to the Company
- Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code

## **2.5 EXPECTATIONS OF DIRECTORS AT BOARD MEETINGS**

Since the Board needs to work together as a group, Directors need to establish a set of standards for Board meetings. The Company expects that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- Behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct
- Acting in a businesslike manner
- Acting in accordance with the Constitution and Board policies
- Addressing issues in a confident, firm and friendly manner
- Preparing thoroughly for each Board or Committee event
- Using judgment, commonsense and tact when discussing issues
- Minimising irrelevant conversation and remarks
- Ensuring that others are given a reasonable opportunity to put forward their views
- Refraining from interruption or interjection when a speaker has the floor
- Being particularly sensitive in interpreting any request or direction from the Chairman that aims to ensure the orderly and good-spirited conduct of the meeting

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.

Outside the boardroom, however, Directors will support the letter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, without appropriate authorisation.

## **2.6 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS**

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either (a) a conflict of interest relates to an interest common to all Company members/shareholders or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.



To assist the Board in showing that a financial benefit, such as the awarding of a contract to a Company in which a Director is a partner, is given on arm's length terms, these transactions will be subject to a transparent tender process approved by the Board.

The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process means:

- a) A spouse or de facto spouse of the Director or officer; or
- b) A parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- c) An entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

## 3.0 ROLE OF THE CHAIRMAN

The role of the Chairman is determined by a vote of the collective Board.

The Chairman's role is a key one within the Company. The Chairman is considered the 'lead' Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

### 3.1 INSIDE THE BOARDROOM

Inside the boardroom the role of the Chairman is to:

- Establish the agenda for Board meetings in consultation with the CEO
- Chair Board meetings
- Be clear on what the Board has to achieve, both in the long and short term
- Provide guidance to other Board members about what is expected of them
- Ensure that Board meetings are effective in that:
  - The right matters are considered during the meeting (for example, strategic and important issues)
  - Matters are considered carefully and thoroughly
  - All Directors are given the opportunity to effectively contribute
  - The Board comes to clear decisions and resolutions are noted
- Brief all Directors in relation to issues arising at Board meetings
- Ensure that the decisions of the Board are implemented properly
- Ensure that the Board behaves in accordance with its Code of Conduct
- Commence the annual process of Board and Director evaluation

### 3.2 OUTSIDE THE BOARDROOM

Outside the boardroom the role of the Chairman is to:

- In conjunction with the CEO, undertake appropriate public relations activities
- Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures
- Be the major point of contact between the Board and the CEO
- Be kept fully informed of current events by the CEO on all matters which may be of interest to Directors
- Regularly review with the CEO, and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company
- Provide mentoring for the CEO
- Initiate and oversee the annual CEO evaluation process

## 4.0 ROLE OF THE CEO

The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board. The Company shall be managed to achieve the goals agreed and endorsed by the Board.

The CEO's responsibilities include:

- Developing, with the Board, a consensus for the Company's vision and direction
- Constructing, with the Company's management team, programs to implement this vision
- Endorsing the terms and conditions of appointment of all other staff members
- Providing strong leadership to, and effective management of, the Company in order to:
  - Encourage cooperation and teamwork
  - Build and maintain staff morale at a high level
  - Build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company
- Ensuring a safe workplace for all personnel
- Ensuring a culture of compliance generally, and specifically in relation to environmental matters
- Carrying out the day-to-day management of the Company
- Forming committees and working parties from time to time to assist in the orderly conduct and operation of the Company
- Keeping the Board informed, at an appropriate level, of all the activities of the Company
- Ensuring that all personnel act with the highest degree of ethics and probity

The CEO is formally delegated by the Board to authorise all expenditures as approved in the budget, subject to:

- All CEO compensation, outside of normal monthly remuneration, must be authorised by the Chairman
- All business-related expenses paid to the CEO must be authorised or ratified by the Chairman

# 5.0 ROLE OF THE COMPANY SECRETARY

The Company Secretary is charged with facilitating the Company's corporate governance processes and providing general legal counsel. The Company Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

The tasks of the Company Secretary include:

## • Meetings and Minutes

- Notifying the Directors in writing in advance of a meeting of the Board as specified in the Constitution
- Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting as set out in the Board Policy Manual
- Recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required
- Maintaining a complete set of Board papers at the Company's registered office
- Subject to provisions for shorter notice of a Board meeting as per the Constitution, notifying the Directors in writing (including email) at least five days in advance of a meeting of the Board
- Preparing for and attending all annual and extraordinary general meetings of the Company
- Recording, maintaining and distributing the minutes of all general meetings of the Company

## • Compliance

- Overseeing the Company's compliance program and ensuring all Company legislative obligations are met
- Ensuring all requirements of ASIC, the ATO and any other regulatory body are fully met
- Providing counsel on corporate governance principles and Director liability

## • Governance Administration

- Maintaining a Register of Company Policies as approved by the Board
- Maintaining, updating and ensuring that all Directors have an up-to-date copy of the Board Charter and associated governance documentation
- Maintaining the complete list of the delegations of authority

## • Any other services the Chairman or Board may require

# 6.0 BOARD PROCESS

## 6.1 BOARD MEETINGS

### Meeting Frequency

The Board meets six times per year in February, April, June, August, October, and December.

### Meeting Time and Location

Board meetings will take place at locations to be agreed by the Board from time to time. Directors may participate at meetings in person or by means of telephone or other electronic communication.

Board meetings usually commence at 9.00am but this may vary depending on the agenda of each individual meeting, the availability of key participants and the location in which the meeting is taking place.

### Conduct of Meetings

The Chairman is responsible for the orderly and efficient conduct of Board meetings. Board meetings should be conducted in a rigorous but non-confrontational style. To encourage participation it is the Chairman's role to:

- Ask for different points of view
- Ensure that everyone is treated courteously
- Encourage balanced discussion
- Recognise individual talent and expertise
- Encourage quieter Directors to participate in discussions
- Seek clarification where necessary, to guide the discussion forward
- Keep the discussion balanced
- Give credit and thanks where it is due

### Quorum and Voting at Meetings

A quorum must be present for a Board meeting to proceed. Pursuant to the Company's Constitution, the quorum required currently is four Directors.

Wherever possible, a consensus approach to decision making will be taken. Where consensus is not possible, decisions will be made by a majority vote of the Board.

### Emergency Decision Making - Circular Resolution

An urgent decision, which cannot wait until the next Board meeting, may be dealt with by circular resolution as per the Company's Constitution.

Directors have resolved to allow communication of these decisions by electronic means and most decisions are agreed with email consent. For some specific issues, the Board may choose to obtain a signed resolution. In these instances, all Directors approving the action must sign the circular resolution minutes. Generally this approval will be effective when a signed copy (including scanned copy) of the resolution is received from each Director.

The collated copies of signed resolutions shall be the record of the decision until the next Board meeting. At the Board meeting immediately following the circular resolution, the decision made shall be ratified and entered in the minute book as a single entry.

Where all Directors do not sign the circular resolution, the item is deferred until the next Board meeting.

## 6.2 BOARD MEETING AGENDA

### Agenda Content

A formal agenda is an important part of the Board meeting because it shapes the information flow and subsequent discussion. An agenda will be prepared for each Board and Committee meeting.

The standard agenda used at Board meetings is shown at Appendix A.

### Agenda Preparation

The Company Secretary, in consultation with the Chairman and the CEO is responsible for preparing an agenda for each Board meeting. However, any Director may request items to be added to the agenda for upcoming meetings. The Company Secretary circulates the agenda and Board papers to all Directors at least five days prior to the meeting.

## 6.3 BOARD PAPERS

### Preparation and Circulation

The Chairman together with the Company Secretary is responsible for the preparation and circulation of Board papers. All Board members will be provided with a copy of the Board papers at least five days in advance of the scheduled Board meeting.

The format of Board papers state their purpose, provide background information on an agenda item, present major issues for consideration and make recommendations.

At a minimum Board papers must include:

- An agenda
- Minutes of the previous meeting
- Business activities requiring Board approval and/or updating
- CEO's report
- Any Board submissions requiring decisions. Director-decision checklist includes:
  - Does the decision meet general legal requirements?
  - Does the decision meet the fiduciary requirements of Directors?
  - Does the decision comply with Directors' duty of care and diligence?
  - Does the proposal assist in the implementation of agreed strategies?
  - Have the implications for risk and compliance been taken into consideration?
  - Have implementation issues for this decision been considered?

Individual Board papers will use the standard Board Meeting Issue Summary template shown in Appendix B.

### Retention of Board papers

The Company Secretary maintains a complete set of Board papers at the Company's registered office. Individual Directors may retain their own Board papers in a secure location for the duration of their Directorship. Retiring Directors should destroy any papers held immediately upon retirement, or return them to the Company for destroying.

## 6.4 BOARD MINUTES

While most of the Board papers contain information that is used as the basis for discussion in a Board meeting, the minutes record the decisions that were made at a meeting.

Minutes serve several important functions. They are:

- A reminder of what happened at the meeting – who attended, what was decided and what commitments were made in terms of follow-up
- A guide for people who were unable to attend the meeting
- A permanent record that can be referred to by outside parties (eg lawyers, consultants) who wish to evaluate the Board's decisions and procedures

Minutes will contain a brief reference to relevant Board papers tabled plus the official resolution adopted by Directors.

All decisions will be recorded in the minutes by means of a formal resolution. The Company Secretary maintains a register of all resolutions, which is distributed annually to all Directors.

The Chairman will read the precise resolution to the Board and attempt to obtain unanimous decision-making. For and against voting will only occur when a unanimous decision cannot be reached. If a Director does not voice dissent, it is taken that he or she is in favour of the resolution. The wording will be recorded in the minutes and whether the resolution was carried or defeated, but will not contain the number of votes.

Minutes will be prepared in draft form by the Company Secretary and emailed to all Directors within 48 hours of the meeting. Directors have seven days to review the minutes and request amendments if required. If no amendments are requested within seven days, the minutes are considered an accurate record of the meeting and will be formally accepted at the next meeting of the Board.

Once the minutes have been adopted by the Board, and signed by the Chairman, they cannot be amended.

## 6.5 BOARD CALENDAR

A Board calendar lists the key activities required of the Board throughout the year.

The current Board Calendar is shown at Appendix C.

## 6.6 BOARD COMMITTEES

Board Committees will be formed on an as needs basis for specific issues. The use of Board Committees improves the operation of the Board by removing significant detail from Board meetings.

Where Committees of the Board are established, they will have their terms of reference formalised in a Committee Charter. Committees only have powers of recommendation to the Board, not implementation.

The Company Secretary, unless otherwise determined, is responsible for arranging Committee meetings and the taking of minutes, which would be tabled at Board meetings. Committee reports will be prepared by the Company Secretary, approved by the Chairman of the Committee and sent out with Board papers. Committees are to be comprised of Directors who have expertise in the relevant discipline.

The Audit & Risk Committee and Strategic Issues Committee Charters are shown at Appendix D.

# 7.0 KEY BOARD FUNCTIONS

## **Introduction**

The following six major roles are the minimum set of key functions every Board must perform in order to fulfill its legal obligations. They form a critical element of the Company's Corporate Governance process.

## **7.1 STRATEGY**

The Board will approve the corporate strategy of the Company.

A corporate strategy document will be updated and approved each year, not less than one month prior to the commencement of budget development.

The Board will be fully involved in the development of the strategic plan.

Progress on the strategic plan will comprise part of the CEO's Board report.

## **7.2 CEO SUPPORT**

### **CEO Advisory Role**

It is recognised that a key component of directorial duty is providing a sounding board for CEO ideas and challenges. The relationship between the Board and the CEO is crucial to effective corporate governance. CEO's need to trust their Board, and similarly the Board needs to be confident that it will be fully advised on relevant matters, and that management will support the direction it sets.

In recognition that the CEO – Board relationship is critical to effective Corporate Governance, Directors of the Company should provide frank and honest advice to the CEO. All advice should be constructive in nature and be provided in a positive manner.

## **7.3 PERFORMANCE MONITORING & COMMUNICATION**

### **Monitoring**

A fundamental function of the Board is to monitor the performance and compliance of the Company. The monitoring role is aimed at achieving two key objectives:

- Ensuring that Company's performance is consistent with the strategy of the organisation and the members' expectations
- Ensuring that the Company and its officers are complying with their legal obligations

With this general principle in mind, the Board is charged with monitoring both financial and non-financial Key Performance Indicators (KPIs). The KPIs should be relevant, verifiable, broadly applicable and communicable.

These KPIs will, where possible, be benchmarked for industry comparison of the Company's performance.

### **Communication Protocol for Interaction with Internal and External Parties**

The Board has designated the CEO and/or the Chairman to speak to the press on matters associated with the Company.

The Chairman is authorised to comment on:

- Annual results at the time of the release of the annual or half yearly report
- Resolutions to be put to AGMs of the Company
- Changes in Directors, any matter related to the composition of the Board or Board processes
- Any speculation concerning Board meetings or the outcomes of Board meetings
- Other matters specifically related to members



The CEO and Chairman are authorised to comment on:

- The Company's future outlook
- Any operational matter
- Proposed or actual legal actions
- Queries and general discussion concerning the Company's industry

There will be times when Directors and employees will be approached by the media for public comment. On such occasions the Director(s) or employee(s) should comply with the following:

- Refer the person to the CEO or Chairman of the Board as appropriate for comment
- Refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the CEO or the Chairman of the Board
- Report the person who contacted the Director or employee, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the CEO or the Chairman of the Board.

#### **7.4 COMPLIANCE**

Travellers Choice is an organisation of integrity, and as such, does not breach law or ethical standards.

Every Director, officer, employee, contractor and agent of the Company is required to comply with all aspects of law and to act ethically at all times.

The importance of compliance is reflected in the penalties associated with failure to meet legal obligations which include substantial penalties, orders for compensation, loss of licenses, adverse publicity, Directors being held personally liable and Directors being sent to goal.

No person who willfully breaches the law and is found guilty will receive support from the Company.

The CEO's report shall contain a section for reporting compliance exceptions for each Board meeting. The Company Secretary may be required to elaborate on any relevant aspects of this report.

The compliance report will contain statements that the Company is meeting its obligations under the various requirements or legal responsibility of Directors, or notify Directors of any issue or concern.

#### **7.5 HOSPITALITY AND GIFTS**

While the Company recognises the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and officers' conduct in representing the Company.

Invitations to events (such as sporting events) will not be accepted unless reviewed and approved by the next level of management (for employees) or the Chairman (for the CEO and Directors). In the case of the Chairman, the full Board will review the appropriateness of the invitation.

Directors and employees will declare gifts/invitations to events they receive with a value greater than \$500 for inclusion in meeting minutes.

The Company will not tolerate any Director or employee accepting bribes in the course of business. Suspected instances will be investigated promptly with the individual stood down on full pay. Proven instances will result in instant dismissal and the case referred to the relevant authorities with the full assistance and cooperation of Travellers Choice.

## **7.6 RISK MANAGEMENT**

Risk management and compliance issues are closely connected as many risk management programs are designed to identify and avoid breaches of the law.

The CEO is charged with implementing appropriate identification, control and risk procedures within the Company.

## **7.7 CEO EVALUATION**

A detailed CEO evaluation will be undertaken annually by the Board with the process coordinated by the Chairman. The CEO evaluation will utilise both quantitative and qualitative measures. Evaluation will be judged against the Company's strategic plan and agreed KPIs.

## **7.8 DELEGATION OF AUTHORITY**

The Board bears ultimate responsibility for the operations of the Company, and consequently Directors are responsible for any delegations of their responsibilities. As such, the Board decides what Company matters are to be delegated either to specific Directors or to management. In addition, the Board will determine what controls are to be in place to oversee the operation of these delegated powers.

Individual Directors have no individual authority to participate in the day-to-day management of the Company, other than where the Board, through resolution, explicitly delegates an authority to a Director individually.

### **Specific delegations**

The Board retains all powers and authorities required to carry out the Company's business effectively and efficiently, except where specific authority is delegated to the CEO. A Delegations Manual is held at the Company's registered office and maintained by the Company Secretary.

Cheque signing and authorising the transfer of Company funds is a significant responsibility. Those who are made authorised signatories do so on the understanding that they share in the responsibility for the payment or transfer made. This means that an authorised signatory should have clear understanding of the payment or transfer being made and is obligated to question any invoice or payment/transfer that appears to be abnormal or without sufficient authorisation.

# 8.0 CONTINUING IMPROVEMENT

## 8.1 BOARD MEETING EVALUATION

The Board evaluates the efficiency and effectiveness of its meetings at each meeting against the following criteria:

- Timekeeping
- Format and timing of receipt of Board papers
- Following of agenda
- Effectiveness of the Chairman
- Preparation and participation of the Directors
- Focus of the meeting
- Any suggestions for improvement at future meetings

## 8.2 BOARD EVALUATION

As a matter of principle, the Board is committed to the ongoing development of both individual Directors and the Board as a whole.

Each year the Board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

The review will include but will not be restricted to, the following criteria:

- Preparedness for Board meetings
- Value of contribution to Board discussions
- Clarity of direction for the Company and management each year by a corporate plan (the budget)
- Establish KPIs for the Company and the CEO
- Monitor CEO performance against the KPIs and other outcome measures that will be determined by the Board
- Monitor monthly Company performance against the budget, focusing on the Statement of Financial Performance, Statement of Finance Position, Cash Flow, Bank Covenants, Capital Expenditure and Human Resources and not focus on the operational detail
- Regularly monitor member benefits and satisfaction
- Focus discussion and decisions on 'what' the Company is to achieve as its outcomes, rather than on 'how' management is to go about achieving those outcomes
- Not become involved in the management of the Company
- Observe not simply the words, but also the spirit of the Board's Code of Conduct
- Respect the contributions from all Directors and management
- Understand Director's statutory and financial obligations to members and to represent the best interests of all members as a group
- While vigorously debating issues in the Boardroom, to support all Board decisions unanimously when outside the Boardroom to management, members and all other stakeholders
- Understand and comply with all legal and statutory obligations by ensuring relevant information is sought and provided
- Maintain confidentiality on sensitive matters at ALL times

The Chairman will action this evaluation, after discussion with the Board as to the approach that the Board believes will deliver the best benefit.

### **8.3 DIRECTOR PROTECTION**

As a general rule, a Director has two key areas of protection – the right to information and the ability to insure against specific risk of being a Director.

Therefore, as a matter of policy, the following measures of Board member protection will apply.

#### **Protocol for Seeking Information**

Directors will adhere to the following protocol when seeking information:

- Approach the Chairman to request the required data from the CEO
- If a resolution is still not forthcoming, write a letter to all Board members and the CEO detailing the information required, the purpose of the information and who the Director intends to approach in order to obtain the information
- As a last resort, employ the provisions of the Corporations Act

#### **Access to Board Papers and Legal Advice**

A complete set of Board papers is held by the Company Secretary on behalf of Directors for a period of at least seven years.

Directors are entitled to access the papers for the period when they were a Director on request, even if they have ceased to be Directors.

All documentation containing or seeking legal advice will clearly state that the legal advice is sought both in relation to the Company and to the Directors in their personal capacity.

#### **Insurance**

The Company will provide each Director with a copy of the Directors' and Officers' (D&O) policy and any changes to that policy.

To the extent that it is able to, the Company will maintain each Director's D&O insurance for seven years from the date at which they ceased to be a Director.

#### **Deed of Indemnity**

The Company will provide a Deed of Indemnity to all Directors, providing additional protection to the D&O policy held.

### **8.4 DIRECTOR REMUNERATION & REIMBURSAL**

By serving on the Board, the Directors of the Company assume significant responsibility. The Company offers its Directors a compensation package. Any increase above the present quantum requires members' approval.

### **8.5 DIRECTOR DEVELOPMENT**

The Company has a commitment to Director development, which is a commitment to the continuing improvement of the Company. In order to continually improve Board performance, all Directors are encouraged to undergo ongoing professional training and development.

## **8.6 DIRECTOR SELECTION AND INDUCTION**

New Directors will undergo a full induction into their role on the Board. Information conveyed to the new Director will include:

- Letter of Appointment
- Consent to Act
- Constitution
- Corporate Governance Charter
- Corporate Governance Statement
- Current Budget
- Strategic Plan
- Company Profile
- Risk Management Matrix
- Organisational Chart
- Directors & Officers Liability Insurance Policy
- Minutes of last Board meeting
- Minutes of last AGM
- Annual Report

# APPENDIX A

## **BOARD MEETING AGENDA**

Date, time and venue

### **Agenda Item**

Apologies  
Conflict of Interest Declaration  
Gift/Gratuity Declaration  
Minutes of Previous Meeting  
Status of Previous Actions Agreed  
Items for Decision  
Items for Discussion  
CEO Report  
Financial Report  
Committee Reports  
Items for Noting  
General Business  
Meeting Evaluation  
Date and Time of Next Meeting

# APPENDIX B

MEETING DATE	
AGENDA ITEM	
TOPIC	
BACKGROUND	
KEY ISSUES	
PROPOSAL	
RISK(S)	
POLICY/BUDGET IMPACT	
BOARD ACTION REQUESTED	
ATTACHMENTS	

SUBMITTED BY: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE \_\_\_\_\_

# APPENDIX C

## BOARD MEETING CALENDAR

<b>February</b>	Strategic Review Risk Review Board Performance Review
<b>April</b>	Strategic Review follow up
<b>June</b>	Budget & Business Plan approval Board calendar
<b>August</b>	Financial Results Approval of final accounts Profit distribution
<b>October</b>	CEO Performance Review
<b>Conference*</b>	Pre-conference issues debrief AGM and Director elections
<b>December</b>	AGM minutes

Directors will be advised at the beginning of each year which meetings will be held face-to-face or by teleconference.

\*Conference dates vary from year to year but will occur between 01 October and 30 November.

## AUDIT & RISK COMMITTEE MEETING CALENDAR

The Audit & Risk Committee will meet prior to the Board meeting in the following months:

<b>February</b>	Bank accounts and signatories review Legal & Reporting Compliance Report
<b>June</b>	Insurance review Legal & Reporting Compliance Report
<b>August</b>	End of year financials, profit distribution and taxation Legal & Reporting Compliance Report
<b>October</b>	Risk profile review Legal & Reporting Compliance Report



# APPENDIX D

## TRAVELLERS CHOICE AUDIT & RISK COMMITTEE CHARTER

### **Constitution**

The Audit & Risk Committee has been established by resolution of the Board.

### **Membership**

The Audit & Risk Committee will consist of not less than two members. Members will be appointed by the Board.

Audit & Risk Committee membership is determined by the Board annually. Appointment to the Committee is for a term of 12 months and Committee members are able to serve multiple terms if agreed by the Board. To ensure the continuity of the membership of the Audit & Risk Committee it is desirable that no more than one quarter of the members of the Audit & Risk Committee resign each year.

### **Chairman**

The full Board will nominate the Chairman of the Committee.

### **Secretary**

The Company Secretary will be the Secretary of the Audit & Risk Committee.

### **Other Attendees**

The CEO and CFO as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit & Risk Committee, but will not be members of the Committee.

### **Quorum**

A quorum will be two members.

### **Meetings**

Audit & Risk Committee meetings will be held not less than four times a year so as to enable the Committee to undertake its role effectively. In addition, the Chairman is required to call a meeting of the Audit & Risk Committee if requested to do so by any member of the Audit & Risk Committee, the CEO or the external auditor.

### **Authority**

The Audit & Risk Committee is authorised by the Board to investigate any activity within its charter. The Audit & Risk Committee will have access to management and auditors with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit & Risk Committee.

The Audit & Risk Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit & Risk Committee is required to make recommendations to the Board on all matters within the Audit & Risk Committee's Charter.

### **Reporting Procedures**

The Audit & Risk Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Audit & Risk Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit & Risk Committee meeting along with any recommendations of the Committee.

### **Responsibilities of the Audit & Risk Committee**

The Audit & Risk Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. In particular, the Audit & Risk Committee has the following duties:

#### **Financial Statements**

1. To review the audited annual and half yearly financial statements and any reports which accompany financial statements before submission to the Board, recommending their approval, focusing particularly on:
  - Any changes in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments, accounting and financial reporting issues resulting from the external audit
  - Compliance with accounting policies and standards
  - Compliance with legal requirements

#### **External Audit Function**

2. To make recommendations to the Board on the appointment of the external auditor, including approval of the external audit annual fee
3. To meet privately with the external auditor on at least an annual basis
4. To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary)

#### **Internal Audit Function**

5. To review the annual internal audit plan
6. To monitor monthly exception reports against the internal audit plan

#### **Oversight of the Risk Management System**

7. To provide recommendations to the Board on improvements to the risk management system
8. To ensure that major risks to the Company are reported at least annually to the Board
9. To determine and regularly review the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the company

# APPENDIX D

## **TRAVELLERS CHOICE STRATEGIC ISSUES COMMITTEE TERMS OF REFERENCE (A.K.A. TCMC - THE TC MEERKAT COMMITTEE )**

### **Constitution**

The Strategic Issues Committee has been established by resolution of the Board.

### **Membership**

The Strategic Issues Committee will consist of not less than two members. Members will be appointed by the Board.

### **Chairman**

The full Board will nominate the Chairman of the Committee.

### **Secretary**

The Company Secretary will be the Secretary of the Strategic Issues Committee.

### **Other Attendees**

The CEO and CFO as well as other members of senior management may be invited to be present for all or part of the meetings of the Strategic Issues Committee, but will not be members of the Committee.

### **Quorum**

A quorum will be two members.

### **Meetings**

Strategic Issues Committee meetings will be held not less than three times a year so as to enable the Committee to undertake its role effectively.

### **Authority**

The Strategic Issues Committee is authorised by the Board to investigate any activity within its charter and to make recommendations to the Board.

### **Reporting Procedures**

The Strategic Issues Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Strategic Issues Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Strategic Issues Committee meeting along with any recommendations of the Committee.

### **Responsibilities of the Strategic Issues Committee**

The Strategic Issues Committee is responsible for assisting the Board and executive consider strategic issues that are relevant and may impact on suppliers, the industry and travel consumers.

Their role is to:

- Provide advice to the Board and raise awareness of relevant topics
- Assist the CEO to research various items of interest
- To provide a central repository for ideas and/or concepts that are considered relevant to the future sustainability of the Company

The intention is that the Committee will assist the Board to have a line of sight of emerging issues that may impact (positively or negatively) the travel industry, key players and the Company's position.

The Board can then determine how to integrate these issues into its strategic discussions and decisions.

Some key research providers that may be relevant are:

- PhocusWright
- Harvard Business Review
- McKinsey
- International trade media publications
- TED talks



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