



***CODE OF CONDUCT
FOR
BOARD MEMBERS
OF THE
AUSTRALIAN JOCKEY CLUB LIMITED***

JANUARY 2010

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BOARD MEMBERS OF THE
AUSTRALIAN JOCKEY CLUB LIMITED (“AJC”)***

INTRODUCTION

The Purpose of this Code of Conduct

The Board of the AJC is ultimately responsible for the success of the AJC by its proper administration and management of Royal Randwick and Warwick Farm Racecourses and the conduct of AJC race meetings and other AJC activities.

The Board recognises and acknowledges its obligation to members and employees of the AJC, to racing industry participants and to the community generally to ensure that it conducts its activities in accordance with the highest professional, ethical and moral standards, the Rules of Racing and its Constitution, Club Rules and By-Laws, and complies fully with its legal obligations.

To assist the Board to fulfil those obligations, this Code of Conduct sets out the standard of conduct expected from all Directors in the performance of their duties and responsibilities, with the particular objective of ensuring that the AJC inspires the utmost faith, confidence and support of its members and of other participants and stakeholders in the racing industry.

By adopting this Code of Conduct the Board affirms its commitment to the values of:

Honesty; Integrity; Enterprise; Excellence; Accountability; Justice; Independence;

Equality of Opportunity; Ethical Behaviour

This Code of Conduct is intended as an expected code of behaviour specifically for AJC Directors in addition to all legal obligations imposed on directors generally, and is not intended to override or contradict the AJC Constitution, Club Rules or any applicable law.

CODE OF CONDUCT FOR BOARD MEMBERS

1. Duties

- 1.1 The AJC is an incorporated body under the *Corporations Act 2001 (Cwlth)*. Directors have legal duties and responsibilities as directors of a company, including under the common law and the *Corporations Act 2001 (Cth)*. These duties and responsibilities include the following:
- (a) to act in good faith in the best interests of the AJC and for a proper purpose; and
 - (b) to exercise their powers and discharge their duties with the degree of care and diligence required of a director of a corporation such as the AJC; and
 - (c) not to improperly use their position to gain an advantage for themselves or someone else or cause detriment to the AJC; and
 - (d) not to improperly use information acquired because they are, or have been, a director of the AJC to gain an advantage for themselves or someone else or cause detriment to the AJC; and
 - (e) to disclose material personal interests in matters relating to the affairs of the AJC and to avoid conflicts of interest, including by absenting themselves from discussion of, and abstaining from voting on, such matters if required.
- 1.2 The duty to act in the best interest of the AJC is primarily owed to the AJC as a whole and not to any individual member of the AJC or any other person or group. However a Director may, where appropriate, have regard to the interests of other stakeholders in the AJC.
- 1.3 Directors will carefully and diligently attend to the performance of their duties and the exercise of their powers as Directors.
- 1.4 Directors will use their skills and experience to the best advantage of the AJC.
- 1.5 Directors will use their best efforts to ensure that the AJC is properly managed and constantly improved to best meet its objectives.
- 1.6 Directors will, if possible, attend all Board and Board appointed committee meetings of which they are members. Where attendance is not possible, appropriate steps should be taken wherever possible to inform the Chair of the Director's intended absence and the reason for it. Directors should use their best endeavours to attend AJC race meetings, functions and events at all times.
- 1.7 Directors will be independent in their judgments and actions, and will not act in the interests only of any sectional interest.
- 1.8 Directors will at all times support and promote the philosophy that a strong race club structure is essential in the public interest and in the interests of the thoroughbred racing industry as a whole.
- 1.9 Directors will at all times support the letter and the spirit of Board decisions in their communications and dealings with other parties.

2. Interests of the AJC and AJC Members

- 2.1 Directors will perform their duties and exercise their powers in the best interests of the AJC and its members.
- 2.2 Directors will perform their role objectively and impartially to ensure equity and fairness to anyone who may be affected by the decisions of the Board.
- 2.3 Directors will ensure that they do not act in any manner that may reasonably be expected to have adverse implications or consequences for the AJC or its members.

3. Due Diligence

- 3.1 Directors will ensure that they are fully informed about the activities and affairs of the AJC and the racing industry generally, including relevant statutory and regulatory requirements, and the physical, political and social environment in which NSW thoroughbred racing is conducted.
- 3.2 Directors have a right to obtain from management all information necessary for them to properly discharge their duties and to have that information provided in a timely fashion. However, Directors recognise that questions and requests to management involving a substantial amount of work may disrupt management. Accordingly the Directors agree that if a question to management cannot be answered without special work it will be put in writing and copies sent to the Chair and the Chief Executive Officer for approval. The CEO must be copied in on all requests of management to allow for proper communication and allocation of resources.
- 3.3 Directors may, in connection with the performance of their duties and functions as directors, seek independent professional advice. If it is appropriate for the Board to seek independent advice on their duties as directors generally, that advice may be sought at the AJC's expense, on the condition that the advice is provided to and for the benefit of all Directors. In these circumstances prior written approval of the Chair is required, which will not be unreasonably withheld. The Chair may elect to refer the matter to the Board. A copy of the advice is to be provided to all Directors and the AJC.
- 3.4 The Board may specify the way in which Board papers are to be set out and the amount of time prior to meetings that they require in order to consider them.
- 3.5 Directors should not vote in favour of a motion unless they have had sufficient time and information to consider the matter properly.

4. Confidentiality and public comment

- 4.1 Board agendas, papers, minutes and discussions are confidential to the AJC.

- 4.2 Directors will maintain the confidentiality of matters discussed at Board meetings and of information acquired by virtue of their position as a Director. Directors will not disclose confidential information concerning the AJC or its business or affairs to any person, and must not without the consent of the Chair put themselves in a position where they are obliged to disclose any such confidential information. This obligation continues to apply after a Director's resignation or retirement.
- 4.3 The right to comment to the media on the business or affairs of the AJC and to present the AJC's views on matters related to thoroughbred racing is restricted to the Chair and Chief Executive Officer or officer delegated by the Chair or Chief Executive Officer. Directors will refrain from any public comment regarding the considerations and determinations of the Board, unless authorised by the Board to do so.
- 4.4 Directors acknowledge that there are specific exceptions under law to these confidentiality obligations, such as when a person is legally required to give evidence in Court or by a regulatory body. If a Director becomes aware that they will or may be required by law to disclose confidential information, that Director must immediately inform the Chair of the relevant circumstances.

5. Improper Use of Information

Directors will not make improper use of information acquired by virtue of their position as a Director. Improper use of information means use of the information for a purpose other than the purpose for which the information was made available to the Director. This prohibition applies irrespective of whether the Director would gain directly or indirectly a personal advantage or advantage to any associated person or might cause detriment to the AJC.

6. Conflicts of Interest

- 6.1 The AJC's Constitution, this Code of Conduct and the law set high standards for avoiding conflicts of interests. Conflicts of interest are assessed in terms of the likelihood that a Director possessing a particular interest could be influenced or might appear to be influenced by that interest in the performance of his or her duties on any matter. At all times Directors must be able to act in the interests of the AJC as a whole. The interests of other persons such as associates, affiliates, other racing interests and personal interests of the Directors or their families must not be allowed to prevail over those of the AJC. The pursuit of self-interest or representation of a factional interest above the interests of the AJC may be a breach of a Director's fiduciary duties and other duties or obligations in respect of the AJC.
- 6.2 As an example only, the following situations will always present a conflict:
- (a) any contract or arrangement entered or to be entered into by or on behalf of the AJC with any entity or person in which or with whom the Director or any associated person is in any way interested or has a business or personal relationship; and
 - (b) any matter being considered by the Board on behalf of the AJC in respect of which the Director or any associated persons is in any way interested other than merely by virtue of their position as a Director (for example, where that Director, or an associated person of that Director, has an interest as a racehorse owner or

has commercial dealings with a racehorse trainer and takes part in decisions regarding expenditure on racecourse facilities which may conflict with the interest of the AJC in the prudent financial management of the AJC's business).

6.3 Directors will ensure that where a conflict between their personal interests or interests of any associated person and those of the AJC may arise, the Director will immediately disclose in writing the nature of that conflict to the Board.

6.4 Unless Directors who do not have a material personal interest in the matter have first passed a resolution which:

- (a) identifies the Director, the nature and extent of their interest in the matter and its relation to the affairs of the AJC; and
- (b) states that the relevant Directors are satisfied that the interest should not disqualify the interested Director from voting or being present,

the Director who has a material personal interest in a matter being considered by the Board, or who is associated with a person with such an interest in that matter, may not:

- (c) vote on the matter; or
- (d) be present whilst the matter is being considered by the Board; or
- (e) receive any relevant Board papers or other papers or information.

6.5 As an example only, an "associated person" can be a spouse, a partner or family member, or a business, a partnership, company or trust in which the Director, a spouse or partner or family member has a financial or other interest or from which that person receives directly or indirectly any benefit, financial or otherwise.

6.6 The Chair or Chief Executive Officer is available to discuss potential conflicts of interests with Directors. In any event full disclosure of a conflict or potential conflict must be made in writing to the Board promptly after the Director becomes aware of it.

7. Maintenance and Promotion of Public Confidence

7.1 Directors will not engage in conduct likely to bring discredit upon the AJC or otherwise diminish the confidence of the public generally, in the fairness, integrity or professionalism of the AJC.

7.2 Directors will not make any public comment or statement that is critical of, or otherwise calls into question, any decision made by the Board or any racing official under the Rules of Racing, except with the prior approval of the Chairman or Chief Executive Officer.

7.3 Directors will report to the Chair any actions by others which may adversely affect, either directly or indirectly, any member or public confidence in the integrity of the AJC or NSW thoroughbred racing generally.

8. Applications to the Board

Unless they receive the prior official approval of the Board, Directors will not initiate, support, oppose or otherwise be a party to any application or submission to the Board in respect of any matter, other than:

- (a) in relation to that Director's position as a Board Member;
- (b) arising solely from or in respect to the Director's status as a member of the AJC, being a matter that the Director has in common with the other members of the AJC.

9. Disclosure of Interests and Gifts

- 9.1 Each Director will, no later than the first meeting of the Board after the Director is elected or appointed, provide the Chair with a complete listing of the Director's interests in any business that may have dealings with the AJC. The listing will include indirect interests such as those of the Director's immediate family, and interests held by companies, trusts and partnerships in which the Director or the Director's family has an interest.
- 9.2 The list referred to in clause 9.1 will be kept in a confidential register maintained by the Chief Executive. It is the duty of each Director to immediately provide the Chief Executive Officer with notice of any change to the Board Member's interests. The Chair will regularly remind Directors to do so.
- 9.4 Directors should be aware that the *Registered Clubs Act 1976 (NSW)* also imposes duties of disclosure on the Directors. That Act requires a Director to:
- (a) declare in writing a financial interest in respect of a hotel within, relevantly, 14 days of acquiring that interest or of becoming a Director;
 - (b) declare any gift (including money, hospitality or discounts) or remuneration (including fee for service) received from an affiliated body of the AJC having a value in excess of \$500 within 14 days of receipt of the gift or remuneration. An affiliated body is defined as a related body corporate within the meaning of the *Corporations Act 2001*, or any other body which has obtained a grant or subsidy from the AJC within the 12 months preceding the receipt of the gift or remuneration; and
 - (c) submit a written return to the Board at the end of each financial year, declaring any gift (including money, hospitality or discounts) or remuneration (including fee for service) received by the Director from a person or organisation that is a party to a contract with the AJC.

10. Issues Management and General Conduct

- 10.1 Directors should raise any matters of serious concern at Board meetings. In order that such matters can be discussed properly it is important that management and other Directors be given time to consider them, and it is good practice for a Director with a serious concern to advise the Chair in time for the matter to be added to the agenda.
- 10.2 Directors should be frank and open in Board meetings and be ready to question, request information, and raise issues.
- 10.3 In the interests of the effectiveness of the Board, and the AJC as a whole, the Directors agree that they will conduct themselves with good will and in a harmonious manner. The importance of good teamwork is recognised and acknowledged.

- 10.4 Directors recognise that the effectiveness of the Board will be enhanced if contributions to Board discussions are kept brief and relevant, and if each builds on the previous contributions of others. Directors must support the Chair in maintaining order and making Board discussions effective.
- 10.5 If any matter is required by this Code of Conduct to be referred to the Chair and the Chair is unavailable, or it is inappropriate for the Chair to become involved in that matter, the Director should refer the matter to the Vice-Chair.

11. Decisions and Dissent

- 11.1 Decisions of the Board must be made collectively in accordance with the Constitution and Club Rules and applicable laws.
- 11.2 Directors recognise that the responsibilities to their colleagues and the AJC require that, where disagreement occurs, every effort must be made to resolve the issue and avoid dissension.
- 11.3 Nevertheless, there may be times when a Director feels so strongly about a matter of principle that the Director is unable to acquiesce in a proposed decision of the Board. In such cases the Director should consider taking some or all of the following steps:
- (a) making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decision;
 - (b) asking for additional legal, accounting or other professional advice;
 - (c) asking that the decision be postponed to the next meeting to allow time for further consideration and informed discussion.

Once a policy or decision is made by the Board, loyalty to the AJC requires a Director to support that policy or decision even if the Director did not (and perhaps still does not) personally support the policy or decision.

- 11.4 Dissenting Directors have a right to resign, but understand that if they choose to remain on the Board they are bound by the collective decisions of the Board and may be legally liable for them.
- 11.5 Directors do not have the right to ignore or attempt to frustrate decisions of the Board, nor to pursue a private agenda, when they do not agree with the majority decision.

12 Improper or Undue Influence

Directors must take care not to use their position on the Board to influence any other Member or management or staff of the AJC in the performance of their duties or functions for the purpose of obtaining any advantage for themselves or any other person whether the advantage is direct or indirect. Directors must ensure contact with staff is:

- (a) through the Chief Executive Officer; or
- (b) in accordance with clause 3.2 of this Code of Conduct; or
- (b) is otherwise in accordance with specific resolution of the Board.

13. Interaction with Management and Staff

- 13.1 Unless individual Directors receive specific delegations from the Board in accordance with the AJC's Constitution they must refrain from participating in the day-to-day management of the company, making representations or agreements on its behalf, or influencing an individual AJC employee or contractor.
- 13.2 In dealing with the AJC's management and staff a Director should not use language, or behave in a manner, that offends, harasses or is otherwise unfair or derogatory in nature. Directors are expected to demonstrate respect for others by acting in a professional and courteous manner. This includes all forms of interpersonal communications with other Directors and AJC management and staff, including telephone and email communications.

14 Enforcement of the Code

Should it appear to the Board that a Director has breached this Code of Conduct that Director will be given a reasonable opportunity to provide the Board with an explanation of the relevant conduct and respond to questions from the Board. If the Board (by majority vote) is satisfied, after having heard the Director's explanation and responses (or is otherwise satisfied if the Director has not accepted the opportunity to provide an explanation), that the Director has breached this Code of Conduct:

- (a) in extreme cases, the Chair may request that the Director tender their resignation from the Board; or
- (b) the Board may pass a censure motion which may:
 - (i) exclude the Director from attending conferences or functions on behalf of the AJC;
 - (ii) exclude the Director from taking part in committees or other internal roles within the AJC; and/or
 - (iii) terminate the Director's appointment to a Board committee.