

VICTORIA TEACHERS LIMITED

CORPORATIONS ACT

CONSTITUTION of VICTORIA TEACHERS LIMITED ABN 44 087 651 769

This Constitution was amended by special resolutions on 17 May 2018 and takes effect on the same date

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PREAMBLE

Victoria Teachers Limited is a public company limited by shares governed by the *Corporations Act 2001* (Cth).

The Company is an Authorised Deposit-taking Institution regulated by the *Banking Act 1959* (Cth) and Prudential Standards issued by the Australian Prudential Regulation Authority.

The Company, as a consequence of its adherence to mutual principles, operates for the benefit of Members and is committed to assisting Members to achieve their financial, economic and social needs.

The Company adopts this Constitution to govern the relationship between:

- the Company and each Member;
- the Company and each Director;
- the Company and the Secretary; and
- each Member and any other Member.

DIVISION 1 – INTERPRETATION AND DICTIONARY

1.1 In this Constitution, unless the contrary intention appears:

‘**ADI**’ means a body corporate that APRA has authorised to conduct banking business in Australia under the *Banking Act 1959* (Cth);

‘**ASIC**’ means the Australian Securities and Investments Commission;

‘**Appointed Director**’ means a person appointed as a Director under **clause 9.1(b)**;

‘**APRA**’ means the Australian Prudential Regulation Authority;

‘**Auditor**’ means the Company’s auditor;

‘**Board**’ means the Board of Directors;

‘**Business Day**’ has the same meaning as in the *Corporations Act*;

‘**Company**’ means Victoria Teachers Limited ABN 44 087 651 759, previously called Victoria Teachers Credit Union Limited;

‘**Constitution**’ means the constitution of the Company as amended from time to time;

‘**Corporations Act**’ means the *Corporations Act 2001* (Cth);

‘**Credit Union**’ means the Company;

‘**Demutualisation Event**’ means an event that triggers the application of the provisions of clause 29(1) of Part 5 of Schedule 4 to the *Corporations Act* (except to the extent ASIC has exempted the Company from the operation of that Part in relation to that event) or is a demutualisation for the purposes of section 63 of the *Banking Act 1959* (Cth);

‘**Director**’ includes any person occupying the position of director of the Company;

‘**Directors**’ means all or some of the Directors acting as a Board;

‘**Direct Vote**’ means a vote at a Members’ meeting delivered to the Company by such means as approved by the Board;

‘**Elected Directors**’ and ‘**Directors Elected by the Members**’ includes any person appointed to fill a casual vacancy in the office of a Director as elected by the Members;

‘**Employee Director**’ means a person referred to in **clause 12.4**;

‘**Financial Accommodation**’ means:

(a) an advance;

(b) money paid for, on behalf of or at the request of a person (other than by drawing on the person’s deposit account with the Company);

(c) a forbearance to require payment of money owing on any account; and

(d) a transaction that, in substance, effects a loan or is regarded by the parties to the transaction as a loan, that the Company provides or enters in the ordinary course of its banking business;

‘**Fit and Proper Policy**’ means the policy adopted by the Directors in relation to the fitness and propriety of designated responsible persons required by APRA Prudential Standard CPS 520 or any other prudential standard or law applying from time to time;

‘**MEI**’ means a share in the capital of the Company issued or arising from the conversion of a Regulatory Capital Security and which meets the requirements of the Mutual Equity Requirements;

‘**Member**’ means a person whose name is entered for the time being on the Register as the holder of one or more Shares;

‘**Member Shares**’ means a share as described as such in **clause 3.1**;

'Mutual Equity Requirements' means the requirements of APRA's prudential standards for a mutual equity interest and the requirements of ASIC for the issue of the MEI not to constitute a Demutualisation Event;

'Nominations Committee' means the committee appointed by the Board in accordance with Schedule 2;

'Office' means the Company's registered office;

'Register' means the register of Members of the Company;

'Registered Address' means the last known address of a Member as noted in the Register;

'Regulatory Capital Security' means a share, note or other security eligible for inclusion as Tier 1 Capital or Tier 2 Capital, in each case as defined by APRA from time to time;

'Representative' means a person appointed by a Member to act as its representative under **clause 8.11** or under section 250D of the *Corporations Act*;

'Secretary' means any person appointed by the Directors to perform any of the duties of a secretary of the Company and if there are joint secretaries, any one or more of such joint secretaries;

'Shares' means shares of the Company including Member Shares;

'Tier 1 Share' means a Share (other than a Member Share) which is eligible for inclusion as Tier 1 Capital as defined by APRA from time to time as described in **Division 17**;

'Transaction' in **clause 5.4** in relation to a Member's deposit account with the Company means a debit or credit to the account, other than for:

- (a) the payment of interest by the Company; or
- (b) the charging of a fee by the Company for keeping the account

1.2 In this Constitution, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa and words importing a gender include other genders;
- (b) words importing natural persons include corporations;
- (c) words and expressions defined in the *Corporations Act* have the same meaning in this Constitution;
- (d) headings are for ease of reference only and do not affect the construction of this Constitution;
- (e) a reference to a statute or regulation includes all amendments, consolidations or replacements of the statute or regulation;
- (f) a reference to this Constitution or another instrument includes all amendments, consolidations or replacements of the Constitution or the other instrument;
- (g) a reference to a statutory or other body that ceases to exist, or the powers and functions of which are transferred to another body, includes a reference to the body:
 - (i) that replaces it; or
 - (ii) to which substantially all the powers and functions relevant to this Constitution are transferred;
- (h) where an expression is defined in this Constitution any other grammatical form of the expression has a corresponding meaning;
- (i) a reference to signing or signature is a reference to any authentication mechanism used to verify, without limitation, the following:
 - (i) the identity of the person to whom the information is communicated and their approval of the information communicated; and
 - (ii) where applicable, that the person named in any application form or other notice consents to the requirements set out in the form or notice; and
 - (iii) where applicable, that the Member named as appointor in a proxy is a Member of the Company and has approved the lodgment of the notice including any direction as to how the proxy is to vote;
- (j) a reference to 'in writing' is technology neutral and is a reference to any mode of representing or reproducing information in a tangible and permanently visible form and includes, without limitation, a communication of information in the form of data, text or images by means of guided or unguided electromagnetic energy.

1.3 An expression in a provision of this Constitution has the same meaning as in a provision of the *Corporations Act* that deals with the same matter as the provision, unless the contrary intention appears in this Constitution.

1.4 To the extent permitted by law, the replaceable rules in the *Corporations Act* do not apply to the Company.

1.5 The adoption of this Constitution is not intended to have any of the effects contemplated in clause 29(1) of Schedule 4 of the *Corporations Act*. The occurrence of any of those events is referred to as a 'demutualisation'. If the adoption of any provision of this Constitution results in a demutualisation, then that provision is severed from this Constitution and, to the extent permitted by law, is replaced by such a provision of the repealed constitution which was in force immediately before the adoption of this Constitution as is necessary or required so that the adoption of this Constitution does not cause or result in any demutualisation.

DIVISION 2 – OBJECTS & LIMITS ON POWERS

2.1 Objects

The Company has the following objects:

- (a) to raise funds from Members by subscription, deposit or otherwise;
- (b) to apply the funds in providing financial accommodation to Members;
- (c) to provide programs and services to Members to assist them to meet their financial, economic and social needs;
- (d) to promote, encourage and bring about human and social development among individual Members and within the larger community within which Members work and reside; and
- (e) to further the interests of Members and the communities within which they work and reside through co-operation with:
 - (i) other mutuals; and
 - (ii) associations of mutuals.

2.2 Dealing with Customers

The Company may only provide financial accommodation to:

- (a) its Members;
- (b) other ADIs; or
- (c) any person or class of persons as determined by the Board from time to time in its absolute discretion.

1. The Company may accept deposits from non-members.
2. Notwithstanding sub-rule (1), the Company may invest funds other than by way of financial accommodation to its Members or other ADIs.

DIVISION 3 - ISSUE OF MEMBER SHARES

3.1 The issued shares of the Company as at the date of adoption of this Constitution comprise:

- (i) Member Shares; and
- (ii) Tier 1 Shares, and

all Shares to be issued under **clause 4.6** after the date of adoption of this Constitution are called 'Member Shares'.

3.2 A Member Share confers on the holder those rights and obligations conferred or imposed by this Constitution and the *Corporations Act* from time to time.

3.3 For so long as it is permitted by law, no share certificates will be issued in respect of Member Shares.

3.4 The subscription price payable for a Member Share is \$nil.

3.5

1. The Company must not issue:

- (a) options to subscribe for Member Shares;
- (b) securities that may be converted to Member Shares; or
- (c) securities with pre-emptive rights to Member Shares.

2. The Company may only issue Member Shares on the basis that the subscribing person pays the full subscription price.

3. The Company may only issue 1 (one) Member Share to any person.

3.6 Ranking of Shares

Each Member Share ranks equally with all other Member Shares.

3.7 Repayment of Share Capital

The Company must repay the amount paid up in respect of a Member's Member Share if:

- (a) the Member requests it; and
- (b) the Member has repaid all outstanding financial accommodation, and discharged all other obligations, to the Company.

3.8 Shares not transferable

A Member may not transfer, sell or assign their Member Share but nevertheless may require such Member Share to be repaid in accordance with **clause 3.7**.

3.9 Dividends

No dividend is payable in respect of any Member Share.

DIVISION 4 – MEMBERSHIP REQUIREMENTS

4.1 Eligibility

A person, including a body corporate, is only eligible for membership in accordance with this Constitution.

4.2 Common bond for individuals

An individual is eligible to be a Member under any one of the following categories:

(a) Employment:

- (i) any person engaged in or retired from the profession of teacher, educator or related professional occupations;
- (ii) an employee of the Company and/or its subsidiary companies; or
- (iii) an employee of any teacher education institution or organisation.

(b) Community:

any person residing in Australia who expresses an interest in being a Member of the Company.

(c) Family:

the person is a spouse, partner or relative of a person admitted as a Member under **clause 4.2**.

(e) Continuing Members:

the person is a Member but has ceased to be eligible to be a Member in accordance with the above categories.

(f) Transferring Members:

the person was a Member of another ADI that transferred its business and Members to the Company under the *Financial Sector (Business Transfer and Group Restructure) Act 1999* (Cth).

4.3 Common bond for Bodies Corporate

A body corporate is eligible to be a Member under any of the following categories:

(a) Trustee:

the body corporate is trustee of a trust of which a Member is a beneficiary.

(b) Employer:

the body corporate is the employer of a Member.

(c) Corporate Group:

the body corporate is a related body corporate of a body corporate admitted as a Member under **clause 4.3**.

(d) Approved Body Corporate:

the body corporate has an affinity with the Company.

(e) Continuing Members:

the body corporate is a Member but has ceased to be eligible to be a Member in accordance with the above categories.

(f) Transferring Members:

the body corporate was a Member of another ADI that transferred its business and Members to the Company under the *Financial Sector (Business Transfer and Group Restructure) Act 1999* (Cth).

4.4 Admission to membership

The Directors have the power to admit a person to membership provided:

- (a) the person applies for membership in accordance with the process as determined by the Directors;
- (b) the person submits evidence satisfactory to the Directors as to that person's eligibility to be a Member under this Constitution;
- (c) if the person is not a minor – the person subscribes for one Member Share and the Company issues one Member Share to the person;
- (d) if the person is a minor – the person subscribes for one Member Share; and
- (e) the person pays any admission fee.

4.5 Admission to membership – delegation of power

The Board may delegate its power to admit Members to employees of the Company. The delegation must not include authority to further delegate the power to admit Members.

4.6 Issue of Member Shares

When the Company admits a person as a member, the Company must:

- (a) issue the Member Share to the person;
- (b) enter the person's particulars in the registrar of members as required by the *Corporations Act*; and
- (c) give the person notice that it has admitted the person as a Member.

4.7 Joint holders

- (a) The Company may admit 2 or more persons eligible for admission under **clause 4.2** as a joint member of the Company.
- (b) The persons constituting the joint member may determine the order in which their names appear in the Register of Members. If the persons constituting the joint member do not do so, the Company may determine the order in which their names appear in the Register of Members.
- (c) The person named first in the Register of Members is the primary joint member. The Company may duly send any notice, certificate or other document to the joint member by sending it to the primary joint member. Only the primary joint member is entitled to vote on behalf of the joint member.
- (d) At any time, the joint member may give the company a notice requiring the Company to change the primary joint member or otherwise change the order in which their names appear in the Register of Members. Each person constituting the joint member must sign the notice. The Company must change the Register of Members as soon as practicable after receiving the notice.
- (e) Any person constituting a joint member may give an effective receipt for any distribution on winding-up or return of capital in relation to the joint member's shares.
- (f) The Company may accept deposits from, or provide financial accommodation to, the joint member or any person constituting the joint member.
- (g) The persons constituting a joint member are jointly and individually liable for any liability that the joint member may have in relation to the joint member's shares.

4.8 Minors

- (a) While a Member remains a minor, except when the Company is being wound up, the Company must not:
 - (i) call for payment of the unpaid amount in respect of the minor's share; or
 - (ii) set off against the unpaid amount any amounts owing by the Company to the minor.

(b) After reaching the age of 18, the Member must pay the subscription price for the share applicable at the time the person became a Member. Any time after the Member reaches the age of 18, the Directors may:

- (i) call for payment of all or part of the unpaid amount in respect of the share; or
- (ii) debit any of the Member's deposit accounts with the Member's consent.

(c) A Member who is a minor shall not be competent to utilise credit card services provided by the Company or to enter into any deed, bill, lien, charge or other contract, instrument, document, agreement, arrangement or otherwise for the taking of any form of Financial Accommodation from the Company.

4.9 Repayment of subscription price

(a) If an existing Member holds a Member Share with a Subscription Amount greater than \$nil, a request by the Member to repay the Subscription Amount of the Member's Member Share without termination of Membership is to be regarded by the Company as a request by that Member for the redemption of his/her Member Share and then application by the Member for a new Member Share with a Subscription Amount of nil consideration. Redemption by the Company, and approval of the application for the new Member Share, may only be affected by the Company simultaneously and at such time as the Directors consider practicable after receiving the request. The Company may defer redeeming the Member's Member Share until such time as the Directors are satisfied that:

- (i) immediately after redeeming the Member's Share the Company will not be in breach of any prudential standard;
- (ii) the Company's capital base is adequate for the purposes of APRA's supervision of capital adequacy;
- (iii) if APRA has restricted that the Company redeem Member Shares (whether by direction or otherwise), that the restriction no longer applies; and
- (iv) the Company has sufficient profits to pay the amount payable on redemption of the Member Share.

(b) The existing Member is, notwithstanding redemption and issue of the Member Share, to be regarded as having continuity of Membership in the Register of Members from the date of the original issue of the redeemed Member Share. Any monies payable by the Company on the redemption of the Member Share may be paid to the Member in any manner permitted by **clause 5.3.3**.

(c) In this clause, '**Subscription Amount**' in relation to Member Shares means the amount paid per Share pursuant to **clause 4.4**.

DIVISION 5 – MEMBERSHIP CEASING

5.1 Removal of the Member's Name from the Register of Members

The Company must remove the Member's name from the Register of Members if:

- a) the Company redeems the Member's Member Share under **clause 5.2, clause 5.3 or clause 5.4;**
- b) if the Member is an individual, the Member:
 - (i) dies;
 - (ii) becomes a bankrupt; or
 - (iii) becomes mentally incapable; or
- c) if the Member is a body corporate, the Member enters external administration or is deregistered or dissolved.

5.2 Member's Request for Termination

The Company must repay the amount paid up in respect of a Member's Member Share if:

- (a) the Member requests termination of membership; and
- (b) the Member has repaid all outstanding financial accommodation and discharged all other obligations to the Company.

5.3 Termination by the Board

1. The Company may redeem a Member's Member Share if:
 - (a) the Member fails to discharge the Member's obligations to the Company;
 - (b) the Member is guilty of conduct that the Board reasonably considers to be detrimental to the Company including but not limited to conduct which is intimidating or of continuous nuisance to Company staff; or
 - (c) the Member obtains membership by misrepresentation or mistake.
2. In the event of a dispute, the Member shall have access to the Financial Ombudsman Service or appropriate like body specified within the Customer Owned Banking Code of Practice.
3. On redeeming the Member Share, the Company may pay the amount payable on redemption of the Member Share to the Member by:
 - (a) sending a cheque to the Member's address as set out in the Register of Members; or
 - (b) crediting any of the Member's accounts with the Company at the time the Member Share is redeemed; or
 - (c) crediting any other account the Member has with another company as instructed in writing by the Member.
4. Before proceeding to consider termination of membership, the Company must give the Member notice of the proposed resolution. The notice shall:
 - (i) identify the Member's conduct constituting grounds for termination of membership; and
 - (ii) require the member to advise the Company within thirty days of service of the notice that the Member wishes to be heard or to make written submissions on the question of expulsion; and
 - (iii) notify the Member that if the Member wishes to be heard the Member is entitled:
 - (1) to be present with or without his or her legal representatives; and
 - (2) to be heard either in person or through his or her legal representative.
5. If the Member gives notice that the Member wishes to be heard, the Member shall be given not less than fourteen days notice of the date of, and the place at which, the hearing shall take place.
6. If the Member fails to give notice that he or she wishes to be heard, or fails to make any written submission, the Directors may by ordinary resolution of the Board terminate the membership.
7. The Directors may delegate the functions and requirements of this **clause 5.3**, including conducting any hearing or consideration of written submissions from the Member, to executive officers of the Company.

8. The Company must pay the Member the amount paid up on that Member's Member Share after satisfaction of all liabilities and obligations.

5.4 Dormancy

- (a) The Company may classify a Member's deposit account as a dormant account if:
- (i) there have been no Transactions in the account for at least 1 year;
 - (ii) the Company has given the Member a written notice stating that, unless the Member gives to the Company a written notice within 1 month stating that the Member wishes the account to remain open, the Company intends to close the account; and
 - (iii) the Company does not receive a written notice from the Member under **clause 5.4 (a)(ii)**.
- (b) The Company may cancel that Member's share if the Member's only account with the Company is a dormant account.
- (c) The Company may transfer the amount held in a dormant account to a suspense account.
- (d) The Company may charge a Member a fee for keeping an account for the Member in the suspense account but the fee must not be more than the lesser of:
- (i) the amount held for the person in the suspense account; or
 - (ii) such amount determined by the Directors from time to time.
- (e) This clause is subject to any law of unclaimed money.

5.5 Death of a Member

The estate of a deceased Member:

- (a) remains liable to the Company for the amount of any unpaid financial accommodation provided by the Company to the deceased Member; and
- (b) retains any entitlements due from the Company.

5.6 Bankruptcy or winding-up of a Member

The rights and liabilities of Members made bankrupt or wound-up are as provided in the laws relating to bankruptcy and insolvency.

DIVISION 6 – GENERAL MEETINGS

6.1 Convening general meeting

- (a) The Directors may, at any time, convene a general meeting.
- (b) A Member may request the Directors to convene a general meeting only in accordance with section 249D of the *Corporations Act*.
- (c) A Member may not convene or join in convening a general meeting except in accordance with section 249E or 249F of the *Corporations Act*.

6.2 Notice of General Meeting

- (a) Subject to the provisions of the *Corporations Act*:
 - (i) allowing general meetings to be held with shorter notice; and
 - (ii) exempting the Company from the requirement to give notices of meetings of the Company to a particular Member,
at least 21 days written notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) of any general meeting must be given to Members entitled to attend and vote at the meeting.
- (b) A notice convening a general meeting:
 - (i) must specify the place, date and time of the meeting and, if the meeting is to be held in two or more places, the technology that will be used to facilitate this;
 - (ii) must state the general nature of the business to be transacted at the meeting;
 - (iii) if a special resolution is to be proposed at the meeting – set out an intention to propose the special resolution and state the resolution; and
 - (iv) may specify a place, facsimile number and electronic address for the purposes of proxy appointment.
- (c) A notice of annual general meeting must state the business to be transacted at the meeting such as:
 - (i) the consideration of the annual financial report, Directors' report and Auditor's report;
 - (ii) the election of Directors; and
 - (iii) the appointment and fixing of the remuneration of the Directors.
- (d) The Directors may postpone or cancel any general meeting whenever they think fit (other than a meeting convened as the result of a request under **clause 6.1 (b)**).
- (e) The Directors must give notice of the postponement or cancellation to all persons entitled to receive notices from the Company.
- (f) The failure or accidental omission to send a notice of a general meeting (including a proxy appointment form) to any Member or the non-receipt of a notice (or form) by any Member does not invalidate the proceedings, or any resolution passed, at the general meeting.

DIVISION 7 - PROCEEDINGS AT GENERAL MEETINGS

7.1 Member

In **clauses 7.2, 7.3, 7.4, 7.5 and clause 3(d) of Schedule 3**, 'Member' includes a Member present in person or by proxy, attorney or Representative.

7.2 Quorum

- (a) No business may be transacted at a general meeting unless a quorum of Members is present when the meeting proceeds to business.
- (b) A quorum of Members is twenty-five Members.
- (c) If a quorum is not present within 30 minutes after the time appointed for a meeting:
 - (i) if the meeting was convened on the requisition of Members, it is automatically dissolved; or
 - (ii) in any other case:
 - (a) it will stand adjourned to the same time and place seven days after the meeting, or to another day, time and place determined by the Directors; and
 - (b) if at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, it is automatically dissolved.
- (d) If, after the commencement of a meeting at which a quorum is present, the attention of the meeting is drawn to the absence of a quorum and a quorum is not present within ten minutes:
 - (i) after the time appointed for consideration of an item of ordinary business the meeting is adjourned to the same time and place seven days after the meeting or to the date, time and place the Director's specify;
 - (ii) no quorum is present at the resumed meeting within 30 minutes after the time for the meeting, the meeting is dissolved;
 - (iii) after the time appointed for consideration of an item of special business, the item lapses.

7.3 Chair

- (a) The Chair, or in the Chair's absence the Deputy Chair of Directors' meetings, will be the Chair at every meeting of Members.
- (b) If:
 - (i) there is no Chair or Deputy Chair; or
 - (ii) neither the Chair nor Deputy Chair is present within 15 minutes after the time appointed for holding the meeting; or
 - (iii) the Chair and Deputy Chair are unwilling to act as Chair of the meeting,the Directors present may elect a Chair.
- (c) If no election is made under **clause 7.3(b)**, then:
 - (i) the Members may elect one of the Directors present as Chair; or
 - (ii) if no Director is present or is willing to take the chair, the Members may elect one of the Members present as Chair.
- (d) If there is a dispute at a general meeting about a question of procedure, the Chair may determine the question.

7.4 Adjournment

- (a) The Chair of a meeting at which a quorum is present:
 - (i) in his or her discretion may adjourn a meeting with the meeting's consent; and
 - (ii) must adjourn a meeting if the meeting directs him or her to do so.
- (b) An adjourned meeting may take place at a different venue to the initial meeting.

- (c) The only business that can be transacted at an adjourned meeting is the unfinished business of the initial meeting.
- (d) If a general meeting has been adjourned for more than 21 days, at least 3 days written notice (exclusive of the day on which the notice is served or taken to be served and of the day for which notice is given) of the adjourned meeting must be given to Members entitled to attend and vote at the meeting.

7.5 Decision of questions

- (a) Subject to the *Corporations Act* in relation to special resolutions, a resolution is carried if a majority of the votes cast on the resolution are in favour of the resolution.
- (b) A resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded in accordance with the *Corporations Act*.
- (c) The Chair does not have a casting vote in addition to the Chair's votes as a Member, proxy, attorney or Representative.
- (d) Unless a poll is demanded:
 - (i) a declaration by the Chair that a resolution has been carried, carried by a specified majority, or lost; and
 - (ii) an entry to that effect in the minutes of the meeting,are conclusive evidence of the fact without proof of the number or proportion of the votes in favour of or against the resolution.
- (e) The demand for a poll may be withdrawn.
- (f) A decision of a general meeting may not be impeached or invalidated on the ground that a person voting at the meeting was not entitled to do so.

7.6 Taking a poll

- (a) A poll will be taken when and in the manner that the Chair directs.
- (b) The result of the poll will be the resolution of the meeting at which the poll was demanded.
- (c) The Chair may determine any dispute about the admission or rejection of a vote.
- (d) The Chair's determination, if made in good faith, will be final and conclusive.
- (e) A poll demanded on the election of the Chair or the adjournment of a meeting must be taken immediately.
- (f) After a poll has been demanded at a meeting, the meeting may continue for the transaction of business other than the question on which the poll was demanded.

7.7 Standing Orders

The Standing Orders in **Schedule 1** apply to the conduct of a general meeting.

DIVISION 8 – VOTES OF MEMBERS

8.1 Entitlement to vote

A Member's entitlement to vote may not be exercised if the Member does not hold the required Member Share under **clause 4.4**, as a paid up share:

- (a) in relation to an annual general meeting, on the day before nominations for election of Directors close; and
- (b) in relation to a special general meeting, at least seven days before notice of the special general meeting is given.

8.2 Voting Rights

At general meetings:

- (a) each Member may vote by proxy; and
- (b) subject to the provisions in this Constitution regarding voting by corporate representatives or proxy, on a show of hands or on a poll any Member present either personally or by proxy has one vote, regardless of the number of Shares held.

8.3 Minors

A Member who is a minor may not vote.

8.4 Joint Holder

- (a) If two or more joint holders purport to vote, the vote of the joint holder whose name appears first in the Register will be accepted, to the exclusion of the other joint holder or holders.
- (b) For the purposes of this **clause 8.4**, several executors or administrators of a deceased Member in whose sole name any Share is registered will be taken to be joint holders of the Share.

8.5 Objections

- (a) An objection to the qualification of a voter may be raised only at the meeting, or adjourned meeting, at which the voter tendered its vote.
- (b) An objection must be referred to the Chair of the meeting, whose decision made in good faith is final.
- (c) A vote which the Chair does not disallow pursuant to an objection is valid for all purposes.

8.6 Votes by operation of law

A person who has satisfied the Directors not less than 24 hours before a general meeting that the person is entitled to a Share by operation of law may exercise all rights attached to the Share in relation to a general meeting, as if the person were the registered holder of the Share.

8.7 Votes by proxy

- (a) If a Member appoints one proxy, that proxy may vote on a show of hands.
- (b) A proxy may demand or join in demanding a poll.

8.8 Instrument appointing proxy

- (a) A Member who is entitled to vote at a meeting may appoint one proxy.
- (b) A Member who is a natural person may appoint a proxy by a written appointment signed by the appointor or the appointor's attorney duly authorised in writing.

- (c) A Member which is a corporation may appoint a proxy by a written appointment executed in accordance with section 127 of the *Corporations Act* or signed by the appointor's attorney duly authorised in writing.
- (d) A proxy need not be a Member.
- (e) An appointment of a proxy must be in a form approved by the Directors.
- (f) A proxy may vote, or abstain, as the proxy chooses except to the extent that an appointment of the proxy indicates the manner in which the proxy will vote on any resolution. The proxy must vote, or abstain, on a poll or show of hands in accordance with any instructions on the appointment.
- (g) A proxy's appointment is valid at an adjourned meeting.

8.9 Lodgment of proxy

(a) The written appointment of a proxy or attorney must be received by the Company not less than 48 hours (unless otherwise specified in the notice of meeting to which the proxy relates) before:

- (i) the time for holding the meeting, or adjourned meeting, at which the appointee proposes to vote; or
- (ii) the taking of a poll on which the appointee proposes to vote.

(b) If the appointment purports to be executed under a power of attorney or other authority, then the original document, or an office copy or a certified copy of it, must be forwarded with the appointment.

(c) The Company receives an appointment of a proxy and any power of attorney or other authority under which it was executed when they are received at:

- (i) the Office;
- (ii) a facsimile number at the Office; or
- (iii) a place, facsimile number or electronic address specified for that purpose in the notice of meeting.

8.10 Validity

A vote cast in accordance with an appointment of proxy or power of attorney is valid even if, before the vote was cast, the appointor:

- (a) died;
- (b) became of unsound mind;
- (c) revoked the proxy or power; or
- (d) transferred the Shares in respect of which the vote was cast,

unless any written notification of the death, unsoundness of mind, revocation or transfer was received by the Company before the relevant meeting or adjourned meeting.

8.11 Representatives of corporations

- (a) Any Member which is a corporation may appoint an individual as its representative as provided by the *Corporations Act*.
- (b) The Chair of a general meeting may permit a person claiming to be a Representative to exercise his or her powers even if he or she has not produced a certificate evidencing his or her appointment, or may allow the Representative to vote on the condition that he or she subsequently establishes to the satisfaction of the Chair of the general meeting his or her status as a Representative within a period prescribed by the Chair of the general meeting.
- (c) The appointment of a Representative may set out restrictions on the Representative's powers.

8.12 Consideration of any resolution that may alter the Company's mutual structure

Schedule 3 applies to any Demutualisation Resolution (as defined in Schedule 3) to be submitted to Members.

8.13 Direct Voting

1. The Board may determine:

- (a) that Members entitled to attend and vote at a Members' meeting may cast a Direct Vote;
- (b) the form, method and timing of giving a Direct Vote in order for the vote to be valid at a meeting; and
- (c) whether Direct Votes are counted where the vote is by show of hands.

2. A valid Direct Vote cast by a Member has the same effect as if the Member had cast the vote in person at the meeting.

DIVISION 9 – APPOINTMENT AND REMOVAL OF DIRECTORS

9.1 Number of Directors

1. The Company must have not less than five Directors comprising:
 - (a) a majority elected by the Members; and
 - (b) persons appointed by the Directors on terms determined by the Directors provided that the number of appointees shall not be more than the number of Elected Directors.
2. Subject to **clause 9.1(1)**, the Board may determine the number of Directors that comprise the Board at any particular time. Nothing in this subparagraph will enable the Board to determine a maximum number of Directors.

9.2 Eligibility

A person is not eligible to be a Director if the person:

- (a) has not been a Member of the Company continuously for a period of at least two years when the person is nominated as a candidate for election as a director; or
- (b) is not the Representative of a body corporate Member of the Company; or
- (c) is a minor; or
- (d) is an employee of the Company (except where **clause 12.4** applies); or
- (e) is bankrupt, has applied to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounded with his or her creditors or made an assignment of his or her remuneration for their benefit; or
- (f) is disqualified or prevented by law from being a Director; or
- (g) fails to provide all information and consents which the Directors reasonably request to determine if the person is of appropriate fitness and propriety to be, and act as, a Director by reference to the Fit and Proper Policy or is disqualified or prevented by law from being a Director; or
- (h) has been convicted in the last ten years of:
 - (i) an indictable offence in relation to the promotion, formation or management of a body corporate; or
 - (ii) an offence involving fraud or dishonesty; or
- (i) is a Member whose voting rights have been suspended under **clause 8.1**; or
- (j) is determined by the Nominations Committee as being not of appropriate fitness and propriety to be and act as a Director by reference to the Fit and Proper Policy; or
- (k) notwithstanding anything else contained in this Constitution has served as a Director continuously for 4 consecutive terms or 12 years save that a person who has served as a Director for 4 consecutive terms or 12 years may hold office until the conclusion of the next Annual General Meeting. A person who has held office as a Director for 4 consecutive terms or 12 years is not ineligible to be a Director if a full 3 year term has elapsed without that person serving as a Director.

9.3 Election of Directors and the appointment and removal of Directors

- (a) The rules in **Schedule 2** apply to the election of Directors by the Members.
- (b) The Company may by resolution passed in general meeting:
 - (i) remove any Director; and
 - (ii) appoint another person in the Director's place if the Director removed is an Elected Director.

9.4 Casual Vacancy

- (a) Subject to clause 9.2 the Directors may appoint any person as a Director to fill a casual vacancy in the office of an Elected Director and such person will for the purpose of clause 9.1.1(a) be deemed to be an Elected Director or may appoint any person as an addition to the existing Elected Directors but not if that appointment will result in the maximum number of appointed Directors being exceeded.
- (b) If a person is appointed by the other Directors as a Director to fill a casual vacancy in the office of a Director Elected by the Members, that person holds office if a general meeting approves the appointment before the next Annual General Meeting after the Director's appointment and until the end of the term of office of the Director Elected by the Members whose office has become vacant and otherwise to the end of the Company's next annual general meeting after the Director's appointment.
- (c) The Directors may appoint a person to be a Director to fill a casual vacancy in the office of a Director appointed by the Directors under **clause 9.1(b)** for such term as the Directors determine.

9.5 Retirement by rotation and nominations of Directors

- (a) A Director Elected by the Members must retire from office at the conclusion of the third annual general meeting after the Director was last elected by the Members.
- (b) Subject to **clause 9.2**, a retiring Elected Director will be eligible for re-election.
- (c) A person is not eligible for election as a Director at a general meeting unless the person complies with the rules relating to nominations set out in **Schedule 2**.

9.6 Period of Office

- (a) This **clause 9.6** applies to a Director who is elected by the Members.
- (b) Subject to this Constitution, a Director is elected for a term of three years commencing at the end of the annual general meeting at which his or her election is announced and ending at the end of the third annual general meeting happening after his or her election. Subject to this clause, a Director will continue to hold office until he or she dies or until his or her office is vacated pursuant to **clause 9.7**.

9.7 Vacation of office

The office of a Director immediately becomes vacant if the Director:

- (a) dies;
- (b) ceases to be eligible to be a Director under **clause 9.2**;
- (c) as a Representative of a body corporate Member of the Company whose eligibility for election to the office was based on being that Representative, ceases to be so eligible;
- (d) having been elected as an Employee Director, ceases to be an employee of the Company;
- (e) is absent from three consecutive ordinary meetings of the Directors without its leave;
- (f) resigns by written notice given to the Directors;
- (g) is three months in arrears in relation to money due to the Company and has failed to make arrangement for payment satisfactory to the Company;
- (h) completes a term of office;
- (i) is prohibited by the *Corporations Act* from holding office or continuing as a Director;
- (j) cannot manage the Company because of his or her mental incapacity and is a person whose estate or property has had a personal Representative or trustee appointed to administer it; or
- (k) is removed by a resolution of the Company.

DIVISION 10 – REMUNERATION AND INSURANCE OF DIRECTORS

10.1 Remuneration of Directors

- (a) The Directors (other than any Employee Director) may be paid as remuneration for their services the aggregate maximum sum from time to time determined by the Company in general meeting.
- (b) Unless otherwise resolved by the Company in general meeting, the remuneration will be divided between the Directors in such proportion and manner as the Directors agree and, in default of agreement, equally and the Directors may determine how and when it is to be paid. The remuneration accrues from day to day.
- (c) If a Director is required to perform services for the Company which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, then the Company may pay the Director a fixed sum determined by the Directors in addition to, or instead of, the Director's remuneration under **clause 10.1**.
- (d) In addition to remuneration, the Directors may be paid all reasonable travelling and other expenses properly incurred by them in connection with the business of the Company.
- (e) The Company may also pay a premium in respect of a contract insuring a person who is, or has been, a Director against a liability incurred by the person as a Director, except in circumstances prohibited by the *Corporations Act*.

10.2 Remuneration of Employee Director

- (a) The remuneration of an Employee Director may from time to time be fixed by the Directors.
- (b) The Company may pay a premium in respect of a contract insuring a person who is or has been an Employee Director against a liability incurred by the person as a Director, except in circumstances prohibited by the *Corporations Act*.

DIVISION 11 – POWERS AND DUTIES OF DIRECTORS

11.1 Directors to manage the Company

(a) The business of the Company is managed by the Directors who may exercise all powers of the Company that this Constitution and the *Corporations Act* do not require to be exercised by the Company in general meeting.

(b) Without limiting the generality of **clause 11.1 (a)**, subject to any applicable prudential standards (including standards issued by APRA) the Directors may exercise all the powers of the Company to:

- (i) borrow money;
- (ii) charge any property or business of the Company or all, or any, of its uncalled capital;
- (iii) issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person; and
- (iv) guarantee, or to become liable for, the payment of money or the performance of any obligation by, or of, any other person.

(c) The Board may delegate any of its powers to a committee or any other person or persons. This right of delegation extends to any power exercised by Board resolution. The Board may permit the delegate to sub-delegate any powers delegated to them.

(d) The Board shall establish policies for the guidance of delegates in the services of any powers so delegated and any Director to whom any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Directors.

DIVISION 12 – PROCEEDINGS OF DIRECTORS

12.1 Directors Meetings

- (a) The Chair may at any time, and the Secretary must on the request of not less than two Directors, convene a Directors' meeting.
- (b) Every Director is entitled to receive notice of a meeting of the Directors to be given by deliver, post, facsimile or email or otherwise in accordance with **clause 12.1(g)**.
- (c) (i) Subject to the *Corporations Act*, a Directors' Meeting may be held by the Directors communicating with each other by any technological means by which they are simultaneously able to hear each other and participate in discussion.
- (ii) The Directors need not all be physically present in the same place for a Directors' meeting to be held.
- (iii) A Director who participates in a meeting held in accordance with this **clause 12.1 (c)** is taken to be present and entitled to vote at the meeting.
- (iv) A Director can only withdraw his or her consent to the means of communication between Directors proposed for a Directors' Meeting if the Director does so at least 48 hours before the meeting,
- (d) **Clause 12.1 (c)** applies to meetings of Directors' committees as if all committee members were Directors.
- (e) The Directors may meet together, adjourn and regulate their meetings as they think fit.
- (f) At a meeting of Directors, a quorum is:
- (i) 4; or
- (ii) a number not less than half the total number of Directors who at any given time are able to vote, whichever is the greater; or
- (iii) such other number of Directors which the Board determines from time to time by way of either:
- (A) an ordinary resolution passed by the Board at a meeting at which all Directors are present; or
- (B) a unanimous resolution of the Board.
- (g) If, within 30 minutes of the time appointed for a meeting of the Directors, a quorum is not present the meeting will stand adjourned to the same day in the next week at the same time and place or to another day, time and place determined by a majority of the Directors.
- (h) Notice of a meeting of Directors may be given in writing, or the meeting may be otherwise called, using any technology consented to by all the Directors.

12.2 Decision of questions

- (a) Subject to this Constitution, questions arising at a meeting of Directors are to be decided by a majority of votes of the Directors present and voting and, subject to this **clause 12.2**, each Director has one vote.
- (b) The Chair of a meeting does not have a casting vote in addition to his or her deliberative vote if there is an equality of votes.

12.3 Directors' interests

- (a) A Director, and any firm, body or entity in which a Director has a direct or indirect interest, may in any capacity:
- (i) enter into any contract or arrangement with the Company;
- (ii) be appointed to and hold any office or place of profit under the Company, other than the office of auditor; and
- (iii) act in a professional capacity, other than as auditor, for the Company and may receive and retain for his or her own benefit any remuneration, profits or benefits as if he or she were not a Director.

(b) Each Director must disclose his or her interests to the Company in accordance with the *Corporations Act* and the Secretary must record all declarations in the minutes of the relevant Directors' meeting.

(c) A Director's failure to make disclosure under this clause does not render void or voidable a contract or arrangement in which the Director has a direct or indirect interest.

(d) A Director must not vote in respect of a contract or arrangement, or proposed contract or arrangement, in which the Director has a direct or indirect material interest.

(e) (i) If the Director does purport to vote, the Director's vote will not be counted.

(ii) The requirement in this **clause 12.3 (e)** is in addition to any requirements of the *Corporations Act* in relation to voting by an interested director of a public company.

(f) A Director may join in executing, in accordance with section 127 of the *Corporations Act*, any document relating to a contract or arrangement, or proposed contract or arrangement, in which the Director has an interest.

12.4 Employee Directors

The Board may appoint one employee of the Company, otherwise qualified under **clause 9.2**, to be a Director of the Company.

12.5 Remaining Directors

(a) The Directors may act even if there are vacancies in the Directors.

(b) If the number of Directors is not sufficient to constitute a quorum at a Directors' meeting, the Directors may act only to:

(i) appoint a Director; or

(ii) convene a general meeting.

12.6 Chair

(a) The Directors may elect a Director as Chair of Directors' meetings and may determine the period for which the Chair will hold office.

(b) If no Chair is elected, or if the Chair is not present at any Directors' meeting within 10 minutes after the time appointed for the meeting to begin, the Directors present must elect a Director to be Chair of that meeting only.

(c) The Directors may elect a Director as Deputy Chair to act as Chair in the Chair's absence.

12.7 Written resolutions

(a) The Directors may pass a resolution without a Directors' meeting being held if, by a simple majority, Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the documents.

(b) For the purposes of **clause 12.7(a)**, separate copies of a document may be used for signing by Directors if the wording of the resolution and statement is identical in each copy.

(c) Any document referred to in this clause may be in the form of a facsimile transmission or electronic notification.

(d) This clause applies to meetings of Directors' committees as if all members of the committee were Directors.

12.8 Validity of acts of Directors

If it is discovered that:

(a) there was a defect in the appointment of a person as a Director or member of a Directors' committee; or

(b) a person appointed to one of those positions was disqualified,

all acts of the Directors, or the Directors' committee, before the discovery was made are as valid as if the person had been duly appointed and was not disqualified.

12.9 Minutes and registers

(a) The Directors must cause minutes to be made of:

- (i) the names of the Directors present at all general meetings, Directors' meetings and meetings of Directors' committees;
- (ii) all proceedings and resolutions of general meetings, Directors' meetings and meetings of Directors' committees;
- (iii) all resolutions passed by the Directors in accordance with **clause 12.7**;
- (iv) all orders made by the Directors and Directors' committees; and
- (v) all disclosures of interests made pursuant to **clause 12.3**.

(b) Minutes must be signed by the Chair of the meeting or by the Chair of the next meeting of the relevant body and, if so signed, will, as between the Members, be conclusive evidence of the matters stated in such minutes.

12.10 Appointment of attorneys and agents

(a) The Directors may, from time to time by resolution or power of attorney executed in accordance with section 127 of the *Corporations Act*, appoint any person to be the agent or attorney of the Company:

- (i) for the purposes;
- (ii) with the powers, authorities and discretions (not exceeding those exercisable by the Directors under this Constitution);
- (iii) for the period; and
- (iv) subject to the conditions,
determined by the Directors.

(b) An appointment by the Directors of an attorney or agent of the Company may be made in favour of:

- (i) any company;
- (ii) the Members, Directors, nominees or managers of any company or firm; or
- (iii) any fluctuating body of persons whether nominated directly or indirectly by the Directors.

(c) A power of attorney may contain such provisions for the protection and convenience of persons dealing with an attorney as the Directors think fit.

(d) The Directors may appoint attorneys or agents by facsimile transmission, telegraph, cable or by any other electronic method authorised by the Directors to act for, and on behalf of, the Company.

(e) An attorney or agent appointed under this **clause 12.10** may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in it.

DIVISION 13 – ADMINISTRATION

13.1 Secretary

Subject to **clause 14.2**, the Board may determine a Secretary's terms of appointment, powers, duties and remuneration. At any time, the Board may vary or revoke a determination or an appointment, regardless of the terms of the appointment. The terms of appointment must be consistent with the Company's Fit and Proper Policy.

13.2 Resignation of Secretary

1. A Secretary may resign by giving the Company notice of the Secretary's resignation.
2. The Secretary's office becomes vacant:
 - (a) if the notice of resignation specifies a date of resignation, on the date of resignation; or
 - (b) otherwise, on the date the Company receives the notice of resignation.

DIVISION 14 – WINDING UP

14.1 Liability on Winding Up

On the winding up of the Company:

- (a) a Member's liability is limited to the amount unpaid in relation to the Member's contractual obligations with the Company; and
- (b) the liability of a holder of Member Shares extends to the amount unpaid in relation to those shares.

14.2 Surplus

On a winding up, subject to any preferred or other rights attaching to Shares, Members are entitled to participate in any surplus equally and without regard to the number of Shares held by any Member. In the case of a voluntary winding-up, the Members at the time they resolve to wind up the Company may resolve that any surplus be transferred to any company which has a mutual structure in accordance with any current policy of ASIC or APRA.

DIVISION 15 – PAYMENTS BY THE COMPANY

15.1 Indemnity and Insurance

(a) To the extent:

- (i) permitted by law; and
- (ii) that the officer or auditor is not indemnified by Directors' and officers' liability insurance maintained by the Company,

the Company indemnifies every person who is or has been an officer or auditor of the Company against any liability:

- (iii) incurred by that person as such an officer or auditor to another person other than the Company or a related body corporate of the Company, unless the liability arises out of conduct involving a lack of good faith; and
 - (iv) for costs and expenses incurred by the person, as such an officer or auditor:
 - (a) in defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted; or
 - (b) in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the *Corporations Act*.
- (b) The Company may pay or agree to pay a premium in respect of a contract insuring a person who is, or has been, an officer or auditor of the Company against a liability:
- (i) incurred by the person as such officer or auditor, unless the liability arises out of conduct involving:
 - (a) a willful breach of duty in relation to the Company; or
 - (b) without limiting **subparagraph (a)**, a contravention of section 182 or 183 of the *Corporations Act*; or
 - (ii) for costs and expenses incurred by the person as such an officer or auditor in defending proceedings, whether civil or criminal and whatever their outcome.

DIVISION 16 – DIVIDENDS

16.1 Payment of Dividends

The Directors may determine that the Company pay a dividend on shares to which a right to participate in dividends attaches and may determine:

- (a) the amount of the dividend;
- (b) the time for payment of the dividend; and
- (c) the method of payment of the dividend.

The method of payment may include the payment of cash, the issue of securities an/or the transfer of assets. Where the Company pays the dividend other than in cash, the Directors may fix the value of any securities issued or assets transferred.

16.2 Differential Dividends

Subject to the terms on which Shares in a class are issued, the Directors may determine dividends to different Members in a class that differ:

- (a) in amount; and
- (b) in the method of payment (whether cash, securities, assets or any combination of them).

16.3 Interest on Dividends

Interest is not payable on a dividend.

DIVISION 17 – TIER 1 SHARES (INCLUDING MEI)

17.1 Terms of Issue

The Company may issue Tier 1 Shares on terms the Directors approve but subject to the rights and restrictions contained in this Division.

17.2 Rights, Obligations and Restrictions Attaching to Tier 1 Shares

The following rights attach to each Tier 1 Share:

- (a) the right to vote on the terms set out in **clause 17.3**;
- (b) the right to participate in dividends on the terms set out in **clause 17.4**; and
- (c) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in **clause 17.5**.

17.3 Voting Rights

Except as required by law, Tier 1 Shares carry no voting rights.

17.4 Dividend Entitlements

- (a) Each Tier 1 Share carries a right to participate in dividends as specified in its terms of issue.
- (b) Dividends on Tier 1 Shares are non-cumulative.
- (c) Each Tier 1 Share (other than an MEI) confers a right to receive dividends in priority to dividends (if any) which may become payable on Member Shares.
- (d) Each MEI confers a right to receive a dividend payable, if and when determined by the directors in their discretion, ranking equally with any dividends which may become payable on Member Shares (or such lesser right, if any, as may be provided in the terms of issue of the MEI).
- (e) Each Tier 1 Share (other than an MEI) may be entitled to payment of dividend equally with, or behind, any other share, the terms of whose issue specify a ranking equally with, or in priority to, the Tier 1 Share.
- (f) The dividend rate applicable in respect of an MEI shall be the rate specified in the terms of issue and shall be limited to the amount determined in accordance with the Mutual Equity Requirements.

17.5 Distribution on Winding-Up

(a) On a winding-up of the Company, each Tier 1 Share:

- (i) (other than an MEI) is entitled to payment of the amount of capital paid up on the Tier 1 Share equally with every other Tier 1 Share and is not otherwise entitled to share in any surplus assets of the Company; and
- (ii) in the case of an MEI, is entitled to a share in the surplus assets of the Company which remain after the repayment of the subscription price on any Member Share and after the repayment of capital paid up on any Tier 1 Share which is not an MEI, such share to be determined in accordance with the Mutual Equity Requirements and to be paid from such surplus rateably with payments from such surplus on Member Shares.

(b) Tier 1 Shares rank behind Member Shares for repayment of capital on a winding-up.

(c) Tier 1 Shares may rank equally with or behind any other Shares the terms of whose issue specify a ranking equally with, or in priority to, the Tier 1 Shares.

17.6 Conversion

The terms of a Tier 1 Share (other than an MEI) may provide for it to convert into an MEI (and for further MEIs to be issued in connection with that conversion) as approved by the Board in the terms of issue.

SCHEDULE 1

STANDING ORDERS

The rules of debate at a general meeting of the Company are:

(a) Time Limits for Speakers:

- (i) The mover of a motion may speak for no more than 5 minutes;
- (ii) Subsequent speakers may speak for no more than 3 minutes;
- (iii) The mover of the motion may reply for no more than 3 minutes;
- (iv) The meeting is free to extend the time a speaker may speak.

(b) Amendment:

- (i) On an amendment being proposed to an original motion, no second amendment may be considered until the first amendment has been dealt with;
- (ii) An amendment, when carried, displaces the original motion and becomes the motion to which any further amendment may be moved;
- (iii) If the amendment is not carried, then further amendments to the original motion may be considered.

(c) Speakers:

- (i) The mover of an original motion has a right of reply;
- (ii) The mover of an amendment does not have a right of reply;
- (iii) Otherwise, a Member may speak only once on the same question except to raise a point of order or, with the consent of the Chair of the meeting, to give an explanation.

(d) Motions to be in Writing:

Every motion and every amendment to a motion must be submitted in writing as and when the Chair of the meeting requests.

(e) Closure of Debate:

- (i) Debate on a motion or an amendment may be brought to a close by a resolution "that the question be now put";
- (ii) the motion "that the question be now put" must be put to the meeting without debate.

SCHEDULE 2

ELECTION OF DIRECTORS

S2.1 Definitions

For the purposes of this Schedule:

- (a) If a determination has been made pursuant to **clause S2.11** the term 'ballot paper' includes, where appropriate, a vote submitted by a Member electronically using the electronic voting system; and
- (b) '**electronic voting system**' means the system approved by the Directors which enables Members to submit their vote by means of an electronic or telephonic device.

S2.2 Holding of Election

- (a) An election of Directors of the Company is to be held by a ballot except where the number of candidates pursuant to **clause S2.9(e)** is equal to or less than the number of positions to be filled.
- (b) Subject to **clause S2.2(c)** if a ballot is not held, Directors shall be elected by separate resolution for each candidate.
- (c) If a ballot is not held, a candidate who will have served continuously as a Director for four consecutive terms or twelve years shall be elected by separate special resolution.
- (d) The following table sets out the timetable for an election of Directors by Members:

Steps In Election Procedure	Time
Call for nominations (<i>see clause S2.5(a)</i>)	At least seventy days before annual general meeting.
Nominations close (<i>see clause S2.5(b)</i>)	At the discretion of the Directors, but not less than fourteen days after the notice calling for nominations.
Returning Officer to initially accept or reject nominations (<i>see clause S2.5(d)</i>)	No later than two days after close of nominations.
Nominations Committee to determine suitability of Nominees (<i>see clause S2.8(d)</i>)	At least thirty days before annual general meeting.
Nominations Committee to provide a report to Returning Officer on Nominees (<i>see clause S2.8(f)</i>)	At least twenty-eight days before annual general meeting.
Returning Officer must send ballot papers with notice of AGM (<i>see clause S2.12(c)</i>)	At least twenty-one days before annual general meeting
Announcement of Directors	Annual general meeting

S2.3 Appointment of Returning Officer

The Directors must appoint a Returning Officer who may appoint assistant Returning Officers, none of whom can be a Director of the Company or a person who intends to accept a nomination for the office of Director.

S2.4 Electoral Roll

The Secretary must prepare and give the Returning Officer a list of Members eligible to vote on the election of Directors, made up to the day before nominations for the election close under **clause S2.5**.

S2.5 Nominations

- (a) The Directors must give notice calling for nominations at least 70 days prior to the annual general meeting.
- (b) Nominations close, as specified in the notice calling for nominations, when determined by the Directors but not less than fourteen days after notice is given for calling for nominations.
- (c) In order to be nominated, a Member (*“the nominee”*) must:
 - (i) be eligible for election under **clause 9.2(a) to (i)**;
 - (ii) other than a retiring Director standing for re-election, be nominated by 2 Members;
 - (iii) if a retiring Director standing for re-election, be eligible under **Clauses 9.2A and 9.2B**;
 - (iv) give written consent to the nomination and to an assessment under the Fit and Proper Policy in the terms required by the Company; and
 - (v) give the Returning Officer a notice of nomination and a declaration complying with **clause S2.6** before nominations close.
- (d) The Returning Officer must initially accept or reject nominations in accordance with **clause S2.9(a)** no later than four days after the close of nominations.
- (e) The Returning Officer must cause nominations not rejected pursuant to **clause S2.9(a)** to be forwarded to the Nominations Committee along with any accompanying documents as soon as practicable thereafter.
- (f) The Returning Officer must reject nominations in accordance with **clauses S2.9(b) and (c)** as soon as practicable after receipt of the Nominations Committee’s report pursuant to **clause S2.8**.
- (g) The Returning Officer must cause ballot papers to be prepared and sent containing the names of the candidates in accordance with **clauses S2.10 and S2.12** at least 21 days before the annual general meeting.

S2.6 Declaration

A nominee must furnish to the Returning Officer a declaration in such form as the Directors may require:

- (a) as to their eligibility under **clause 9.2** and, if a retiring Director standing for reelection, is eligible under **clauses 9.2A and 9.2B**.
- (b) that they are not disqualified or prevented by law from being a Director and that they agree to provide the Company and Nominations Committee with all information and consents reasonably requested to determine if they are disqualified, or prevented by law, from being a Director;
- (c) as to whether they:
 - (i) have any interest in a contract or a proposed contract with the Company, other than a contract or a proposed contract to provide Financial Accommodation; or
 - (ii) hold an office or have an interest in property, whereby, whether directly or indirectly, duties or interests may be created that could conflict with a Director’s duties, or interests, as a Director of the Company;
- (d) as to the accuracy of the candidate’s statement referred to in **clause S2.7**;
- (e) that they agree to comply with any codes of practice and procedures for Directors approved by the Directors from time-to-time; and
- (f) stating their age.

S2.7 Candidate’s Statement

- (a) Provided the nominee becomes a candidate pursuant to **clause S2.9(e)**, a nominee may, prior to the closure of nominations, submit to the Returning Officer for circulation to Members a statement, not exceeding 250 words inclusive of their name and qualifications, in support of their candidacy and a photograph of the candidate taken not more than 12 months prior to the date of closure of nominations.
- (b) A candidate’s statement must not:

- (i) reflect adversely on the prudential standing of the Company;
 - (ii) contain any matter or thing that is likely to mislead or deceive a Member in relation to the casting of their vote;
 - (iii) make any personal criticism or endorsement of another candidate or the Directors; or
 - (iv) reference joint ticketing.
- (c) The Returning Officer may, after consulting with the Secretary:
- (i) approve a candidate's statement; or
 - (ii) reject a candidate's statement that does not comply with **clauses S2.7(a) or (b)**; or
 - (iii) request a variation to a candidate's statement that does not comply with **clauses S2.7(a) or (b)**.
- (d) The Returning Officer may vary, or reject for circulation, any candidate's statement that does not comply with **clauses S2.7(a) or (b)**.
- (e) The Returning Officer is only required to issue a statement by a candidate which has been approved by the Returning Officer to each Member entitled to attend and vote at the meeting who receives a ballot paper.

S2.8 Nominations Committee

- (a) The Board must establish and maintain a Nominations Committee.
- (b) The function of the Nominations Committee is to assess whether a person, including an existing Director, is fit and proper under the terms of the designated Fit and Proper Policy to be appointed, or elected, as a Director.
- (b) The Nominations Committee shall consist of not less than three persons as selected by the Board, provided:
- (i) the majority of the members of the Nominations Committee must be independent; and
 - (ii) none of the members of the Nominations Committee may be employees of the Company; and
 - (iii) no Director may be a member of the Nominations Committee if the Director is nominated as a candidate for re-appointment or re-election.
- (c) The Board may, at any time and in its absolute discretion:
- (i) suspend or terminate the appointment of a person as a member of the Nominations Committee; and
 - (ii) give directions to the Nominations Committee as to the procedures it is to follow.
- (d) Each nominee not initially rejected pursuant to **clause S2.9(a)**, including each retiring Director who stands for re-election without nomination in accordance with **clause S2.5(c)(ii)**, must submit to an interview with the Nominations Committee, to be held no later than thirty days before the annual general meeting, in order to determine their suitability for election as a Director. The interview may be conducted in such manner as determined by the Nominations Committee.
- (e) Each nominee attending an interview pursuant to **clause S2.8(c)** must provide the Nominations Committee with all information and documentation that the Nominations Committee reasonably requests in order to determine if the nominee is:
- (i) disqualified by law from acting as a Director; or
 - (ii) of appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy.
- (f) After interviewing all nominees who make themselves available for interview, the Nominations Committee must provide the Returning Officer, as soon as practicable and in any event at least twenty-eight days before the annual general meeting, with a report to the Returning Officer stating the:
- (i) name of each nominee interviewed by the Nominations Committee;
 - (ii) name of each nominee who was unavailable to be interviewed by the Nominations Committee;
 - (iii) name of each nominee who failed to provide the Nominations Committee with all information and documentation reasonably requested by the Nominations Committee in order to determine if the nominee is of appropriate fitness and propriety to be, and act, as a Director for the coming term by reference in the Company's Fit and Proper Policy;
 - (iv) name of each nominee who demonstrated appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy; and

- (v) name of each nominee who failed to demonstrate appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy.
- (g) Each person on the Nominations Committee must enter into an agreement with the Company to keep confidential any assessment, under **clause S2.8**, of a Member standing for election except where disclosure is required by this Constitution or by law.
- (h) The Returning Officer and each Director must keep confidential any assessment, under **clause S2.8**, of a Member standing for election except where disclosure is required by this Constitution or by law.

S2.9 Rejection of Nomination

- (a) The Returning Officer must scrutinize nominations upon receipt and reject a nomination where:
 - (i) it appears to the Returning Officer that the nominee is not eligible under **clauses 9.2(a)** to **(i), 9.2A** or **9.2B**;
or
 - (ii) the nominee has failed to provide the Returning Officer with a declaration complying with **clause S2.6**; or
 - (iii) the nominee has not complied with any other requirement of **clause S2.5(c)**.
- (b) The Returning Officer must reject a nomination if the nominee was unavailable to be interviewed by the Nominations Committee.
- (c) The Returning Officer must reject a nomination if the Nominations Committee:
 - (i) reports that the nominee failed to provide the Nominations Committee with all information, documentation and consents reasonably requested by the Nominations Committee in order to determine if the nominee is of appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy; or
 - (ii) assesses that the nominee has not demonstrated appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy.
- (d) Upon rejecting a nomination, the Returning Officer is to notify immediately the nominee, their proposers (if any) and the Directors.
- (e) Any nominee not rejected by the Returning Officer in accordance with this **clause S2.9** becomes a candidate.

S2.10 Ballot Papers

- (a) After nominations have closed under **clause S2.5**, the Returning Officer is to prepare ballot papers for the election.
- (b) The Returning Officer is responsible for determining the form and content of the ballot paper.
- (c) The ballot paper must specifically:
 - (i) state that each candidate has been assessed by the Nominations Committee as demonstrating appropriate fitness and propriety to be, and act, as a Director for the coming term by reference to the Company's Fit and Proper Policy;
 - (ii) identify any existing or retiring Director standing for re-election;
 - (iii) identify any candidate who will have served continuously as a Director for four consecutive terms, or twelve years, by the date of the annual general meeting; and
 - (iv) state that the annual general meeting will also have to pass a separate special resolution to appoint each candidate who will have served continuously as a Director for four consecutive terms, or twelve years, by the date of the annual general meeting.
- (d) The order in which the candidates appear on the ballot paper is to be determined by the Returning Officer by lot.
- (e) The Returning Officer must cause some authenticating mark to appear on each ballot paper prior to its distribution to Members.
- (f) On issuing each ballot paper, the Returning Officer must mark the Member's name off the roll of Members.

S2.11 Election Process

(a) The Directors may from time to time determine:

- (i) that the Members may record their votes by an electronic voting system; and
- (ii) the manner in which Members will be identified for the purposes of an election.

(b) If the Directors make such a determination, the election procedures must incorporate the requirements of that determination.

S2.12 Votes

(a) Voting must be conducted according to the rules and instructions specified by the Returning Officer as approved by the Directors.

(b) Members may only vote once.

(c) The Returning Officer must send, to each Member who is eligible to vote, at least 21 days before the annual general meeting:

- (i) any candidate's statement approved by the Returning Officer referred to in **clause S2.7(e)**;
- (ii) a ballot paper;
- (iii) any other documents required by the voting procedure specified by the Returning Officer as approved by the Directors; and
- (iv) if a determination has been made pursuant to **clause S2.11**, all information reasonably necessary to facilitate electronic voting.

(d) The documents required to be provided pursuant to **clause S2.12(c)** may be delivered personally, or posted, to Members at their addresses shown in the Register of Members including to a nominated electronic address.

(e) Any Member exercising a right to vote by post must, in accordance with the rules and instructions for postal voting specified by the Returning Officer as approved by the Directors:

- (i) complete the ballot paper; and
- (ii) return the ballot paper to the Returning Officer.

(f) If a determination has been made pursuant to **clause S2.11**, any Member exercising a right to vote electronically must, in accordance with the rules and instructions for electronic voting specified by the Returning Officer as approved by the Directors:

- (i) complete the ballot paper; and
- (ii) ensure that the ballot paper is submitted to the Returning Officer.

(g) A Member must ensure that his or her ballot paper is received by the Returning Officer by 5:00pm on the day fixed for the closing of the ballot.

(h) Any ballot paper not received by the Returning Officer prior to the closing of the ballot is excluded from the ballot.

(i) The Returning Officer is not liable for an electronic ballot paper not received in accordance with the rules and instructions for electronic lodgement as a result of any failure in the electronic information or computer system of:

- (i) the Company;
- (ii) the Member; or
- (iii) any third party provider.

(j) Any ballot papers received by the Returning Officer are to be kept in secured ballot boxes until the closure of the ballot. Any electronic ballot papers received by the Returning officer are to be protected no less favourably than ballot papers received by post.

(k) A Member who:

- (i) has not received the documents required to be provided pursuant to **clause S2.12(c)**; or
- (ii) has spoiled their postal ballot paper; or
- (iii) who wishes to submit a duplicate postal ballot paper after an electronic ballot paper has been submitted,

may send to the Returning Officer a declaration to that effect and the Returning Officer must:

- (iv) resend the documents referred to in **clause S2.12(c)** together with the rules and instructions for lodging a duplicate ballot paper specified by the Returning Officer as approved by the Directors; and
- (v) keep a record of all duplicate ballot papers issued, including such records as may be necessary in relation to electronic voting.

S2.13 Closure of the Ballot

The ballot closes 7 days before the annual general meeting.

S2.14 Appointment of Scrutineer

(a) A candidate may appoint a scrutineer, and the Directors may appoint a maximum of three scrutineers, none of whom may be a candidate, or an employee of the Company, other than a Director.

(b) The duties and responsibilities of scrutineers are to:

- (i) observe the sorting, counting and recording of ballot papers;
- (ii) ensure that the votes of unrejected ballot papers are correctly credited to the appropriate candidates; and
- (iii) raise any query with the Returning Officer regarding any of the ballot papers.

S2.15 Conduct of the Ballot

(a) The Returning Officer must:

- (i) deal with the ballot papers in accordance with the rules and instructions in place pursuant to **clause S2.12(a)** ensuring always that there is a system in place to mark Members' names off the electoral roll, count and record votes, deal with the counting of duplicate ballot papers and do all other things the Returning Officer considers necessary;
- (ii) cause the ballot papers to be scrutinised under his or her supervision and reject such ballot papers as he or she finds to be informal under **clause S2.15(b)**;
- (iii) count the votes in accordance with **clause S2.16**;
- (iv) prepare and sign a declaration of the ballot as to:
 - A. the number of ballot papers lodged;
 - B. the number of formal votes;
 - C. the number of informal votes;
 - D. the number of votes cast for each candidate; and
 - E. the names of those persons elected; and
- (v) deliver the declaration to the Company's Secretary.

(b) A ballot paper is informal if:

- (i) it is not authenticated by the authenticating mark of the Returning Officer or the electoral database system; or
- (ii) it has no vote indicated on it or it does not indicate the Member's preference for a candidate.

(c) If a Member lodges both an electronic ballot paper and a postal ballot paper, then the Returning Officer will:

- (i) if one of the ballot papers is informal, accept the formal ballot paper;
- (ii) if both ballot papers are formal, accept the ballot paper received first, unless the Member has requested a duplicate ballot paper after an electronic ballot paper is submitted, in which case the Returning Officer must accept the duplicate ballot paper to the exclusion of the electronic ballot paper even if the duplicate ballot paper is subsequently ruled informal.

(d) Unless the Members at the annual meeting declare otherwise, the Returning Officer must destroy the ballot papers immediately following the conclusion of the annual general meeting held after the declaration of the ballot.

(e) No election shall be voided on account of any error or omission of the Returning Officer which did not affect the results of the election.

S2.16 Voting System

- (a) On any ballot, the persons receiving the highest number of votes in accordance with the numbers of vacancies to be filled are Elected Directors.
- (b) In the case of an equality of votes, the person to be elected must be decided by lot.

S2.17 Dealings with Declarations

- (a) The Returning Officer must, within 7 days of the election, furnish to the Chair any declaration provided pursuant to **clause S2.6** by a person elected as a Director.
- (b) The Returning Officer must within 7 days of the election destroy any declaration provided pursuant to **clause S2.6** by a nominee not elected as a Director.

SCHEDULE 3

DEMUTUALISATION

1. Interpretation

In this Schedule, unless the contrary intention appears:

'Additional Costs' means all costs reasonably incurred by the Company in complying with its obligations under **clauses 4** and **5.1(b)** of this Schedule.

'Additional Information' means:

- (a) an explanation as to how the Demutualisation Resolution will affect Member rights as a holder of Shares and as a customer of the Company;
- (b) an explanation as to the effect of the Demutualisation Resolution on the Company and Members with respect to:
 - I. the rights of Members to vote and to participate in the distribution of profits and reserves of the Company and the loss of any such rights; and
 - II. the effect on the business, operations, employees, products, services, pricing and distribution network of the Company;
- (c) an explanation of the mutuality benefits to Members that will be lost if the Demutualisation Resolution is passed; and
- (d) an explanation of the availability and effect of other alternatives to the Demutualisation Resolution.

'Ballot Closing Date' means the date upon which a Direct Ballot closes, being a date fixed by the Returning Officer under **clause 4.6** of this Schedule and specified in the notice referred to in **clause 4.9(c)** of this Schedule.

'Demutualisation Resolution' means a proposed resolution, or combination of proposed resolutions:

- (a) which, if passed, will or may result in a Re-structure or;
- (b) in relation to which the consent of the Treasurer is required pursuant to either section 63 of the *Banking Act 1959* or section 13 of the *Financial Sector (Shareholdings) Act 1998*, unless the consent is required for the purposes of a voluntary transfer of the Company's business, pursuant to the *Financial Sector (Business Transfer and Group Restructure) Act 1999*, to an Entity that is an authorised deposit taking institution that can or could assume or use the expressions "Credit Union", "Credit Society" or "Credit Cooperative" without committing an offence under the *Banking Act 1959*; or whose authority to use such expressions has been withdrawn by reason of the granting under section 66 of the *Banking Act 1959* of authority to use the expressions "Bank", "Banker" or "Banking" or;
- (c) the effect of which would be to modify or repeal any clause in this Schedule; or
- (d) the effect of which would be to modify or repeal the Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the clauses in this Schedule.

'Direct Ballot' means a ballot of Qualifying Members in respect of a Demutualisation Resolution that is conducted in accordance with **clause 4** of this Schedule.

'Directors' Statement' means a statement by the Directors containing:

- (a) the recommendation of each Director as to whether the Demutualisation Resolution should be passed and their reasons for making that recommendation;
- (b) details of any benefit to be received by the Directors if the Demutualisation Resolution is passed.

'Entity' includes any:

- (a) incorporated or unincorporated bodies;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organizational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

‘Information’ means:

- (a) a disclosure statement that:
 - i. contains all the information that Members would reasonably require and expect to be given to make an informed decision about the Demutualisation Resolution, including but not limited to the Additional Information;
 - ii. states that the Demutualisation Resolution may alter the Company’s mutual structure and outlines the intentions of the Member or Entity seeking to convene or convening a meeting of the Company:
 - I. in relation to the future of the Company if the Demutualisation Resolution is passed;
 - II. in relation to Members’ interests if the Demutualisation Resolution is passed;
 - III. in relation to the Directors if the Demutualisation Resolution is passed; and
 - iii. explains the effect the passing of the Demutualisation Resolution is likely to have on the business, operations, employees, products, services, pricing and distribution network of the Company;
- (b) an estimate of the financial benefits (if any) the Members, the Directors and/or other officers of the Company will be offered if the Demutualisation Resolution is passed;

(c) a report by an expert that:

- i. states:
 - I. the Demutualisation Resolution is in the best interests of the Members of the Company as a whole;
 - II. whether the Demutualisation Resolution is fair and reasonable to Members having regard to any change of voting rights and the right to participate in profits and reserves; and
- ii. sets out the expert’s opinions in relation to the Additional Information; and
- iii. gives the expert’s reasons for forming those opinions; and
- iv. complies with the requirements of **clause 33** of **Schedule 4** of the Corporations Act;
- v. contains any additional information required to be provided under the Corporations Act.

‘Qualifying Member’ means:

- (a) a Member who has been admitted to membership of the Company under this Constitution on the date that this Schedule takes effect under the Corporations Act; or
- (b) a Member admitted to membership of the Company under this Constitution after the date on which this Schedule 3 takes effect under the Corporations Act who has been a Member for not less than two years.

‘Requisitionists’ means the Members who request the convening of a general meeting that is convened by the Directors at the request of Members made under **clause 7.1(b)(i)** or who call the meeting in accordance with sections 249E or 249F of the *Corporations Act*.

‘Reserves’ means the retained profits of the Company at the Ballot Closing Date.

‘Re-structure’ means when the Company (whether acting through its Board, its Members or otherwise) conducts or proposes to conduct a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business or any other form of corporate re-structure where after completion of the re-structure will or may result in

- i. the Company ceasing to be an authorised deposit-taking institution that can or could assume or use the expressions “Credit Union”, “Credit Society”, “Credit Co-operative” or “Bank”, “Banker” or “Banking” without committing an offence under the *Banking Act 1959*; or
- ii. a voluntary transfer of the Company’s business, pursuant to the *Financial Sector (Business Transfer and Group Restructure) Act 1999*, except to an Entity that is at the time an authorised deposit-taking institution that can or could assume or use the expressions “Credit Union”, “Credit Society” or “Credit Co-operative” without committing an offence under the *Banking Act 1959* or whose authority to use such expressions has been withdrawn by reason of the granting under section 66 of the *Banking Act 1959* of authority to use the expressions “Bank”, “Banker” or “Banking”; or
- iii. Member Shares becoming transferable or capable of sale or assignment; or
- iv. a Member becoming entitled to hold more than one Member Share; or
- v. a right to vote attaching to any Share other than a Member Share.

or the Company to no longer have a mutual structure.

‘**Returning Officer**’ means a person appointed by the Directors as a Returning Officer under **clause 4.1** of this Schedule.

‘**Special Resolution**’ means a resolution:

- (a) in relation to which notice as set out in paragraph 249L(1)(c) of the *Corporations Act* has been given; and
- (b) that has been passed by at least 75% of the votes cast by Members entitled to vote on the resolution.

2. Application of Schedule 3

Notwithstanding any provision contained in this Constitution to the contrary, this Schedule will apply if a meeting of the Company is convened, or is to be convened, at which a Demutualisation Resolution will be considered.

3. Requirement for General Meeting and Direct Ballot

If a meeting of the Company is convened, or is to be convened, at which a Demutualisation Resolution will be considered:

- (a) A general meeting must be convened and conducted in accordance with this Constitution to consider the Demutualisation Resolution as a Special Resolution;
- (b) The information required by **clause 5** of this Schedule must be provided to Members in convening the general meeting to consider the Demutualisation Resolution;
- (c) The Demutualisation Resolution may not be moved at the general meeting, or passed at the general meeting, if the Demutualisation Resolution, or a substantially similar Demutualisation Resolution, was moved at a general meeting held within the 3 years prior to the general meeting and:
 - i. not passed; or
 - ii. passed but its adoption was not subsequently approved by a Direct Ballot;
- (d) The Demutualisation Resolution shall only be passed at the general meeting if at least 75% of the votes cast by Members entitled to vote on the Demutualisation Resolution approve the Demutualisation Resolution;
- (e) The Demutualisation Resolution, if passed at the general meeting, shall not have any effect unless and until:
 - i. a Direct Ballot is held within 4 months of the date of the general meeting to consider whether the adoption of the Demutualisation Resolution should be approved; and
 - ii. by the Ballot Closing Date the Credit Union has received votes from 15% of Qualifying Members; and
 - iii. of the votes received from Qualifying Members by the Ballot Closing Date, 75% of the votes are in favour of approving the adoption of the Demutualisation Resolution.

4. Conduct of Direct Ballot

4.1. Within 7 days of a Demutualisation Resolution being passed at a general meeting the Directors must appoint a Returning Officer, who must not be a Director or Officer of the Company, and who must then conduct a Direct Ballot in accordance with this **clause 4**.

4.2. The Returning Officer must prepare a roll of the full names and addresses of the Members of the Company, as disclosed by the register of members as at midnight on the day before the general meeting referred to in **clause 3(a)** of this Schedule, who are Qualifying Members.

4.3. Only Members who are Qualifying Members as at midnight on the day before the general meeting referred to in **clause 3(a)** of this Schedule are entitled to vote in the Direct Ballot.

4.4. (a) The Directors may determine:

- i. that the Qualifying Members may record their votes by an electronic voting system; and
- ii. the manner in which Qualifying Members will be identified for the purposes of an election.

(b) If the Directors make such a determination, the election procedures must incorporate the requirements of that determination.

(c) If a determination has been made pursuant to this subclause the term 'ballot paper' includes, where appropriate, a vote submitted by a Qualifying Member electronically using the electronic voting system; and

(d) 'electronic voting system' means the system approved by the Directors which enables Qualifying Members to submit their vote by means of an electronic or telephonic device.

4.5. The Returning Officer must cause ballot papers to be prepared for the Direct Ballot.

4.6. On issuing each ballot paper the Returning Officer must mark the Qualifying Member's name off the Roll of Qualifying Members.

4.7. Each ballot paper must be initialed or marked by the Returning Officer or an appointed assistant.

4.8. The Returning Officer must fix a Ballot Closing Date, which must be a date not more than 4 months after the date of the general meeting at which the Demutualisation Resolution was passed.

4.9. (a) Voting must be conducted according to the rules and instructions specified by the Returning Officer as approved by the Directors;

(b) Qualifying Members may only vote once;

(c) The Returning Officer must send to each qualifying Member who is eligible to vote at least 21 days before the Ballot Closing Date:

- i. a ballot paper;
- ii. a notice which sets out:
 1. details of the Demutualisation Resolution upon which the decision of the Qualifying Members is to be sought;
 2. details of the number of Qualifying Members who were eligible to vote at the general meeting at which the Demutualisation Resolution was passed and of the number of those Qualifying Members who voted;
 3. the Ballot Closing Date;
 4. instructions for voting; and
 5. such further information, if any, as the Directors consider appropriate;

- (ii) the information supplied to the Company and the Director's Statement;
 - (iii) any other documents required by the voting procedure specified by the Returning Officer as approved by the Directors; and
 - (iv) if a determination has been made pursuant to **clause 4.4**, all information reasonably necessary to facilitate electronic voting.
- (d) The documents required to be provided pursuant to **clause 4.9(c)** may be delivered personally or posted to Qualifying Members at their addresses shown in the Register of Members including to a nominated electronic address;
- (e) Any Qualifying Member exercising a right to vote by post must, in accordance with the rules and instructions for postal voting specified by the Returning Officer as approved by the Directors:
- (i) complete the ballot paper; and
 - (ii) return the ballot paper to the Returning Officer.
- (f) If a determination has been made pursuant to **clause 4.4** any Qualifying Member exercising a right to vote electronically must, in accordance with the rules and instructions for electronic voting specified by the Returning Officer as approved by the Directors:
- (i) complete the ballot paper; and
 - (ii) ensure that the ballot paper is submitted to the Returning Officer;
- (g) A Qualifying Member must ensure that his or her ballot paper is received by the Returning Officer by 5:00 pm on the day fixed for the closing of the ballot;
- (h) Any ballot paper not received by the Returning Officer prior to the closing of the ballot is excluded from the ballot;
- (i) The Returning Officer is not liable for an electronic ballot paper not received in accordance with the rules and instructions for electronic lodgment as a result of any failure in the electronic information or computer system of the Company, of the Qualifying Member or of any third party provider;
- (j) Any ballot papers received by the Returning Officer are to be kept in secured ballot boxes until the closure of the ballot. Any electronic ballot papers received by the Returning officer are to be protected no less favourably than ballot papers received by post;
- (k) A Qualifying Member who has not received the documents required to be provided pursuant to **clause 4.9(c)** or who has spoiled their postal ballot paper or who wishes to submit a duplicate postal ballot paper after an electronic ballot paper has been submitted may send to the Returning Officer a declaration to that effect and the Returning Officer must:
- (i) resend the documents referred to in **clause 4.9(c)** together with the rules and instructions for lodging a duplicate ballot paper specified by the Returning Officer as approved by the Directors; and
 - (ii) keep a record of all duplicate ballot papers issued, including such records as may be necessary in relation to electronic voting.

4.10. The counting of votes received by Direct Ballot shall be supervised by the Returning Officer.

4.11. The Returning Officer may be assisted in the performance of his or her duties by any person (who would be eligible to be a Returning Officer) appointed by the Returning Officer.

4.12. The Returning Officer must:

(a) deal with the ballot papers in accordance with the rules and instructions in place pursuant to **clause 4.4(a)** ensuring always that there is a system in place to mark Qualifying Members' names off the electoral role, count and record votes, deal with the counting of duplicate ballot papers and do all other things the Returning Officer considers necessary;

(b) cause the ballot papers to be scrutinised under his or her supervision and reject such ballot papers as he or she finds to be informal under **clause 4.12(c)**;

(c) The ballot papers must be scrutinised by the Returning Officer who must reject as informal any ballot paper that:

- (i) it is not authenticated by the authenticating mark of the Returning Officer or the electoral database system; or
 - (ii) is so imperfectly completed that the intention of the Qualifying Member cannot be ascertained by the Returning Officer; or
 - (iii) has any mark or writing not authorised by this Schedule which, in the opinion of a Returning Officer, will enable the Qualifying Member to be identified; or
 - (iv) has not been completed as prescribed on the ballot paper itself.
- (d) count all votes cast and make out and sign a statement of:
- (i) the number of formal votes in favour of approving the adoption of the Demutualisation Resolution;
 - (ii) the number of formal votes against approving the adoption of the Demutualisation Resolution;
 - (iii) the number of informal votes;
 - (iv) the proportion of the formal votes that were in favour of approving the adoption of the Demutualisation Resolution.

4.13. The Returning Officer must forward a copy of the statement to the Chairperson of the Company.

4.14. No meeting of Members is required to be held for the counting of the votes received by the Company by Direct Ballot.

4.15. Following the counting of votes in the Direct Ballot the Company:

- (a) will display the result on the notice board at the Office and on the Company's website;
- (b) will notify Members of the result of the Direct Ballot within 21 days; and
- (c) retain the Direct Ballot votes in the possession of the Company for a period of 3 months, at the end of which period they will be destroyed.

4.16. The result of the Ballot shall not be voided on account of any error or omission of the Returning Officer which did not affect the result of the Ballot.

5. Disclosure Requirements

5.1. If a meeting of the Company at which a Demutualisation Resolution will be considered is convened or is to be convened in accordance with **clause 6.1(b)(i)**, or otherwise than in accordance with **clause 6.1(b)(ii)**:

- (a) the Member or Members requesting the convening of the meeting shall at the time of requesting the convening of the meeting provide the Information to the Company; and
- (b) the Company shall at the time of convening the meeting provide the Members with:
 - i. notice of the Demutualisation Resolution and of the intention to consider the Demutualisation Resolution as a special resolution in accordance with section 249L(1)(c) of the Corporations Act;
 - ii. the Information supplied to the Company;
 - iii. the Directors' Statement; and
 - iv. such further information, if any, as the Directors consider appropriate.

5.2. If a meeting of the Company at which a Demutualisation Resolution will be considered is convened or is to be convened in accordance with **clause 6.1(b)(ii)**, the Member or Members requesting the convening of the meeting shall at the time of convening the meeting provide the Information to the Members.

6. Costs

6.1. If a meeting of the Company at which a Demutualisation Resolution will be considered is convened by the Directors at the request of Members made under **clause 6.1(b)** or by Members in accordance with sections 249E or

249F of the *Corporations Act*, then the Requisitionists will, at the time of making the request or convening the meeting:

- (a) provide to the Company an indemnity in respect of the liability that the Requisitionists may incur to the Company for the Additional Costs in a form satisfactory to the Directors; and
- (b) if so requested by the Company, deposit with the Company an amount of \$1.25 per member of the Company on account of the liability that the Requisitionists may incur to the Company for Additional Costs, which sum the Company may set off against the Requisitionists' liability to the Company for Additional Costs if and when the Requisitionists become liable to pay the Additional Costs to the Company; and, if the Demutualisation Resolution is not passed at a general meeting, or if the Demutualisation Resolution is passed at a general meeting but its adoption is not approved by a Direct Ballot, the Requisitionists will be jointly and severally liable to the Company for the Additional Costs and will pay the Additional Costs to the Company within 7 days of the Company making a written demand for payment.

6.2. The Company will refund to the Requisitionists:

- (a) if the Demutualisation Resolution is passed at a general meeting and its adoption is approved by a Direct Ballot, the whole of any amount deposited with the Company pursuant to **clause 6.1(b)** of this Schedule;
- (b) if the Demutualisation Resolution is not passed at a general meeting, or if the Demutualisation Resolution is passed at a general meeting but its adoption is not approved by a Direct Ballot, any amount by which the amount deposited with the Company pursuant to **clause 6.1(b)** of this Schedule exceeds the Additional Costs.

7. Entitlement to Reserves

7.1. If the Demutualisation Resolution is passed at a general meeting and its adoption is approved by a Direct Ballot only a Qualifying Member is entitled to participate in the surplus and profits of the Company.

8. Termination of this Schedule

8.1. This Schedule other than **clause 8.2** will cease to have effect if and when the Australian Securities and Investments Commission or its successor publishes a notice that this Schedule ceases to have effect in relation to the Company and gives a copy of the notice to the Company. This clause is subject to any terms and conditions in the written notice.

8.2. If this Schedule ceases to have effect by reason of **clause 8.1** it will again come into effect by Board resolution upon the Australian Securities and Investments Commission doing any of the following:

- (a) withdrawing the written notice referred to in **clause 8.1**;
- (b) making an order or exemption that permits the Company to adopt or recommence the operation of this Schedule or provisions to the effect of this Schedule; or
- (c) otherwise permitting the Company to recommence the operation of this Schedule.