



NOTICE OF GENERAL MEETING

**Summerland Credit Union, a Division of Summerland Financial Services Limited
ABN 23 087 650 806**

Notice is hereby given that a General Meeting of Summerland Credit Union, a Division of Summerland Financial Services Limited will be held on **Wednesday 23 June 2021** at Head Office, 101 Molesworth Street, Lismore NSW 2480, commencing at 5.30pm.

BUSINESS OF THE MEETING

Constitution Amendment Resolution for Mutuality Protection

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That the Constitution be amended as set out in Appendix 1 of the Notice of General Meeting and more particularly as shown in the copy of the Constitution tabled at the meeting and signed and dated by the Chairman of the meeting for the purposes of identification”.

The proposed amendments and Appendix 1 are discussed in an Explanatory Note, which is available on the Summerland website, or at any of our branches.

A marked-up version of the proposed amended Constitution is available for members on the company’s website www.summerland.com.au.

The constitution amendments require a Special Resolution. In order to pass a special resolution, at least 75% of the votes cast by members (whether in person or by proxy) must be in favour of the resolution.

Proxies

Should you be unable to attend the General Meeting, you may still vote by proxy. A member who is entitled to attend the General Meeting and vote is entitled to appoint a proxy. A proxy need not be a member. A member who is entitled to cast 2 or more votes may appoint 2 proxies and must specify the proportion or number of votes each proxy is appointed to exercise. To be effective, the appointment of a proxy must be received by the Returning Officer for Summerland Credit Union in the Reply Paid envelope provided with the proxy form at least 24 hours prior to the meeting. A proxy form can be obtained by contacting your local Summerland Credit Union branch or by phoning 1300 802 222.

Notes

Due to COVID-19 restrictions it is essential you RSVP; and do so by **Friday 18 June** on 1300 802 222 if you will be attending the General Meeting.

By Order of the Board,
Company Secretary

May 2021

Explanatory Notes for Constitution Amendments

Director eligibility: amend Rule 13.2(1)(a)

Currently Rule 13.2(1)(a) only requires a director to be a member.

To ensure that a director has experience with credit union mutuality principles it is proposed that Rule 13.2(1)(a) be amended by requiring they have been a member continuously for at least 12 months prior to the date of holding the election.

Mutuality Protection

The adoption of a new Appendix 7 Mutuality Protection will ensure that any resolution to change the current status of the credit union as a mutual entity (one member, one vote) will be carefully considered by the membership.

While there is no demutualisation proposal at present the Board believes that this process will ensure that any resolution to restructure or change membership rights will involve adequate disclosure and participation of a reasonable number of members.

The procedures involve the credit union conducting a general meeting of members to consider the proposal. The Rules require a minimum member participation rate of 15% of whom at least 75% of the members who have voted must vote in favour of the proposal that will give rise to the demutualisation in order for it to pass.

A member will be entitled to vote if they were an existing member at the date of the rule change or are a new member who has been a member for at least 12 months.

The proposed Constitutional amendments will have no impact on our day-to-day operations nor will it demutualise or wind-up the Credit Union. On the contrary, the objectives of the proposed amendments are to ensure that in the event of there being a proposal to demutualise Summerland:

1. members will receive enough information to enable them to properly assess the proposal; and
2. a significant number of members will participate in any vote in relation to the proposal.

The Board recommends that you vote in favour of these Constitution amendments.

Refer to Appendix 1 attached.

APPENDIX 1:

SUMMERLAND CONSTITUTION MUTUALITY PROTECTION

DRAFT CONSTITUTION CHANGES

SPECIAL APPROVAL REQUIRED FOR DEMUTUALISATION RESOLUTIONS

Insert New Rule 11.4:

After Rule 11.3, insert the following:

“11.4 Consideration of any resolution that may alter the Company’s mutual structure

Appendix 7 applies to any Demutualisation Resolution (as defined in Appendix 7) to be submitted to Members.”

Amend Rule 13.2(1)(a)

Delete the existing sub-rule and insert the following:

“(a) has been a member continuously for 12 months prior to the date of holding the election”.

Insert New Appendix 7:

APPENDIX 7 MUTUALITY PROTECTION

1. Application of Appendix 7

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

For the purpose of this Appendix:

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

- (a) which, if passed, will or may result in the credit union (whether acting through its board, its members or otherwise) conducting a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business, or any other form of corporate restructure, where after completion of the restructure:
 - (i) the successor to the credit union’s business is not a mutual entity; or
 - (ii) a person who is not a mutual entity, or a group of persons any of whom is not a mutual entity, holds more than 90% of the shares in the credit union; or
 - (iii) the Company ceasing to be an authorised deposit-taking institution that can or could assume or use the expressions “Credit Union”, “Credit Society” or “mutual bank” without committing an offence under the *Banking Act 1959*; or
 - (iv) a voluntary transfer of the Company’s business, pursuant to the *Financial Sector (Transfer and Restructure) Act 1999*, to an Entity

that is not an authorised deposit taking institution that can or could assume or use the expressions "Credit Union" or "Credit Society" without committing an offence under the *Banking Act 1959*; or

- (v) Member Shares becoming transferable or capable of sale or assignment; or
 - (vi) a Member becoming entitled to more than one vote at a general meeting of the company for each capacity in which the person is a member of the company; 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 11 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 (Transfer and 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 "mutual bank" without committing an offence under the *Banking Act 1959*; or
- (c) the effect of which would be to modify or repeal any clause in this Appendix; 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 Appendix.

This Appendix does not apply in respect of the creation or issuance of, or the agreement to create or issue, or any amendment to this Constitution to facilitate the creation or issuance of, MCIs (including MCIs of different classes and with different rights) and the cancellation or variation of any rights attached to MCIs (or a class of MCIs).

2. Interpretation

In this Appendix, unless the contrary intention appears:

'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 Demutualisation Resolution.

'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, organisational 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:
 - (II) in relation to the future of the Company if the Demutualisation Resolution is passed;
 - (III) in relation to Members' interests if the Demutualisation Resolution is passed;

- (IV) 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 whether, in the expert's opinion:
 - (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 Appendix 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 Appendix 7 takes effect under the Corporations Act who has been a Member for not less than 12 months.

'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.

3. Demutualisation Resolution Approval Procedure: Requirement for General Meeting

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 4 of this Appendix 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 not passed;
- (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:
 - (i) the Company has received votes from 15% of Qualifying Members; and
 - (ii) of the votes received from Qualifying Members, at least 75% of the votes are in favour of approving the adoption of the Demutualisation Resolution.

4. Disclosure Requirements

4.1 If a meeting of the Company at which a Demutualisation Resolution will be considered is convened or is to be convened in accordance with section 249D of the Corporations Act:

- (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.

4.2 If a meeting of the Company at which a Demutualisation Resolution will be considered is convened or is to be convened in accordance with Sections 249E or 249F, the Member or Members requesting the convening of the meeting shall at the time of convening the meeting provide the Information to the Members.