

Rules of the Nelson Building Society

— July 2022

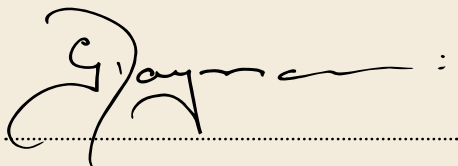
NBS

Banking for life

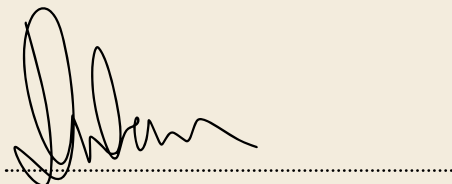


Incorporating changes as Adopted by Special Resolution on 20 July 2022

Signed by:

A handwritten signature in black ink, appearing to read 'G. Dayman', written over a horizontal dotted line.

Garry Dayman
Director of Nelson Building Society

A handwritten signature in black ink, appearing to read 'D. Toon', written over a horizontal dotted line.

David Toon
Secretary of Nelson Building Society

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1. General

Introduction

- 1.1 Name:** The name of the Society is Nelson Building Society.
- 1.2 Address:** The Society's registered office is at 111 Trafalgar Street, Nelson or any other place as the Board may decide.
- 1.3 Commitment:** These Rules are binding on the Society and its Members.
- 1.4 Alteration to Rules:** Except as otherwise provided, the Society may alter or revoke these Rules by Special Resolution at any time.
- 1.5 When Rules take effect:** These Rules shall come into force at the time of registration, and shall replace any rules that were in place before then.

Purposes and powers

- 1.6 Purposes:** The Society's purposes are to:
 - (a) primarily provide banking and other financial services to its Members;
 - (b) secondly support the communities in which it operates; and
 - (c) thirdly provide any other services to its Members that the Board may decide are reasonable or appropriate.
- 1.7 Capacity, functions and powers:** Subject to the Act, any other enactment, the general law and these Rules, the Society has:
 - (a) the full rights, functions, powers and privileges of a natural person; and
 - (b) in particular, full capacity to:
 - (i) carry on the business of providing banking and other financial services including:
 - (1) raising funds through the means set out in clause 1.8;
 - (2) borrowing money, lending money and investing money; and
 - (3) transferring money or otherwise making or receiving payments on behalf of Members including through transactional accounts,
on such terms and conditions as the Board thinks fit; or
 - (ii) undertake any other business or activity, do any act, or enter into any transactions the Board considers reasonable or appropriate.
- 1.8 Source of funds:** The Society's funds may consist of moneys raised by any of the following means in accordance with these Rules:
 - (a) through the issuing of Shares;
 - (b) through taking Deposits;
 - (c) through entering into funding programmes; and
 - (d) other funds received by the Society either in the course of its business or as a result of any realisation of assets.
- 1.9 Profits and losses:** Profits and losses of the Society shall be calculated in the manner required by NZGAAP or in such other way as is determined by the Board.

2. Definitions and Interpretation

2.1 Definitions: In these Rules unless the context otherwise requires:

Act means the Building Societies Act 1965;

Annual General Meeting means a meeting of the type described in section 76 of the Act;

Associated Person means in respect of any person, another person if:

- (a) in making a decision or exercising a power affecting the Society, the first person could be influenced as a consequence of any arrangement or relationship existing between or involving the first person and the second person;
- (b) the first person is a company and the second person is:
 - (i) a director of that company;
 - (ii) a Related Company of that company; or
 - (iii) a director of a Related Company of that company;
- (c) the first person is a spouse, domestic companion, child or parent of the second person, or a nominee or trustee for any of them or for the second person;
- (d) the first person and the second person are acting jointly or in concert;
- (e) the first person and/or the second person propose to do, or are likely to do, anything which will cause them to become associated in terms of subclauses (a) to (d).

If the first person is associated with the second person in terms of the above definition, then the second person shall be deemed to be associated with the first person;

Auditors means the auditors of the Society;

Board means all the Directors of the Society, acting together as a board of directors;

Business Day means a day on which banks are open for trading in Nelson but excludes Saturdays and Sundays;

Chairperson means the chairperson of the Board for the time being elected in accordance with clause 2 of Schedule 1;

Companies Act means the Companies Act 1993;

Continuous Share Issue means any issue of Shares by the Society as a continuous issue without a pre-determined closing date for subscription;

Deposit means a right to be repaid money or paid interest on money that is deposited with the Society;

Deputy Chairperson means the deputy chairperson of the Board for the time being elected in accordance with clause 2 of Schedule 1;

Director has the meaning given to that term in section 2 of the Act;

Employee means an employee or officer of the Society (as defined in the Act but excluding Directors) or any of its Subsidiaries, a labour-only contractor, consultant or consultant company who or which contracts with the Society or any of its Subsidiaries, any trustee or trustees on behalf of any of the above employees or officers, and any trustee or trustees of or in respect of any pension, superannuation or like fund established for the benefit of any of the above employees or officers;

Financial Reporting Act means the Financial Reporting Act 2013;

Financial Year means the 12 Months ending on 31 March in any year or the period ending on such other date in any year as the Board decides;

FMCA means the Financial Markets Conduct Act 2013;

Fundamental Change has the meaning given in clause 6.6;

Interested has the meaning given to that term in section 139 of the Companies Act;

Interests Register means the register kept by the Society pursuant to clause 5.8;

Member means:

- (a) any person who holds a Share in the Society from time to time; and
- (b) any person who has made a Deposit;

Membership Interest means a Share or Deposit held in, or issued by, the Society;

Mental Incapacitation means in relation to a person, where that person:

- (a) is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Act 1988;
- (b) is, or deemed to be, subject to a compulsory treatment order made under Part 2 of the Mental Health (Compulsory Assessment and Treatment) Act 1992;
- (c) suffers from a mental disorder within the meaning of the Mental Health (Compulsory Assessment and Treatment) Act 1992; or
- (d) for the purposes of sections 97 and 98 of the Protection of Personal and Property Rights Act 1988, a medical certificate of incapacity (within the meaning of section 99D of that act) has been provided,

and **Mentally Incapacitated** shall have a corresponding meaning;

Minimum Holding means the number of Shares prescribed as such by the Board;

Month means a calendar month;

NZGAAP means generally accepted accounting practice as defined in section 8 of the Financial Reporting Act;

Ordinary Resolution means a resolution approved by a simple majority of the votes that may be cast by those Members entitled to vote and voting on the resolution;

Ordinary Shares means ordinary Shares on issue by the Society which are issued on terms similar to ordinary non-redeemable shares issued under the Companies Act;

Personal Representative means:

- (a) in relation to a deceased Member, the executor, administrator or trustee of the estate of that Member;
- (b) in relation to a bankrupt Member, the assignees in bankruptcy of that Member; and
- (c) in relation to any other Member, a person appointed or deemed to have been appointed to administer property under the Protection of Personal and Property Rights Act 1988, a manager appointed or deemed to have been appointed under that Act, and a donee of an enduring power of attorney;

Register of Members means the register of Members maintained by the Society pursuant to clause 3.7;

Regulatory Capital means any form of capital that meets the requirements of the Society's prudential regulator and/or the legal requirements for inclusion as regulatory capital under the terms of its registration or licence;

Related Company has the meaning given in section 2(3) of the Companies Act;

Relevant Interest has the meaning given to that term in sections 235 to 238 of the FMCA;

Restricted Holding means Membership Interests which have been declared by the Board to be a Restricted Holding pursuant to clause 3.12;

Restricted Interests means Membership Interests which have been declared by the Board to be Restricted Interests pursuant to clause 3.12;

Rules means the rules of the Society as amended from time to time;

Share means any share issued by the Board from time to time under Part 4 of these Rules, and Shares shall have a corresponding meaning;

Society means Nelson Building Society (registered number 1781002);

Solvency Test for the purposes of these Rules:

- (a) the Society satisfies the Solvency Test if:
 - (i) the Society is able to pay its debts as they become due in the normal course of business; and
 - (ii) the value of the Society's assets is greater than the value of its liabilities, including contingent liabilities.
- (b) in determining for the purposes of these Rules whether the value of the Society's assets is greater than the value of its liabilities, including contingent liabilities, the Board:
 - (i) must have regard to:
 - (1) the accounting records of the Society;
 - (2) the most recent financial statements of the Society that comply with NZGAAP; and
 - (3) all other circumstances that the Board knows or ought to know affect, or may affect, the value of the Society's assets and the value of the Society's liabilities, including its contingent liabilities.
 - (ii) may rely on valuations of assets or estimates of liabilities that are reasonable in the circumstances.
- (c) in determining for the purposes of these Rules the value of a contingent liability, account may be taken of:
 - (i) the likelihood of the contingency occurring; and
 - (ii) any claim the Society is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

Special Meeting means any meeting of Members or any class of Members, other than the Society's Annual General Meeting; and

Special Resolution has the meaning given to it by section 81 of the Act.

2.2 Interpretation: In these Rules unless the context otherwise requires:

- (a) words importing the singular number only include the plural number and vice versa and the one gender includes the other genders.
- (b) reference to a person includes a corporation sole, and also a body of persons, whether corporate or incorporate and whether or not having separate legal personality, including a company, corporation, partnership, firm, association, trust, estate, government or government department or agency, municipal or local authority and any other entity.
- (c) a reference to any legislation or any provision of any legislation includes any amendment or re-enactment of it, any legislation substituted for it and all regulations and statutory instruments issued under it.
- (d) a power or right that may be exercised by the Board, the Members or any other person under these Rules may be exercised from time to time.
- (e) references to clauses and schedules are references to clauses and schedules in these Rules.
- (f) the word including and other similar words do not imply any limitation.
- (g) where these Rules incorporate or refer to provisions of the Companies Act, the provisions of that Act shall be deemed modified so that:
 - (i) “company” shall be read as a reference to the Society;
 - (ii) “shares” shall be read as a reference to Shares of the Society;
 - (iii) “shareholders” shall be read as a reference to Members;
 - (iv) “constitution” shall be read as a reference to these Rules and
 - (v) any other changes to the relevant provisions as the context, or the circumstances, require shall be applied accordingly.

3. Membership

General

- 3.1 Membership:** A person may become a Member (and will have a Membership Interest at the time the membership is claimed) if they:
- (a) have made a Deposit of at least \$500 with the Society and maintain an account with the Society; or
 - (b) hold a Share in the Society.
- 3.2 Entitlements:** Members shall be entitled to:
- (a) attend and speak at meetings and vote on matters at those meetings unless they are restricted from voting in accordance with the Act or these Rules; and
 - (b) receive copies of all notices, reports and financial statements issued generally to Members.
- 3.3 One Member one vote:** A Member is entitled to one vote irrespective of the number and value of the Membership Interest, and whether they hold both Deposits and Shares.
- 3.4 Ceasing to be a Member:** A person will cease to be a Member immediately if they no longer fall within one of the categories of the definition of “Member” in clause 2.1. Subject to any express right of the Society under these Rules (including under clause 4.6) or the Act, the Society shall have no power to terminate the membership of any Member.
- 3.5 Joint Members:** Two or more persons may jointly be Members. Those persons can choose the order in which they are named in the Register of Members. The person named first will receive notices or communications from the Society.
- 3.6 No Trusts:** No notice of a trust, whether express, implied or constructive, may be entered on the Register of Members and the Society can treat the registered Member as the absolute owner of the relevant Membership Interest.
- 3.7 Maintain register:** The Society must maintain a Register of Members in accordance with the Act.

Transfer

- 3.8 Deceased Member:** Membership automatically ends on death. In the case of a sole Member, the Personal Representative may apply for membership and ask the Board to transfer the deceased Member’s Membership Interest upon production of satisfactory evidence of entitlement. Where that Member held their Membership Interest jointly with one or more other person, nothing in these Rules shall release the estate of a deceased joint holder from any liability in respect of any Membership Interest.
- 3.9 Transfer in case of a bankrupt or Mentally Incapacitated member:** Where a Member becomes Mentally Incapacitated, or is declared bankrupt, their Personal Representative may apply for membership and ask the Board to transfer the Member’s Membership Interest upon production of satisfactory evidence of entitlement.
- 3.10 Voluntary transfer of Membership Interest:** Anyone may make an application to the Board to transfer any Membership Interest. Subject to clauses 3.8 and 3.9, the Board may (but is not obliged to) approve the transfer of the Membership Interest in accordance with such terms as the Board thinks appropriate, taking into account any policy in relation to transfers which may be set by the Board from time to time.

3.11 Personal Representative's rights: Where any Member becomes Mentally Incapacitated, dies, or is declared bankrupt, their Personal Representative(s) shall upon the production of such evidence as determined by the Board, be entitled to the same dividends and other rights as the Member would have been entitled to if he or she had not become Mentally Incapacitated, died or been declared bankrupt.

Restrictions of collusion

3.12 Declaration of Restricted Holding and Restricted Interest:

- (a) For the purposes of clause 7.8 of Schedule 2:
 - (i) where the Board is satisfied that certain Membership Interests are held by Associated Persons, the Board may decide that one Member will be deemed to hold those Membership Interests on behalf of the Associated Persons; and
 - (ii) the Board may decide on such basis as it thinks fit, the Membership Interests held by the Associated Persons comprise a restricted holding which shall be subject to the voting restrictions set out in clause 7.8 of Schedule 2 (**Restricted Holding**).
- (b) If the Board has made a decision under clause 3.12(a)(ii), the Board may declare which Membership Interests in that Restricted Holding are restricted interests and not entitled to a vote (**Restricted Interest**).
- (c) To be clear, all Members are subject to the voting restrictions in clause 7.8 of Schedule 2 whether or not a declaration has been made under this clause 3.12.

3.13 No Vote on Restricted Interests: For so long as any Membership Interests are Restricted Interests, they carry no vote.

3.14 Cessation: The Board may at any time determine that any Membership Interests have ceased to form part of a Restricted Holding, or have ceased to be Restricted Interests.

3.15 Provision of information: The Board may give written notice to any Member requiring that Member to provide the Board, with any such information the Board considers necessary or desirable for the purposes of making decisions under clause 3.12 or clause 7.8 of Schedule 2.

3.16 Failure to provide information: If any Member fails to provide, to the satisfaction of the Board, the information requested under clause 3.15 within 10 Business Days, the Board may, by notice to that Member, determine that no votes can be exercised in respect of any of the Membership Interests held by that Member until such time as that information is provided.

3.17 Declaration conclusive: Any declaration or determination made by the Board under clause 3.12 shall be final (except in the case of obvious error).

Meetings

3.18 Annual General Meetings: The Society shall hold an Annual General Meeting in the first 4 Months of every Financial Year. No business shall be transacted at an Annual General Meeting, and no resolution shall be presented at any such Annual General Meeting except where:

- (a) the annual financial statements of the Society and the report of the Auditors, together with the Directors' report are submitted to the meeting;
- (b) the election of Directors and the appointment of Auditors in place of those retiring at such meeting is made in accordance with these Rules;
- (c) any motions for Special Resolutions are notified to the Members in accordance with the Act or these Rules;
- (d) any other business to be transacted is brought before the meeting either:

- (i) on the motion of Members holding together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the meeting; or
- (ii) on a resolution of the Directors.

3.19 Special Meetings: All meetings of Members, other than Annual General Meetings, shall be called Special Meetings.

3.20 Calling of Special Meeting: A Special Meeting:

- (a) may be called by the Board at any time; or
- (b) shall be called by the Board on the written request of Members holding together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the:
 - (i) proposed meeting; or by
 - (ii) at least 100 Members entitled to vote.

3.21 Time and Place of Meetings: Each meeting of Members shall be held at such time and place as the Board decides.

3.22 Members entitled to attend: All Members are entitled to attend meetings of Members and to receive copies of all notices, reports and financial statements issued generally to the persons entitled to vote at meetings of Members.

3.23 Procedure for meetings: The provisions of Schedule 2 govern proceedings at meetings of Members.

4. Shares

Issue of Shares

4.1 Share Issues: The Society may issue Shares in such classes and on such terms and conditions as the Board may decide, including such terms as may be required for the Shares to be classified as Regulatory Capital.

4.2 Consideration for issue of Shares:

- (a) Before the Board decides to issue Shares pursuant to clause 4.1, it must:
 - (i) decide the consideration for which the Shares will be issued and the terms on which they will be issued;
 - (ii) if the Shares are to be issued other than for cash, determine the reasonable present cash value of the consideration for the issue;
 - (iii) resolve that, in its opinion, the consideration for and terms of the issue are fair and reasonable to the Society and to all existing holders of Shares issued by the Society; and
 - (iv) if the Shares are to be issued other than for cash, resolve that, in its opinion, the present cash value of the consideration to be provided for the issue of the Shares is not less than the amount to be credited for the issue of the Shares.
- (b) The Directors who vote in favour of the resolution required by subclause (a) must sign a certificate:
 - (i) stating the consideration for and the terms of the issue;
 - (ii) describing the consideration in sufficient detail to identify it; and
 - (iii) stating that, in their opinion, the consideration for and terms of issue are fair and reasonable to the Society and to all existing holders of Shares.
- (c) Copies of all such certificates must be retained by the Society.

4.3 Types of Shares: Subject to the Act and these Rules, any Share may be issued with such preferred, deferred, or other special rights or such restrictions (whether in regard to dividends, voting, return of capital or otherwise) as the Board may from time to time determine, in particular, having regard to the requirements to be classified as Regulatory Capital. To be clear, Shares in the Society may:

- (a) be issued as Ordinary Shares;
- (b) be issued as convertible Shares;
- (c) be issued as Shares that are redeemable:
 - (i) at the option of the Society;
 - (ii) at the option of the holder of the Shares;
 - (iii) on a date specified in the terms of issue of the Shares,
 - (iv) for a consideration that is:
 - (1) specified;
 - (2) to be calculated in accordance with a formula; or
 - (3) required to be fixed by a suitably qualified person who is not associated with or interested in the Society;

- (d) confer preferential rights to distributions of capital or income;
- (e) confer special, limited, or conditional voting rights;
- (f) not confer voting rights; or
- (g) have limitations or restrictions on transferability.

4.4 Bonus Share Issues: The Board may resolve to apply any amount which is available for distribution to Members either:

- (a) in paying up in full Shares of the Society to be issued credited as fully paid to the Members who would be entitled to that amount if it were distributed by way of dividend, and in the same proportions;
- (b) in paying up any amount which is unpaid on any Shares held by the Members referred to in subclause (a); or
- (c) partly in one way and partly in the other.

4.5 Payment for Shares: If a Member or proposed Member fails to pay the issue price of a Share (or any part) by the due date for payment the Board may, at any time after the due date and while any part of the issue price remains unpaid, serve a notice on them requiring payment of any unpaid price together with any accrued interest and all expenses incurred by the Society relating to the non-payment.

4.6 Society may redeem Shares: Subject to clause 4.7 and the terms of issue of any Shares, the Society may redeem any of its Shares on issue on such terms and conditions as the Board may decide.

4.7 Certain Shares non-redeemable: Clause 4.6 shall not apply to the following Shares:

- (a) any Ordinary Shares;
- (b) any perpetual Shares on issue in the Society; and
- (c) any other Shares issued on terms that provide they cannot be redeemed.

4.8 Continuous Share Issues: Clauses 3.10, 4.2, 4.4, 4.9, and 4.15 do not apply to Continuous Share Issues.

4.9 Alteration of Rights attaching to Shares:

- (a) In respect of any Shares issued by the Society, the Society shall comply with the provisions of sections 116 and 117 of the Companies Act.
- (b) In addition to the exceptions set out in clause 117(3) of the Companies Act, the following action shall be deemed an action that does not affect the rights attached to existing Shares:
 - (i) where the Shares were issued on terms which expressly permitted the action in question to be taken without the approval of the Members; and
 - (ii) those terms were clearly disclosed in the offering document (if any) pursuant to which those Shares were offered.
- (c) For the purposes of section 117(3) of the Companies Act, the issue of further Shares ranking equally with, or in priority to, existing Shares, whether as to voting rights or dividends, is permitted provided the issue is made in accordance with these Rules.

Buy back of Ordinary Shares

4.10 Society may acquire Ordinary Shares: The Society may purchase or otherwise acquire Ordinary Shares issued by it in substantially the same manner as a company may acquire its shares under the Companies Act, as if the Society were a company and the holders of the Ordinary Shares are shareholders to which the Companies Act applies.

In doing so, the Society and the Board must comply with the relevant procedural requirements of the Companies Act as if the Society were a company including those in sections:

- (a) 52 (satisfying solvency test);
- (b) 60 (Board offer to shareholders);
- (c) 61 (special offers); and
- (d) 62 (disclosure document).

4.11 Terms of offer: Any offer made by the Society under clause 4.10 shall be entirely at the discretion of the Board and:

- (a) the price at which the Society may acquire any Ordinary Shares will be determined by the Board at the time the offer is made; and
- (b) holders of the Ordinary Shares will not be obliged to accept any offer by the Society under clause 4.10 and such acceptance will be at the holder's discretion.

4.12 Enforceability of contract to acquire Ordinary Shares: The Society agrees that any contract between it and a holder for the acquisition of Ordinary Shares is specifically enforceable against it except to the extent that the Society would, by performance, be unable to satisfy the Solvency Test. The Society agrees that it will bear the burden of proving the performance of the contract would result in it being unable to satisfy the Solvency Test.

4.13 Cancellation of Ordinary Shares: All Ordinary Shares acquired by the Society will be deemed to be cancelled simultaneously on acquisition.

Dividends

4.14 Board may declare dividends: Subject to clause 4.15, the Board may:

- (a) declare dividends (or interim dividends);
- (b) issue Shares in lieu of dividends, to be paid or credited to the Members according to the amount paid or credited as paid on the Shares in respect of which the dividend is paid; or
- (c) put in place any dividend policies as the Board considers appropriate, including separate policies applicable for holders of perpetual Shares and Ordinary Shares.

4.15 Restrictions on Board power: The power of the Board pursuant to clause 4.14 to declare dividends shall be subject to the following restrictions:

- (a) the Board must be satisfied on reasonable grounds that the Society will, immediately after the dividend, satisfy the Solvency Test.
- (b) the Directors who vote in favour of a dividend must sign a certificate stating that, in their opinion, the Society will, immediately after the payment of the dividend, satisfy the Solvency Test and the grounds for that opinion.
- (c) if, after a dividend is declared and before it is made, the Board ceases to be satisfied on reasonable grounds that the Society will, immediately after the dividend is paid, satisfy the Solvency Test, any dividend paid by the Society is deemed not to have been authorised.
- (d) in applying the Solvency Test for the purposes of this clause 4.15:
 - (i) "debts" includes fixed preferential returns on Shares ranking ahead of those in respect of which a dividend is paid (except where that fixed preferential return is expressed in these Rules as being subject to the power of the Directors to declare dividends), but does not include debts arising by reason of the authorisation; and

- (ii) “liabilities” includes the amount that would be required, if the Society were to be wound up after the dividend was paid, to repay all fixed preferential amounts payable by the Society to Members, at that time, or on earlier redemption (except where such fixed preferential amounts are expressed in these Rules as being subject to the power of the Directors to make dividends); but, subject to subparagraph (i) above, does not include dividends payable in the future.
- (e) a dividend paid to a Member at a time when the Society did not, immediately after the dividend, satisfy the Solvency Test may be recovered by the Society from a Member unless:
 - (i) the Member received the dividend in good faith and without knowledge of the Society’s failure to satisfy the Solvency Test;
 - (ii) the Member has altered the Member’s position in reliance on the validity of the dividend; and
 - (iii) it would be unfair to require repayment in full or at all.
- (f) if, in relation to a dividend paid to Members:
 - (i) the procedures set out in this clause 4.15 have not been followed; or
 - (ii) reasonable grounds for believing that the Society would satisfy the Solvency Test did not exist at the time the certificate was signed,
 - a Director who:
 - (iii) failed to take reasonable steps to ensure the procedure set out in this clause 4.15 was followed; or
 - (iv) signed the certificate, as the case may be,
 - is personally liable to the Society to repay to the Society so much of the dividend as is not able to be recovered from Members.

4.16 Deductions: The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by the Member to the Society on account of calls or instalments or otherwise or any debt or liability that the Member has to the Society.

4.17 Interest: No dividend shall bear interest against the Society.

4.18 Method of Payment: The Society may, with the approval of a Member, make payment of a dividend by crediting the dividend to an account held with the Society in the name of the Member or in such other name as the Member directs.

4.19 Unclaimed dividends: All dividends unclaimed for one year after having been authorised may be invested or otherwise used by the Board for the benefit of the Society until claimed. All dividends unclaimed for five years after having been authorised may be forfeited by the Board for the benefit of the Society, although the Board may at its discretion pay the dividend forfeited to any person producing evidence they were entitled to the dividend.

Miscellaneous

4.20 Minimum Holding: The Minimum Holding of Shares in the Society shall be decided by the Board from time to time.

4.21 Confirmation information: Except where the Society is lawfully exempt from such requirement, every person whose name is entered as a Member by virtue of holding Shares shall be entitled without payment to receive confirmation information about their shareholding in accordance with section 100 of the FMCA.

4.22 Fines and forfeitures: The Society may not issue Shares on terms which give the Society any right to regard any Share subscription paid by a Member as forfeited or to impose any fine or arrears fee upon any Member in respect of such Shares.

5. Directors

Powers and duties

- 5.1 Board:** The business and affairs of the Society shall be managed by, or under the direction or supervision of, the Board which shall consist of a maximum of seven and a minimum of five Directors. The minimum and maximum number of Directors may from time to time be changed by resolution of the Board.
- 5.2 Powers of Board:** The Board has all the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the Society, subject to any modifications, exceptions or limitations contained in the Act or these Rules.
- 5.3 Board Composition:** The Board must collectively have the skills and experience required to effectively manage the Society.
- 5.4 Procedure for meetings:** The provisions set out in Schedule 1 govern the proceedings of the Board.
- 5.5 Delegation of powers:** Subject to any restriction in the Act or in these Rules, the Board may delegate to a committee of Directors, a Director or Employee, or any other person, any one or more of its powers other than any powers set out in Schedule 2 of the Companies Act (with any necessary modifications to effect the Society's status as a building society). However, if the Board delegates a power it remains responsible for the exercise of the power by the delegate as if the power had been exercised by the Board, unless the Board:
- (a) believed on reasonable grounds, at all times before the exercise of the power, that the delegate would exercise the power in conformity with the duties imposed on the Directors by the Act and these Rules; and
 - (b) has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.
- 5.6 Duties of Directors:** The Directors, when exercising powers and performing duties, must act in accordance with any duties imposed on company directors under the Companies Act from time to time having regard to the long-term interests of the Society, including any environmental, social and governance obligations.
- 5.7 Use of information and advice:** Subject to subclause (b):
- (a) the Directors, when exercising powers or performing duties, may rely on reports, statements and financial data and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:
 - (i) an Employee whom the Directors believe on reasonable grounds to be reliable and competent in relation to the matters concerned;
 - (ii) a professional advisor or expert in relation to matters which the Directors believe on reasonable grounds to be within the person's professional or expert competence; and
 - (iii) any other Director or committee of Directors in relation to matters within the Director's or committee's designated authority;
 - (b) subclause (a) applies to the Directors only if the Directors:
 - (i) act in good faith;
 - (ii) make proper enquiry where the need for enquiry is indicated by the circumstances; and
 - (iii) have no knowledge that such reliance is unwarranted.

5.8 Directors' personal interests: The following provisions shall apply to transactions in respect of which any Director is Interested:

- (a) after becoming aware of the fact that he or she is Interested in a transaction or proposed transaction with the Society, the relevant Director must disclose to the Board and ask that the Interest be entered in the Interests Register:
 - (i) if the monetary value of the Director's Interest is able to be quantified, the nature and monetary value of that Interest; or
 - (ii) if the monetary value of the Director's Interest cannot be quantified, the nature and extent of that Interest.
- (b) a Director is not required to comply with subclause (a) if:
 - (i) the transaction or proposed transaction is between the Director and the Society; and
 - (ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Society's business and on usual terms and conditions.
- (c) for the purposes of subclause (a), a general notice entered in the Interests Register and disclosed to the Board in the manner set out in section 86 of the Act to the effect that a Director is a shareholder, director, officer or trustee of another named company or other person and is to be regarded as Interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction;
- (d) a failure by a Director to comply with subclause (a) does not affect the validity of a transaction entered into by the Society or the Director;
- (e) a transaction entered into by the Society in which a Director is Interested may be avoided by the Society at any time 3 Months or more after the transaction is disclosed to all the Members (whether by means of the Society's annual report or otherwise), provided that:
 - (i) a transaction cannot be avoided if the Society receives fair value under it;
 - (ii) the question whether the Society receives fair value under a transaction is to be determined on the basis of the information known to the Society and to the Interested Director at the time the transaction is entered into;
 - (iii) if the transaction is entered into by the Society in the ordinary course of its business and on usual terms and conditions, the Society is presumed to receive fair value under the transaction;
 - (iv) a person seeking to uphold a transaction and who knew or ought to have known of the Director's Interest at the time the transaction was entered into has the onus of establishing fair value but in any other case the Society has the onus of establishing that it did not receive fair value.
- (f) the avoidance of a transaction under this clause 5.8 does not affect the title or interest of a person in or to property which that person has acquired if the property was acquired:
 - (i) from a person other than the Society;
 - (ii) for valuable consideration; and
 - (iii) without knowledge of the circumstances of the transaction under which the person referred to in subclause (i) acquired the property from the Society.
- (g) the Society shall maintain the Interests Register for the purpose of recording all disclosures of interest made pursuant to this clause 5.8.

5.9 Use of Society information: A Director:

- (a) who has information in their capacity as a Director or Employee, being information that would not otherwise be available to him or her, must not disclose that information to any person, or make use of or act on the information, except:
 - (i) for the purposes of the Society;
 - (ii) as required by law; or
 - (iii) in accordance with subclause (b).
- (b) may disclose, make use of, or act on the information if:
 - (i) particulars of the disclosure, use, or the act in question are entered in the Interests Register;
 - (ii) the Director or Employee is first authorised to do so by the Board; and
 - (iii) the disclosure, use, or act in question will not, or will not be likely to, prejudice the Society.

Appointment of directors

5.10 Pre-qualifications: To be eligible for appointment as a Director a person (being a natural person) must:

- (a) be a Member;
- (b) be assessed as being eligible and suitable by the Board or committee of the Board, having regard to the person's experience and skills, and the needs of the Board and the Society;
- (c) not be disqualified from being appointed or holding office as a director pursuant to any legislation or these Rules; and
- (d) have a notice of non-objection from the Reserve Bank of New Zealand to him or her becoming a Director (if required).

5.11 No solicitation: A person seeking election as a Director is not permitted to directly or indirectly solicit for himself or herself the vote of any Member other than in such manner as the Board may from time to time decide. If the Board decides that any vote has been obtained in contravention of this clause, the Board will have the power to deal with the matter as it decides, including the power to remove a Director from office.

5.12 Disqualification: The following persons are disqualified from being appointed or holding office as a Director:

- (a) a person who is under 18 years of age;
- (b) a person who is an undischarged bankrupt;
- (c) a person who is prohibited from being a director, officer, or promoter of or being concerned or taking part in the management of a company, a limited partnership or any incorporated or unincorporated body pursuant to any legislation;
- (d) a person who is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Act 1988; and
- (e) employees of the Society, or a person that has been employed by the Society within the last three years (before appointment as Director).

5.13 Appointment by Members: The Members may vote on a resolution to appoint a Director only if:

- (a) the resolution is for the appointment of a single Director; or
- (b) the resolution is a single resolution for the appointment of two or more Directors, and a separate resolution that it be voted on has first been passed without a vote being cast against it.

Nothing in this clause prevents the election of two or more Directors by ballot or poll.

5.14 Existing Directors to Continue: The persons holding office as Directors on the date of adoption of these Rules continue in office and are deemed to have been appointed as Directors pursuant to these Rules.

5.15 Nominations: No person (other than a Director retiring at the meeting) shall be elected as a Director at an Annual General Meeting unless that person has been:

- (a) nominated by two Members entitled to vote at the meeting; and
- (b) has met the pre-qualification requirements set out in clause 5.10.

5.16 Closing date: The closing date for Director nominations shall be no later than the end of the Financial Year immediately preceding the Annual General Meeting at which the election is to take place.

5.17 Board assessment: The Board must take all reasonable steps to assess the experience and skills of any person nominated as soon as practicable after the nomination is received, but in any event, prior to the notice of Annual General Meeting being sent out.

5.18 Notice of nominees: Notice of every person nominated for election as a Director under clause 5.15 and who meets the criteria described in clause 5.10 shall be given by the Society to all persons entitled to attend the Annual General Meeting. The notice shall contain:

- (a) relevant background materials on the person; and
- (b) any recommendation from the Board to Members in respect of the appointment of that person.

5.19 Appointment of Directors: A person may be appointed as a Director at any time by:

- (a) an Ordinary Resolution; or
- (b) the Board.

A person appointed under subclause (b) shall retire from office at the next Annual General Meeting following the Financial Year of their appointment, but shall be eligible for re-election at that meeting. Any such person retiring pursuant to this clause 5.19 shall be treated as a retiring Director for the purposes of clause 5.21.

5.20 Executives: The Chief Executive and other officers of the Society as defined in the Act (but excluding Directors) shall be appointed by the Board with such powers and duties, upon such remuneration and otherwise on such terms and conditions as shall be determined by the Board from time to time.

5.21 Retirement by rotation: One-third of the Directors (rounded down if necessary) shall retire from office at the Annual General Meeting each year, but shall be eligible for election without nomination at that meeting. The Directors to retire shall be those who have been longest in office since they were last elected or deemed elected.

5.22 Standing for re-election: No Director retiring from office shall be required to stand for re-election more than once in every three years. If 2 or more of those Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

Removal

5.23 Removal from Office:

- (a) All Directors may be removed from office by Ordinary Resolution passed at a Member meeting called for that purpose or a purpose that includes the removal of the relevant Director(s).
- (b) The office of Director is vacated if the person holding that office:
 - (i) resigns;
 - (ii) is removed from office in accordance with subclause (a);
 - (iii) ceases to be a Member of the Society;
 - (iv) becomes disqualified from being a Director pursuant to the Act, these Rules or any other legislation;
 - (v) dies;
 - (vi) is absent from 3 or more consecutive meetings of the Board for more than 3 consecutive Months without the Board's permission, and the Board resolves to remove that Director;
 - (vii) becomes bankrupt or compounds or makes any arrangement generally with the creditors of that Director;
 - (viii) becomes Mentally Incapacitated;
 - (ix) without the prior consent of all other Directors, accepts the office of director or any other position with any other building society, finance company or, bank or other competing business; or
 - (x) is found guilty of any offence under the Act.

5.24 Timing of appointment retirement and removal:

- (a) A person who is not already a Director who is appointed or elected as a Director at an Annual General Meeting shall take office as a Director immediately after the conclusion of the meeting.
- (b) A Director who retires at a meeting of Members and who is not re-elected or deemed to be re-elected at that meeting shall remain in office until, the conclusion of that meeting.
- (c) A Director who is removed from office at a meeting of Members by Ordinary Resolution shall remain in office until, the conclusion of that meeting.

Remuneration

5.25 Directors Remuneration: No remuneration shall be paid to a Director in their capacity as a Director of the Society unless the following provisions are complied with:

- (a) the Board must be satisfied that to authorise the payment of such remuneration is fair to the Society;
- (b) after providing an authorisation the Board enters particulars of the remuneration into the Interests Register of the Society;
- (c) Directors who vote in favour of such authorisation sign a certificate stating that, in their opinion, the provision of such remuneration is fair to the Society and the grounds for that opinion; and

- (d) where remuneration is paid without compliance with this clause, the Director or former Director to whom the remuneration is paid or provided is personally liable to the Society for the amount of the remuneration or its monetary value except to the extent to which he or she proves that the remuneration was fair to the Society at the time it was made provided or given.

5.26 Expenses and Special Remuneration: In addition to remuneration fixed pursuant to clause 5.25:

- (a) each Director is entitled to be paid or reimbursed for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Society's business; and
- (b) the Board may authorise the payment of special remuneration to any Director who is or has been engaged by the Society to carry out work or perform any services which are not carried out in the capacity of a Director.

6. Dissolution, Mergers, Conversions and Fundamental Changes

Dissolution

6.1 Methods of Dissolution: The Society may be dissolved in any of the following ways:

- (a) in accordance with section 115 of the Act;
- (b) by at least 50% of all Members formally agreeing to dissolve the Society; or
- (c) pursuant to section 118 of the Act.

6.2 Surplus Assets: Subject to clause 6.3, any surplus assets remaining for distribution to Members shall be distributed amongst the Members in equal shares, unless the terms and conditions attaching to the relevant Membership Interests exclude the right to participate in surplus assets. If there is a deficiency of funds on liquidation the liability of Members is limited to the amount of any Shares of the Society to the extent that those Shares are unpaid.

6.3 Participation in Surplus Assets: Any person becoming a Member of the Society after the date that these Rules take effect, shall not be entitled to participate in surplus assets of the Society pursuant to clause 6.2 unless at the time of distribution of those assets, that person has been a Member of the Society for a minimum of 24 Months.

Mergers, conversion and Fundamental Changes

6.4 Conversion from a building society: The Society operates as a mutual for the benefit of all Members and subject to clause 6.5, the following changes must be approved by Special Resolution in accordance with the Act:

- (a) where the Society proposes to unite with another society in accordance with section 32 of the Act; and
- (b) where the Society proposes to convert into a limited liability company in accordance with Part 7A of the Act.

6.5 Fundamental Changes: Where the Board has not unanimously recommended a Fundamental Change, in addition to the requirements set out in in the Act (including to be approved by Special Resolution where applicable), at least 50% of all Members must vote in favour of a resolution to approve the Fundamental Change at a properly convened meeting.

6.6 Fundamental Change Definition: For the purposes of clause 6.5, a **Fundamental Change** means:

- (a) any change to the Society under clause 6.4; and
- (b) any other change to the Society that in the reasonable opinion of the Board would fundamentally change the way in which the Society operates or is structured for the benefit of Members.

7. Miscellaneous

Indemnities and insurance

- 7.1 Indemnities and Insurance:** Except as provided in clauses 7.2 to 7.6 the Society must not indemnify or directly or indirectly effect insurance for a Director or Employee in respect of:
- (a) liability for any act or omission in their capacity as a Director or Employee; or
 - (b) costs incurred by that Director or Employee in defending or settling any claim or proceeding relating to any such liability.
- 7.2 Void indemnities:** An indemnity given in breach of these Rules and/or section 107 of the Act is void.
- 7.3 Permitted Indemnities:** Except to the extent it is not allowed under any legislation applying to the Society or its Directors:
- (a) The Society may indemnify a Director or Employee of the Society or a Related Company for any costs incurred by him or her in any proceeding:
 - (i) that relate to liability for any act or omission in their capacity as a Director or Employee; and
 - (ii) in which judgment is given in their favour or in which he or she is acquitted or which is discontinued.
 - (b) The Society may indemnify a Director or Employee of the Society or a Related Company in respect of:
 - (i) liability to any person other than the Society for any act or omission in their capacity as a Director or Employee; or
 - (ii) costs incurred by that Director or Employee in defending or settling any claim or proceeding relating to any such liability,
 - not being criminal liability or liability in respect of a breach, in the case of a Director, of any duties imposed on that Director by these Rules or, in the case of an Employee, of any fiduciary duty owed to the Society.
- 7.4 Permitted Insurance:** Except to the extent it is not allowed under any legislation applying to the Society or its Directors the Society may, with the prior approval of the Board, effect insurance for a Director or Employee of the Society or a Related Company in respect of:
- (a) liability, not being criminal liability for any act or omission in their capacity as a Director or Employee;
 - (b) costs incurred by that Director or Employee in defending or settling any claim or proceeding relating to any such liability; or
 - (c) costs incurred by that Director or Employee in defending any criminal proceedings:
 - (i) that have been brought against the Director or Employee in relation to any act or omission in their capacity as a Director or Employee; and
 - (ii) in which he or she is acquitted.
- 7.5 Certificates:** The Directors who vote in favour of authorising the effecting of insurance under clause 7.4 must sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the Society.

- 7.6 Interests Register:** The Board must ensure the particulars of any indemnity given to, or insurance effected for, any Director or Employee of the Society or a Related Company are entered in the Interests Register of the Society.
- 7.7 Personal Liability:** Where insurance is effected for a Director or Employee of the Society or a Related Company and the provisions of clauses 7.4 to 7.6 have not been complied with, the Director or Employee of the Society or a Related Company is personally liable to the Society for the cost of effecting the insurance except to the extent that he or she proves that it was fair to the Society at the time the insurance was effected.

Records and notices

- 7.8 Inspection of records:** All accounting and other records of the Society shall be open to the inspection of any Director. Other than Directors, no Member is entitled to inspect any accounting or other records of the Society except as expressly authorised by law or permitted by the Board. The Board may from time to time determine whether, to what extent, at what times and places, and under what conditions, the accounting or other records of the Society or any of them are open to the inspection of Members (who are not also Directors).
- 7.9 Notices:** All notices, reports, accounts and other documents required to be sent to a Member, may be sent in the manner provided by the Act or the Companies Act.
- 7.10 Accidental Omissions:** The failure to send an annual report, notice, or other document to a Member in accordance with the Act or these Rules does not invalidate the proceedings at a meeting of Members if the failure to do so was accidental.
- 7.11 Joint Members:** A notice may be given by the Society to joint Members by giving the notice to the joint holder named first in the Register of Members.
- 7.12 Member Deceased or Bankrupt:** If the Member dies or is adjudicated bankrupt, notice may be given in any manner in which notice might have been given if the death or bankruptcy had not occurred, or by giving notice in the manner provided in section 391 of the Companies Act to the relevant Personal Representative at the address supplied to the Society for that purpose.
- 7.13 Custody of securities:** All mortgages, deeds, securities and other documents shall be made and taken in the name of the Society, and shall be kept in such manner as the Board may direct.

Disputes

- 7.14 Disputes:** Any dispute between the Society and a Member in respect of any matter, except the construction or effect of:
- (a) any documentation relating to a Deposit or any security given in respect of any Deposit; or
 - (b) any other contract contained in any document other than these Rules,
- shall be determined by arbitration in accordance with section 109 of the Act.
- 7.15 Mandatory dispute resolution:** Clause 7.14 is subject at all times to any requirement imposed on the Society by law to attempt to resolve a dispute with a Member in a different manner (for example, through the Society's approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008).

Other

- 7.16 Common seal:** Where required under the Act, the Society shall affix the common seal of the Society in the presence of authorised persons (including Directors).
- 7.17 Deed Execution:** An obligation which, if entered into by a natural person, would, by law, be required to be by deed, may be entered into on behalf of the Society in writing signed under the name of the Society by:

- (a) two or more Directors;
- (b) if there is only one Director, by that Director whose signature must be witnessed;
- (c) a Director, or other person or class of persons whose signature or signatures must be witnessed; or
- (d) one or more attorneys appointed by the Society in accordance with clause 7.19

7.18 Other Execution: An obligation which, if entered into by a natural person, is, by law, required to be in writing, may be entered into on behalf of the Society in writing by a person acting under the Society's express or implied authority.

7.19 Attorneys: The Society may, by an instrument in writing executed in accordance with clause 7.17, appoint a person as its attorney either generally or in relation to a specified matter. An act of the attorney in accordance with the instrument binds the Society.

7.20 Auditors: The Board must present audited financial statements of the Society to each Annual General Meeting. The Auditors shall be appointed and removed in the manner provided in the Act and the amount of the Auditors' remuneration and the manner of remunerating Auditors shall be decided by the Board from time to time.

Schedule 1 — Directors' Meetings

All meetings of Directors shall be conducted in accordance with the following provisions:

1. Meeting of Directors

- 1.1 **Quorum:** A quorum for a meeting of the Board is a majority of the Directors. No business may be transacted at a meeting of Directors if a quorum is not present.
- 1.2 **Adjournment:** If a quorum is not present at a meeting, then the meeting may be adjourned until at least the next Business Day and notice of the day, time and place for such adjourned meeting shall be given to all Directors at least 2 days prior to the time of the adjourned meeting. If at that further meeting a quorum is not present within 30 minutes after the time appointed for the meeting but there are at least 2 Directors present they will constitute a quorum.
- 1.3 **Powers of Board:** A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Rules or the Act by the Directors generally.

2. Chairperson and Deputy Chairperson

- 2.1 **Chairperson:** The Board may from time to time elect a Chairperson and a Deputy Chairperson, both of whom shall be Directors. The Board shall elect or re-elect such officers each year at its first meeting following the Annual General Meeting.
- 2.2 **Chairperson not present:** If no Chairperson is elected, or if at a meeting of the Board the Chairperson is not present within 10 minutes after the time appointed for the commencement of the meeting, the Deputy Chairperson will be chairperson of the meeting. If the Deputy Chairperson is also absent, the Directors present may choose one of their number to be chairperson of the meeting.
- 2.3 **Not appropriate to act:** A Director may decide not to chair a meeting (including an adjourned meeting) if that person considers it not proper or desirable to act as chairperson for the meeting either in relation to the entire meeting or any particular business to be considered at the meeting.

3. Notice

- 3.1 **Calling a meeting:** A Board meeting may be called by:
 - (a) the Chairperson;
 - (b) the Deputy Chairperson;
 - (c) any two Directors; or
 - (d) the chief executive of the Society.
- 3.2 **Notice:** Not less than 2 days' notice of a meeting of the Board must be sent to every Director who is in New Zealand, and the notice must include the date, time, and place of the meeting and the matters to be discussed.
- 3.3 **Irregularity:** An irregularity in the notice of a meeting is waived if all Directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

4. Methods of Holding Meetings

4.1 Meeting Methods: A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting;
- (b) by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting; or
- (c) by a combination of both of the methods described in subclauses (a) and (b).

5. Voting

5.1 One vote: Subject to clause 5.2, every Director has one vote.

5.2 Chairperson casting vote: In case of equal of votes on any matter, the Chairperson of the meeting shall have a casting vote.

5.3 Interested Directors: Subject to the Act and these Rules, a Director that is Interested in a transaction entered into, or to be entered into, by the Society, may:

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum;
- (c) sign a document relating to the transaction on behalf of the Society; and
- (d) do any other thing in their capacity as a Director in relation to the transaction,
- (e) as if the Director were not Interested in the transaction.

5.4 Resolution: A resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.

6. Proceedings of Committee

6.1 Committees: The Board may delegate any of its powers, duties, discretions and authorities relating to the business of the Society to such committees consisting of a Director or Directors and/or such senior official or officials of the Society as it thinks fit other than any powers set out in Schedule 2 of the Companies Act with any necessary modifications to reflect the Society's status as a building society.

6.2 Committee to regulate own procedure: The meetings and proceedings of a committee may regulate its own procedures in relation to such meetings.

7. Validity of Director's Acts

7.1 All acts of a person as a Director are valid even though:

- (a) the appointment was defective; or
- (b) the person is not qualified for appointment.

8. Minutes

8.1 Minutes to be kept: The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

9. Resolution In Lieu

9.1 Resolution in writing: A resolution in writing, signed or agreed to by a majority of Directors, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

9.2 Counterparts: Any such resolution may consist of several documents (including email scanned copies or other similar means of communication) in like form each signed or assented to by one or more Directors.

9.3 Minute book: The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

10. Vacancies and Reduction of Numbers

10.1 Directors may act notwithstanding any vacancies on the Board, but if and for so long as their number is reduced below the number fixed by these Rules as the minimum number of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning an Annual General Meeting of the Society, but for no other purpose.

11. Other Proceedings

11.1 Board may regulate: Except as provided in this Schedule, the Board may regulate its own procedure.

Schedule 2 — Members' Meetings

All meetings of Members shall be conducted in accordance with the following provisions:

1. Chairperson

- 1.1 Chairperson:** Subject to clause 1.2, the Chairperson or if absent any Deputy Chairperson or if both are absent any Director appointed for the purpose by the Directors present shall chair any meeting of Members. If no Director has taken the chair within 15 minutes of the time fixed for the meeting, the Members present may choose one of their number to chair the meeting.
- 1.2 Not appropriate to act:** A Director may decide not to chair a meeting if that person considers it not proper or desirable to act as chairperson for the meeting either in relation to the entire meeting or any particular business to be considered at the meeting.

2. Notice

- 2.1 Notice:** Notice of the time and place of a meeting of Members shall be sent to every Member entitled to receive notice of the meeting, to every Director, and to the Auditors, not less than 14 clear days or more than 56 clear days before the meeting.
- 2.2 Method of Sending Notice:** A notice of meeting shall be given by the Society by:
 - (a) sending it by post to the last known postal address of the Member;
 - (b) delivering it to the last known postal address of the Member; or
 - (c) sending it to the email address of the Members who have elected to receive notices in that manner.
- 2.3 Contents of Notice:** A notice of meeting shall state:
 - (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a Member to form a reasoned judgment in relation to it;
 - (b) the text of any Special Resolution to be submitted to the meeting;
 - (c) that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the Member and that a proxy need not be a Member; and
 - (d) in relation to a proposed change to these Rules, state sufficiently explicitly the effect of such changes to be understood without reference to the existing or proposed Rules.
- 2.4 Waiver of Notice Irregularity:** An irregularity in a notice of a meeting is waived if all the Members attending the meeting do so without protest as to the irregularity, or if all such Members agree to the waiver.
- 2.5 Accidental Omission of Notice:** The accidental omission to give notice of a meeting to, or the non-receipt or late receipt of notice of a meeting by, any person entitled to receive notice, does not invalidate the proceedings at the meeting.
- 2.6 Notice of Adjourned Meeting:** If a meeting of Members is adjourned for less than 30 days it is not necessary to give notice of the time and place of the adjourned meeting other than by announcement at the meeting which is adjourned. In any other case, notice of the adjourned meeting shall be given in accordance with clause 2.1.

3. Quorum

- 3.1 Requirement for quorum:** Subject to clause 3.3, no business may be transacted at a meeting of Members if a quorum is not present.
- 3.2 Quorum:** A quorum for a meeting of Members is 10 Members having the right to vote at the meeting, present in person or represented by their proxies.
- 3.3 Lack of quorum:** If a quorum is not present within 30 minutes after the time appointed for the meeting:
- (a) in the case of a meeting called by the Board on the written request of Members entitled to exercise that right, the meeting is dissolved;
 - (b) in the case of any other meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Board may decide and, if at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, the Members or their proxies present are a quorum.
- 3.4 Clarification:** To be clear, a Member participating in a meeting by means of audio, audio and visual, or electronic communication is present at the meeting and part of the quorum.

4. Methods of Holding Meetings

- 4.1** A meeting of Members may be held either:
- (a) by being assembled together at the place, date and time appointed for the meeting;
 - (b) subject to clause 5, by participating in the meeting by means of audio, audio and visual, or electronic communication; or
 - (c) by a combination of both of the methods described in subclauses (a) and (b).

5. Member Participation by Electronic Means

- 5.1** For the purposes of this Schedule, a Member, or the Member's proxy or representative, may participate in a meeting by means of audio, audio and visual, or electronic communication if:
- (a) the Board approves those means; and
 - (b) the Member, proxy or representative complies with any conditions imposed by the Board in relation to the use of those means (including, for example, conditions relating to the identity of the Member, proxy, or representative and that person's approval or authentication (including electronic authentication) of the information communicated by electronic means).

6. Powers Exercisable by Ordinary Resolution

- 6.1** Unless otherwise specified in the Act or these Rules, a power or right of approval reserved to Members may be exercised by an Ordinary Resolution.

7. Voting

- 7.1 Voting at meeting:** In the case of a meeting of Members held under clause 4.1(a), unless a poll is demanded, voting at the meeting shall be by whichever of the following methods is determined by the Chairperson of the meeting:
- (a) voting by voice; or
 - (b) voting by show of hands.
- 7.2 Other means:** In the case of a meeting of Members held under clause 4.1(b) or 4.1(c), unless a poll is demanded, voting at the meeting shall be by any method permitted by the Chairperson of the meeting.
- 7.3 Declaration by Chairperson:** A declaration by the Chairperson of a meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact unless a poll is demanded in accordance with clause 10.1.
- 7.4 Chairperson's Casting vote:** The Chairperson of a meeting of Members is not entitled to a casting vote.
- 7.5 Postal votes:** Unless the Board determines otherwise, Members may not exercise the right to vote at a meeting by casting postal votes. If the Board determines that postal voting will be permitted at a meeting, the provisions of clause 7 of Schedule 1 to the Companies Act shall apply, with such modifications (if any) as the Board thinks fit.
- 7.6 Entitlement to vote:** Only those Members entitled to vote under the Act may vote at any meeting of Members. In addition, a Member will be entitled to vote on a resolution at a meeting of the Members only if at the end of the last Financial Year before the date of the meeting and at the date of the meeting that Member had a Membership Interest of at least \$500 with the Society.
- 7.7 Number of votes:** Subject to clauses 7.8, 8.1 to 8.3 (inclusive) of this Schedule, and to any rights or restrictions for the time being attached to any Membership Interest, every Member has one vote.
- 7.8 Maximum Voting Rights:** No person or group of persons who are Associated Persons of each other may exercise, or control the exercise of, more than 5% of the maximum number of votes that may be exercised at a meeting of the Members (or, at a class meeting of Members, 5% of the maximum number of votes that may be exercised for that class). For the purposes of this clause 7.8 and for the right to vote under clause 7.7, a person shall be deemed to control the exercise of votes attributable to any Membership Interest if:
- (a) such Membership Interest has been declared a Restricted Holding under clause 3.12 of the Rules;
 - (b) an Associated Person of that person may exercise or control the exercise of the votes attributable to such Membership Interest;
 - (c) that person has a Relevant Interest in such Membership Interest; or
 - (d) that person is appointed as the proxy of the holder of the relevant Membership Interest, and the proxy has discretion on how to vote in respect of that Membership Interest.
- 7.9 Calculation of Voting Rights:** For the purposes of determining the maximum voting rights of Members under clause 7.8, the following principles shall be applied:
- (a) the total number of Membership Interests held by Members having the right to vote shall be ascertained (called Total Voting Membership Interests);

- (b) the number of such Membership Interests held by Members having the right to vote and held by a person or group of persons who are Associated Persons of each other or otherwise fall within subclause 7.8(a) to (d), shall be ascertained and any such Members holding the Membership Interests held in excess of 5% of the Total Voting Membership Interests shall not have the right to vote; and
- (c) after excluding the Members holding the Membership Interests that do not have a right to vote under subclause (b) the calculation of Total Voting Membership Interests shall not be recalculated to deduct the number of Members holding the Membership Interests excluded from voting.

7.10 Joint Members: Where two or more persons are registered as joint Members, the vote of the person named first in the Register of Members and voting on a matter must be accepted to the exclusion of the votes of the other joint Members.

8. Restrictions on Voting

- 8.1 No vote when Amount Owning:** A Member is not entitled to vote at any meeting of Members in respect of any Membership Interest if any amount is due and payable on that Membership Interest by the Member to the Society.
- 8.2 Restricted Interest:** A Member is not entitled to vote at any meeting of Members in respect of any Membership Interest where the Board has declared that the Membership Interests are Restricted Interests.
- 8.3 Deadline for Challenge:** Without prejudice to any remedy (other than those which take legal effect against the Society) which any Member may have against any disqualified person who casts a vote at a meeting in breach of clauses 8.1 or 8.2, no resolution of, or proceeding at, that meeting may be deemed void on the basis of a breach of those clauses.

9. Adjournment

- 9.1 Adjournment of meeting:** The Chairperson may, with the consent of a meeting at which a quorum is present (and shall, if so directed by the meeting), adjourn the meeting, but no business may be transacted at an adjourned meeting other than the business left unfinished at the relevant meeting.
- 9.2 Adjournment or Dissolution of Disorderly Meeting:** If a meeting becomes so unruly or disorderly that in the opinion of the Chairperson the business of the meeting cannot be conducted in a proper and orderly manner, the Chairperson, notwithstanding any provision to the contrary contained in these Rules and without the consent of the meeting, may, in their sole and absolute discretion and without giving any reason, either adjourn or dissolve the meeting.
- 9.3 Completion of Unfinished Business if Meeting Dissolved:** If a meeting is dissolved by the Chairperson pursuant to clause 9.2, the unfinished business of the meeting shall be dealt with as follows:
 - (a) in respect of a resolution concerning the approval or authorisation of a dividend, the Board may, in the exercise of the powers conferred on it by the Act or these Rules, authorise such dividend;
 - (b) in respect of any resolution concerning the remuneration of the Auditors, the meeting shall be deemed to have resolved that the Board be authorised to fix the remuneration of the Auditors;
 - (c) the Chairperson may direct that any other item of uncompleted business, which in their opinion needs to be voted upon, be put to the vote by a poll without further discussion, in accordance with clause 10.

10. Polls

10.1 Right to Demand Poll: At a meeting of Members a poll may be demanded by:

- (a) the Chairperson; or
- (b) not less than 5 Members having the right to vote at the meeting.

10.2 When Poll May be Demanded: A poll may be demanded either before or after the vote is taken on a resolution. The demand for a poll may be withdrawn.

10.3 When Poll Taken: A poll demanded on the election of a Chairperson of a meeting or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken at such time as the Chairperson directs and any business, other than that upon which a poll is demanded, may proceed pending the taking of the poll.

10.4 Poll Procedure: A poll shall be taken in such manner as the Chairperson directs and the result of the poll is deemed to be a resolution of the meeting at which the poll is demanded.

10.5 Votes: On a poll:

- (a) votes may be given either personally or by proxy;
- (b) votes shall be counted on the basis of one vote per Member.

10.6 Scrutineers: The Auditors shall be scrutineers unless they are unable or unwilling to act, or the Chairperson of the meeting directs otherwise, in which case the scrutineers shall be appointed by the Chairperson.

10.7 Declaration of Result: The Chairperson is entitled to declare the result of a poll upon receipt of a certificate from the scrutineers stating that sufficient votes to determine the result of the resolution have been counted and setting out the basis of that determination.

11. Proxies

11.1 Right to Appoint: A Member may exercise the right to vote either by being present in person or by proxy. A proxy for a Member is entitled to attend and be heard at meetings as if the proxy were the Member.

11.2 Notice of Appointment: A proxy shall be appointed by written notice signed by the appointing Member and the notice shall state whether the appointment is for a particular meeting or for a specified term.

11.3 Production of Notice: No appointment of a proxy is effective in relation to a meeting unless a copy of the notice of appointment is received by the Society at such address as is specified for that purpose in the form of notice of appointment or in the notice convening the meeting, not later than 48 hours before the start of the meeting.

11.4 Validity of Proxy vote: A vote given in accordance with the terms of a notice of appointment of a proxy is valid notwithstanding:

- (a) the previous death or Mental Incapacitation of the principal;
- (b) the revocation of the appointment or of the authority under which the notice of appointment was executed; or
- (c) the transfer of the Membership Interest in respect of which the proxy is appointed,

if no written notification of such death, Mental Incapacitation, revocation, or transfer is received by the Society before the commencement of the meeting or adjourned meeting for which the proxy is appointed.

12. Corporations May Act by Representatives

12.1 A corporation which is a Member may appoint a person to attend a meeting of Members on its behalf in the same way that it could appoint a proxy.

13. Persons Entitled

13.1 Where two or more persons are entitled to the rights of a deceased or bankrupt Member the right of one of them to vote shall be determined by the order in which their names appear in the probate, letters of administration, order of Court or other documents evidencing their rights.

14. Mental Incapacitation

14.1 Mentally Incapacitated person: Where a Member is Mentally Incapacitated any person having authority to administer such person's estate may vote on the Mentally Incapacitated person's behalf. Subject to the provisions of any Court order or other order to administer property made pursuant to the Protection of Personal and Property Rights Act 1988, a Member may vote in respect of any Shares that are subject to the order by any person appointed in that order.

15. Regulation of Procedure

15.1 Subject to the provisions of the Act, and except as otherwise provided in these Rules, the Chairperson may regulate the procedure at meetings of Members.