

# 2020 Notice of Annual General Meeting

Credit Union SA Ltd ACN 087 651 232

The Annual General Meeting of Credit Union SA Ltd will be held on Wednesday 18 November 2020 commencing at 5.30pm (ACDT). For your safety and the safety of our community in light of the COVID-19 pandemic, this year's AGM will be webcast online. Members will be able to participate in the meeting, including asking questions and voting online in real time via <https://agmlive.link/creditunionSA2020>.

## Agenda

**1. Welcome and opening by the Chair of the Board, Ms Carolyn Mitchell**

**2. Financial statements and reports**

To receive and consider the Financial Statements of Credit Union SA for the financial year ended 30 June 2020 and the reports of the Directors and the Auditor.

**3. Constitutional Amendment**

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

*"That the Credit Union's Constitution be amended in the manner set out in the marked-up version of the Constitution previously made available and tabled at the meeting and, for the purposes of identification, signed by the Chair of the Board."*

**4. Appointment of Director**

To note the appointment of Ms Nicolle Rantanen Reynolds as an elected director of the Credit Union for a term ending at the end of the third Annual General Meeting after this Annual General Meeting.

Please refer to the Explanatory Notes for important information about the agenda items.

## Voting on business items

For the proposed special resolution to be carried it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

## By order of the board

A handwritten signature in black ink, appearing to read "Melissa Lovell".

**Melissa Lovell**  
Company Secretary

# Explanatory Notes

## Item 2 – Financial Statements and reports

A copy of the Credit Union's Financial Statements for the year ended 30 June 2020, the Directors' Report and the Independent Audit Report is available on the Credit Union's website <https://www.creditunionsa.com.au/annual-report> for all members to view. Hard copies have been distributed to members where requested.

There is no legal requirement for members to approve the Financial Statements, the Directors' Report or the Independent Audit Report.

## Item 3 – Constitutional Amendment

The Board values its Annual General Meeting as an opportunity for members to question the Board and engage directly with Management of Credit Union SA.

In light of the risks posed by the COVID-19 pandemic, the Board is proposing the amendments set out in the marked-up version of the Constitution to allow it to hold virtual AGMs like this one (held solely using technology) or hybrid AGMs (a small physical meeting that is linked with online facilities allowing remote participation) into the future.

Consequential amendments are proposed to the existing provisions dealing with direct voting to differentiate between voting before a general meeting and voting during the general meeting and using electronic voting for director elections.

The Credit Union also proposes to remove the right for a member and their lawyer to be present when the Board is considering a resolution to redeem a member's member share under Rule 4.3. Under the Constitution the Board may redeem a member's member share if:

- (a) the member fails to discharge the member's obligations to the credit union;
- (b) the member is guilty or suspected of conduct that could reasonably be considered to be detrimental to the credit union;
- (c) the member obtained membership by misrepresentation or mistake; or
- (d) the member is the holder of more than one member share (and if so, the board may determine which additional member share or member shares to redeem to ensure that the member has only one member share).

Members are entitled to write to the Credit Union requiring the decision as to whether to redeem their member share to be made by the Board rather than a delegate of the Board (Subrule 4.3(5)). The Board will decide whether a member will be entitled to be present and be heard, whether in person or through the member's legal representative, on a case by case basis.

As Appendix 6 (Consideration of Demutualisation Proposals) will cease to have effect at the end of the meeting, Rule 12.7 is no longer required.

## Item 4 – Appointment of Director

Director Nicolle Rantanen Reynolds' current term of office as an elected director of Credit Union SA ends at the conclusion of this AGM. Ms Rantanen Reynolds offered herself for re-election in accordance with the Credit Union's Constitution, and a call for nominations from eligible members was advertised in The Advertiser and The Australian newspapers, via notice at the Credit Union's Adelaide and Port Augusta branches and on the Credit Union SA website.

The Board has assessed Ms Rantanen Reynolds to be fit and proper with the appropriate skills, experience and knowledge to act as a director of Credit Union SA.

As the number of eligible candidates is less than or equal to the number of positions to be filled, an election of directors by postal ballot is not necessary and the Company Secretary will announce the appointment of Ms Rantanen Reynolds as an elected director at the AGM pursuant to paragraph A5-7 of Appendix 5 (Election of Directors) of the Constitution.

# Information for members: lapse of Appendix 6 of the Constitution

Appendix 6 (*Consideration of Demutualisation Resolutions*) of the Credit Union's Constitution will cease to have effect at the end of the 2020 AGM.

This summary is intended to assist members in understanding how the Credit Union's Constitution is changing and why.

This may get a little wordy, but we'll try to explain it as clearly as possible.

## What is mutuality and why is it important?

As you probably already know, Credit Union SA is a member-owned financial organisation. This means we're not a publicly-listed company, so we don't have the pressure to maximise profits to pay external shareholders.

Credit Union SA was created and is operated for the benefit of our members (that's you!) and the wider community. We channel our profits back to:

- our members in the form of lower fees, competitive interest rates, enhanced digital banking solutions and improved customer service; and
- local communities, by funding various South Australian community development activities, initiatives and organisations, particularly in the education sector.

## What is demutualisation?

Demutualisation would happen in any scenario where Credit Union SA stopped being a member owned financial institution. For example, currently all members only hold a single share in Credit Union SA. But if it was decided (through the appropriate process) that a member could hold more than a single member share, then that would be demutualisation.

## How is Credit Union SA's mutuality protected?

Our mutuality can't be taken away without certain procedures being followed. There are protections for you and me as members in the Corporations Act if a demutualisation of Credit Union SA is ever proposed. For example, members must be provided with a disclosure statement, an estimate of the financial benefits the member will be offered and an independent expert report as to whether the proposal is in the best interest of all members.

Also, demutualising Credit Union SA would require a change to our Constitution, and would need to be passed as a special resolution – which requires 75% of member votes received to be in support of the resolution in order for it to pass.

OK, now that we've covered all of that background, let's move on to Appendix 6 and why the Board is suggesting letting it lapse.

## What does Appendix 6 of the Constitution do?

Appendix 6 requires certain procedures to be followed if a demutualisation of the Credit Union is ever proposed. These procedures are on top of the protections already provided by the Corporations Act (which we detailed above).

Specifically, Appendix 6 requires 25% of all members to cast a vote on a demutualisation resolution, **AND** over 75% of those votes need to be in favour of the resolution for it to pass.

## Why is Credit Union SA letting Appendix 6 lapse?

An increasingly competitive and challenging financial services market requires us to be flexible and agile, to move swiftly where opportunities arise that would benefit our members.

In recent years, only around 2% of Credit Union SA members have participated in the governance of our Credit Union – whether by voting in Director Elections, attending the AGM or appointing a proxy to vote on their behalf. This low participation rate in recent years means that getting the minimum 25% voter participation required by Appendix 6 of the Constitution would be very difficult to achieve, and may stop us from acting quickly to secure value for members.

## Does Credit Union SA have plans to demutualise?

No. We are proud to be a member-owned financial institution that operates for the benefit of our members and wider community. However, none of us know what the future holds and the Board and Management believe that Appendix 6 should be allowed to lapse because it will help maximise our strategic options in our mission to benefit you and all of our members.

## Who can I speak to for more information about this change?

If you have any questions about this change, please contact the Company Secretary on (08) 8202 7557 or via email to [companysecretary@creditunionsa.com.au](mailto:companysecretary@creditunionsa.com.au).

# How to participate

## ONLINE AT THE MEETING

All members and proxyholders can participate in the AGM on a desktop or mobile device with internet access at <https://agmlive.link/creditunionSA2020>. You will need to verify your membership by logging in 10 minutes before the 5.30pm (ACDT) commencement time and inserting your member details and registered postcode. Following login you will be provided details on how to vote and ask questions during the meeting.

## PROXIES

A member who is entitled to attend the Annual General Meeting and vote is entitled to appoint a proxy. A proxy is a person who has been nominated to attend and vote at meetings on behalf of another member. A proxy need not be a member. If a member is entitled to cast two or more votes they may appoint two or more proxies and may specify the proportion or number of votes each proxy is entitled to exercise. No member of the Credit Union is entitled to cast more than one vote.

To be effective the appointment of a proxy must be received by Link Market Services Limited at least 48 hours prior to the meeting by the following means:

By Post: Credit Union SA Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

By Facsimile: +61 2 9287 0309

By Hand: Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

Online: lodge online at <https://investorcentre.linkmarketservices.com.au/voting/CUSA>, instructions as follows:  
Enter your member number, registered postcode and the security code shown on the screen and click 'Login'. Select the 'Voting' link and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

A Proxy Form, together with instructions on how to appoint a proxy, has been enclosed with all hard copy Notices of General Meeting. If you wish to receive a hard copy/replacement Proxy Form, please call the Executive Assistant on (08) 8202 7557.

## DIRECT VOTING

Members are welcome to lodge a direct vote online rather than appointing a proxy. Please follow the online instructions above and select the 'Voting' link.

## QUESTIONS AT THE ANNUAL GENERAL MEETING

Members will be given a reasonable opportunity to ask questions during the meeting.

The Board encourages Members to send questions online in advance of the meeting by following the instructions above and selecting the 'Question' link four business days before the meeting. While we may not be able to respond to each question individually, we will attempt to address the more frequently asked questions in the Chair and Chief Executive Officer's presentations to the meeting.

## IMPORTANT CLOSING DATES

Questions in advance of meeting – 5.30pm (ACDT) on Thursday 12 November 2020.

Online Direct Voting and Proxy Appointments – 5.30pm (ACDT) on Monday 16 November 2020.

For enquiries: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

For any online or proxy enquiries, please contact Link Market Services on 1300 306 276.