

Notice of Annual General Meeting 2023

Credit Union SA Ltd, ACN 087 651 232



This Notice is to advise you of the upcoming Annual General Meeting of the members of Credit Union SA Ltd.

The details of the meeting are as follows:

Date: 15 November 2023

Time: 5.30pm (ACDT)

Place: Webcast online at cusa.verovoting.com.au

Annual General Meeting

Members can attend and participate in the meeting, including by asking questions and voting on the proposed resolutions set out under Special Business in this Notice, at this link cusa.verovoting.com.au

Agenda

i. Ordinary Business

1. To confirm the minutes of Annual General Meeting held on 16 November 2022.
2. To receive the Financial Statements of the Credit Union for the year ended 30 June 2023 and the reports of the Directors and the Auditor.
3. To note the Company's Secretary's announcement of the person appointed as an elected Director to the Board of Directors in accordance with the outcome of the Director election process held between 5 June 2023 and 7 November 2023.

ii. Special Business

Voting on Special Business

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

4. Constitutional Amendments

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

a. Amendments to facilitate the Credit Union taking advantage of the 2022 amendments to the Corporations Act

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 described in Part A of the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to facilitate the Credit Union taking advantage of the 2022 amendments to the Corporations Act.'

(See Explanatory Note 4.A)

b. Amendments relating to the admission of members and termination of memberships

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 described in Part B of the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to make amendments relating to the admission of members and termination of memberships.'

(See Explanatory Note 4.B)

c. Amendments in relation to directors

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 described in Part C of the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to make amendments in relation to directors.'

(See Explanatory Note 4.C)

d. Amendments to facilitate potential application for B Corp certification

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 described in Part D of the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to facilitate potential application for B Corp certification.'

(See Explanatory Note 4.D)

e. Amendments to facilitate the possibility of issuing Mutual Capital Instruments

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 described in Part E of the Schedule of Proposed Constitutional Amendments tabled at the meeting and signed by the Chair for the purposes of identification, so as to facilitate the possibility of issuing Mutual Capital Instruments.'

(See Explanatory Note 4.E)

Note: The Schedule of Proposed Constitutional Amendments to be tabled at the meeting can be obtained from our Member Experience Centre or by telephoning (08) 8202 7661 . It is also available on our website (creditunionsa.com.au). A copy of the Constitution, marked up to show all changes being proposed at the AGM, is also available on our website at creditunionsa.com.au/agm

By Order of The Board

Ms Nicole Santinon

Company Secretary

General Business

Item 1 – Minutes of the AGM 2022

To confirm the minutes of the Annual General Meeting held on 16 November 2022.

Item 2 – Change to Financial Statements and Reports

A copy of the Credit Union's Financial Statements for the year ended 30 June 2023, the Directors' Report and the Independent Audit Report is available on the Credit Union's website 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 – Results of Director Election

Former Director Rantanen Reynolds was a director on the Board of Credit Union SA for almost 12 years and, in accordance with the Constitution, was due to retire at the end of the 2023 AGM. Due to her long-standing tenure, she was not able to offer herself for re-election. She therefore chose to retire from the Board effective 4 May 2023. Due to her resignation, the Board appointed Director Dewsnap pursuant to Rule 13.5 of the Constitution to fill the casual vacancy which was created. As Director Dewsnap's term (due to filling that casual vacancy) ends at the conclusion of the 2023 AGM, Mr Dewsnap offered himself for election in accordance with the Credit Union's Constitution.

A call for nominations from eligible members was advertised in the Advertiser and The Australian newspapers, via notice at Credit Union SA's branch and on the Credit Union SA website.

There is only one candidate who is eligible to be elected. As the number of candidates is equal to the number of positions to be filled (one), an election by ballot was not necessary, and the successful candidate will be appointed as an elected Director by announcement at the AGM.

Special Business

Item 4 – Special Resolutions to amend the Credit Union SA Constitution

Explanatory Note 4.A: Proposed amendments to facilitate the Credit Union taking advantage of the 2022 amendments to the Corporations Act (those set out in Part A of the Schedule of Proposed Constitutional Amendments)

At the Credit Union's 2020 AGM members approved amendments to the Constitution which gave the Credit Union the option of holding virtual or hybrid meetings of members. This was in response to a Determination made by the Commonwealth Treasurer which temporarily modified the Corporations Act to facilitate the holding of meetings in such ways. The Determination was made as part of the Government's response to the COVID-19 pandemic.

Subsequently the Government has completed a more comprehensive review of the Corporations Act provisions relating to how companies can execute documents, how notices can be given to members of companies, and how meetings of members can be held, the result being permanent amendments to the Corporations Act, made by Parliament, which took effect in February and April 2022. All the amendments are designed to allow companies to make greater use of the technology that is now available, as well as any new technology that becomes available in the future, to the extent that they choose to do so.

The overarching purpose of the amendments to the Credit Union's Constitution set out in Part A of the Schedule of Proposed Constitutional Amendments, that are now being recommended by the Board and which are explained in detail below, is to align the Credit Union's Constitution with the amended provisions in the Corporations Act so as to enable the Credit Union to take advantage, if and when it chooses to do so, of the options for which the Act now provides.

Amendments relating to the execution of documents by the Credit Union

In the past there has been uncertainty as to whether a company can legally execute documents such as agreements and deeds electronically, as to whether those who execute such a document on behalf of a company (usually 2 Directors or a Director and the

Company Secretary) must do so at the same time and on the same copy of the document, and as to the extent to which reliance can be placed on execution by an authorised agent (usually an employee) on behalf of the company. The 2022 amendments to the Corporations Act make the position clear and facilitate:

- electronic execution;
- signatories executing a document in counterparts and/or at different times; and
- documents being executed by authorised agents.

The proposed amendments to Rule 18.1 of the Constitution will allow the Credit Union to execute documents in any of the ways now expressly permitted by the Corporations Act. It is expected that this will considerably simplify the process for having many documents executed.

Amendments relating to the provision of notices and other documents

It is important to understand that the provisions in the Constitution relating to giving notices to members only relate to notices and documents which relate to their membership – examples are notices of general meetings and annual financial reports. They don't relate to notices and documents given to members in their capacity as customers – such as documents relating to the products and services provided to them. Neither the latest amendments to the Corporations Act, nor the proposed amendments to the Constitution, have any effect on the obligations which the Credit Union has to give notices to members in their capacity as customers.

The 2022 amendments to the Corporations Act facilitate membership related notices and documents potentially being given to members in a variety of ways:

- by sending them to members in physical form (eg by post);
- by sending them to members in electronic form (eg by email);
- by making them available to members in electronic form (eg on a website) and sending members (either in physical or electronic form) details about how to access them; or
- in relation to annual financial reports, simply by being made readily available on a website.

The proposed amendments to Rule 1.5 of the Constitution effectively incorporate the new Corporations Act provisions by reference. They will give the Credit Union the option of making changes, in the future, in relation to how relevant documents are provided to members.

Amendment to the rule requiring a vote at a general meeting to be decided on a show of hands unless a poll is demanded

Rule 12.1(1) of the Constitution currently reflects what section 250J(1) of the Corporations Act formerly provided. The 2022 amendments to the Corporations Act included an amendment to that section – changing the word 'must' to 'may'. The proposed amendment to the Credit Union's Constitution will align with that amendment. It reflects the possibility that meetings may be held in hybrid or virtual form, at which voting 'on a show of hands' may be impractical or impossible.

Explanatory Note 4.B: Proposed amendments relating to the admission of members and termination of memberships (those set out in Part B of the Schedule of Proposed Constitutional Amendments)

Amendment relating to requirement to give notice of admission to membership

Currently Rule 3.1(3)(c) requires the Credit Union to give notice that it has admitted a person as a member. Most mutual financial institutions don't have such a requirement, and it is considered to be an unnecessary administrative process given that people will be aware that they've been admitted to membership if an account is opened for them and they'll be advised if their application for membership has been rejected. The amendment is therefore proposed to do away with this unnecessary process.

Amendments relating to termination of memberships

It's an unfortunate fact that from time to time a member may engage in conduct that is, or may be, detrimental to the interests of the Credit Union, other members, and/or employees of the Credit Union. Such conduct can take a variety of forms. Some examples are operating accounts in a way that gives rise to anti-money laundering risks, involvement in scams that could cause financial loss to the credit union or others, or engaging in intimidating or other inappropriate

behaviour in their dealings with the Credit Union's employees.

The Credit Union exists to serve the interests of its members as a whole. Part of doing that involves the Credit Union doing what it reasonably can to ensure that potentially detrimental conduct by individual members does not have a material negative impact upon the interests of the Credit Union, and hence upon its members, as a whole. The Credit Union also has an obligation in relation to the safety and well being of its employees.

To enhance the ability of the Credit Union to respond quickly and appropriately in such circumstances, changes to Rule 4.3 are proposed which will better articulate the circumstances in which memberships can be terminated on the grounds of detrimental conduct and ensure that the whole termination process can be handled by officers of the Credit Union where the Board has chosen to delegate the relevant powers to them.

Memberships may also be terminated because a member's accounts are dormant or the membership is inactive. In such circumstances a dormancy declaration or an inactive declaration must be made as part of the process. The Constitution currently provides for such declarations to be made by the Board but gives the Board the power to delegate that responsibility. In practice, the responsibility is always delegated as it's impractical for the Board to deal with such matters given the size and complexity of the Credit Union. Amendments are therefore proposed to Rule 4.4 to allow officers of the credit union to deal with such declarations without the need for there to be formal board delegations.

Explanatory Note 4.C: Proposed amendments in relation to directors (those set out in Part C of the Schedule of Proposed Constitutional Amendments)

Amendment relating to eligibility to be elected as an elected director

Currently a person must have been a member of the Credit Union for 3 years to be eligible to be elected as an elected director. The Board considers that having a minimum membership period requirement for elected directors is generally highly desirable. However, the demands now placed upon the Boards of financial institutions are such that it can potentially be difficult, at times, to ensure that the pool of candidates

for election always includes candidates who have the skills, qualifications and experience which are necessary or desirable, at any particular time, to ensure that the board as a whole has the optimum mix of skills, qualifications and experience. Hence there may be circumstances where it would be desirable to give members the option of electing a person who has highly desirable skills, qualifications and experience, notwithstanding that the person has not been a member of the Credit Union for any particular period.

The Board therefore proposes that Rule 13.2(b) be amended such that the Board has a discretion to determine that a particular person can be eligible to be elected as an elected director notwithstanding that the person has not been a member for 3 years.

Amendment to remove a redundant reference

It is proposed that the reference to rotation provisions in Rule 13.6(1) be removed – it is redundant as there are no rotation provisions in the Rule.

Amendment to clarify how approval of directors' remuneration operates

Under Rule 17.1, members must set the maximum aggregate remuneration of directors in respect of 'any year'. However, 'year' is not defined and it is not made clear that approval may be retrospective. It is therefore proposed to amend the Rule so as to clarify those matters.

Explanatory Note 4.D: Proposed amendments to facilitate potential application for B Corp certification (those set out in Part D of the Schedule of Proposed Constitutional Amendments)

The Credit Union is committed to having a positive impact on society and the environment, and envisages that in due course it may seek certification as a 'B Corporation' (or 'B Corp'). To obtain B Corp certification, a corporation must satisfy a certifying body that they satisfy particular standards in terms of their positive impact on society and the environment. The certification requirements also include having particular provisions in their Constitutions which reflect their commitment to society and the environment and to appropriate stakeholder engagement.

The amendments proposed to Appendix 1 and Rule 14 are intended to satisfy the relevant requirements for Constitutions.

Explanatory Note 4.E: Proposed amendments to facilitate the possibility of issuing Mutual Capital Instruments (those set out in Part E of the Schedule of Proposed Constitutional Amendments)

The Board is proposing that the Constitution be amended to allow for the possibility of the Credit Union issuing mutual capital instruments ('MCIs'). MCIs are a special type of share which can now be issued to investors by mutuals, in order to raise capital, without affecting their mutual status, provided certain conditions are satisfied.

Historically, mutuals have only been able to raise capital through retained earnings, not by issuing securities to investors, and this has been a significant barrier to investment, innovation, and growth in the mutuals sector and has therefore affected competition in the broader financial services sector. And until relatively recently, there was also no clear, legislated definition of what a 'mutual' is.

In 2015 the Senate Economics References Committee (Commonwealth) was asked to review and report on the role, importance and operations of mutuals in the Australian economy. The Committee reported in 2016 and made a number of recommendations for reform. In 2017 the Treasurer commissioned further consultation on those recommendations which then led to the publication of the 'Hammond Report' in July 2017. The Hammond Report made a number of recommendations which were accepted by the Government. They included:

- that a definition of 'mutual entity' be included in the Corporations Act; and
- that mutual entities registered under the Corporations Act be able to issue MCIs without affecting their mutual structure or status.

After further industry consultation, the Government subsequently introduced legislation to amend the Corporations Act and give effect to these, and other, recommendations. That legislation, the Treasury Laws Amendment (Mutual Reforms) Act 2019, came into effect in April 2019.

The Corporations Act now provides that a company is a mutual entity if it is registered under the Act and its Constitution provides that a person has no more than one vote at a general meeting for each capacity in which the person is a member of the company. The Credit Union is a mutual entity.

To be able to issue MCIs, should it choose to do so, a mutual entity must amend its Constitution so that it:

- states that the mutual entity intends to be a 'MCI mutual entity' (which is a term defined in the Act);
- provides that an MCI can only be issued as a fully paid share, that dividends in respect of the share are non-cumulative, and sets out the rights attached to the share with respect to participation in surplus assets and profits; and
- provides that the rights attached to the MCI can be varied or cancelled only by a special resolution of the mutual entity and either a special resolution of a meeting of MCI holders of the same class or with the written consent of MCI holders with at least 75% of the votes in the MCI class.

Many mutual financial institutions have already had MCI amendment resolutions passed at general meetings, and now Credit Union SA is taking steps to do so.

The amendments to our Constitution, to which the MCI amendment resolution relates, make the changes that are necessary to satisfy the requirements explained above and changes that are incidental or ancillary to those changes.

The Credit Union is not proposing to issue any MCIs at this stage, but amending the Constitution now will give us the ability to do so if at any point in the future raising capital by issuing MCIs is desirable. Making the changes will simply give us another option for raising capital in the future.

If the amendments are made and we do issue MCIs in the future, MCI holders will not be members unless they separately apply for, and are admitted to, membership. Furthermore, if the terms of issue of MCIs give MCI holders any voting rights at general meetings at all, they will not be able to have more than one vote, regardless of the number of MCIs they hold, and if they are also a member they will still only have one vote.

The ability to issue MCIs will not affect our mutual status, and will not change our objects, which are described in Appendix 1 of our Constitution.

How to participate and vote on Special Business Items

Attend and participate in the Annual General Meeting online and in real-time

The Credit Union SA Annual General Meeting will be held with the assistance of technology and webcast live online. Members will not be able to attend the meeting physically but can instead watch, attend and participate in the meeting online. All members and proxyholders can participate in the AGM on a desktop or mobile device with internet access at cusa.verovoting.com.au

You will need to verify your membership by logging in at least 10 minutes before the 5.30pm (Adelaide) 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.

Each member is entitled to one vote.

More information about how to use the online meeting platform is available at creditunionsa.com.au/agm

Direct vote before or at the meeting

Before the meeting, members may vote directly on the resolutions proposed without attending the meeting by registering and lodging their direct vote:

- online - to cast a direct vote validly go online at cusa.verovoting.com.au
- by completing and submitting a Voting/Proxy Form.

We encourage members who cannot join the meeting in person to cast a direct vote before the meeting. A valid direct vote cast before the meeting has the same effect as if it is cast in person at the meeting.

We also encourage members who plan on attending and participating in the meeting in real-time to consider casting a direct vote before the meeting. This will ensure that members have their say should it eventuate that they find that they are not be able to attend and participate.

Members may also vote directly and in real-time by following the instructions to register and attend the meeting found at the link creditunionsa.com.au/agm.

If you cast a direct vote prior to the meeting, you are still entitled to attend the meeting but you will not be able to vote again or change your vote

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.

Online

You can appoint a proxy by completing your online registration and following the instructions located at creditunionsa.com.au/agm

Voting / Proxy Form

If you intend to attend the meeting in person or lodge a direct vote online before the meeting, you do not need to submit a Voting/Proxy Form or appoint a proxy online.

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. (We are required to say this by law, but in fact no member of the Credit Union is entitled to cast more than one vote.)

To be effective the appointment of a proxy via the Voting/Proxy Form (which can be found at creditunionsa.com.au/agm) must be received by the Credit Union at least 48 hours prior to the meeting by the following means:

By Post:

Credit Union SA Ltd
GPO Box 699
Adelaide SA
5001 Australia

By Hand:

Credit Union SA Branch
Ground Floor,
400 King William Street
Adelaide SA
5000 Australia

You will be taken to have signed your Voting/Proxy Form if you lodge it in accordance with the instructions above by the timeframe indicated below.

How to participate and vote on Special Business Items (cont'd)

Time before which appointments of proxies and direct votes must be received

We must receive direct votes and appointments of proxies no later than 5:30pm (ACDT) on 13 November 2023. Any online vote or Voting/Proxy Form received after that time will not be effective.

If you wish to receive a Voting/Proxy Form by post, please call the Company Secretary on (08) 8202 7557.

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 registering online following the link creditunionsa.com.au/agm and selecting the 'Question' link by the date which is four business days before the meeting. Members will also be able to submit questions at the meeting in real-time.

Alternatively, email companysecretary@creditunionsa.com.au to submit your question.

If you would like to verbally ask your question during the meeting, please register your intention and send through your question by emailing companysecretary@creditunionsa.com.au by 5:30pm (ACDT) on Wednesday 8 November 2023 so this can be arranged.

The Credit Union may not be able to respond to each question individually, but 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 Wednesday 8 November 2023.

Online Direct Voting and Proxy Appointments:

5.30pm (ACDT) on Monday 13 November 2023.

If you have any questions about the resolutions, voting, appointing a proxy or otherwise participating online, please contact the Company Secretary via email at companysecretary@creditunionsa.com.au or phone (08) 8202 7557.