

**CREDIT UNION SA LTD
ACN 087 651 232**

SCHEDULE OF PROPOSED CONSTITUTIONAL AMENDMENTS

This is the Schedule of Proposed Constitutional Amendments referred to in the Notice of Annual General Meeting given by Credit Union SA Ltd and dated 3 October 2023. It sets out the proposed amendments to the Constitution of Credit Union SA Ltd which are referred to in item numbers 4(a), 4(b), 4(c), 4(d) and 4(e) of the Agenda.

It is proposed that the Constitution of Credit Union SA Ltd be amended as set out in this Schedule.

PART A – Amendments to facilitate the Credit Union taking advantage of the 2022 amendments to the Corporations Act

1. Substitute the following Rule for Rule 18.1:

‘18.1 Execution of Documents

- (1) The **credit union** may execute documents (including deeds) in any way permitted by the *Corporations Act*.
- (2) The **credit union's** power to make, vary, ratify or discharge a contract, or execute a document (including a deed), may be exercised by an individual acting with the **credit union's** express or implied authority and on behalf of the **credit union**.’

2. Substitute the following Rule for Rule 1.5:

‘1.5 Notices

- (1) This Rule applies to all notices and documents that the **Corporations Act** or this Constitution requires a party to this Constitution to give to another party to this Constitution in their capacities as parties to this Constitution.
- (2) Unless the **Corporations Act** provides otherwise, a notice or document must be given in writing.
- (3) The **credit union** may give a notice or other document to a **member** in any way permitted by the **Corporations Act**, and such a notice or document is taken to be given when such a notice or document is taken to be given for the purposes of the **Corporations Act**. If the notice or document is not one to which Part 1.2AA Division 2 of the **Corporations Act** applies, it may be given in any way a document relating to a **general meeting** may be given under that Part and is taken to be given when such a document would be taken to be given.
- (4) A **member** may give a notice to the **credit union** by delivering or posting it to the **credit union's** registered office or by giving it in some other way that has been nominated in writing by the **credit union** for the purpose of giving notices or documents of a particular type. A notice given by post is taken to be given 3 days after it is posted.’

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3. In Rule 12.1(1), change 'must' to 'may'.

PART B - Amendments relevant to the admission of members and termination of memberships

4. Delete Rule 3.1(3)(c), add 'and' to the end of Rule 3.1(3)(a), and substitute a full stop for ';' and' at the end of Rule 3.1(3)(b).

5. Substitute the following Rule for Rule 4.3(1)(b):

'(b) the **board** considers, or suspects, that the **member** has engaged in, or is engaging in, conduct that could reasonably be considered to give rise to an immediate material risk to, to materially endanger, or to be materially detrimental to, the **credit union** or its assets, other **members**, or employees or officers of the **credit union**.'

6. Adding the following sentence at the end of Rule 4.3(2):

'If the **board** has delegated its power to redeem under Subrule (1), references in that Subrule to what the **board** considers or suspects are to be read as being references to what the delegate or delegates considers or suspects.'

7. Delete the last sentence in Rule 4.3(4).

8. Delete Rule 4.3(5), and re-number Rule 4.3(6) as Rule 4.3(5).

9. Change each reference to '**board**' and '**board's**' in Rules 4.4(2), (3) and (4) to '**credit union**' and '**credit union's**' respectively.

10. Delete Rule 4.4(8).

11. Re-number Rule 4.4(9) as Rule 4.4(8) and substitute the following for the existing Rule:

'(8) A **member's member share** is redeemed under this Rule 4.4 upon the **credit union** making a record of a decision that the **member's member share** be redeemed.'

PART C - Amendments in relation to directors

12. Insert the following words after the words 'nominations for election' in Rule 13.2(b):

'unless otherwise determined by the **board** when the person is nominated as a candidate for election'

13. Delete the words 'and the rotation provisions in this Rule' from Rule 13.6(1).

14. Substitute the following Rule for Rule 17.1(1):

'(1) In any financial year, the aggregate amount of remuneration of **directors** (other than an employee **director**) must not exceed the aggregate amount that a **general meeting** determines for that financial year.'

PART D - Amendments to facilitate potential application for B Corp certification

15. In Appendix 1 (Objects):

15.1 Delete the word 'and' at the end of paragraph (f);

15.2 Delete the full stop at the end of paragraph (g) and replace it with ‘; and’; and

15.3 Add the following additional sub-paragraph:

‘(h) to have an overall positive impact on society and the environment.’

16. Add the following new Rule after Rule 14.3:

‘14.4 Stakeholder Considerations

In discharging their duties under this Constitution, the **Corporations Act** and the general law, the **directors** and other officers of the **credit union**:

(a) shall give consideration to the following factors:

(i) the likely consequences of any decision or act of the **credit union** in the long term;

(ii) the interests of the **credit union’s** employees;

(iii) the need to foster the **credit union’s** business relationships with suppliers, **members** and others;

(iv) the impact of the **credit union’s** operations on the community and the environment;

(v) the desirability of the **credit union** maintaining a reputation for high standards of business conduct;

(vi) the interests of **members**; and

(vii) the ability of the **company** to create an overall positive impact on society and the environment; and

(b) need not give priority to a particular factor referred to in Rule 14.4(a) over any other factor (whether referred to in Rule 14.4(a) or otherwise).’

PART E - Amendments to facilitate the possibility of issuing Mutual Capital Instruments

17. In Rule 1.1:

17.1 Insert ‘and any **MCI vote holders**’ at the end of the definition of ‘**general meeting**’

17.2 Insert the following definitions after the definition of ‘**material personal interest**’:

‘MCI and **mutual capital instrument** means a share as described in Appendix 3A’

MCI holder means a **person** who is the holder of an **MCI** and whose name the **credit union** has entered for the time being in the Register of Members it keeps under the **Corporations Act**

MCI vote holder means any **MCI holder** who has one vote at a **general meeting** under the terms of issue of the **MCIs** held’

17.3 Insert the words 'who is the holder of a **member share** and' after the word '**person**' in the definition of '**member**'.

17.4 Insert the following definitions after the definition of '**secretary**':

'share means a share in the capital of the **credit union** and includes a **member share** and an **MCI**

shareholder means a **person** who holds a **share**'

17.5 Substitute the following definition for the definition of '**subscription price**':

'subscription price means:

- (a) in relation to a **member share**, the amount (if any) payable by a **person** on subscription for a **member share**; or
- (b) in relation to an **MCI**, the amount (if any) payable by a **person** on subscription for an **MCI** or, if the **MCI** was created on conversion of a capital instrument in accordance with any **prudential standard**, the nominal dollar value of that capital instrument prior to conversion into the **MCI**

18. Insert the following new Rule after Rule 1.5:

'1.6 Intention to be MCI mutual entity

The **credit union** is intended to be an MCI mutual entity for the purposes of the **Corporations Act.**'

19. In tRule 1.5, change each reference to '**member**' to '**shareholder**' (noting that this amendment is to take effect regardless of whether the resolution to substitute Rule 1.5, as set out in paragraph 2 above, has been passed).

20. In Division 6, Division 7, Division 9 and Division 10, change '**member**' to '**shareholder**', '**members**' to '**shareholders**', and '**member's**' to '**shareholder's**' wherever those words appear.

21. Insert the following new Rule after Rule 3.1(3):

'(4) An **MCI holder** is not a **member** merely by virtue of holding an **MCI.**'

22. Substitute the following Rule for Rule 5.1:

'5.1 Classes of Shares

Subject to ensuring that the **credit union** continues to be a mutual entity for the purposes of the **Corporations Act**, the **credit union** may issue **member shares** and **MCIs.**'

23. Insert the following words at the beginning of Rule 7.1(1):

'Subject to the terms on which shares in a class are issued,'

24. Substitute the following Rule for Rule 8.1(2):

'(2) If the **credit union** is required by the **Corporations Act** to issue a share certificate to a **shareholder**, a **shareholder** may require the **credit union** to issue to the **shareholder** without charge one certificate for each class of shares in the **credit union** that the **shareholder** holds, unless the terms of issue of the shares provide otherwise.'

25. Insert the following Rule after Rule 9.5:

'9.6 Application of Division to MCIs

Subject to the **Corporations Act** and the terms of issue of the **MCI**, the provisions of this Division 9 do not apply to a transfer of an **MCI** effected through a clearing and settlement facility.'

26. In Division 11 and Division 12:

26.1 change 'Meetings of Members' and 'Members' Meetings' to 'General Meetings' wherever those terms appear; and

26.2 change '**members**' meeting' to '**general meeting**' wherever that term appears, and the plural versions of those terms correspondingly.

27. Insert the following Rule after Rule 12.1(6):

'(7) If a **member** is also an **MCI holder**, that **member** has no more than one vote at a **general meeting**, regardless of the terms of issue of the **MCI**.'

28. Delete the words '**of members**' in Rule 15.4(2)(a).

29. Substitute the following subclause for subclause A3-3(2):

'(2) Subject to subclauses A3-3(3) and (4), and clause A3-8, each **member** has one vote and, if a **member** is also an **MCI vote holder**, the **member** has no more than one vote at a **general meeting** of the **credit union**, regardless of the terms of issue of the **MCI**.'

30. Add the words 'Subject to subclause A3A-2(4),' at the beginning of subclause A3-5.

31. Insert the following new Appendix after Appendix 3:

'Appendix 3A - Mutual Capital Instruments

A3A-1 Issue of MCIs

(1) Subject to compliance with the **Corporations Act** and any applicable **prudential standards**, the **credit union** may issue **MCIs** or capital instruments convertible into **MCIs**.

(2) The **credit union** may create or issue more **MCIs** at any time. The creation or issue of more **MCIs** does not vary the rights attached to **MCIs** or any other **shares** that the **credit union** has already issued.

(3) The **subscription price** for an **MCI**, or a capital instrument convertible to an **MCI**, will be as determined by the **board**.

- (4) An **MCI** can only be issued as a fully paid share.
- (5) Any dividends in respect of an **MCI** must be non-cumulative.

A3A-2 Rights of MCI holders

- (1) The terms of issue of an **MCI** (including any terms, conditions or rights attaching to the **MCI**) will be determined by the **board** and include such terms as the **board** considers necessary or desirable for those **MCIs** to be eligible for inclusion as regulatory capital under any applicable **prudential standards**, provided that the terms must comply with this Constitution, the **Corporations Act** and any applicable **prudential standards**.
- (2) Without limiting the generality of paragraph (1), the terms of issue of an **MCI** may (but do not need to) entitle an **MCI holder** to vote at a **general meeting**, provided that an **MCI holder** may have no more than one vote at a **general meeting** regardless of how many **MCIs** the **MCI holder** holds.
- (3) An **MCI vote holder** is, for the purposes of Divisions 11 and 12 of this Constitution only (excluding Rule 12.4(2)), deemed to be a **member** and entitled to vote on resolutions at any **general meeting** to the extent specified in the terms of issue of the relevant **MCIs**. However, an **MCI vote holder** may only vote at a **general meeting** if the **MCI vote holder** was an **MCI vote holder** at least 7 days before notice of the **general meeting** was given.
- (4) Subject to the terms of issue of an **MCI**, an **MCI holder** is entitled to claim on the surplus assets and profits of the **credit union** in a winding-up of the **credit union** after all senior claims, including the aggregate **subscription price** paid for any **member shares**, have been satisfied and:
 - (a) the **MCI holder's** claim ranks equally and proportionately with the claims of all other **MCI holders** and **members**; and
 - (b) the amount of the **MCI holder's** claim cannot exceed the **subscription price** of the **MCI**.
- (5) The rights attached to **MCIs** (or a class of **MCIs**) can only be varied or cancelled by special resolution of the **credit union** and either:
 - (a) by a special resolution passed at a meeting of **MCI holders** holding **MCIs** in the relevant class; or
 - (b) with the written consent of **MCI holders** of at least 75% of the issued **MCIs** of that class.
- (6) Any variation of the rights attached to **MCIs** which constitute Common Equity Tier 1 Capital (as defined by **APRA**) of the **credit union** is subject to the prior written approval of **APRA**, if the variation may affect the eligibility of such **MCIs** for inclusion as Common Equity Tier 1 Capital of the **credit union**.

A3A-3 Registration as holder of MCIs

Except as provided by the rules of a clearing and settlement facility which apply in relation to an **MCI**, a person becomes registered as the **MCI holder** of that **MCI** upon

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entry by the **credit union** in its Register of Members of the person's particulars in relation to the **MCI** as required by the **Corporations Act.**'
