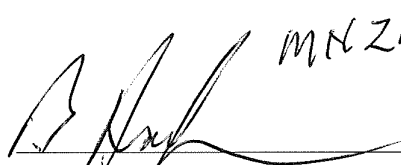



RULES

OF

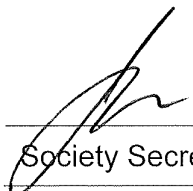
FARMLANDS CO-OPERATIVE SOCIETY LIMITED

We hereby confirm that these are the new Rules of Farmlands Co-operative Society Limited

 ^{MNZM}
Member Signature Bryan @ Helen
Member Name Hocken
Date 20 11 25


Member Signature C Werder
Member Name 26/11/25
Date


Member Signature A20 Estate Ltd.
Member Name 26/11/25.
Date


Society Secretary Signature Joanna Irvine
Name 26/11/2025
Date

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RULES OF FARMLANDS CO-OPERATIVE SOCIETY LIMITED

PART A: INTRODUCTION

INTERPRETATION

1 Defined terms

1.1 In these Rules, unless the context otherwise requires:

Act means the Industrial and Provident Societies Act 1908;

Board means Directors who number not less than the required quorum acting together as the board of directors of the Society (referred to in the Act as the committee of management);

Board Appointed Shareholder Director means any Shareholder Director appointed by the Board under clause 67.4;

Companies Act means the Companies Act 1993;

CPI means the New Zealand Consumer Price Index (All Groups) published by Statistics New Zealand, or if the Consumer Price Index is no longer published then the expression *CPI* means the inflation rate for New Zealand as published by Statistics New Zealand;

Director means a person elected or appointed as a director of the Society in accordance with these Rules;

Distribution, in relation to a Distribution by the Society to a Shareholder, means any rebate or:

(a) the direct or indirect transfer of money or property, other than the Society's own Shares, to or for the benefit of the Shareholder; or

(b) the incurring of a debt to or for the benefit of the Shareholder,

whether by means of a purchase of property, the redemption or other acquisition of Shares, a distribution of indebtedness, or by some other means;

Elected Shareholder Director means a Shareholder Director elected by the Shareholders under clause 67.1;

Independent Director means a director appointed under clause 68;

Interested has the meaning set out in section 139 of the Companies Act, but read as if references to "the company" are references to the Society, and *Interest* has a corresponding meaning;

Ordinary Resolution means a resolution approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question;

Ordinary Share has the meaning in clause 11 of these Rules;

Personal Representative means:

- (a) in relation to a deceased individual Shareholder, the executor, administrator or trustee of the estate of that Shareholder;
- (b) in relation to a bankrupt individual Shareholder, the trustee or assignee in bankruptcy of that Shareholder; and
- (c) in relation to any other individual Shareholder, 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 complying with that Act, or any person in the nature of such persons;

Related Entity shall have the meaning of a "related company" set out in section 2(3) of the Companies Act but read as if the expression "*company*" in that section included any body corporate;

Rules means these rules, including the schedules, as they may be altered or replaced from time to time in accordance with clause 4;

Senior Manager has the same meaning as in section 6(1) of the Financial Markets Conduct Act 2013;

Share means a share in the Society;

Share Register means the share register of the Society required to be kept under clause 31;

Shareholder means a person whose name is entered in the Share Register as the holder for the time being of one or more Shares in the Society (referred to in the Act as a member);

Shareholder Director has the meaning in clause 67, and includes any Board Appointed Shareholder Director or Elected Shareholder Director;

Society means Farmlands Co-operative Society Limited;

Special Resolution means a resolution approved by a majority of 75% of the votes of those Shareholders entitled to vote and voting on the question or if the Act requires a different procedure a resolution passed in accordance with that procedure;

Transacting Shareholder means a Shareholder who:

- (a) holds an interest in land used exclusively or principally for agricultural, horticultural, aquacultural, or pastoral purposes, or for the keeping of bees, poultry, or livestock; or
- (b) carries on any agricultural, horticultural, aquacultural, or pastoral activity, or keeps bees, poultry, or livestock; or
- (c) services land of the type referred to in paragraph (a) or provides goods or services to persons referred to in paragraphs (a) or (b); or
- (d) is a person who is otherwise approved by the Board or in a category of people approved by the Board,

and who purchases, or has purchased within the preceding 12 months, goods or services from the Society or who supplies, or has supplied within the preceding 12 months, goods or services to the Society; and

Working Day has the definition set out in section 2(1) of the Companies Act.

- 1.2 Other expressions which are defined in the Act (whether generally, or for the purposes of one or more particular provisions) shall have the meanings given to them in the Act. Where an expression is defined in the Act more than once and in different contexts, its meaning will be governed by the context in which it appears in these Rules.

2 Construction

In these Rules:

- 2.1 headings appear as a matter of convenience and do not affect the interpretation of these Rules;
- 2.2 the singular includes the plural and vice versa, and words importing one gender include the other genders;
- 2.3 a reference to a person includes an individual, company, firm, society, body corporate, or any other legal entity and successors of that person;
- 2.4 a reference to any legislation includes references to:
 - 2.4.1 all regulations, orders, rules and notices made under that legislation;
and
 - 2.4.2 all amendments to, and all replacements and substitutions of, that legislation (including any regulations, orders, rules or notices), whether by subsequent legislation or otherwise;
- 2.5 a reference to *written or in writing* includes any electronic form of recording or presenting information, whether by electronic communication or otherwise, if the information is readily accessible so as to be usable for subsequent reference; and
- 2.6 the words "including" and "for example" do not have any limiting effect.

THE RELATIONSHIP BETWEEN THESE RULES AND THE ACT

3 Effect of the Act on these Rules

The Society, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified, in accordance with the Act, by these Rules.

4 Changes to Rules

The Shareholders may alter, replace or revoke these Rules by Special Resolution.

REGISTRATION, NAME, OBJECTS AND POWERS

5 Registration

The Society is an industrial and provident society registered under the Act.

6 Name

The name of the Society is Farmlands Co-operative Society Limited. The Society may change its name in accordance with the Act.

7 Registered office and place of office

The registered office and place of office of the Society is 535 Wairakei Road, Burnside, Christchurch 8053, as recorded and updated from time to time on the Industrial and Provident Societies Register in accordance with the Act.

8 Objects

The objects of the Society are to:

- 8.1 collectively purchase, sell and distribute goods and services;
- 8.2 supply goods and services to Shareholders and other persons;
- 8.3 arrange for third parties to supply goods and services to Shareholders and other persons;
- 8.4 operate an agency business for all types of insurance;
- 8.5 facilitate Shareholders and other persons acquiring goods and services through financial products, credit cards, electronic trading and other mediums;
- 8.6 carry out transactions with Shareholders and facilitate transactions between Shareholders on a co-operative basis; and
- 8.7 carry out any other industry, business, trade or activity (except the business of banking).

9 Powers

Subject to the Act and any other law, the Society has, both within and outside New Zealand:

- 9.1 full capacity to carry on and undertake any industry, business, trade or activity (except the business of banking), do any act, and enter into any transaction; and
- 9.2 for the purposes of clause 9.1, full rights, powers, and privileges.

10 Investment of property and funds

Without limiting clause 9 the Society may:

- 10.1 invest any part of the Society's funds or its capital in any manner not prohibited by the Act;
- 10.2 advance money to Shareholders on the security of real or personal property, or otherwise; and
- 10.3 invest any part of its capital in the shares or on the security of any other body corporate, including any body corporate referred to in section 10(1)(c) of the Act, provided that no such investments shall be made in the shares of any body corporate that does not have limited liability.

PART B: SHARES AND SHAREHOLDERS

RIGHTS AND POWERS ATTACHING TO SHARES

11 Shares on issue

As at the date of these Rules, the Society has one class of Shares called ordinary shares ("**Ordinary Shares**").

12 Ordinary Shares

- 12.1 Each Ordinary Share has a nominal value of \$1.00.
- 12.2 Unless otherwise provided by the terms of issue or by these Rules, an Ordinary Share confers on its holder the right to:
 - 12.2.1 one vote per Shareholder on any Shareholder resolution by show of hands or voice vote (subject to clauses 20 and 26);
 - 12.2.2 one vote per Share on a poll at a Shareholders' meeting on any resolution or on any postal vote (subject to clauses 20 and 26);
 - 12.2.3 rebates and other Distributions authorised by the Board; and
 - 12.2.4 a share in the distribution of the surplus assets of the Society in accordance with these Rules.

13 Subsequent Share issues

The Board may issue Shares, securities that are convertible into Shares or options to acquire Shares at any time, to any person, in any number, in such classes and on such terms as it thinks fit subject to the provisions of the Act and these Rules.

14 Bonus issues

Without limiting clause 13, the Board may:

- 14.1 issue fully paid Shares to Shareholders either (in the Board's discretion) pro-rata according to the number of Shares held or on the same basis as a rebate or other Distribution payable to Shareholders; and
- 14.2 apply part or all of a rebate or other Distribution to which a Shareholder is entitled or any reserves or retained earnings in paying up Shares issued to that Shareholder on such basis and terms as the Board considers appropriate.

15 No issue

No issue of Shares shall proceed if it would cause suspension or cancellation of the Society's registration under the Act or would otherwise breach the Act.

16 Consolidation and subdivision of Shares

The Board may consolidate, divide or subdivide Shares of any class.

17 Reclassification of Shares

The Board may reclassify Shares into another class of Shares.

18 Nominal Value

The Board may change the nominal value of any class of Shares from time to time provided the change is approved by Ordinary Resolution.

SHAREHOLDER QUALIFICATIONS**19 Qualification for admission**

No person shall be issued Shares unless, in the opinion of the Board, the person will be a Transacting Shareholder at the time the Shares are issued.

20 No vote if not a Transacting Shareholder

A Shareholder that is not a Transacting Shareholder shall not be entitled to vote on any resolution.

21 Determination as to whether qualified

The Board's decision on whether a person is entitled to be issued Shares under clause 19, or is entitled to vote under clause 20, shall be final.

APPLICATION FOR SHAREHOLDING

22 Application form

The Board shall determine the required Shareholder application form (which may be in electronic form) from time to time. Each person applying to become a Shareholder shall complete that application form and provide such other information as the Board requires.

23 Board may impose conditions

The Board may, as a condition of Shareholding, require the applicant to provide such security and to be bound by such terms and conditions, either with the Society and/or with other persons, as the Board may determine.

24 Board may decline application

The Board shall have absolute discretion to determine whether to accept an application for Shareholding. The Board may decline any application without being bound to give reasons.

CAPITAL PAYMENTS

25 Payment for Shares

Shares must be paid for at such time or times and in such manner as the Board determines. Unless the Board determines otherwise at the time the relevant Shares are issued, any part payment for Shares shall be applied towards full payment of part of the Shares and not pro-rata against all of the Shares (for example, if a new Shareholder has paid \$300 toward their initial 500 Shares issued at \$1 per Share, they would have fully paid for 300 of those Shares rather than having partly paid for 500 Shares).

26 Voting rights suspended

A Share does not confer on its holder a right to vote on any resolution unless and until it is fully paid. A Shareholder shall not be entitled to vote on any resolution if that Shareholder is in default of any obligation to pay any money to the Society or any of its Related Entities.

27 Application of rebates or other Distributions

Any rebate or other Distribution due to the holder of a Share may be applied by the Board in reduction or satisfaction of any amount unpaid on that Share or any other amount due and owing by the Shareholder to the Society or any of its Related Entities.

MINIMUM AND MAXIMUM HOLDINGS

28 **Minimum Holding**

Each Shareholder shall hold such minimum number of Shares as the Board determines from time to time.

29 **Maximum Holding**

Under the Act no Shareholder (other than a registered society) may have or claim any interest in Shares exceeding an amount permitted by Gazette notice. The Board may from time to time determine a lesser number or value of Shares (of any or all classes) as the maximum any Shareholder may hold (despite any higher maximum being permitted by law).

30 **Share standard**

Without limiting clauses 28 and 29, the Board may from time to time set a number of Shares that a Shareholder is required to hold based upon their trading with the Society (or on any other basis the Board thinks fit). If a determination by the Board under this clause requires any Shareholder to acquire additional Shares, the Board may determine how and when the consideration for those additional Shares is to be paid.

SHARE REGISTER

31 **Register**

The Society shall maintain a share register that records the Shares issued by the Society and states the following details for the previous 10 years:

31.1 number of Shares and terms of issue of each class of Shares on issue;

31.2 names of all Shareholders in alphabetical order;

31.3 number of Shares held by each Shareholder in each class; and

31.4 date of every issue, transfer or surrender of Shares.

32 **Agent may maintain**

An agent may maintain the Share Register.

33 Share register may be divided

The Share Register:

33.1 must be kept in written form, including by electronic means, or in any other form or manner that allows the documents and information that comprise the records to be accessible and convertible into written form; and

33.2 may be divided into 2 or more registers kept in different places.

34 Status of registered holder

The entry of the name of a person in the Share Register as holder of a Share is prima facie evidence that legal title to the Share vests in that person. The Society may treat the registered holder of a Share as the only person entitled to:

34.1 exercise the right to vote;

34.2 receive notices;

34.3 receive a rebate or other Distribution; and

34.4 exercise the other rights and powers

in respect of that Share.

35 Trusts not to be entered on Share Register

Subject to clause 40.2, the Society must not enter any notice of a trust on the Share Register, whether that trust is express, implied or constructive.

TRANSFERS OF SHARES**36 Shares transferred by entry on Share Register**

Subject to clause 38 a Share may be transferred by entry of the name of the transferee on the Share Register.

37 Form of transfer

For the purposes of transferring Shares, a transfer signed by the present Shareholder or its Personal Representative must be delivered to the Society. The transfer must be in the form determined by the Board as being required from time to time or any other form which the Board may approve. The transferee must sign the transfer form if registration would impose a liability to the Society on the transferee.

38 Right to refuse transfer

The Board may, in its absolute discretion, refuse or delay the registration of any transfer of a Share if the:

- 38.1 Share is not fully paid;
- 38.2 holder of the Share owes money or has a liability or obligation to the Society or any of its Related Entities;
- 38.3 transferee is not a person to whom Shares may be issued under clause 19;
- 38.4 transfer is not accompanied by such information as the Board may reasonably request in respect of the transferee;
- 38.5 Board considers it is required by law to refuse or delay the registration; or
- 38.6 Board determines in its absolute discretion not to register the transfer (without being bound to give reasons).

39 Transmission on death of Shareholder

If a Shareholder dies, the Shareholder's Personal Representative, or, if the deceased was a joint Shareholder, the survivor, shall be the only person recognised by the Society as having any title to or interest in their Shares. Nothing in this clause shall release the estate of a deceased joint Shareholder from any liability in respect of a Share or release any lien which the Society has in respect of a Share.

40 Rights of Personal Representatives

The Personal Representative of a Shareholder is entitled to:

- 40.1 exercise all rights (including the rights to receive rebates and other Distributions, to receive notices of and attend meetings and to vote on resolutions), and is subject to all limitations attached to the Shares held by that Shareholder; and
- 40.2 be registered as holder of those Shares, but such registration shall not operate as a release of any rights (including any lien) to which the Society was entitled prior to registration of the Personal Representative as the holder of the Shares.

41 Joint Personal Representatives

Where a Share is subject to the control of two or more persons as Personal Representatives, they shall, for the purposes of these Rules, be deemed to be joint holders of the Share.

SHARE CERTIFICATES

42 Issue of share certificates

While the Society remains an industrial and provident society under the Act, no certificates shall be required for any Shares.

CALLS, FORFEITURE AND LIENS

43 Board may make calls

The Board may make calls on any Shareholder for any money that is unpaid on that Shareholder's Shares and not otherwise payable at a specified time or times under these Rules or the terms of issue of those Shares or any contract for the issue of those Shares. Schedule 1 governs calls on Shares.

44 Forfeiture of Shares where calls or other amounts unpaid

The Board may commence procedures in accordance with Schedule 1 for forfeiture of any Shares if the holder of those Shares fails to pay:

44.1 a call, or an instalment of a call, on those Shares; or

44.2 any amount that is payable under these Rules or the terms of issue of those Shares or any contract for the issue of the Shares.

45 Society's lien

The Society has a lien on Shares, proceeds of sale of Shares, rebates and other Distributions on the terms set out in Schedule 1.

SURRENDER OF SHARES

46 Request to surrender

46.1 A Shareholder who has ceased being a Transacting Shareholder (as a result of failing to purchase goods or services from the Society or supplying goods or services to the Society for 12 months or more) may request the surrender of their Shares.

46.2 On the death of a Shareholder, the Personal Representative of that deceased Shareholder may request the surrender of Shares held by that

deceased Shareholder. The Personal Representative shall provide such information as the Board reasonably requires in relation to such request.

46.3 The Board shall, unless it exercises its rights under clause 46.4, accept a request under clause 46.1 or 46.2.

46.4 The Board may refuse to accept a surrender of Shares if the Board determines in its absolute discretion not to accept the surrender of Shares (without being bound to give reasons).

47 Requirement to surrender

The Board may require a Shareholder to surrender their Shares if the:

47.1 Shareholder has ceased being a Transacting Shareholder;

47.2 Shareholder is in default of an obligation to the Society or any of its Related Entities (including an obligation to pay money); or

47.3 Board determines in its absolute discretion that the surrender of Shares is required (without being bound to give reasons).

48 Consideration for surrender

The consideration for the surrender of Shares shall be the lesser of:

48.1 the nominal value of the Shares on the date on which the surrender takes effect;

48.2 the amount paid up on the Shares if this is less than the nominal value of the Shares;

48.3 if the terms of issue included a procedure for determining the consideration for the surrender of the Shares, the amount determined in accordance with that procedure; and

48.4 an amount agreed upon by the Board and the Shareholder,

less any amount the Shareholder owes to the Society or any of its Related Entities on any account whatsoever.

49 Payment of surrender money

49.1 Where the Board requires Shares to be surrendered, the Society shall pay out the money for the surrendered Shares within three months of the requirement.

49.2 Where the Board accepts a surrender request, the Board may decide that the Society shall pay the consideration for the surrender of Shares in one sum on a date determined by the Board, or in such instalments as the Board determines, provided the full consideration is paid within five years.

49.3 The amount payable for the surrendered Shares shall be an unsecured debt due to the Shareholder from the date of the Board resolution accepting or requiring the surrender. No interest shall be paid or payable to the Shareholder on such moneys.

50 Effect of surrender

On the surrender of a Share, the:

50.1 Share shall be deemed to be cancelled; and

50.2 rights and privileges attached to the Share shall immediately cease.

REBATES AND OTHER DISTRIBUTIONS

51 Board may authorise rebates and other Distributions

The Board may authorise rebates and other Distributions by the Society in accordance with any requirements in the Act. Rebates and other Distributions may be made, in whole or part, in cash, Shares or any other form determined by the Board.

52 Board's power to authorise rebates and other Distributions

The Board may authorise rebates and other Distributions calculated by reference to the number, value or volume of, or the profit derived by the Society or any Related Entity of the Society from, transactions by the Shareholders with or through the Society or any Related Entity of the Society and/or the number of Shares held.

53 Persons to whom distribution payable

A Distribution shall be made to the registered holder or holders of the relevant Shares at the time of the authorisation (or, at the Board's discretion, at the time the Distribution is made).

54 Distribution to joint holders

If several persons are registered as joint holders of any Share, and such persons are entitled to receive Distributions in respect of the Share, any one of them may give effectual receipts for any Distribution in respect of the Share.

55 Shareholder may waive Distribution

Notwithstanding clause 53, a Shareholder may waive their entitlement to receive a Distribution by giving a written notice to the Society signed by or on behalf of the Shareholder.

56 Board may deduct from Distribution amounts owed to Society

The Board may, at its discretion, deduct from any Distribution payable to any Shareholder any amount due and payable by the Shareholder to the Society or any Related Entity of the Society. The Board must deduct from any Distribution payable to any Shareholder any amount it is required by law to deduct, including withholding and other taxes.

57 Distributions do not bear interest

No Distribution shall bear interest against the Society unless the applicable terms of issue of a Share expressly provide otherwise.

58 Unclaimed Distributions

All Distributions unclaimed for one year after the due date for payment may be invested or otherwise made use of by the Board for the benefit of the Society until claimed. The Society shall be entitled to mingle the Distribution with other money of the Society and is not required to hold it on trust or regard it as being subject to any trust but, so long as any solvency test requirement is met, shall pay the Distribution to the person producing evidence of entitlement.

59 Manner of payment

A Distribution payable in cash may be paid in any manner as the Society determines to the person entitled to it (whether by direct credit to a Shareholder's bank account, credit to a Shareholder's trading account or otherwise).

60 Right not transferred

A transfer of any Share shall not pass the right to any Distribution authorised for payment on those Shares where the date for payment of that Distribution attached to those Shares has passed before the date of registration of the transfer.

61 Distribution of assets in satisfaction of Distributions

The Board may distribute in kind among the Shareholders by way of Distribution, any of the assets of the Society, and in particular any shares or securities of other companies to which the Society is entitled.

MEETINGS OF SHAREHOLDERS

62 Society must hold annual general meeting of Shareholders

62.1 The Board must call an annual general meeting of Shareholders to be held:

- 62.1.1 once in each calendar year; and
- 62.1.2 not later than 15 months after the date of the previous annual general meeting; and
- 62.1.3 not later than 6 months (or such longer or shorter period as may be permitted by the Act) after the balance date of the Society.

62.2 The Society must hold the annual general meeting on the date on which it is called by the Board, subject to clause 10.2 of Schedule 2.

63 Society may hold special meetings of Shareholders

A special meeting of Shareholders entitled to vote on an issue:

- 63.1 may be called at any time by the Board; and
- 63.2 must be called by the Board on the written request of not less than 100 Shareholders.

64 Proceedings at meetings of Shareholders

Schedule 2 governs the proceedings at all meetings of Shareholders.

PART C: DIRECTORS

APPOINTMENT AND REMOVAL

65 Number of Directors

The minimum number of Directors shall be six and the maximum number of Directors shall be nine. Up to three Directors shall be Independent Directors and up to six Directors shall be Shareholder Directors (appointed or elected in accordance with clause 67).

66 Effective date of changes and transitional provisions

66.1 Clauses 67 and 73 of these Rules apply from 1 January 2026. Clauses 67 and 73 of the Rules registered under the Industrial and Provident Societies Act 1908 on 29 November 2022 continue to apply until that date.

66.2 For the avoidance of doubt:

66.2.1 the Directors of the Society on the date these Rules take effect shall continue in office despite the changes to clauses 67 and 73 of these Rules; and

66.2.2 for any Board Appointed Shareholder Director who was appointed before the effective date of the changes to clauses 67 and 73 of these Rules, their continued position as a Board Appointed Shareholder Director shall not be subject to ratification by an Ordinary Resolution of Shareholders.

67 Shareholder Directors

A maximum of six Directors shall be appointed or elected (as the Board determines appropriate from time to time, at its discretion) to represent Shareholders (each a "**Shareholder Director**") as follows:

67.1 At least 3 months before each annual general meeting, the Board shall decide, and give written notice to the Shareholders of:

67.1.1 whether to hold an election that year, in accordance with the procedures set out in Schedule 4, for the election of Shareholder Directors ("**Elected Shareholder Director**"); and

67.1.2 if an election is to be held, how many Shareholder Directors are to be elected, subject to clause 67.3.

67.2 The Board may at any time, subject to clause 67.3, appoint Shareholder Directors to represent the Shareholders (each a "**Board Appointed Shareholder Director**"). Any such Board Appointed Shareholder Director shall hold office from the date of their appointment until the date of the next annual general meeting following their appointment, at which time their continued position as a Shareholder Director will be subject to ratification by an Ordinary Resolution of Shareholders (and upon such ratification they will be deemed to be elected by the Shareholders as an Elected Shareholder Director in accordance with clause 67.1 from the date of the relevant annual general meeting). If they are not ratified by an Ordinary Resolution of Shareholders, then that Board Appointed Shareholder Director shall cease to hold office at the conclusion of that annual general meeting.

67.3 Notwithstanding any other provision, the total number of Shareholder Directors at any time shall not exceed six.

67.4 In the event of any vacancy in the Shareholder Directors for any reason (including resignation, removal from office, retirement and otherwise), the Board may determine at its discretion whether such vacancy shall be filled by a Board Appointed Shareholder Director or an Elected Shareholder Director.

68 Independent Directors

The Board may appoint appropriately qualified persons as Independent Directors ("**Independent Directors**") in accordance with clause 65. Independent Directors are exempt from the qualification in clause 69 (but this shall not prevent the Board from appointing any Shareholder or other person meeting the qualifications in clause 69 as an Independent Director).

69 Qualification as a Shareholder Director

69.1 No person (except the Directors appointed under clause 68) shall be qualified to be a Director unless that person is a Transacting Shareholder and has been a Transacting Shareholder of the Society during the three years preceding the date of nomination, re-election or appointment (as the case may be).

69.2 For the purposes of clause 69.1, a person who is:

- 69.2.1 a director of a company that holds Shares;
- 69.2.2 the trustee of a trust that holds Shares;
- 69.2.3 a member of the governing body of any other body corporate that holds Shares; or
- 69.2.4 a member of a partnership (whether incorporated or unincorporated) or a joint holder of Shares;
- 69.2.5 actively involved in farming or in the New Zealand agriculture industry, and who holds more than 25% of the issued shares, membership interests or other comparable ownership interests in a company, trust, partnership or other body corporate; or
- 69.2.6 a Senior Manager of company, trust, partnership or other body corporate that is directly or indirectly actively engaged in farming or in the New Zealand agriculture industry,

where that company, trust, partnership, or other body corporate, or any of the persons jointly holding Shares, is a Transacting Shareholder, shall, at

the discretion of the Board, be deemed to be a Transacting Shareholder for the purposes of clause 69.1.

70 Election Procedures

Subject to clause 67.1, elections of Elected Shareholder Directors shall be conducted in accordance with Schedule 4.

71 Removal of Directors

71.1 A Director may be removed from office by an Ordinary Resolution at a meeting called for the purpose of, or for purposes that include, removal of that Director.

71.2 The office of Director shall be vacated if the Director:

- 71.2.1 ceases to be a Transacting Shareholder (other than a Director appointed under clause 68);
- 71.2.2 is in default of any obligation to pay any money to the Society or any Related Entity of the Society;
- 71.2.3 is or becomes disqualified from being a director under the Companies Act, the Insolvency Act 2006 or any other legislation, has been convicted of an offence involving dishonesty (as defined in section 2(1) of the Crimes Act 1961) or fraud, or is prohibited, by order of a Court or a regulator, from carrying on business in New Zealand;
- 71.2.4 is considered by the Commerce Commission, in carrying out certification under Part 5A of the Credit Contracts and Consumer Finance Act 2003, to not be fit and proper to perform their role, or the Board reasonably considers that the Commerce Commission is likely to suspend or cancel the Society's certification under Part 5A of the Credit Contracts and Consumer Finance Act as a result of the Director's appointment or continued position as Director;
- 71.2.5 is someone whose appointment or continued position as a Director the Board considers is likely to prevent the Society from obtaining or retaining any licence, approval or certification required by law to operate the Society's business;
- 71.2.6 refuses or otherwise fails to provide any necessary and relevant information required by law to be provided by a Director in order

for the Society to carry on its business and affairs or to otherwise meet its legal obligations, including failure to provide consent to any police report or other checks being carried out against the Director or failure to provide any required verification of identity and other due diligence information;

- 71.2.7 becomes of unsound mind;
- 71.2.8 dies;
- 71.2.9 resigns their office in accordance with clause 72;
- 71.2.10 retires or otherwise vacates office in accordance with these Rules and the Act;
- 71.2.11 is absent from three consecutive meetings of the Board without special leave of absence from the Board and the other Directors resolve that such Director's office be vacated by reason of such absence;
- 71.2.12 becomes incapable of carrying out the duties of a Director and the other Directors resolve to that effect;
- 71.2.13 is removed from office under clause 71.1;
- 71.2.14 becomes an employee of the Society or any Related Entity of the Society;
- 71.2.15 is or becomes a past employee of the Society or any Related Entity of the Society (unless the Board has expressly approved that person being a Director in writing notwithstanding their past employment); or
- 71.2.16 is removed from office because a majority of at least 75% of the other Directors is of the opinion that the Director has failed to act in the best interests of the Society.

71.3 Directors removed under this clause 71 shall not be eligible for re-election or appointment unless approved by the Board by a resolution approved by 75% of the Directors.

72 Director's resignation procedure

A Director may resign office:

72.1 by signing a written notice of resignation and delivering it to the address for service of the Society, the notice being effective when it is received at that address or at a later time specified in the notice; or

72.2 in any other manner permitted by the Act.

73 Rotation of Directors

73.1 Elected Shareholder Directors shall:

73.1.1 hold office from the date of their election (including by ratification as an Elected Shareholder Director at an annual general meeting under clause **Error! Reference source not found.**) for up to three years; and

73.1.2 retire, and subject to clause 73.4 be subject to re-election (or if there is no election, re-appointment as a Board Appointed Shareholder Director) immediately following expiry of that term.

73.2 Board Appointed Shareholder Directors and Independent Directors shall hold office from the date of their appointment until the date fixed by the Board for the third annual general meeting following their appointment or such lesser term as the Board determines. They may be re-appointed at the expiry of that term if they are eligible for appointment, subject to clause 73.4.

73.3 A retiring Director continues to hold office until the conclusion of any meeting at which they are required to retire unless they are re-appointed in accordance with these Rules.

73.4 A retiring Director is eligible for re-election or re-appointment (except as noted in clause 73.2 or where such re-election or re-appointment would result in a Director exceeding the maximum number of terms as set out in this clause). The maximum number of terms that a Director may hold office as Director shall be three consecutive terms, subject to:

73.4.1 a Director who has been elected as Chairperson of the Board may hold the office of Director for up to a maximum of five consecutive terms; and

73.4.2 the Board may, by resolution approved by 75% of the Directors, allow any Director who has held office for the specified maximum terms to re-stand for re-election or be re-appointed to hold office for further terms.

CHAIRPERSON

74 Chairpersons (and Deputy Chairpersons)

At the first Board meeting following each annual general meeting:

74.1 the Directors must elect one of their number (except any Director who does not meet the qualification in clause 69) as Chairperson of the Board; and

74.2 the Directors may elect one of their number (except any Director who does not meet the qualification in clause 69) as Deputy Chairperson of the Board.

MANAGEMENT OF THE SOCIETY

75 Board to manage Society

The Society's business and affairs must be managed by, and under the direction or supervision of, the Board, except to the extent that the Act or these Rules provide otherwise.

76 Board has powers necessary to manage Society

The Board has all the powers necessary for managing, and for directing and supervising the management of, the Society's business and affairs, except to the extent that the Act or these Rules provide otherwise.

77 Special resolutions necessary for major transactions

The Society must not enter into a major transaction (as that term is defined in section 129 of the Companies Act, but read as if references to "company" are references to the Society), unless the transaction is approved by a Special Resolution of Shareholders.

PROCEEDINGS OF THE BOARD

78 Meetings of the Board

Schedule 3 governs the proceedings at meetings of the Board, except where otherwise agreed by all Directors.

79 Written resolutions of Board permitted

A resolution in writing, signed or assented to by 75% of the Directors is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents (including originals or any electronic copies) in like form each signed or assented to by one or more Directors. Within 5 Working Days of a resolution being passed in

accordance with this clause, a copy of the resolution shall be sent to every Director who did not sign or assent to the resolution.

DELEGATION OF POWERS

80 Board's right to delegate its powers

Subject to any restrictions in the Act or these Rules, the Board may delegate any one or more of its powers to a committee of Directors, a Director, an employee of the Society or any other person. The Board is responsible for the exercise of the power by the delegate as if the power had been exercised by the Board, unless the Board:

80.1 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 directors under these Rules and at law; and

80.2 has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

INTERESTED DIRECTORS

81 Directors must disclose their Interests

As soon as a Director becomes aware of the fact that they are Interested in a transaction or proposed transaction with the Society, that Director must disclose that Interest.

82 Failure to disclose does not affect validity of transaction

Any failure by a Director to comply with clause 81 does not affect the validity of a transaction entered into by the Society or the Director. However, the transaction may be avoided under clause 83.

83 Society may avoid transaction if Director Interested

Where the Society enters into a transaction in which a Director is Interested, the Society may avoid that transaction at any time before the expiration of 3 months after the transaction is disclosed to Shareholders (whether by means of the Society's annual report or otherwise). However a transaction cannot be avoided if the Society receives fair value under it. Sections 139 to 143 of the Companies Act shall apply (with such modifications as may be necessary) as if the Society was a company incorporated under that Act.

84 Interested Director may not vote

A Director of the Society who is Interested in a transaction entered into, or to be entered into, by the Society shall not, unless expressly permitted to do so by a majority of the Directors:

- 84.1 vote on a matter relating to the transaction;
- 84.2 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;
- 84.3 sign a document relating to the transaction on behalf of the Society; or
- 84.4 do anything else as a Director in relation to the transaction.

To avoid doubt, nothing in this clause or elsewhere in these Rules prevents a Director from voting on any resolution in relation to any of the following matters, which shall be expressly permitted as if the Director was not Interested in the relevant transaction:

- 84.5 Directors' remuneration;
- 84.6 Directors' indemnities and other matters requiring a directors' certificate;
- 84.7 A transaction in the ordinary course of business with a Transacting Shareholder, where a Director is the Transacting Shareholder or is a director, officer or Trustee of the Transacting Shareholder; or
- 84.8 Any matter where a Director is a Transacting Shareholder and the matter affects all Transacting Shareholders and not only that particular Director as a Transacting Shareholder.

REMUNERATION**85 Board's power to authorise remuneration and other benefits is limited**

85.1 The Board may authorise the:

- 85.1.1 payment of remuneration or the provision of other benefits by the Society to a Director for services as a Director or in any other capacity;
- 85.1.2 payment by the Society to a Director of compensation for loss of office; and

85.1.3 entering into of a contract to do any of the things set out in this clause;

in accordance with this clause 85 and only if the Board is satisfied that to do so is fair to the Society.

85.2 Every two years the Board shall determine the amount of annual Director's remuneration that is payable to Directors as follows, subject to annual adjustment under clause 85.3:

85.2.1 Before ascertaining the amount of Directors' remuneration, the Board may (in its discretion) obtain the opinion of independently qualified persons as to the appropriate rate of remuneration payable to directors of body corporates with a similar level of assets and revenue to the Society. If the Board has obtained such an opinion, then the Board shall determine the amount of Director's remuneration after taking into account that opinion; or

85.2.2 If the Board has not obtained an opinion under clause 85.2.1, the Board shall determine the amount of Director's remuneration on the basis of the decision of the Board as to what is fair and reasonable remuneration and ensure that such remuneration is fair to the Society.

85.3 The Board may adjust the amount of Director's remuneration determined as payable under clause 85.2 each year, in accordance with any annual CPI increase or any alternative adjustment procedure determined by the Board.

85.4 A Director may be or become a director of, or otherwise interested in, any entity promoted by the Society, or in which the Society may be interested as shareholder, or otherwise, and no such Director shall be accountable to the Society for any remuneration or other benefits received by that person as director or officer of, or from such person's interest in, any such other entity, unless the Society otherwise directs.

85.5 The Board may authorise the making of loans by the Society to a Director provided the loans are on the terms that are no more favourable than the terms of loans made by the Society to its members and the Board is satisfied that to do so is fair to the Society.

85.6 The Board may not authorise the giving of guarantees by the Society for debts incurred by a Director.

85.7 To avoid doubt, this clause 85 prevails over anything in clause 84.

86 Expenses

In addition to remuneration paid in accordance with clause 85, Directors shall be entitled to receive the following payments without any further authorisation:

86.1 any allowance or reimbursement for reasonable travelling, accommodation and other expenses, disbursements and payments incurred by the Directors acting in the interests of the Society and any other expenses incurred or likely to be incurred in attendances at meetings of the Board and of the Society or otherwise in the course of performing duties or exercising powers as a Director of the Society or in any manner whatsoever engaged in the business or affairs of the Society; and

86.2 any additional remuneration out of the funds of the Society by a fixed sum or at a fixed rate to any Director or Directors forming a committee of the Board, rendering any special services requiring travel or otherwise for any of the purposes of or in the interests of the Society, or for undertaking any work additional to that required of directors of a body corporate similar to the Society, and without any such award each Director shall be entitled to reasonable expenses as set out in clause 86.1 for or in connection with any travel undertaken by that Director on the Society's business.

PART D: GENERAL

OFFICERS

87 Secretary and other officers

The Board shall appoint a secretary and managers or other officers, determine their respective powers and remuneration and have the power to remove such appointees.

AUDITORS

88 Auditors

88.1 The Society must, at each annual general meeting, appoint an auditor to:

88.1.1 hold office from the conclusion of the meeting until the conclusion of the next annual general meeting; and

88.1.2 audit the financial statements of the Society and, if the Society is required to complete group financial statements, those group

financial statements, for the accounting period next after the meeting in accordance with the Act.

88.2 A person must not be appointed or act as an auditor of the Society unless that person meets the requirements in section 36 of the Financial Reporting Act 2013.

88.3 An auditor of the Society is automatically reappointed at an annual general meeting of the Society unless the:

88.3.1 auditor is not qualified for appointment;

88.3.2 Society passes a resolution at the meeting appointing another person to replace them as auditor; or

88.3.3 auditor has given notice to the Society that they do not wish to be reappointed.

88.4 The Board may fill any casual vacancy in the office of auditor on terms that provide that the auditor so appointed shall cease to hold office as at the next annual general meeting of the Society unless that person is reappointed under clause 88.3.

88.5 The fees and expenses of an auditor shall be fixed by the Board.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

89 Society may indemnify directors and employees for certain costs

The Society may indemnify a director or employee of the Society or any of its Related Entities for any costs incurred by them in any proceeding:

89.1 that relates to liability for any act or omission in their capacity as a director or employee; and

89.2 in which judgment is given in their favour, or in which they are acquitted, or which is discontinued.

90 Society may indemnify directors and employees for certain liabilities

The Society may indemnify a director or employee of the Society and any of its Related Entities in respect of:

90.1 liability to any person other than the Society and any of its Related Entities for any act or omission in their capacity as a director or employee; or

90.2 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 the Director's duties or, in the case of an employee, of any fiduciary duty owed to the Society or any of its Related Entities.

91 Society may effect insurance for Directors and employees

The Society may, with the prior approval of the Board, effect insurance for a Director or employee of the Society and any of its Related Entities in respect of:

91.1 liability, not being criminal liability, for any act or omission in their capacity as a Director or employee; or

91.2 costs incurred by that Director or employee in defending or settling any claim or proceeding relating to any such liability; or

91.3 costs incurred by that Director or employee in defending any criminal proceedings:

91.3.1 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

91.3.2 in which they are acquitted.

91.4 The Directors who vote in favour of authorising the effecting of insurance under clause 91.3 must sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the Society.

91.5 In clauses 89 - 91, the term "Director" shall include any former Director of the Society and the term "employee" shall include any former employee of the Society.

EXECUTION OF CONTRACTS

92 Common seal

The Society may have a common seal which is to be kept in the custody of the Secretary of the Society. It may be applied to any document by order of the Board. Its application shall be witnessed by two Directors.

93 Manner of execution

A contract or other enforceable obligation may be entered into by the Society as follows:

- 93.1 an obligation which, if entered into by a natural person, would, by law, be required to be by deed, may be entered into under the common seal of the Society or any other lawful means including by 2 Directors or by an attorney in accordance with the Property Law Act 2007;
- 93.2 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; and
- 93.3 an obligation which, if entered into by a natural person, is not, by law, required to be in writing, may be entered into on behalf of the Society in writing or orally by a person acting under the Society's express or implied authority.

94 Society may appoint attorneys

- 94.1 The Society may, by an instrument in writing executed in accordance with clause 93.1, appoint one or more persons as its attorney or attorneys either generally or in relation to a specified matter or matters. An act of an attorney in accordance with the instrument binds the Society.
- 94.2 Sections 19 to 21 of the Property Law Act 2007 apply, with all necessary modifications, in relation to a power of attorney executed by the Society, to the same extent as if the Society was a natural person and as if the commencement of the liquidation or, if there is no liquidation, cancellation of the Society's registration under the Act was an event revoking the power of attorney within the meaning of those sections.
- 94.3 To avoid doubt, an attorney may subdelegate any of its powers to the extent that the delegation of powers is permitted by the instrument appointing the power of attorney.

LIQUIDATION

95 Distribution of assets in kind

If the Society is liquidated, the liquidator may, with the approval of Shareholders by Special Resolution and any other sanction required by the Act (or by the Companies Act to the extent it applies):

95.1 divide among the Shareholders in kind the whole or any part of the assets of the Society and for that purpose the liquidator may:

95.1.1 fix such values for assets as the liquidator considers to be appropriate; and

95.1.2 determine how the division will be carried out as between different classes of Shares; and

95.2 vest the whole or any part of any such assets in trustees upon such trusts for the benefit of such of those Shareholders as the liquidator thinks fit,

but so that no Shareholder is compelled to accept any Shares or other securities on which there is any liability.

96 Order of Priority of Payment of Surplus Assets

Subject to the terms upon which any Shares may have been issued, if on the liquidation of the Society there are surplus assets after payments to secured and unsecured creditors of the Society and payment of all fees, expenses, costs of liquidation, and other preferential payments, the liquidator shall distribute that surplus in the following order of priority:

96.1 first, in payment to holders of preference Shares (if any) the amount paid up on those Shares;

96.2 secondly, in repayment of the nominal value (if any) paid up on Shares (if there is insufficient surplus to pay the nominal value of all such Shares the surplus shall be distributed to the Shareholders pro-rata to the amount paid up on such Shares); and

96.3 thirdly, to holders of Ordinary Shares in proportion to their transactions with the Society for such period and on such basis as the Board in its absolute discretion shall determine either prior to such liquidation commencing or at any time thereafter.

NOTICES

97 Service

- 97.1 Notices may be served by the Society on any Director or Shareholder by:
- 97.1.1 personal delivery of the notice to such Director or Shareholder, or to such person's last known address;
 - 97.1.2 posting it to such person at their last known address; or
 - 97.1.3 emailing it to the last known email address of such Director or Shareholder.
- 97.2 A notice or other document sent by email is deemed to have been received on the next Working Day following the day on which it was sent.
- 97.3 A notice sent by post is deemed to have been served in the case of a person whose last known address is:
- 97.3.1 in New Zealand, at the end of 10 Working Days after posting; and
 - 97.3.2 outside New Zealand, at the end of 15 Working Days after posting.
- 97.4 In proving service by post, it is sufficient to prove that the envelope or package containing the notice was properly addressed and posted or delivered with all attached postal or delivery charges paid. In proving service by email, it is sufficient to prove that the document was properly addressed and sent by email to the correct email address.
- 97.5 A notice may be given by the Society to the joint holders of a Share by giving the notice to the joint holder first named in the Share Register in respect of the Share.
- 97.6 A notice may be given by the Society to a person or persons entitled to a Share in consequence of the death or bankruptcy of a Shareholder by addressing it to such person or persons by name or by title or by any appropriate description, at the address (if any) within New Zealand supplied for the purpose by the person or persons claiming to be so entitled, or (until such time an address has been supplied) by giving the notice in any manner in which it might have been given if the death or bankruptcy had not occurred.

98 Costs

In the event that the Society is required to recover any moneys from a Shareholder or a person who was a Shareholder the Society shall be entitled to recover all reasonable costs incurred by the Society (including legal fees) in recovering or seeking to recover such moneys for the Society.

99 Electronic disclosure of documents to Shareholders permitted

The Board may at its discretion send a copy of the annual report or any other document to a Shareholder by sending the Shareholder a copy of the relevant document or a copy of a notice containing the following statements in relation to the relevant document:

- 99.1 a statement to the effect that the Shareholder has a right to receive from the Society, free of charge, a copy of the relevant document if the Shareholder, within 15 Working Days of receiving the notice, makes a request to the Society to receive a copy of the relevant document;
- 99.2 a statement to the effect that the Shareholder may obtain a copy of the relevant document by electronic means; and
- 99.3 a statement as to how the Shareholder may obtain a copy of the relevant document by electronic means (for example, from a specified website address).

The notice may be accompanied by any additional information or documentation that the Board thinks fit and, for the purposes of determining whether any document has been sent to a Shareholder by the Board, the receipt by a Shareholder of any notice containing the above statements shall be deemed to be receipt of a copy of the relevant document referred to in the notice by that Shareholder.

100 Electronic signatures and counterparts

Any notice or other document required to be signed by any person under these Rules may be signed by the relevant signatory or signatories in one or more counterparts (including scanned and electronic copies), each of which is deemed an original and all of which constitute one and the same document. For the purposes of these Rules, a signatory may sign any such notice or other document by signing, or assenting in writing to, such document or:

- 100.1 inserting (or authorising any other person to insert) their electronic signature on the relevant document; and

100.2 delivering the document containing their electronic signature to another party in accordance with these Rules.

Any such document containing an electronic signature may prima facie be relied on by the receiving party and treated as if it contained the original signature of the signatory.

DISPUTE RESOLUTION

101 Dispute Resolution

Any shareholding dispute or other dispute, query, investigation or complaint by a Shareholder shall be made in accordance with any dispute resolution procedure notified by the Board as being applicable from time to time, and if no such dispute resolution procedure has been notified, shall be referred to the Board for full and final determination. Unless otherwise notified by the Board, the outcome of any dispute resolution procedure or complaints policy set by the Board shall be final. A shareholder may request a copy of any applicable dispute resolution procedure at any time.

SCHEDULE 1: CALLS, FORFEITURE AND LIENS

INTERPRETATION

1 **Clause references**

Unless stated otherwise, references to clauses are references to clauses in this Schedule.

CALLS ON SHARES

2 **Shareholders must pay calls**

Every Shareholder on receiving at least 10 Working Days' written notice specifying the time or times and the place of payment must pay, in accordance with that notice, the amount called to be paid in respect of any Shares that they hold. The Board may revoke or postpone a call, or require a call to be paid by instalments.

3 **Call made when Board resolution passed**

A call is regarded as having been made at the time when the Board resolution authorising the call was passed.

4 **Joint holders are jointly and severally liable**

The joint holders of a Share are jointly and severally liable to pay all calls for that Share.

5 **Unpaid calls will accrue interest**

If an amount called is not paid in full at the time specified for payment, the person from whom the amount is due must pay the Society interest on the amount that remains unpaid at a rate determined by the Board and calculated from the time specified for payment until the day of actual payment. The Board may waive some or all of the payment of that interest.

6 **Amounts payable under terms of issue treated as calls**

A call will be deemed to have been made on any amount payable under the terms of issue of a Share and payable on a specified date. If the payment is not made by the specified date, the relevant provisions of these Rules will apply as if the amount had become payable by virtue of a call made in accordance with these Rules.

7 **Board may differentiate between holders as to calls**

On the issue of Shares, the Board may differentiate between the holders of Shares as to the amount of calls to be paid and the times of payment.

8 Board may accept payment in advance for calls

Where a Shareholder is willing to advance some or all of the money unpaid and uncalled on any Share or Shares of that Shareholder, the Board may accept the amount advanced on the Society's behalf. The Board may pay interest on that amount at a rate agreed between the Board and that Shareholder for the period between the date that the amount is accepted and the date it was payable.

FORFEITURE OF SHARES

9 Directors may serve notice

The Directors may during the time that a call, instalment, or other amount remains unpaid on a Share, serve a notice on the Shareholder requiring payment of the unpaid call, instalment, or other amount, together with any accrued interest and all expenses incurred by the Society by reason of such non-payment.

10 Notice of forfeiture must satisfy certain requirements

The notice served on a Shareholder under clause 9 must specify a date for payment that is at least 10 Working Days after the date the notice is served. The notice must also state that in the event of non-payment by the appointed date, the Shares to which the call, instalment, or other amount relates, will be liable to be forfeited by the Shareholder.

11 Failure to comply with notice may lead to forfeiture

Where a valid notice under clause 9 is served on a Shareholder and the Shareholder fails to comply with the notice, then the Board may:

11.1 resolve that any Share for which that notice was given and all rebates and other Distributions authorised and not paid in respect of such Shares before the notice was served be forfeited; and

11.2 cancel any share certificate relating to any Share which has been forfeited pursuant to any such resolution.

12 Board may deal with forfeited Share

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. However, the Board may cancel the forfeiture at any time before the sale or other disposition on such terms as the Board thinks fit if the call, instalment or other amount which remains unpaid on the Share is paid.

13 Shareholder whose Shares are forfeited loses rights

A person whose Shares have been forfeited immediately ceases to be a Shareholder in respect of those Shares notwithstanding any other provision of

these Rules, but shall not be released from any obligation to pay any unpaid amount owed to the Society.

14 Director's statutory declaration is conclusive

A statutory declaration given by a Director that a Share has been duly forfeited on a stated date shall be conclusive evidence of the facts stated in that declaration against any person claiming an entitlement to that Share.

15 Society may sell forfeited Share

The Society may receive consideration, if any, given for a forfeited Share following a sale or disposition, and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of, and register that person as the holder of the Share. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall the title to the Share be affected by any irregularity or invalidity in the procedures under these Rules in respect of the forfeiture, sale or disposal of that Share.

LIENS

16 Society's lien

The Society shall have a first and continuing lien, ranking in priority over all other claims, on:

- 16.1 all Shares registered in the name of a Shareholder (whether solely or jointly with others);
- 16.2 the proceeds of sale of such Shares; and
- 16.3 all rebates and other Distributions declared in respect of those Shares from time to time,

for:

- 16.4 amounts unpaid (whether presently payable or not) in respect of any such Shares;
 - 16.5 interest on any such calls or instalments;
 - 16.6 sale expenses owing to the Society in respect of any such Shares;
 - 16.7 any money, debts or other liabilities presently payable to the Society on any account whatsoever and whether solely or jointly with any other person;
- and

16.8 any amounts that the Society may be called on to pay under any law in respect of the Shares of a Shareholder, whether or not the period for payment has arrived.

17 Waiver of lien

Registration of a transfer of Shares on which the Society has any lien will operate as a waiver of the lien, unless the Society first gives notice to the contrary to the transferee.

18 Society may sell Share on which it has a lien

The Society may sell a Share on which it has a lien in such manner as the Board thinks fit, where:

18.1 the lien on the Share is for a sum which is presently payable; and

18.2 the registered holder of the Share, or their Personal Representative (on their death or bankruptcy), has failed to pay that sum within 10 Working Days after the Society has served them with written notice demanding payment of that sum.

19 The Society may transfer Share and apply proceeds

19.1 The Society may receive consideration given for a Share sold under clause 18, and may execute a transfer of the Share in favour of the person to whom the Share is sold, and register that person as the holder of the Share discharged from all calls due prior to the purchase. The purchaser shall not be bound to see to the application of the purchase money, and their title to the Shares shall not be affected by any irregularity or invalidity in the enforcement of the lien.

19.2 The Society must apply the sale proceeds in payment of the sum presently payable on the lien, and the balance, if any, shall (subject to a like lien for sums not presently payable that existed upon the Share before the sale) be paid to the previous holder of the Shares.

SCHEDULE 2: PROCEEDINGS AT SHAREHOLDERS' MEETINGS

INTERPRETATION

1 Construction

- 1.1 Unless stated otherwise, references to clauses are references to clauses in this Schedule.
- 1.2 A reference in this Schedule to a Shareholder present at a meeting or entitled to vote at a meeting includes a reference to a proxy of a Shareholder, a representative of a corporate Shareholder, an attorney of a Shareholder, and any person who may lawfully act on behalf of a Shareholder. The right to vote is subject to the provisions of clauses 20 and 26 of these Rules.

NOTICE

2 Written notice must be given to Shareholders, Directors and auditors

- 2.1 Written notice of the time and place of a meeting of Shareholders must be sent, not less than 10 Working Days before the meeting, to:
 - 2.1.1 every Shareholder entitled to receive notice of the meeting;
 - 2.1.2 every Director; and
 - 2.1.3 any auditor of the Society.
- 2.2 Notice of any meeting may be given in electronic form and by electronic means to any person who has consented to receive such notice electronically and provided an electronic address for the purpose of receiving such notices.

3 Notice must state nature of business

The notice must state the:

- 3.1 nature of the business to be transacted at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgement in relation to it; and
- 3.2 text of any special resolution to be submitted to the meeting.

4 Irregularities in notice may be waived

Any irregularity in a notice of a meeting is waived if all the Shareholders who attend and vote at the meeting do so without protest as to the irregularity, or if all such Shareholders agree to the waiver.

5 Society's accidental failure to send notice or minor irregularity does not invalidate meeting

5.1 The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to a person entitled to that notice, or by the non-receipt of the notice by such a person.

5.2 Any irregularity or defect in proceedings at a meeting of Shareholders does not invalidate anything done at the meeting if the Board determines the irregularity or defect was minor and not material.

6 Notice of an adjournment

If a meeting is adjourned for less than 30 days, no notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting which is adjourned.

MEETING AND QUORUM

7 Methods of holding meetings

A meeting of Shareholders may be held either by:

7.1 a number of Shareholders, who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

7.2 the quorum of Shareholders participating in the meeting by means of an audio, audio and visual, or electronic communication; or

7.3 a combination of both of the methods described above,

as determined by the Board in its discretion.

8 Business to be transacted only if a quorum is present

No business may be transacted at a meeting of Shareholders if a quorum is not present, subject to clause 10.

9 Quorum for Shareholders' meeting

A quorum for a meeting of Shareholders is present if 25 or more Shareholders having the right to vote at the meeting are present in person or by proxy or have cast postal votes.

10 Meeting convened at Shareholders' request dissolved if no quorum

If a quorum is not present within 30 minutes after the time appointed for the meeting:

10.1 in the case of a meeting convened on the written request of Shareholders under clause 63.2 of the Rules, the meeting will be dissolved automatically; and

10.2 in the case of any other meeting, the meeting will be adjourned to the same day in the following week at the same time and place, or to such other day, time, and place as the Directors may appoint. If at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, the Shareholders or their proxies present will constitute a quorum.

To avoid doubt, a Shareholder participating in a meeting by means of audio, audio and visual, or electronic communication is present at the meeting and part of the quorum.

CHAIRPERSON**11 Chairperson of Board to be chairperson of meeting**

The chairperson of the Board, if one has been elected by the Directors and is present at a meeting of Shareholders, will chair the meeting.

12 Directors may elect chairperson if chairperson of Board not available

If no chairperson of the Board has been elected or, if at any meeting of Shareholders the chairperson of the Board is not present within 15 minutes of the time appointed for the commencement of the meeting or is unwilling to act, the deputy chairperson shall chair the meeting, or if there is no deputy chairperson elected or the deputy chairperson is not present or is unwilling to act, the Directors present may elect one of their number to be chairperson of the meeting.

13 As a last resort Shareholders may elect chairperson

If at any meeting of Shareholders, no Director is willing to act as chairperson or if no Director is present within 15 minutes of the time appointed for the commencement of the meeting, the Shareholders present may elect one of their number to be chairperson of the meeting.

14 Chairperson's power to adjourn meeting

The chairperson of a meeting at which a quorum is present:

14.1 may adjourn the meeting with the consent of the Shareholders entitled to attend and vote at that meeting; and

14.2 must adjourn the meeting if directed by the meeting to do so.

The only business that may be transacted at any adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.

VOTING

15 Voting by show of hands or voice vote at meeting

In the case of a meeting of Shareholders assembled together, unless a poll is demanded, voting at the meeting will be by a show of hands or by voice vote, as the chairperson of the meeting may determine.

16 Voting by voice if audio-conference meeting

In the case of a meeting of Shareholders held by means of audio, audio and visual, or electronic communication, unless a poll is demanded, voting at the meeting will be by any method permitted by the chairperson of the meeting.

17 Votes of joint holders

Where two or more persons are registered as the holders of a Share, either of those persons may vote but if more than one of such persons wishes to vote then the vote of the person named first in the Share Register and voting on a matter must be accepted to the exclusion of the vote of any other joint holder.

18 Shareholder loses certain voting rights

A Shareholder shall not have the right to vote on any resolution if:

18.1 the Shareholder has not been a Transacting Shareholder for 12 months or more (refer to clause 20 of the Rules); or

18.2 their Shares are not fully paid or if any other sum is due to the Society in respect of their Shares (refer to clause 26 of the Rules).

19 Chairperson not allowed casting vote

In the case of an equality of votes, whether on a show of hands, voice vote, on a poll or by any other method, the chairperson of the meeting is not entitled to a casting vote.

20 Chairperson's declaration of result

Unless a poll is demanded, a declaration by the chairperson of the meeting that a resolution is carried by the requisite majority or lost, shall be conclusive evidence of that fact.

POLLS

21 Poll may be demanded by chairperson or Shareholders

At a meeting of Shareholders, a poll may be demanded, either before or after a vote is taken on a resolution, by:

21.1 the Board at its absolute discretion;

21.2 the chairperson of the meeting, at their absolute discretion;

21.3 at least 5 Shareholders having the right to vote at the meeting;

21.4 a Shareholder or Shareholders having the right to exercise at least 10 percent of the total votes to be cast on the business to be transacted at the meeting; or

21.5 a Shareholder or Shareholders holding Shares that confer a right to vote at the meeting and on which the total amount paid up is at least 10 percent of the total amount paid up on all the Shares that confer that right.

22 Time at which a poll is to be taken

A poll demanded on the election of a chairperson of a meeting or on a question of adjournment must be taken immediately. A poll demanded on any other question is to be taken at such time as the chairperson of the meeting directs. The meeting may proceed to deal with any business other than that upon which a poll has been demanded pending the taking of the poll.

23 Counting votes cast in a poll

If a poll is taken, votes must be counted according to the votes attached to the Shares of each Shareholder present in person or by proxy and voting on the matter.

24 Result of a poll to be treated as resolution of the meeting

The result of a poll declared by the chairperson of the meeting will be treated as the resolution of the meeting at which the poll was demanded on the issue for which the poll was taken.

25 Proxy allowed to demand a poll

The instrument appointing a proxy to vote at a meeting confers authority to demand, or join in demanding, a poll and a demand by a person as proxy for a Shareholder has the same effect as a demand by the Shareholder.

26 Chairperson may dissolve or adjourn unruly meetings

The chairperson of a meeting may adjourn or dissolve the meeting if in their opinion the meeting has become so unruly, disorderly or inordinately protracted, that the business of the meeting cannot be conducted in a proper and orderly manner. The chairperson may exercise this power without the consent of the meeting and without giving reasons.

27 Dissolved meetings - unfinished business

If the chairperson proposes to dissolve a meeting pursuant to clause 26, and there is any item of unfinished business of the meeting which in their opinion requires to be voted upon, then that item shall be dealt with by the chairperson directing it to be put to the vote by a poll without further discussion.

SHAREHOLDER PROPOSALS

28 Shareholder proposals by written notice

A Shareholder may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next meeting of Shareholders at which the Shareholder is entitled to vote.

29 Board to give notice of proposal at Society's expense if sufficient notice

If the Board receives the notice at least 20 Working Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must, at the expense of the Society, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.

30 Board otherwise to give notice of proposal at Shareholder's expense

If the Board receives the notice at least 5 Working Days and not more than 20 Working Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must, at the expense of the Shareholder, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.

31 Board may give notice of proposal on short notice

If the notice is received by the Board less than 5 Working Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board may, if reasonably practicable, and at the expense of the Shareholder, give notice of the Shareholder proposal and the text of any proposed resolution to all Shareholders entitled to receive notice of the meeting.

32 Shareholder to give security for costs for proposal with short notice

Where the costs of giving notice of the Shareholder proposal and the text of any proposed resolution are required to be met by the proposing Shareholder, the proposing Shareholder must, on giving notice to the Board, deposit with the Society or tender to the Society a sum sufficient to meet those costs.

33 Proposing Shareholder may include statement

If the Board intends that Shareholders may vote on the proposal by proxy or by postal vote, they must give the proposing Shareholder the right to include in or with the notice given by the Board a statement of not more than 1000 words prepared by the proposing Shareholder in support of the proposal, together with the name and address of the proposing Shareholder.

34 Board may exclude defamatory, frivolous or vexatious statements

The Board is not required to include in or with the notice given by the Board a statement prepared by a Shareholder which the Board consider to be defamatory, frivolous or vexatious.

PROXIES

35 Proxies permitted

A Shareholder may exercise the right to vote by being present in person or represented by proxy.

36 Proxy to be treated as Shareholder

A proxy for a Shareholder is entitled to attend and be heard at a meeting of Shareholders as if the proxy were the Shareholder.

37 Appointment of proxy must be in writing and specify restrictions

A proxy must be appointed by a notice in writing that is signed by the Shareholder, and the notice must state whether the appointment is for a particular meeting or a specified term not exceeding 12 months. A proxy need not be a Shareholder of the Society or its specified agent.

38 Notice of proxy to be produced at least 48 hours before meeting

No proxy is effective in relation to a meeting unless a copy of the notice of appointment is produced to the Society or its specified agent at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the notice proposes to vote. If the written notice appointing a proxy is signed under power of attorney, a copy of the power of attorney (unless already deposited with the Society or its specified agent) and a signed certificate of non-revocation of the power of attorney must accompany the notice.

39 Form of notice of proxy

A notice appointing a proxy shall be in such form as the Board may direct which may include any electronic form, and may be delivered by any means permitted by the Board. Unless otherwise determined by the Board, any notice appointing a proxy that has a Shareholder's electronic signature inserted will be deemed to be signed by that Shareholder.

40 Vote by proxy valid where Society not notified before meeting of disqualified proxy

The vote of the proxy is valid where a:

40.1 Shareholder has died or become incapacitated; or

40.2 proxy, or the authority under which the proxy was executed, has been revoked; or

40.3 Share in respect of which a notice of proxy is given has been transferred, before a meeting at which a proxy exercises a vote in terms of a notice of proxy but the Society does not receive written notice of that death, incapacity, revocation, or transfer before the start of the meeting.

POSTAL VOTES**41 Postal votes are permitted**

If the Board determines that a postal vote is to be held in respect of any resolution then a Shareholder may exercise the right to vote at a meeting by casting a postal vote in accordance with the following provisions.

42 Contents of Notice

42.1 The notice of a meeting at which Shareholders are entitled to cast a postal vote must state:

42.1.1 the address(es) to which postal votes may be sent and (subject to clause 43) the name of the person authorised by the Board to receive and count postal votes at that meeting; and

42.1.2 that the postal vote must be received by the person referred to in clause 42.1.1 at least 5 Working Days before the start of the meeting; and/or

42.1.3 if the Board has determined that postal votes may be cast by electronic means (for example using an online procedure),

directions as to how to cast a postal vote using electronic means permitted by the Board and the specified time by which postal votes cast using those electronic means must be received (which may be a time less than 5 Working Days before the start of the meeting).

42.2 The notice referred to in this clause 42 may state any postal, website, email or other address for communications to which votes may be sent. All references in these Rules to postal votes shall be read as references to votes cast by any means described in this clause and all the provisions in these Rules shall apply accordingly.

43 Directors may be regarded as authorised to receive and count postal votes

If no person has been authorised to receive and count postal votes at a meeting, or if no authorised person is named in the notice of the meeting, every Director is regarded as being authorised for that purpose.

44 Manner in which postal vote to be cast

A Shareholder may cast a postal vote on all or any of the matters to be voted on at the meeting by:

44.1 sending a notice setting out the manner in which that Shareholder's Shares are to be voted to a person authorised to receive and count postal votes at that meeting; or

44.2 for postal votes cast by electronic means, following the procedure notified by the Board.

Where a Shareholder sends a notice under clause 44.1, the notice must reach the authorised person not less than 5 Working Days before the start of the meeting. Where a postal vote is cast by electronic means, the postal vote must reach the authorised person by the specified time set out in the notice of meeting.

45 Duties of person authorised to collect and count postal votes

It is the duty of a person authorised to receive and count postal votes at a meeting to:

45.1 collect together all postal votes received by them or by the Society;

45.2 in relation to each resolution to be voted on at the meeting, count the number of Shareholders voting and the number of votes cast by each Shareholder:

45.2.1 in favour of the resolution; and

45.2.2 against the resolution;

45.3 sign a certificate stating that they have carried out the duties set out in clauses 45.1 and 45.2 and setting out the results of the counts required by clause 45.2; and

45.4 ensure that the certificate required by clause 45.3 is presented to the chairperson of the meeting.

46 Chairperson to take postal votes into account

If a vote is taken at a meeting on a resolution on which postal votes have been cast, the chairperson of the meeting must:

46.1 on a vote by show of hands, count each Shareholder who has submitted a postal vote for or against the resolution;

46.2 on a poll, count the votes cast by each Shareholder who has submitted a postal vote for or against the resolution.

47 Chairperson must call for poll if postal votes will affect result

Where the chairperson of a meeting holds sufficient postal votes on a resolution so as to lead the chairperson to believe that if a poll were taken the result may differ from that obtained on a show of hands, then they must call for a poll on that resolution.

48 Certificate of postal votes to be annexed to minutes

The chairperson of a meeting must ensure that a certificate of postal votes held by them is annexed to the minutes of the meeting.

49 Form of postal vote

A postal vote shall be in such form as the Board may direct.

CORPORATE REPRESENTATIVES

50 Corporations may act by representative

A body corporate which is a Shareholder may appoint a representative to attend any meeting of Shareholders on its behalf in the same manner as that in which it

could appoint a proxy. The representative shall be entitled to attend and be heard at a meeting of Shareholders as if the representative were the Shareholder.

MINUTES

51 Board must keep minutes of proceedings

The Board must ensure that minutes are kept of all proceedings at meetings of Shareholders and that a record is kept of all written resolutions of Shareholders. Minutes which have been signed as correct by the chairperson of the meeting are prima facie evidence of the proceedings.

OTHER PROCEEDINGS

52 Meeting may regulate other proceedings

Except as provided in this Schedule, a meeting of Shareholders may regulate its own procedure through the chairperson.

53 Shareholder participation by electronic means

A Shareholder (or their proxy or representative) may participate in a meeting by means of audio, audio and visual, or electronic communication if:

53.1 the Board approves those means; and

53.2 the Shareholder (or their 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 Shareholder, proxy, or representative and that person's approval or authentication (including electronic authentication) of the information communicated by electronic means).

To avoid doubt, participation in a meeting includes participation in any manner specified in this Schedule or permitted by these Rules.

54 Companies Act updates for proceedings at meetings of shareholders

In the event that there are any future updates to the provisions set out in the Companies Act regarding proceedings at meetings of shareholders (particularly Schedule 1 of the Companies Act), and the Board considers in its absolute discretion that any of those updated provisions should also apply to meetings of the Society, those relevant provisions shall be deemed to apply and be incorporated in these Rules if so elected by the Board at its absolute discretion.

SCHEDULE 3: PROCEEDINGS OF THE BOARD

NOTICE OF MEETING

1 Director's power to convene meetings

A Director, or any other person at the request of a Director, may convene a meeting of the Board by giving notice in accordance with this Schedule.

2 Notice to be sent to Director's address

The notice of a meeting must be a written notice sent to the address or email address the Director has provided to the Society for that purpose. If none has been provided, the notice of meeting shall be sent to their last place of employment or residence or email known to the Society.

3 Notice to contain certain details

The notice of meeting must include the date, time and place of the meeting and an indication of the matters to be discussed in sufficient detail to enable a reasonable Director to appreciate the general importance of the matters.

4 Period of notice required to be given to Directors

At least two days' notice of a meeting of the Board must be given unless the chairperson (or, in the chairperson's absence from New Zealand, any other Director) believes it is necessary to convene a meeting of the Board as a matter of urgency, in which case shorter notice of the meeting of the Board may be given, so long as at least 12 hours' notice is given.

5 Absent Directors

If a Director, who is absent from New Zealand, supplies the Society with an address or email address to which notices are to be sent during their absence, then notice must be given to that Director. Otherwise notice need not be given to any Director who is absent from New Zealand.

6 Directors may waive irregularities in notice

Any irregularity in the notice of a meeting, or failure to comply with clauses 1 to 5 of this Schedule is waived if all Directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or failure, or if all Directors entitled to receive notice of the meeting agree to the waiver.

MEETING AND QUORUM

7 Methods of holding meetings

A meeting of the Board may be held either by:

- 7.1 a number of Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- 7.2 means of audio, audio and visual, or electronic communication by which a quorum of Directors participating can simultaneously hear each other throughout the meeting.

8 Quorum for Board meeting

The quorum necessary for the transaction of business at a meeting of the Board is 50% or more Directors, the majority of which must be Shareholder Directors.

No business may be transacted at a meeting of the Board unless a quorum is present.

9 Meeting adjourned if no quorum

If a quorum is not present within 30 minutes after the time appointed for a meeting of the Board, the meeting will be adjourned automatically until the following Working Day at the same time and place. If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting, the Directors present will constitute a quorum.

CHAIRPERSON

10 Chairperson to chair meetings

The chairperson of the Board will chair all meetings of the Board at which they are present. If no chairperson of the Board is elected, or if at a meeting of the Board the chairperson of the Board is not present within 5 minutes from the time appointed for the meeting, then the Directors present may elect one of their number to chair the meeting.

VOTING

11 Voting on resolutions

Each Director has one vote. 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. A Director present at a meeting of the Board may abstain from

voting on a resolution, and any Director who abstains from voting on a resolution will not be treated as having voted in favour of it for the purposes of the Act.

12 Chairperson has no casting vote

In the case of an equality of votes, the chairperson of the Board shall not have a casting vote.

MINUTES

13 Board must keep minutes of proceedings

The Board must ensure that minutes are kept of proceedings at meetings of the Board. Minutes which have been signed correct by the chairperson of the meeting are evidence of the proceedings at the meeting unless they are shown to be inaccurate.

OTHER PROCEEDINGS

14 Board may regulate other proceedings

Except as set out in this Schedule, the Board may regulate its own procedure.

SCHEDULE 4: PROCEDURES FOR ELECTION OF DIRECTORS

1 The election of Elected Shareholder Directors shall be by Shareholder resolution carried out by postal or electronic vote in accordance with the procedures set out in this Schedule. If any issue should arise in the interpretation of this Schedule then the decision of the Board on such interpretation shall be final and binding on all Shareholders.

2 **Postal voting procedures apply**

Postal voting shall be carried out in accordance with the provision of clauses 41 to 49 of Schedule 2 as modified by this Schedule.

3 **Board to call for nominations of eligible Shareholders**

The Board shall call for nominations of eligible Shareholders as Elected Shareholder Directors no less than 60 Working Days prior to the date fixed by the Board for the relevant election of Elected Shareholder Directors, specifying in any such call the date by which nominations must be received for the purposes of clause 4(c).

Notwithstanding any other provision of these Rules, no Shareholder will be eligible for nomination or may be elected as an Elected Shareholder Director if any of the circumstances set out in clause 71.2 of the Rules applies in respect of that Shareholder at the time of the relevant nomination or election.

4 **Election of Directors – Nomination Procedures**

No candidate will be eligible for election as an Elected Shareholder Director unless:

- (a) they are nominated by at least two Shareholders;
- (b) they have completed an application in the form prescribed by the Board for that purpose; and
- (c) such documents are received by the Board by the time specified by the Board for receiving nominations in the relevant call for nominations (being no less than 35 Working Days prior to the date fixed by the Board for the relevant election unless otherwise determined by the Board).

5 Existing Directors Eligible

Clause 4 does not apply to Elected Shareholder Directors who are required to retire and who stand for re-election.

6 No Election if Vacancies Equal Nominations

If the nominations for Elected Shareholder Directors do not exceed the vacancies on the Board, all nominees shall be deemed to be elected from the date fixed by the Board for the relevant election. The Chairperson shall announce the result of such voting to the Shareholders at such time and in such manner as the Board determines.

7 Election Procedures if Nominations Exceed Vacancies

If the nominations for the office of a Director exceed the number of vacancies on the Board for Elected Shareholder Directors then the following procedures shall be followed:

- (a) A voting pack shall be in such form as may be determined by the Board (including electronic form) provided that the persons nominated for office as a Director shall be shown in the voting pack in either an alphabetical or a random order.
- (b) Votes may be cast by such method as the Board may determine including electronic voting procedures.
- (d) The voting pack shall be sent (including electronically) to the Shareholders not more than 25 Working Days before the date fixed by the Board for the relevant election.
- (e) The accidental failure to send a voting pack to a Shareholder entitled to receive such voting pack shall not invalidate the election.
- (f) The Board shall appoint a person to be the returning officer for the purposes of the election ("returning officer") and such person shall send the voting pack to all Shareholders entitled to vote for that election and carry out any other duties stated in this Schedule or otherwise required by the Board for the purposes of the election. A certificate by that returning officer that voting packs have been sent shall be accepted as conclusive proof and evidence that they were sent.

- (g) The Board may include with the voting pack such information relating to each candidate as the Board considers appropriate in its absolute discretion, including:
- (1) any reasonable and succinct information supplied by a candidate;
 - (2) the results of any candidate assessment process that the Board requires each candidate to go through (subject to such assessment results being first provided to the relevant candidate before being included in the voting pack); and
 - (3) the Board's endorsement of any one or more candidates as a candidate that the Board considers would make a suitable Director in the Board's absolute discretion, whether based on the results of any candidate assessment process set by the Board or otherwise.
- (h) If any Shareholder loses or destroys a voting pack, that Shareholder shall be entitled to a replacement voting pack. If any Shareholder votes twice on a resolution then both such votes shall be deemed to be invalid.
- (i) The voting pack shall include instructions as to the manner in which the votes are to be cast. If a Shareholder fails to follow those instructions correctly or defaces their voting paper then such votes shall be deemed to be invalid and shall not be counted.
- (j) Votes that are not received by the Society by the date fixed by the Board for the relevant election shall be invalid and such votes shall not be counted unless the Board determines otherwise.
- (k) If electronic voting is used, the Board may use any method determined by the Board to count and verify electronic votes. For all other voting, the Board shall appoint the auditors of the Society, or failing the auditors, the Board shall appoint two scrutineers, to count the votes and report to the Chairperson the result of voting. The Chairperson shall announce the result of voting (including the number of votes cast in favour of each candidate) to the Shareholders at such time and in such manner as the Board determines. Ten Working Days after all votes have been counted and announced to the Shareholders, the auditors or scrutineers shall be entitled to destroy all voting papers.
- (l) Any Shareholder who is in default of any payment of any call or other sum payable by that Shareholder to the Society or who is precluded from voting under clauses 20 or 26 of the Rules shall not be entitled to vote. A

certificate by a Director of the Society that a Shareholder has failed to pay any money due to the Society shall be conclusive evidence of that fact.

8 Other rules

The Board may, from time to time, set and amend other rules relating to the election and appointment of Elected Shareholder Directors including:

- (a) requiring each candidate to go through a candidate evaluation process set by the Board in order to be eligible for election as an Elected Shareholder Director;
- (b) allowing the Board to endorse any one or more candidates as a candidate that the Board considers would make a suitable Director in the Board's absolute discretion, whether based on the results of any candidate assessment process set by the Board or otherwise;
- (c) the election system to be used to elect Elected Shareholder Directors (e.g. to use a single transferable voting election system rather than a first past the post election system); and
- (d) any other rules relating to the election and appointment of Shareholder Directors that are not inconsistent with these Rules.