

The best of two. To benefit you.

**People's
Choice**

Banking for life



**Vote 'yes' to create
a brighter future with
Australia's leading
member-owned
banking organisation.**

Member Information Booklet for the proposed Merger of
People's Choice and Heritage
Date: 30 September 2022

Disclaimer: The Australian Prudential Regulation Authority (APRA) has approved this Member Information Booklet pursuant to Rule 9 of the *Financial Sector (Business Transfer and Group Restructure) determination No. 2 of 2017*, for the purposes of the *Financial Sector (Transfer and Restructure) Act 1999* (Cth). In deciding whether to approve this Member Information Booklet, APRA has consulted with the Australian Securities and Investments Commission (ASIC). Neither APRA nor ASIC accept any responsibility for the accuracy or otherwise of any matter contained in, attached to, or accompanying this Member Information Booklet.

Important notices

In the spirit of reconciliation, People’s Choice and Heritage acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Purpose

This booklet contains important information for members relating to the proposed Merger of People’s Choice and Heritage, and will assist members in deciding how to vote on the Merger Resolution at the Annual General Meeting (AGM) that will be held on 16 November 2022 at 3pm (Australian Central Daylight Time). The booklet contains information which is legally required to be provided to our members under the Transfer Act and the Transfer Rules. Members should read this booklet carefully before making a decision as to how to vote on the Merger Resolution.

Any questions?

If, after reading this booklet, you have any questions about the Merger or any action you are asked to take, please call us on 13 11 82 between 8am – 8pm Monday to Friday and 8.30am – 4.30pm Saturday, visit a branch or send us a message via the Contact Us page on the People’s Choice website at www.peopleschoice.com.au

Defined terms

Capitalised terms and some abbreviations used in this booklet have the meanings set out in the Glossary on page 57 of this booklet.

Disclaimer as to forward-looking statements

Certain statements in this booklet relate to the future. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of People’s Choice or the Combined Mutual to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, interest rates, the regulatory environment, competitive pressures and market demand.

The forward-looking statements in this booklet reflect views held only at the date of this booklet. Other than as required by law, neither People’s Choice nor Heritage nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this booklet will actually occur.

References to time

Unless otherwise indicated, all references to time in this booklet are to Australian Central Daylight Time.

Dispute resolution

Members will continue to have access to our internal and external dispute resolution processes, both before and after the AGM, and regardless of whether the Merger proceeds. For detailed information about those processes, please refer to the brochure ‘Your Guide to Feedback and Complaints with People’s Choice’ which is available via the Feedback and Complaints page on the People’s Choice website.

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The directors of People's Choice unanimously recommend that you vote 'yes' to the Merger.

The best of two. To benefit you.

As a People's Choice member, you have the power to create a stronger, more sustainable, member-owned banking organisation for hundreds of thousands of Australians – for today and tomorrow.

By voting 'yes' to the Merger with Heritage, you will benefit from the collective strength of an organisation that exists solely for its members.

We will honour our proud history and retain what's important to you, while combining the best of both organisations to improve benefits for you.

Collective strength. Mutual benefit.

A message from our Chairman and Managing Director

We will remain
100% member-
owned.

Dear People's Choice member

People's Choice exists for one reason: to support you to achieve your financial goals. The Merger with Heritage will allow us to do that even better.

That's why our Board unanimously recommends that you vote 'yes' to the Merger.

The new merged organisation, which we refer to as the Combined Mutual, will retain those key elements that we all hold dear: an absolute focus on our members and a commitment to remaining member-owned.

At the same time, by bringing our two organisations together, we will have the scale needed to deliver more for you through better products, services, digital capabilities and competitive pricing.

Why merge... and why Heritage?

While People's Choice is a strong, successful banking organisation, financial institutions like us that are smaller than the major banks are facing increasing pressures from rising competition, the growing need to invest in technology to meet members' expectations, and greater regulatory requirements and costs.

Growth through the Merger will help on every front, and there is no better partner for us than Heritage. Not only are we alike in size, we also share very similar values, goals and an absolute member focus.



This will be a true merger of equals, where we bring the best of the two organisations together to benefit you.

Together, we will create a national organisation with approximately 720,000 members, 1,900 employees, almost \$23 billion in assets and 95 branches across South Australia, Victoria, New South Wales, Queensland and the Northern Territory.

As Australia's leading member-owned banking organisation, we will be the ideal size – large enough to challenge the major banks, while still small enough to remain absolutely focused on you, our members.

Since the Merger was first proposed last year, we've completed a detailed and thorough due diligence process to identify the benefits and risks involved. Put simply, the outcome was very positive, which is why the People's Choice Board is unanimously recommending that the Merger proceeds. We encourage you to read this booklet to ensure all your questions about the Merger are answered and to find out how you can vote.

While this is an important decision, we're confident the answer is simple. Voting 'yes' to the Merger will benefit you as a member, as well as our employees and the many communities where we live and work.

Thank you for being a People's Choice member.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Cameron'.

Michael Cameron
Chairman

A handwritten signature in black ink, appearing to be 'Steve Laidlaw'.

Steve Laidlaw
Chief Executive Officer
& Managing Director



A 'yes' from you is a 'yes' for all members.

The Merger between People's Choice and Heritage will provide the scale required to ensure you continue to benefit from competitive financial products, personalised customer service and contemporary, secure banking technology – all with the care that only a strong, sustainable, member-owned banking organisation can provide.

How the Merger will benefit you.

01

One of Australia's largest member-owned branch networks – almost trebling to 95 sites

04

Commitment to Saturday trading in selected branches

05

A number of fees and charges will be removed

08

A minimum of \$50 million over five years in community support and environmental initiatives to benefit your community and future generations

09

Local knowledge, employment and investment from our permanent, dual head offices in Adelaide and Toowoomba

02

A wider range of award-winning, competitively-priced products and services

03

Our Australian contact centre will expand your support to 24 hours a day, 7 days a week

06

Better SME business banking, credit cards and payments options

07

Contemporary, secure digital banking, backed by ongoing investment to meet members' evolving needs

10

A successful member-owned banking organisation, committed to mutuality and members



Our shared vision for the Combined Mutual.



Preserve member access to mutual banking, delivering compelling member benefits across Australia

Improve financial viability and scale

Become a leader for mutuals and cooperatives across Australia

Create economic development and security for the communities in which the Combined Mutual operates

Respect the proud histories of both organisations

Provide an exceptional place of work for employees

With Heritage, we have the ideal partner.

Heritage is,
and always has
been, member-
owned. Just like
People's Choice.

Success comes from partners that bring out the best in each other, without forcing change. With Heritage, we have the ideal partner.

We share a common purpose and values – including an absolute commitment to our members, remaining member-owned and delivering superior customer service. We also have a range of complementary strengths, which will benefit our members, employees and communities.

We're both proudly member-owned

Heritage's company structure is essentially the same as ours. It is a member-owned organisation that exists solely for the benefit of its members. Like People's Choice, it does not have shareholders who expect the payment of dividends. Profits are reinvested into the business for the benefit of members and their communities.

Established in 1875 in Toowoomba, Queensland, Heritage is one of Australia's oldest and largest member-owned banking organisations. It is loyal to its members and its regions, just like People's Choice.



It is almost the same size as People's Choice in terms of members, employees and assets – so the Merger will be a true pairing of equals.

Heritage operates 62 branches and mini branches in Queensland and New South Wales which blends perfectly with our presence in South Australia, Victoria and the Northern Territory. This means members will be able to enjoy a significantly extended branch network covering most of the country.

It also means there will be no branch closures and no redundancies below executive level as a result of the Merger because there is no overlap between our existing regions. This wouldn't be the case in a merger with a South Australian organisation.

We have complementary strengths

Both People's Choice and Heritage offer particular strengths which will benefit the Combined Mutual.

For example, the significant investment People's Choice has recently made in digital technology means the two organisations will be able to bring their operational systems together more efficiently than would otherwise be the case.

Similarly, Heritage's greater experience in SME business banking, credit cards, payments and broker relationships will substantially benefit members and help attract new members.

With size, geographic reach, culture and member focus aligning so well, there is no better partner for People's Choice than Heritage. Together, we will be stronger, more secure and capable of providing more for our members.

A future for the making.

People's Choice and Heritage exist for the same reason: to support our members to reach their financial goals.

By combining the best of both organisations, we'll keep our individual strengths and what makes us unique, while using the power of membership scale to improve benefits for you.

The Combined Mutual will be Australia's leading member-owned banking organisation with approximately 720,000 members, 1,900 employees and \$22.8 billion in assets.

Together, we will be large enough to offer more for members and small enough to retain the personal touch – all achieved at a fraction of the size of Australia's major banks.



Together, we'll become Australia's leading member-owned banking organisation.

| | People's Choice | Heritage | Combined Mutual |
|---|---|--|--|
| Purpose/ Mission | Working with our members for a sustainable future | Delivering a great member experience every time | We exist to be a trusted and loved partner to our members, by providing sustainable and ethical banking, and investing in the communities in which they live |
| Vision | To be the most trusted financial services provider in Australia | We're passionate about helping people | To be Australia's most trusted and loved member-owned banking organisation |
| Values | <ul style="list-style-type: none"> • Prospering & Growing • Integrity & Trust • Supporting Our Communities • Caring for You | <ul style="list-style-type: none"> • Passion • Integrity • Courage • Respect | <ul style="list-style-type: none"> • Passion • Integrity • Respect • Authenticity • Care • Trust |
| Origins | Credit union founded in 1949 | Building society founded in 1875 | Combined 220 years of mutuality and supporting members |
| Head Office | Adelaide | Toowoomba | Adelaide and Toowoomba |
| Locations | SA, NT, VIC  | QLD, NSW  | SA, NT, VIC, NSW, QLD  |
| Members | ~390,000 | ~330,000 | ~720,000 |
| Branches/ Lending & Advice Centres | 33 | 62 | 95 |
| Employees | ~900 | ~1,000 | ~1,900 |
| Assets | ~\$10.4 billion | ~\$12.3 billion | ~\$22.8 billion |
| Annual Community Contribution | \$2.6 million | \$7.2 million | A minimum of \$50 million over five years |

We'll remain true to our origins.

We have *always* existed to serve our members and we have *always* been 100% member-owned. And both will remain true through the Merger with Heritage.

Like all successful businesses, People's Choice has a history of evolving to meet the needs of our members and our operating environment – through the introduction of new products and services and other innovations such as phone banking, banking apps, fast payments and electronic contracts.

People's Choice is the result of more than a dozen mergers with like-minded member-owned banking organisations since our foundation over 70 years ago. This has ensured that we continue to have the necessary scale to provide products and services in the ways our members want.

Joining forces with Heritage is another example of our ongoing evolution.

One other constant throughout our history has been our drive to empower more Australians to achieve their financial goals.



In 1949, we began with just 131 members and less than £3,000 in assets. Across the years, we have attracted more and more members directly and through successful mergers. Our objective has always been to support the best interests of our members – and this time is no different.

Since the opportunity to merge with Heritage was first considered, both organisations have undertaken a thorough and detailed due diligence program to ensure the Merger is in members' best interests. The Australian Government's key banking regulator, APRA, has also approved for the Merger to progress to a member vote.

Bigger isn't always better. But in banking, scale does matter as it ensures we can continue to provide the products, services and secure, up-to-date digital technology that our members expect.

But growth won't change who we are and what we believe in. As a result of the Merger:

- there will be no branch closures
- there will be no redundancies below executive level
- we will retain dual head offices in Adelaide and Toowoomba
- our contact centre will remain proudly in Australia
- most importantly, our members, employees and communities will benefit.

A merger with Heritage will result in a stronger, more sustainable organisation and our heart will remain the same.

We always have been – and always will be – proudly member-owned and member-focused.

Act for tomorrow.

When People's Choice and Heritage began discussing the possible Merger, it quickly became clear the two organisations share a strong vision for what the Combined Mutual would be and how it would operate to benefit members.

This has been embodied in a number of absolute commitments that honour our proud history and ensure what is important to you will be retained, while combining the best of both to create positive change.

Our commitments to

The Combined Mutual will absolutely remain entirely member-owned and focused on member outcomes, rather than dividends to shareholders. Mutuality is in our DNA, and it's in Heritage's as well.

The Board of the Combined Mutual will have equal representation from People's Choice and Heritage – ensuring our membership as a whole is appropriately represented.

The Executive team will comprise members from both organisations, ensuring stability and local experience, as well as reflecting the fact that this is a true merger of equals.

our members:

We will work to integrate our two organisations into a single operation. It will take some time to fully integrate systems, technology, products and services but, as integration is achieved, we will then be able to provide significant benefits to members such as access to more branches, products and services, a commitment to Saturday trading in selected branches and access to our contact centre 24 hours a day, 7 days a week.

We will retain our local knowledge, employment and investment through dual head offices in Adelaide and Toowoomba.

After an initial period where both brands are maintained, we will create a single new brand that reflects the values of both People's Choice and Heritage.

We will continue to seek feedback from members about what matters most to them through various forums.

There will be no branch closures as a result of the Merger, as there is no overlap in our branch locations.

We will maintain a framework to identify and support vulnerable members.

Our commitments to our employees:

Our people will benefit from enhanced career development and growth opportunities as a part of Australia's leading member-owned banking organisation.

The Combined Mutual will be founded on an inclusive and diverse culture where we value the individuality of our people, and use this to spark great ideas and outcomes for our members.

With a national presence and increased profile, the Combined Mutual will be well positioned as an employer of choice to attract the best people to serve our members.

There will be no redundancies below executive level as a result of the Merger. You will continue to be served by the same friendly team at your local branch, over the phone, online and by our mobile lenders.

No one will be required to relocate interstate given our commitments to dual head offices in Adelaide and Toowoomba, retaining our branch presence, and continuing our *work from anywhere* philosophy. However, there may be opportunities to relocate should certain employees wish to do so.

There will be more ways for our people to support their community through volunteering and fundraising.

Our commitments to our communities:

We will increase our community support to a minimum of \$50 million over five years and expand certain initiatives such as the People's Choice Community Lottery and the Heritage Bank Charitable Foundation across our communities.

We will develop a Reconciliation Action Plan to support ongoing, deep and strong relationships with our First Nations employees, members and communities.

We will remain deeply committed to supporting our local communities through our community sponsorships, local initiatives and corporate social responsibility programs.

None of our current sponsorship or support activities will be cancelled due to the Merger.





Our commitments to the environment:

We will provide differentiated rates for green products, such as solar power and storage, electric & hybrid vehicles, and green waste systems for households.

We will continue both organisations' existing environmental initiatives and goals, including the use of hybrid vehicles and reducing waste, paper, energy and fuel use, and will have additional capacity to do more for the benefit of the environment and future generations.

We will maintain B Corp certification, an independent designation of high standards of verified social and environmental performance, accountability and transparency.

We will maintain the Adelaide office as one of Australia's greenest buildings, with a 6 star NABERS green rating.

We will achieve carbon neutral certification, building on People's Choice's existing carbon neutral status.

We will work to reduce our carbon emissions, with the goal of achieving net zero emissions.

What to do and how to vote.



Our Merger Resolution

Members of People's Choice and Heritage will be asked to vote at their respective General Meetings on whether they believe the Merger should proceed. The Merger will only happen if the members of both organisations vote in favour of it.

The Merger Resolution will be:

'That the members of Australian Central Credit Union Ltd ACN 087 651 125 approve the total transfer of the business of Heritage Bank Limited ACN 087 652 024 to Australian Central Credit Union Ltd pursuant to the Financial Sector (Transfer and Restructure) Act 1999 (Cth) to take effect on 1 March 2023 or on such other date as the Australian Prudential Regulation Authority determines.'

To approve the Merger Resolution, a special resolution is required, which must be approved by 75% of those members voting (whether in person or by proxy).

Members of both organisations have the opportunity to vote on the Merger at their upcoming General Meetings.

Who can vote?

Members aged 18 years or over at the date of the AGM are entitled to vote on the Merger Resolution.

How to vote

A **Notice of Annual General Meeting** has been mailed and emailed to members and can also be found on the Merger and Annual General Meeting pages of the People's Choice website. The Notice sets out details of how to vote in person, by direct voting online or by appointing a proxy.

What if I have questions about the Merger?

We want to ensure that you have all of the information you need before voting. You are encouraged to read this booklet carefully. Information about the Merger is also available on the Merger page of the People's Choice website.

You can ask questions about the Merger by calling us on 13 11 82 between 8am - 8pm Monday to Friday and 8:30am - 4.30pm Saturday, visiting a People's Choice branch or via the Contact Us page on the People's Choice website.

Timeline for member vote

**Week commencing
24 October 2022**

AGM materials

Member Information Booklet and Notice of Annual General Meeting will be made available to People's Choice members.

**14 November 2022
at 3pm**

(Australian Central
Daylight Time)

People's Choice AGM proxies

The last date by which proxy forms for the AGM must be received. Completed proxy forms must be received no later than 48 hours before the start time of the AGM.

**16 November 2022
at 3pm**

(Australian Central
Daylight Time)

People's Choice AGM

People's Choice members will consider and vote on the Merger Resolution.

**16 November 2022
at 2.30pm**

(Australian Eastern
Standard Time)

Heritage General Meeting

Heritage members will consider and vote on the Merger Resolution.

**1 March 2023 or
on such other date
as APRA determines**

Merger Date

The date on which the Merger will officially take effect (if the Merger Resolution is passed by members of both organisations).



Why vote
'yes'?

Why vote
'no'?

A summary.

Why vote 'yes'?

Continued membership of a successful member-owned banking organisation, committed to mutuality and members.

Will assist in securing our future. Access to one of Australia's largest member-owned branch networks, with no branch closures as a result of the Merger.

A wider range of award-winning, competitively-priced products and services.

Our Australian contact centre will expand your support to 24 hours a day, 7 days a week.

Commitment to Saturday trading in selected branches.

Better SME business banking, credit cards and payments options.

Some fees and charges will be removed by People's Choice.

Contemporary, secure digital banking, backed by ongoing investment to meet members' evolving needs.

Local knowledge, employment and investment from our permanent, dual head offices in Adelaide and Toowoomba.

Employees will benefit from enhanced career development and growth opportunities as a part of Australia's leading member-owned banking organisation.

There will be no redundancies below executive level as a result of the Merger.

We will remain deeply committed to supporting our local communities, and expand our community sponsorships, local initiatives and corporate social responsibility programs to a minimum of \$50 million over five years.

We will strengthen our commitment to environmental sustainability, including being carbon neutral (with the goal of achieving net zero emissions), maintaining B Corp certification, maintaining green head offices and other initiatives.

Why vote 'no'?

People's Choice could continue as is with a standalone strategy, but with a reduced ability to invest in products, services and technology for members when compared to the Combined Mutual.

People's Choice could merge with a different member-owned banking organisation or non-financial organisation, however, it's unlikely another partner will complement People's Choice as well as Heritage.

People's Choice could pursue a strategy to demutualise (cease to be member-owned) and sell or undertake an Initial Public Offering, however, such a proposal is not supported by the Board.

For more detailed information, see the section 'Reasons to vote "yes" to the Merger'.

Reasons to vote ‘yes’ to the Merger.

Why your directors recommend voting ‘yes’ to the Merger.

The Directors of People’s Choice unanimously recommend that you vote in favour of the Merger for the following reasons.

Benefits for members as members of the Combined Mutual

Commitment to remaining member-owned

By voting ‘yes’ to the Merger with Heritage, you will benefit from the collective strength of an organisation that exists solely for its members. You will be a member of Australia’s leading member-owned and member-focused banking organisation, with a 100% commitment of both Boards to remaining a mutual and proudly member-owned.

The Merger will provide the scale required to ensure you continue to benefit from competitive financial products, personalised customer service and contemporary, secure banking technology – all with the care that only a strong, sustainable, member-owned banking organisation can provide.

Access to a broader range of products and services

Over time as our systems are integrated, members will gain access to a wider range of award-winning, competitively-priced products and services as a result of the Merger. Schedule 2 of Attachment A compares the various products and services currently offered by People’s Choice and Heritage.

Removal of some fees and charges

By voting ‘yes’, People’s Choice members will benefit from the removal of several fees. Schedule 2 of Attachment A details the fees that will be removed for People’s Choice members from the Merger Date.

Access to more branches

Members will gain access to almost triple the number of branches once the Merger integration is completed, increasing from 33 People’s Choice branches and lending & advice centres in SA, NT and VIC to 95 branches, mini branches and lending & advice centres across SA, NT, VIC,

NSW and QLD. This will be one of Australia’s largest member-owned branch networks, with a commitment to Saturday trading in selected branches.

There will be no branch closures as a result of the Merger because there is no overlap between our existing regions. This wouldn’t be the case in a merger with a South Australian organisation.

Access to contemporary, secure digital banking

The Merger will provide the scale needed to provide members with contemporary, secure digital banking, backed by the ongoing investment required to meet members’ evolving needs.

More than 180,000 members use our digital banking regularly, and members’ use of Osko fast payments, Apple Pay and Samsung Pay has rapidly increased. The Merger will provide greater capacity to make the necessary continuing investment in these technologies and security to meet members’ increasing use and expectations.

Personalised service from Australian contact centre

Both People’s Choice and Heritage do not offshore their contact centres. We proudly manage our contact centres in Australia, providing local employment and local knowledge to our members.

The Merger will allow us to expand member support to 24 hours a day, 7 days a week and ensure we continue to provide this high level of local service to our members.

Continuing local representation, leadership and investment

Both People’s Choice and Heritage understand that many members chose to bank with them because they are local and can provide the personalised service and local knowledge that the major banks cannot. This will continue with the Combined Mutual.

The Board of the Combined Mutual will have equal representation from People’s Choice and Heritage – ensuring our membership as a whole is appropriately represented.

The Executive team will comprise members from both organisations, ensuring stability and local experience, as well as reflecting the fact that this is a true merger of equals.

We will retain our local knowledge, employment and investment through dual head offices in Adelaide and Toowoomba, which in turn will generate broader economic activity for these communities.

Cultural alignment with a shared commitment to members

People’s Choice and Heritage have a very similar purpose and values – including an absolute commitment to our members, remaining member-owned and delivering superior customer service.

Heritage’s structure is essentially the same as ours. It is a member-owned organisation that exists solely for the benefit of its members. Like People’s Choice, it does not have shareholders who expect the payment of dividends.

Heritage's cultural alignment to ours will be a significant benefit for members, as our commitment to keep members' interests at the core of our business will be sustained into the future.

We will honour our proud history and retain what's important to you, while combining the best of both organisations to improve benefits for you. There is no better partner for People's Choice than Heritage.

Recognition of members' years of tenure

If the Merger proceeds, your tenure as a People's Choice member will continue to be recognised.

If a People's Choice member is also a member of Heritage and has been a member of Heritage for longer, then that longer tenure will be recognised by the Combined Mutual.

Benefits for employees

Employee job security and opportunities

Employees will benefit from enhanced career development and growth opportunities as a part of Australia's leading member-owned banking organisation.

There will be no redundancies below executive level as a result of the Merger. You will continue to be served by the same friendly team at your local branch, over the phone and by our mobile lenders.

With a national presence and increased profile, the Combined Mutual will be well positioned as an employer of choice to attract the best people to serve our members.

A larger, more dynamic business will naturally create more internal development opportunities and strengthen career pathways for our employees.

Commitment to local head offices

We will retain our local knowledge, employment and investment through dual head offices in Adelaide and Toowoomba.

No one will be required to relocate interstate, given our commitments to dual head offices in Adelaide and Toowoomba, retaining our branch presence, and continuing flexible ways of working (including working from home). However, there may be opportunities to relocate should certain employees wish to do so.

Expanded community opportunities

There will be more ways for our people to support their community through volunteering and fundraising.





Benefits for the community

Expanded community investment

People's Choice has always had a strong community focus, with our annual contribution far exceeding national averages. Through our suite of fundraising, giving and sponsorship programs, we contributed 5.1% of our pre-tax profit to corporate community investment in 2020/21. This is eight times the average contribution made by major Australian companies (source: Giving Large). Including funds raised through the People's Choice Community Lottery and other programs, we generated \$2.3 million for the community during 2020/21.

Heritage shares this philosophy. In 2021/22, it contributed \$7.2 million to the community. Bringing together our two organisations will see a significant increase in community support from People's Choice's current levels.

All sponsorships will continue and there will be additional capacity to support new ones too.

The Combined Mutual will increase community support to a minimum of \$50 million over five years and expand certain initiatives such as the People's Choice Community Lottery and the Heritage Bank Charitable Foundation across our communities.

We will remain deeply committed to supporting our local communities through our community sponsorships, local initiatives and corporate social responsibility programs.

A shared commitment to environmental responsibility

Both People's Choice and Heritage recognise our responsibility to care for the environment and play our part in addressing climate change. People's Choice is officially certified as carbon neutral and Heritage is working towards this goal.

Both organisations have comprehensive environmental initiatives and goals, which the Combined Mutual will have the increased capacity to support for the benefit of the environment and future generations.

Benefits for People's Choice

While People's Choice is a strong, successful banking organisation, smaller financial institutions like us are facing increasing pressures from rising competition, the growing need to invest in technology to meet members' expectations and to attract new members, and greater regulatory requirements and costs.

Growth through this Merger will help on every front. By combining the best of both organisations, we'll keep our individual strengths and what makes us unique, while using the power of membership scale to improve benefits for you.

Increased membership scale to offer more for members

Bigger isn't always better. But in banking, scale does matter as it ensures we can continue to provide the products, services and secure up-to-date digital technology that our members expect.

If the Merger proceeds, the Combined Mutual will become Australia's leading member-owned banking organisation, with more than 720,000 members and combined assets of approximately \$22.8 billion.

The Merger will provide the scale required to ensure you continue to benefit from competitive financial products, personalised customer service and contemporary, secure banking technology – all with the care that only a strong, sustainable, member-owned banking organisation can provide.

More efficient investment to provide member services

Both People's Choice and Heritage believe we can more efficiently provide member services if we come together to create a stronger, member-owned banking organisation.

We would expect to see considerable cost savings over time by integrating the largely fixed costs that would otherwise be duplicated across two organisations into the single Combined Mutual.

We estimate the Merger will generate around \$40 million of annual pre-tax cost savings from the combined operating expenses of People's Choice and Heritage after the end of the proposed integration period in the 2027 financial year.

These savings will come from having:

- a single integrated technology system, rather than having to invest in maintaining two systems
- a single regulatory compliance framework, which is expected to reduce the compliance costs otherwise incurred by two separate organisations
- a single new brand and marketing approach to attract new members
- common processes and policies.

These savings will be used to deliver more for you through enhanced products, services, digital capabilities and competitive pricing. They will also allow us to invest more in supporting your local community and in environmental initiatives for the benefit of future generations.

Our people are our strength. There will be no employee redundancies below executive level and no branch closures as a result of the Merger.

One-off costs of approximately \$100 million will be incurred by the Combined Mutual over three to five years to implement the Merger. However, this obviously compares favourably with the cost saving expected over time.

Aligned operating and governance model

The Merger will have minimal impact on the way People's Choice is structured, and there will be no non-executive redundancies as a result of the Merger.

A robust governance structure to oversee the management and strategic direction of the Combined Mutual has been agreed, with the following commitments:

- The Combined Mutual will remain entirely member-owned and focused on member outcomes, rather than dividends to shareholders.
- The Board of the Combined Mutual will have equal representation from People's Choice and Heritage – ensuring our membership as a whole is appropriately represented.
- The Executive team will comprise members from both organisations, ensuring stability and local experience, as well as reflecting the fact that this is a true merger of equals.
- We will work to integrate our two organisations into a single operation. It will take some time to fully integrate systems, technology, products and services, but will bring significant benefits.
- After an initial period where both brands are maintained, we will create a single new brand that reflects the values of both People's Choice and Heritage.
- There will be no branch closures as a result of the Merger, as there is no overlap in our branch locations.
- We will retain our local knowledge, employment and investment through dual head offices in Adelaide and Toowoomba.

Enhanced ability to grow membership

Both People's Choice and Heritage offer particular strengths which will help the Combined Mutual attract more members. For example, Heritage's greater experience in SME business banking, credit cards, payments and broker relationships will help accelerate our membership growth, particularly in Victoria.

The Combined Mutual's increased capacity to fund the necessary investment in digital banking technology will also help grow its membership across Australia.

Possible reasons to vote 'no' to the Merger.

Potential loss of opportunity to benefit from an alternative transaction

Approving the Merger may result in the loss of opportunity to explore an alternative merger or alternative transaction. This is considered in further detail below.

Demutualisation and sale

A demutualisation and sale of People's Choice to a shareholder-based entity (listed or private) might crystallise a monetary value for a member's ownership stake. However, this outcome would only be possible if the Board decided to propose a demutualisation or similar transaction to members for consideration.

The Board has not contemplated this option given its commitment to mutuality, and no proposal has been received from any shareholder-based entity. Under the terms of People's Choice's Constitution, at least 75% of members would have to vote in favour of any demutualisation.

Demutualisation and Initial Public Offering

A demutualisation and Initial Public Offering would not require another entity to make an offer, but it would require the Board to make the decision to put such a proposal to members. The same considerations would apply as in the demutualisation and sale scenario described above except that:

- members would become shareholders in a listed entity and would potentially be entitled to receive dividends
- there would not be an immediate cash payment unless members sold their shares
- shares would trade on a portfolio basis (i.e. trading prices would not incorporate a premium for control), which would be expected to be below the control value realised in a 100% sale.

Demutualisation is not consistent with the Board's commitment to mutuality.

Merger with another member-owned banking organisation or non-financial organisation

Another alternative would be for People's Choice to merge with another member-owned financial institution or member-owned non-financial institution. However, broad-based alignment between mutuals is rare. It would be unlikely that merging with a different mutual would be a true merger of equals. Having considered other member-owned banking organisations as possible merger partners, People's Choice has identified Heritage as the most appropriate partner.

The particular appeal of Heritage to People's Choice includes:

- commitment to remaining a mutual and proudly member-owned
- strategically aligned purpose and values with an absolute focus on members
- highly complementary strengths which will benefit members, employees and communities
- similar size, financial metrics and performance
- operating and governance model which reflects a genuine merger of equals
- aligned technology and digital investment programs
- geographical diversity with no overlap in current operating footprints.

Other member-owned banking organisations are unlikely to be able to complement People's Choice and deliver member benefits in the same way.

Continue with standalone strategy

A strategic decision to not pursue the Merger with Heritage would result in People's Choice continuing to deliver on its current strategy, including its existing transformation program. This may provide greater execution certainty by removing the complexity associated with completing a merger. However, the following matters would require careful consideration against the benefits of the Merger:

- The impact on People's Choice's ability to respond to industry developments given more limited scale.
- The impact of limited capital and resources of People's Choice on a standalone basis on the time it will take to deliver member benefits.
- The implications of funding and executing on the required technology investment on a standalone basis without scale benefits.
- The likelihood that People's Choice's leading and competitive market position and relevance in the sector will be 'leapfrogged' by a merger of any other significant mutual financial institutions.

Information about Heritage.

Heritage is an Australian authorised deposit-taking institution (ADI) regulated by APRA and is Australia's second-largest customer-owned bank. The company is one of the longest-running financial institutions in the country, with its origins tracing back to 1875 when the Toowoomba Permanent Building Society was established. That was followed in 1897 by the formation of the Darling Downs Building Society. The two organisations co-existed side by side in Toowoomba until 1981, when they merged to become the Heritage Building Society.



In 1995, Heritage's total consolidated assets passed the \$1 billion mark and, by 2005, the company had surpassed \$5 billion. In 2011, Heritage Building Society changed its name to Heritage Bank, though the member-owned structure remained the same. In 2019, Heritage passed \$10 billion in assets and opened two new branches at Castle Hill and Parramatta in Sydney. In 2021, two further branches were opened in Macquarie Park and Tweed Heads.

Heritage continues to have an established presence in the Toowoomba community, including support of the Heritage Toowoomba Royal Show, the iconic Carnival of Flowers, the Toowoomba Chamber of Commerce, the Mulberry Project and scholarships to the University of Southern Queensland. Each year, Heritage also runs the national

Heritage Bank Photographic Awards and the Heritage Bank Charity Golf Day. In 2018, Heritage established the Heritage Bank Charitable Foundation with seed funding of \$2 million and continues to engage in an array of diverse community projects.

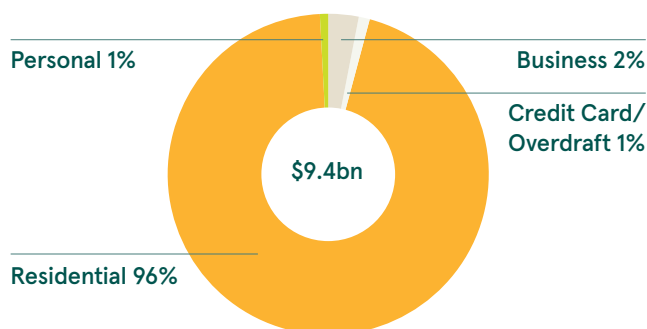
Today, Heritage holds just over \$12 billion in total assets and operates a network of 59 branches and three mini branches in Southern Queensland, Northern New South Wales and Sydney. Heritage offers home loans via a network of mortgage brokers in every state and territory in Australia. Heritage remains member-owned and seeks to deliver benefits to members while maintaining a responsible focus on the communities in which it operates, the environment and its employees.

Heritage business operations and strategy

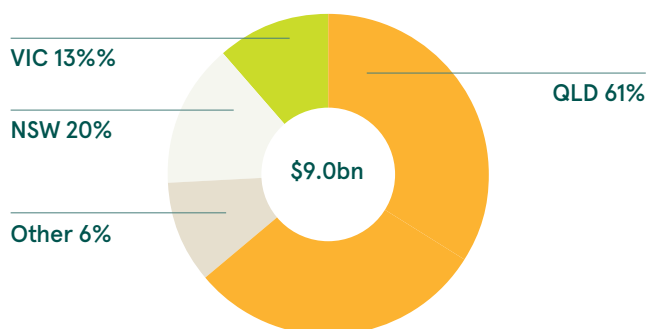
Loan composition

The composition of Heritage's loan portfolio (by type of loan and geography) as at 30 June 2022 is illustrated below:

Total loan portfolio by type



Residential loans by geography



The majority of Heritage's loan portfolio consists of residential mortgages together with an established SME business banking capability. Heritage's loan portfolio is concentrated in Queensland, with a growing presence in New South Wales and Victoria through its branch and broker distribution networks.

Distribution system

Heritage's distribution system includes:

- A network of 55 branches and three mini branches in Southern Queensland and four branches in New South Wales
- A 24/7 contact centre based in Queensland
- Unlimited free access to Heritage ATMs (as well as free access to the big four bank operated ATMs)
- Digital platforms (including telephone and internet banking) as well as a mobile phone app and digital wallets.

Heritage has a head office located in Toowoomba.

Awards

Heritage is a multi-award-winning organisation. Recent awards include:

Forbes World Best Banks: Ranked first (2020 and 2019) and second (2022) in Australia

J.D. Power Australia Bank Brand Authenticity Study: Ranked highest for Brand Authenticity (2020)

InfoChoice Banking Awards: Credit Card Provider and Business Institution (Banking) of the Year (2021)

Money Magazine's Consumer Finance Awards: Winner Customer Owned-Bank (2022)

CANSTAR: 5-star rating for Outstanding Value for products including Business Deposits (2022, 2021 and 2020), Business Loans (2022 and 2020), Low Cost Credit Cards (2022), Online Saver (2020), Pension Plus (2020), Gold Low Rate Credit Card (2020) and Business Transaction Account (2020)

RateCity Savings Awards: Gold Award for Best Used Car Loan (2022), Online Saver Product (2020) and Investor 3-year Fixed Home Loan (2020)

Australian Business Association, Employer of Choice Award: (2021, 10th year in a row)

RateCity Loan Awards: Best Used Car Loan (2022 and 2021) and Best Investor 3-year Fixed Interest Only Loan (2022)

RateCity Savings Awards: Best Regular Savers Account – Target Bonus (2021)

Finder Awards Finalist: No Annual Fee Credit Card (2021)

Mozo Experts Choice Awards: Small Business Exceptional Everyday Account (2022), Used Car Loans (2021), Kickstart Savings and No Strings Savings (2021), Pensioner Account (2022 and 2021), SMSF No Strings Savings (2022 and 2021) and Term Deposit – Small Business Term Deposit (2021)

Mozo People's Choice Awards: Excellent Customer Service and Highly Trusted (2022)

MFAA State Excellence Awards: Mutual/Credit Union Lender Award Winner – NSW/ACT and Queensland (2022)

MFAA National Excellence Awards: Mutual/Credit Union Lender Award Winner (2022)

Workplace Giving Australia's Workplace Giving Excellence Awards: Bronze in the category of Best Launch/Refresh (Employer) (2021)

Queensland Community Foundation Philanthropy Awards: Finalist, Corporate Philanthropist of the Year (2022)

Financial performance

Audited financial reports for financial year ending 30 June 2021 (FY21) and 30 June 2022 (FY22) are available from www.heritage.com.au/about/member-centre/financial-reports

The historical financial performance of Heritage is summarised below:

| A\$m; June YE | FY21 | FY22 |
|--|------------|------------|
| Net interest income | 204 | 217 |
| Non-interest income | 31 | 33 |
| Net operating income | 235 | 250 |
| Total operating expenses | (173) | (195) |
| Loan impairment expense | 2 | 3 |
| Statutory Profit Before Tax | 64 | 58 |
| Tax | (19) | (17) |
| Statutory Net Profit After Tax | 45 | 41 |
| Transformation Costs (post-tax) | 2 | 1 |
| Merger Related Costs (post-tax) | - | 2 |
| Underlying Net Profit After Tax | 47 | 44 |

Key metrics based on Statutory Net Profit After Tax

| | FY21 | FY22 |
|---|---------|---------|
| Net interest margin (% avg. loans & advances) | 1.93% | 1.92% |
| Cost to income ratio | 73.5% | 78.1% |
| Loan impairment expense (% avg. loans & advances) | (0.02%) | (0.04%) |
| Net Profit After Tax Margin | 22.0% | 18.7% |
| Return on average equity | 7.1% | 5.8% |
| Return on average assets | 0.40% | 0.33% |

Heritage's financial performance has been driven by the following factors:

- commercial focus on capital allocation with attention given to optimising project spend and choosing the correct industry partners
- looking to create value for current members and future members
- ongoing management of costs to maintain operating efficiency with an overall cost-to-income target below 70%
- sustainable growth within a Tier 1 capital ratio range between 13% and 15%
- intention to increase revenue diversification including via non-interest income sources, particularly based on growing Heritage's payments capabilities.

Financial position

The historical financial performance of Heritage is summarised below:

| A\$m; June YE | FY21 | FY22 |
|-----------------------------|---------------|---------------|
| Cash and cash equivalents | 943 | 297 |
| Financial assets | 1,969 | 2,494 |
| Net loans and advances | 8,906 | 9,341 |
| Intangibles | 15 | 11 |
| Other assets | 110 | 181 |
| Total assets | 11,943 | 12,324 |
| Customer deposits | 9,578 | 9,971 |
| Other financial liabilities | 184 | 214 |
| Borrowings | 1,441 | 1,303 |
| Other liabilities | 83 | 88 |
| Total liabilities | 11,286 | 11,576 |
| Net assets | 657 | 748 |

Key metrics

| | FY21 | FY22 |
|----------------------------------|--------|--------|
| Growth in net loans and advances | 3.0% | 4.9% |
| Growth in total assets | 11.2% | 3.2% |
| Growth in deposits | 13.5% | 4.1% |
| Loan to deposit ratio | 93.0% | 93.7% |
| Growth in net assets | 7.5% | 13.9% |
| CET1 ratio | 12.79% | 13.33% |
| Total Capital Ratio | 14.28% | 14.62% |

Heritage grew its total assets over the period, with the average growth over the two-year period at 7.1%. This has been underpinned by growth in net loans and advances which averaged 4.0% during the same period. Customer deposits have grown faster than both total assets and net loans and advances, with the loan to deposit ratio decreasing from 115.2% in FY16 to 93.7% in FY22.

The financial position of Heritage over time reflects stable internal capital generation and also reflects the company's goal of maintaining capital between a 13% to 15% Tier 1 capital ratio target range.

Over the past three years, Heritage has maintained strong provisioning levels reflecting the high quality credit risk profile of its loan portfolio. Looking forward, Heritage intends to accelerate growth in non-mortgage assets while growing retail deposits in line with the objective to pursue member growth.

Information about People's Choice.

People's Choice is Australia's largest credit union and has been empowering members to achieve their financial goals through modern banking and personal service since 1949.

The organisation has always existed to serve members and has always been 100% member-owned, offering a range of retail banking products and services, including home loans and personal loans, transaction accounts, savings and investment accounts, credit cards, insurance, SME business banking and foreign currency.



People's Choice serves approximately 390,000 members across Australia through its national digital presence, its 33 branches and lending and advice centres in South Australia, the Northern Territory and Victoria, its broker network and through Australia Post outlets via Bank@Post.

People's Choice regularly ranks among the top Australian financial institutions when it comes to meeting the needs of members, with levels of customer satisfaction, trust and advocacy that are among the leaders of the financial services sector.

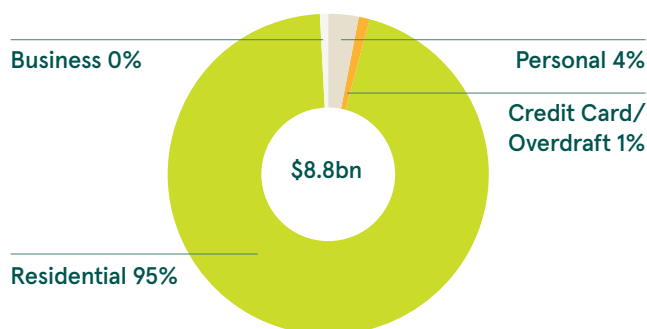
People's Choice has a strong community focus, with annual contributions far exceeding national averages. Through fundraising, giving and sponsorship programs, it contributed 5.1% of pre-tax profit to corporate community investment in 2020/21. This is eight times the average contribution made by major Australian companies (source: Giving Large). Including funds raised through the People's Choice Community Lottery and other programs, such as sponsorship of the Adelaide Strikers cricket team and Western Bulldogs AFL team, People's Choice generated \$2.3 million for the community during 2020/21.

People's Choice business operations and strategy

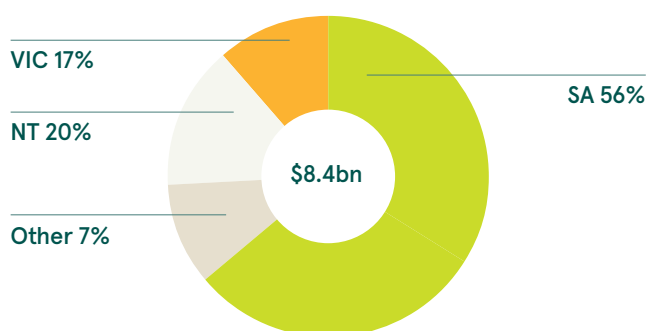
Loan composition

The composition of People's Choice's loan portfolio (by type of loan and geography) at 30 June 2022 is illustrated below:

Total loan portfolio by type



Residential loans by geography



The majority of People's Choice's loan portfolio consists of residential mortgages with an established personal loans capability. People's Choice's loan portfolio is primarily concentrated in South Australia and the Northern Territory, with a growing presence in Victoria through its growing broker distribution network capability.

Distribution system

People's Choice's distribution system includes:

- a network of 33 branches of which 23 are located in SA, four in NT and six in VIC
- a contact centre open 8am – 8pm Monday to Friday and 8:30am – 4:30pm on Saturday
- unlimited free access to People's Choice ATMs as well as ATMs operated by the big four banks (CBA, ANZ, NAB and Westpac) and BankSA
- access to Australia Post's Bank@Post services
- digital platforms (including telephone and internet banking) as well as a mobile phone app with Apple Wallet, Google Pay and Samsung Pay integration.

People's Choice has a head office located in Adelaide.

Awards

People's Choice has received a number of awards in recent years including for:

First homebuyer support: Customer-owned institution of the year for first home buyers in Victoria (CANSTAR 2017, 2018, 2019 and 2020), South Australia (CANSTAR 2013, 2014, 2016, 2017, 2018, 2019, 2020 and 2021) and the Northern Territory (CANSTAR 2013, 2014, 2015, 2017, 2018, 2019, 2020 and 2021)

Customer satisfaction: Credit Union of the Year (Roy Morgan Customer Satisfaction Awards 2014, 2016, 2017, 2018 and 2019), outstanding customer satisfaction (Mozo People's Choice Award 2018), excellent customer service (Mozo People's Choice Award 2018) and customer satisfaction for everyday banking (Mozo People's Choice Award 2018)

Service and trust: Highly trusted (Mozo People's Choice Awards 2017 and 2018), staff friendliness (Mozo People's Choice Awards 2017 and 2018) and most recommended (Mozo People's Choice Awards 2018)

Home loans: Most satisfied customers for home loans (CANSTAR 2019), best home loan package (Mozo Expert's Choice Award 2018), Most Recommended Home Loan, Non-Major Bank (DBM Consultants' Australian Financial Awards 2019 and 2021), Investment Home Lender Award (CANSTAR 2021), Most Recommended Owner Occupier Home Loan (DBM Consultants' Australian Financial Awards 2021), Investor Fixed Home Loan (Fixed Rate Home Loan) and Investor Fixed Home Loan (Fixed Rate Home Loan - Packaged), (Mozo Expert's Choice Awards 2021)

Personal loans: Personal Lender of the Year (Money Magazine/CANSTAR 2018, 2019 and 2021), best car loan (Mozo Expert's Choice Award 2015, 2016 and 2017) and five stars from CANSTAR for its Discounted Personal Car Loan, Unsecured Personal Loan and Discounted Personal Loan (Mozo Expert's Choice Awards 2021)

Deposits: Best value term deposit for long-term (Mozo Expert's Choice Awards 2015 and 2016), medium-term (Mozo Expert's Choice Awards 2016), best term deposit (Mozo Expert's Choice Awards 2018) and best savings account (Mozo People's Choice Awards 2015). CANSTAR also awarded People's Choice a five-star rating for transaction and savings accounts in 2018 and 2019

Credit risk management: Financial research agency RFI Group named People's Choice as having Australia's best credit risk management team at its 2019 Australian Lending Awards.

Financial performance

Audited financial reports for financial year ending 30 June 2021 (FY21) and 30 June 2022 (FY22) are available from www.peopleschoice.com.au/about-us/corporate-governance/annual-reports

The historical financial performance of People's Choice for the financial years ended 30 June 2021 and 30 June 2022 is summarised below:

| A\$m; June YE | FY21 | FY22 |
|--|------------|------------|
| Net interest income | 196 | 188 |
| Non-interest income | 45 | 60 |
| Net operating income | 241 | 248 |
| Total operating expenses | (231) | (230) |
| Loan impairment expense | - | 2 |
| Statutory Profit Before Tax | 10 | 20 |
| Tax | (3) | (2) |
| Statutory Net Profit After Tax | 7 | 18 |
| Transformation costs (post-tax) | 20 | 16 |
| Merger related costs (post-tax) | - | 4 |
| Underlying Net Profit After Tax | 27 | 38 |

Note: Net Profit After Tax includes both continuing and discontinued operations. The Underlying Net Profit after tax adjusts for the investment in various technology platforms, as well as costs relating to the Merger.

Key metrics based on Statutory Net Profit After Tax

| | | |
|---|-------|---------|
| Net interest margin (% avg. loans & advances) | 2.06% | 1.87% |
| Cost to income ratio | 96.0% | 93.0% |
| Loan impairment expense (% avg. loans & advances) | 0.00% | (0.03)% |
| Net Profit After Tax Margin | 3.6% | 9.3% |
| Return on average equity | 1.1% | 2.7% |
| Return on average assets | 0.07% | 0.17% |

People's Choice has experienced sustained growth in both lending and retail deposits, over the past five years, including during the COVID-19 pandemic. Underlying Net Profit After Tax margins have remained relatively steady around approximately 15% during this time, including during FY20.

People's Choice's financial performance going forward is expected to be impacted by several drivers, including:

- ongoing loan growth, offsetting continuing margin pressures in a low interest environment
- lower non-interest income, reflecting rebalancing of various operating exposures
- improving asset quality reflecting the improving external environment
- maintenance of a strong capital position reflecting a 14% target Tier 1 capital adequacy ratio.

Financial position

The financial position of People's Choice at 30 June 2021 and 30 June 2022 is summarised below:

| A\$m; June YE | FY21 | FY22 |
|---------------------------|--------------|---------------|
| Cash and cash equivalents | 226 | 177 |
| Financial assets | 1,139 | 1,186 |
| Net loans and advances | 8,095 | 8,820 |
| Intangibles | 3 | 8 |
| Other assets | 173 | 256 |
| Total assets | 9,636 | 10,447 |
| Customer deposits | 7,119 | 7,668 |
| Borrowings | 1,763 | 1,940 |
| Other liabilities | 129 | 154 |
| Total liabilities | 9,011 | 9,762 |
| Net assets | 625 | 685 |

Key metrics

| | | |
|----------------------------------|--------|--------|
| Growth in net loans and advances | 2.6% | 9.0% |
| Growth in total assets | 2.3% | 8.4% |
| Growth in deposits | 5.6% | 7.7% |
| Loan to deposit ratio | 113.7% | 115.0% |
| Growth in net assets | 2.0% | 9.7% |
| CET1 ratio | 13.39% | 13.12% |
| Total Capital Ratio | 13.74% | 14.91% |

People's Choice has consistently grown its total assets over the past five years, with average annual growth at 6.5%. This has been underpinned by growth in net loans and advances, which averaged 5.9% during the same period. Customer deposits have grown largely in line with total assets and net loans and advances, with the loan to deposit ratio holding relatively steady, moving from 117.2% in FY16 to 115.0% in FY22. During this time, the CET1 ratio has fallen slightly, however, at 13.12% in FY22, it remains strong.

Merger overview.

The Merger Process

The Merger will involve a total transfer of the business of Heritage to People's Choice under the Transfer Act. If the Merger proceeds:

- all of the assets and liabilities of Heritage will become the assets and liabilities of People's Choice (including all deposits and loans held by Heritage members)
- the duties, obligations, rights and privileges that currently apply to Heritage will transfer to People's Choice
- People's Choice members will remain as members of the Combined Mutual and will therefore not need to be issued any new shares
- Heritage members will cease to be Heritage members and will automatically become members of the Combined Mutual.

The practical effect of this will be that People's Choice will become the Combined Mutual and combine the businesses that were previously carried on separately by People's Choice and Heritage.

If the members of both People's Choice and Heritage approve the Merger, then when the Merger takes effect:

- People's Choice (which will become the Combined Mutual) will change its name to 'Heritage and People's Choice Limited'
- a new Constitution, set out in Attachment B of this booklet, will be adopted as the Constitution of the Combined Mutual
- the maximum annual aggregate remuneration of the Directors will be fixed at \$2.398 million per annum (see the section 'Benefits to Directors and Officers' for further details).

Therefore, if members vote to approve the Merger, they will also be voting to change the name, adopt the new Constitution and approve the maximum aggregate remuneration of Directors.

The company name will not be used as the trading name or brand of the Combined Mutual. Instead, after an initial period where both brands are maintained, a single new brand will be adopted that reflects the values of both People's Choice and Heritage.

If the Merger is approved by the members of both People's Choice and Heritage, and by APRA, it is proposed the Merger will take effect on 1 March 2023 or on such other date as APRA determines (Merger Date).

The process to effect the Merger is different from the process that is typically used to effect a merger between companies, where the acquiring company acquires all of the shares in the target company.

This is because of the statutory provisions in the Transfer Act, which are designed to facilitate mergers of ADIs by allowing a 'total transfer' of the members, business, assets, liabilities, rights, instruments and obligations from one ADI to another ADI. Upon the implementation of the Merger, Heritage will not become a subsidiary of People's Choice. Instead, following the Merger, Heritage will cease to have any assets or ongoing operations and will be deregistered as a company. There will be no surplus funds distributed to Heritage members in connection with the Merger.

The Merger will not trigger a demutualisation under Part 5 of Schedule 4 of the Corporations Act because the Combined Mutual will remain a mutual entity.

Further information about the effects of the Merger on the rights and liabilities of members, as well as the treatment of memberships and shares is set out in the section '*The proposed Combined Mutual and the effect of the Merger*'.

What if the Merger does not proceed?

If the members of either People's Choice or Heritage do not approve the Merger, or APRA does not approve the Merger, then the Merger will not proceed.

If the Merger does not proceed, no transfer will occur and the operations of People's Choice and Heritage will continue to operate as independent businesses, as they do today.



Directors' recommendation

The Directors of People's Choice unanimously recommend that you vote in favour of the Merger Resolution.

For the reasons set out on this booklet, the Board believes that the Merger is in the best interests of members. Each Director of People's Choice who is entitled to vote on the Merger Resolution intends to vote in favour of the Merger Resolution.

In making their recommendation and determining how to vote on the Merger, the Directors have considered the advantages and disadvantages of the Merger.

The Directors strongly encourage you to read this booklet carefully and in its entirety.

Benefits to Directors and Officers

If the Merger proceeds, all non-executive directors of People's Choice and Heritage will become directors of the Combined Mutual, and so the number of non-executive directors on the board will double, from six to 12 (see 'Board' on page 44).

Under the Constitution of People's Choice, the maximum aggregate amount of remuneration that may be paid to directors for the period from one AGM to another (effectively an annual amount) is an amount determined by members at a general meeting. The new Constitution of the Combined Mutual will include the same provision.

The Combined Mutual will be almost double the existing size of each of the existing entities, and will be Australia's leading member-owned banking organisation. It will become what APRA categorises as a 'significant financial institution', which will result in it being subject to more onerous prudential requirements. The responsibilities of its directors, and the demands placed upon them, will be even more significant. It is important that the remuneration of directors is appropriate and such that the Combined Mutual is able to retain and attract directors with the appropriate qualifications, skills and experience to govern a large, complex and heavily regulated financial institution.

The Boards of People's Choice and Heritage therefore consider that it is appropriate that a maximum aggregate amount of

remuneration is set, by reference to relevant benchmarking data which takes these factors into account and is in line with remuneration paid to directors by comparable institutions in the market. The new maximum aggregate annual amount of remuneration must also, necessarily, take into account the increase in the number of directors on the combined Board.

If members approve the Merger, the maximum aggregate remuneration of directors for each 12 month period prior to the AGM of the Combined Mutual for each year from the Merger Date will be \$2,398,000. However, this amount will be adjusted pro-rata by reference to time, to take into account that the Merger Date will fall between AGMs, and until the Merger Date the remuneration paid to directors of People's Choice will not be increased. The actual aggregate remuneration of directors of the Combined Mutual will reduce with the reduction in the total number of directors described in the section 'Board' on page 44.

Certain changes to the contracts of employment with Mr Peter Lock, the current CEO of Heritage, and Mr Steve Laidlaw, the current CEO of People's Choice, will need to be made to facilitate those executives becoming the CEO and Deputy CEO of the Combined Mutual respectively. These changes will also need to reflect Mr Peter Lock's retirement as CEO 18 months post Merger completion and the appointment of Mr Steve Laidlaw as CEO from that date. These changes will only be required if the Merger occurs.

It is anticipated that contracts of employment with other executives of People's Choice and Heritage, will be required and will take effect on and from the Merger Date.

Other than as noted above:

- No officer of People's Choice or Heritage has any interest (financial or otherwise) in the Merger, and will not receive any compensation or other consideration, incentive or benefit as a result of the Merger.
- No agreement that is conditional upon the Merger has been entered into with any officer, member or depositor of either People's Choice or Heritage.

The proposed Combined Mutual and effect of the Merger.

Governance – Board and Senior Executives

Board

The current Board of People's Choice is comprised of seven directors: Michael Cameron (Chairman), Steve Laidlaw (Managing Director and Chief Executive Officer), Amanda Heyworth, Virginia Hickey, John Patton, Wendy Thorpe and Georgina Williams.

The current Board of Heritage is comprised of six directors: Kerry Betros (Chairman), Dennis Campbell (Deputy Chairman), Brendan Baulch, Peter Clare, Stephen Davis and Wendy Machin.

The Board of the Combined Mutual will initially have 12 directors, being the current directors of People's Choice and Heritage – with the exception of Steve Laidlaw – who will retire from his role as director of People's Choice immediately prior to the Merger Date but will remain an executive.

The current Chairman of People's Choice will be the Chairman of the Combined Mutual and the current Chairman of Heritage will be the Deputy Chairman, for a period of at least three years after the Merger Date.



Over a period of about three years from the Merger Date, the total number of directors will be reduced to eight. This will be achieved by retirements provided for in the new Constitution which are designed to ensure there will continue to be equal numbers of former People's Choice directors and former Heritage directors over that period. The Combined Mutual Board will, at all times, include at least two directors who have a strong affinity with South Australia (through residing in, or formerly residing in, South Australia) and at least two directors who have a strong affinity with South East Queensland (through residing in, or formerly residing in, South East Queensland).

Of the directors who remain on the Board of the Combined Mutual at the third anniversary of the Merger Date, the term of two will end at the 2027 AGM, the term of three will end at the 2028 AGM, and the term of the remaining three will end at the 2029 AGM. There will be no elections for directors until 2027.

Senior Executives

Peter Lock, the current CEO of Heritage, will serve as CEO of the Combined Mutual and Steve Laidlaw, currently CEO of People's Choice, will be appointed Deputy CEO. Mr Lock will retire 18 months after the establishment of the Combined Mutual, when Mr Laidlaw will be appointed as CEO.

Profiles of the senior executives of each entity can be accessed at www.peopleschoice.com.au and www.heritage.com.au

Executive appointments will be subject to the Combined Mutual's obligations under applicable prudential standards and its fit and proper policy.

Effect of the Merger on membership and member rights.

Membership

When the Merger takes effect:

- (a) All members of People's Choice will continue to be members of the Combined Mutual and will continue to hold one member share in the Combined Mutual.
- (b) Subject to subparagraphs (d), (e) and (f) below, all members of Heritage will become members of the Combined Mutual, and will be taken to hold one member share in the Combined Mutual.
- (c) Members of Heritage will be deemed to have been admitted as members of the Combined Mutual on the date when they first became members of Heritage.
- (d) If a member of Heritage is also a member of People's Choice, they won't become a member of the Combined Mutual twice (because a person can only hold one membership). Instead, they will be deemed to have been admitted as a member of the Combined Mutual on the earliest date on which they became a member of either People's Choice or Heritage.
- (e) If a person holds more than one membership in Heritage (in any capacity) then the member will be taken to hold only one member share in the Combined Mutual. This is intended to deal with any members who have been admitted as members of Heritage more than once.
- (f) Each person who constitutes a joint member of Heritage will become a separate member of the Combined Mutual and will be taken to hold one member share in the Combined Mutual pursuant to subparagraph (b), unless that person is also a member of Heritage as an individual and so becomes a member of, and is taken to hold a member share in, the Combined Mutual, as an individual, pursuant to subparagraph (b). This is because People's Choice no longer opens joint memberships.
- (g) The member shares in the Combined Mutual that members of Heritage will be taken to hold will be taken to have:
 - been issued at a subscription price of \$2.00 and on the same terms as other member shares in the Combined Mutual which were issued immediately before the Merger took effect; and
 - the same rights and restrictions attaching to them as other member shares in the Combined Mutual.
- (h) No amount will be payable by the Combined Mutual on redemption of a member share in the Combined Mutual that a member of Heritage is taken to hold pursuant to subparagraph (c) unless the Combined Mutual has demanded, and received from the member, payment of the subscription price. This will ensure that former Heritage members are in the same position as People's Choice members.

- (i) All members of Heritage, except its Chairman, will cease to be members of Heritage.

The Chairman of Heritage will remain a member of Heritage and the Chairman of People's Choice will become a member of Heritage, with the effect that the only two members of Heritage will be the respective chairs of Heritage and People's Choice. The Board of Directors of Heritage will be comprised of the Chairman of Heritage, the Deputy Chairman of Heritage, the Chairman of People's Choice, and a director nominated by the Chairman of People's Choice. This is so they can arrange for Heritage to be deregistered following the Merger.

There is limited overlap between members of Heritage and members of People's Choice. As a result, if the Merger is completed, the total number of People's Choice members will increase to approximately 720,000 located primarily in Queensland, South Australia, New South Wales, the Northern Territory and Victoria, with the opportunity to continue to build further scale across other states and territories.

Constitution and member rights

A new Constitution will be adopted for the Combined Mutual – see Attachment B of this booklet.

The new Constitution differs to the existing Constitution of People's Choice (which is available via the Corporate Documents page on the People's Choice website) to only a limited extent. Those differences are described in Attachment C of this booklet.

The changes to the Constitution, and the Merger, will have no effect upon the existing member rights of People's Choice members.

Under the new Constitution, as under the existing Constitution of People's Choice, the only classes of shares that will be able to be issued are:

- Member shares, which are issued to members when they become members and are redeemed when they cease to be members; and
- Mutual capital instruments (MCIs).

People's Choice has not issued any MCIs to date, and while the Combined Mutual will have the ability to issue MCIs in the future, there is currently no intention that it will do so.

The Merger may impact the rights of the very small number of People's Choice members who are also existing Heritage members. When the Merger takes effect, all deposits held by People's Choice and Heritage will be held by the Combined Mutual and the \$250,000 deposit guarantee of the Federal Government's Financial Claims Scheme will apply to combined deposits held by the Combined Mutual. If you do not have amounts on deposit with both People's Choice and Heritage, or if you do have amounts on deposit with both People's Choice and Heritage which are \$250,000 or less in total, then the Merger will not impact your rights

under the Federal Government's Financial Claims Scheme. If, however, you do have amounts on deposit with both People's Choice and Heritage which are greater than \$250,000 in total, then when the Merger takes effect, you will lose the benefit of having two separate \$250,000 guarantees (that is, one which applies to deposits in People's Choice and one which applies to deposits in Heritage) because the \$250,000 deposit guarantee of the Federal Government's Financial Claims Scheme will apply to your combined deposits in the Combined Mutual.

Effect upon members as members of the Combined Mutual

Ongoing membership of a mutual

Members will remain part of a proudly member-owned and member-focused organisation committed to mutuality.

Recognition of tenure

If the Merger proceeds, the membership of the Combined Mutual deemed to be granted to a Heritage member will recognise the member's years of tenure as a member of Heritage. People's Choice members who are also Heritage members, but have longer tenure as a Heritage member, will have their existing People's Choice membership adjusted to reflect their longer tenure as a Heritage member – see *'Recognition of members' years of tenure'* on page 29.

Equivalency of member rights

The proposed new Constitution of the Combined Mutual will provide for equivalency of member rights and entitlements for all members of the Combined Mutual, except that only members who have been members for at least two years ('qualifying members') will be entitled to participate in the surplus and profits of the Combined Mutual if a demutualisation benefit ever becomes payable to members (which is the same as what the position is under the existing Constitution of People's Choice). Pre-Merger membership of either People's Choice or Heritage will be taken into account in determining how long a member has been, or is deemed to have been, a member of the Combined Mutual.



Impact on members

No immediate change to banking products of members

Set out in Attachment A of this booklet is a comparison of the various products and services currently offered by People's Choice and Heritage.

There will be no other change to products offered to existing People's Choice members immediately following completion of the Merger. Product integration will occur over time and we will provide you with the required notice if any changes are made to your products as a part of the product integration process. It is not intended that either People's Choice or Heritage members will be disadvantaged with respect to the benefits and pricing associated with any products and services held by them at the time of the Merger. If the Merger proceeds, People's Choice members will benefit as part of the product integration process where Heritage members currently enjoy a better offering.

While People's Choice is committed to avoiding any changes to the banking details of its members, there may be changes in the future that cannot be avoided as a result of transitioning to the planned new core banking system. Any unavoidable change will be communicated to members well in advance.

Removal of fees

People's Choice and Heritage have proposed a commitment to align their fee structures for relevant product categories which is expected to result in the removal of certain fees for People's Choice members.

From the Merger Date, People's Choice members will benefit from the removal of the fees set out in Schedule 2 of Attachment A of this booklet.

Product integration will occur over time and we will provide you with the required notice if any changes are made to your fees as a part of the product integration process.

Enhanced range of products, services and distribution channels

Members are expected to be able to access an enhanced range of products and services. Following the completion of the system integration, the Combined Mutual will have access to more modern systems and digital banking technology and capabilities, giving members access to:

- best of breed products and services delivered through a single technology solution in which People's Choice has already commenced investing
- enhanced services, particularly in terms of access to a larger branch network across Australia, increasing from 33 to 95 branches and lending and advice centres

People's Choice members will retain their existing access to People's Choice ATMs, as well as ATMs of the 'big four' banks and Bank SA, while gaining access to Heritage's ATM network.

Over the longer term, the increased scale and financial capacity of the Combined Mutual is expected to support continuous investment and improvement in products and services, including new technologies, to maintain relevant banking products and services. This investment is materially greater in terms of volume, complexity and cost than People's Choice could deliver on a standalone basis.

This includes:

- continued expansion of payments capability to provide acquiring capability to SME members
- development of digital banking assets e.g. Internet Banking for SME members
- superior user experience design and optimisation for digital assets to improve functionality, navigability and overall usability
- development of superior loyalty programs to recognise member value and loyalty.

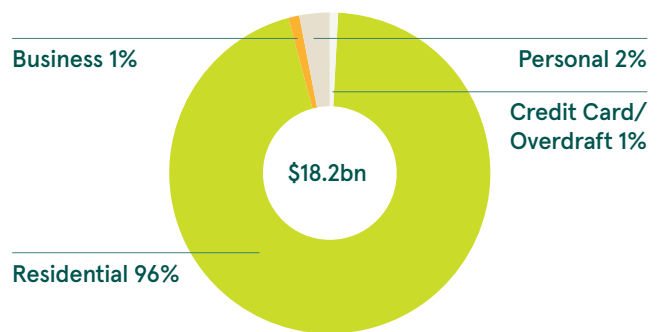
Geographic representation

The Combined Mutual will have dual head offices of equal significance located in Adelaide and Toowoomba, reflecting the enduring commitment of the Combined Mutual to each of these communities. There will be a sensible distribution of functions across two locations based on relative capabilities.

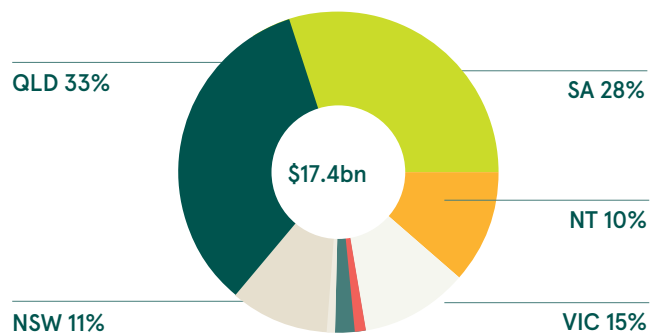
Loan composition

The Combined Mutual will have significant scale with a combined loan portfolio of approximately \$18.2 billion. The Combined Mutual's loan portfolio will also be much more geographically diversified – a key factor in reducing risk.

Total loan portfolio by type



Residential loans by geography



Community involvement

The Combined Mutual will continue to support the local communities in which it operates including Adelaide and Toowoomba. There will be a commitment to community sponsorship initiatives for both regions.

There is to be an enduring commitment to both the People's Choice Community Lottery and the Heritage Charitable Foundation. In addition, there is to be an ongoing commitment to the Community Branch model currently operated by some of Heritage's branches.

Merger goals and guiding principles

The following sets out the goals of the Merger and the principles that have guided People's Choice and Heritage when determining their shared vision for the Combined Mutual:

- 1. Preserve member access to mutual banking, delivering compelling member benefit across Australia**
 - Aspiration to continue to grow geographic footprint to create a national presence.
 - Seamless member experience across digital, physical and direct channels.
 - Best of breed products and services including market-leading rates and fees.
- 2. Improve financial viability and scale**
 - Deliver member products, services and technology more efficiently.
 - Best technology solution selected from each organisation and partnering within Australia where existing solutions are not available.
 - Single technology platform, brand, vendors and processes.
- 3. Become a leader for mutuals and cooperatives across Australia**
 - Industry leadership position (Customer Owned Banking Association, Business Council for Co-operatives & Mutuals).
 - Environmental, social and governance (ESG) leadership through a strong, well-articulated position including the goal of achieving net zero carbon emissions and maintaining B Corp certification.
 - Deliver products and services to support other mutuals.
- 4. Create economic development and security for the communities in which the Combined Mutual operates**
 - Continue to deliver on community programs to support the Adelaide, Toowoomba and other communities in which the Combined Mutual will operate.
- 5. Respect the proud histories of both organisations**
 - Combined representation and input from both organisations at Board, Senior Executive and senior management level.
 - Ongoing commitment to Adelaide and Toowoomba head offices.
 - Preservation and growth of the Community Lottery (People's Choice) and the Charitable Foundation (Heritage).
- 6. Exceptional place of work for employees**
 - No non-executive redundancies as a result of the Merger.
 - Flexible ways of working and choice of locations.
 - Exceptional working environments.

Vision for the Combined Mutual

The Combined Mutual will be committed to mutuality; this is a core tenet, deeply rooted in the history and values of both organisations. We believe member-owned banking organisations deliver an authentic member offering and experience of value and care. We exist to create a better future for our members and the communities in which they live.

The Combined Mutual will be the leading member-owned banking organisation in Australia with combined total assets in excess of \$22 billion, approximately 720,000 members and 1,900 employees. It will also be one of Australia's oldest financial institutions with a combined 220 years of proudly making a difference to members' lives.

Our geographical reach will be extended through 95 branches, mini branches and lending and advice centres across South Australia, the Northern Territory, Victoria, Queensland and New South Wales, and will be supplemented by an established third party broker distribution network. The Combined Mutual will continue to grow its established SME Business Banking offerings whilst also providing innovative payment solutions as Australia's largest issuer of prepaid cards.

The Combined Mutual will offer a true banking alternative to listed competitors centred around our members and delivered through an enhanced omni-channel experience supported by leading digital capabilities.

Financial implications

The table below sets out the financial performance of People's Choice and Heritage for the financial years ended 30 June 2021 and 30 June 2022 and what it would have been if the two organisations were combined (the Combined Mutual details). These outcomes do not include any business combination costs or operating efficiencies.

| | People's Choice | Heritage | Pro forma Combined | People's Choice | Heritage | Pro forma Combined |
|--|--------------------|------------|-----------------------|--------------------|------------|-----------------------|
| <i>A\$m; June YE</i> | FY21 | FY21 | FY21 | FY22 | FY22 | FY22 |
| Net interest income | 196 | 204 | 400 | 188 | 217 | 405 |
| Non-interest income | 45 | 31 | 76 | 60 | 33 | 93 |
| Net operating income | 241 | 235 | 476 | 248 | 250 | 498 |
| Total operating expenses | (231) | (173) | (404) | (230) | (195) | (425) |
| Loan impairment expense | 0 | 2 | 2 | 2 | 3 | 5 |
| Statutory Profit Before Tax | 10 | 64 | 74 | 20 | 58 | 78 |
| Tax | (3) | (19) | (22) | (2) | (17) | (19) |
| Statutory Net Profit After Tax | 7 | 45 | 52 | 18 | 41 | 59 |
| Transformation costs (post-tax) | 20 | 2 | 22 | 16 | 1 | 17 |
| Merger related costs (post-tax) | - | - | - | 4 | 2 | 6 |
| Underlying Net Profit After Tax | 27 | 47 | 74 | 38 | 44 | 82 |

Note: Net Profit After Tax includes both continuing and discontinued operations. The Underlying Net Profit after tax adjusts for the investment in various technology platforms, as well as costs relating to the merger.

Key metrics

| | | | | | | |
|--|-------|---------|---------|---------|---------|---------|
| Net interest margin (% avg. loans & advances) | 2.06% | 1.93% | 1.99% | 1.87% | 1.92% | 1.91% |
| Cost to income ratio | 96.0% | 73.5% | 84.9% | 93.0% | 78.1% | 85.5% |
| Loan impairment expense (% avg. loans & advances) | 0.00% | (0.02)% | (0.01)% | (0.03)% | (0.04)% | (0.03)% |
| Net Profit After Tax Margin | 3.6% | 22.0% | 13.0% | 9.3% | 18.7% | 14.4% |
| Return on average equity | 1.1% | 7.1% | 4.1% | 2.7% | 5.8% | 4.3% |
| Return on average assets | 0.07% | 0.40% | 0.25% | 0.17% | 0.33% | 0.26% |

Key statistics of the Combined Mutual are largely in line with the current People's Choice and Heritage levels, reflecting the similar size and financial performance of both businesses. After the realisation of the projected operating efficiencies by the Combined Mutual, there is expected to be an improvement in the cost-to-income ratio over the medium term. Similarly, the Net Profit After Tax margin is anticipated to improve in the medium term as funding and operating cost efficiencies are realised.

One-off costs of approximately \$100 million will be incurred by the Combined Mutual over three to five years to implement the Merger. These include approximately \$50 million in technology integration costs and \$15 million

to implement the proposed rebranding program, with the remainder comprising transformation employee costs, member communication costs and other operational expenses.

It is considered that the Combined Mutual will be able to leverage its scale and the relative strengths of the combined businesses to realise operating efficiencies. These operating efficiencies are estimated to be around \$40 million per annum (pre-tax, net of dis-synergies) after the end of the proposed integration period in FY27 covering funding and other operational expenses, particularly related to ongoing technology and system costs. The parties have committed to passing the benefits of these operating efficiencies through to members in an appropriate manner.

Impact on financial position

The table below sets out the pro forma financial position for the Combined Mutual assuming the Merger occurred as at 30 June 2021.

| | People's Choice | Heritage | Pro forma Combined | People's Choice | Heritage | Pro forma Combined |
|-----------------------------|-----------------|---------------|--------------------|-----------------|---------------|--------------------|
| <i>A\$m; June YE</i> | FY21 | FY21 | FY21 | FY22 | FY22 | FY22 |
| Cash and cash equivalents | 226 | 943 | 1,169 | 177 | 297 | 474 |
| Financial assets | 1,139 | 1,969 | 3,108 | 1,186 | 2,494 | 3,680 |
| Net loans and advances | 8,095 | 8,906 | 17,001 | 8,820 | 9,341 | 18,161 |
| Intangibles | 3 | 15 | 18 | 8 | 11 | 19 |
| Other assets | 173 | 110 | 283 | 256 | 181 | 437 |
| Total assets | 9,636 | 11,943 | 21,579 | 10,447 | 12,324 | 22,771 |
| Customer deposits | 7,119 | 9,578 | 16,697 | 7,668 | 9,971 | 17,639 |
| Other financial liabilities | - | 184 | 184 | - | 214 | 214 |
| Borrowings | 1,763 | 1,441 | 3,204 | 1,940 | 1,303 | 3,243 |
| Other liabilities | 129 | 83 | 212 | 154 | 88 | 242 |
| Total liabilities | 9,011 | 11,286 | 20,297 | 9,762 | 11,576 | 21,338 |
| Net assets | 625 | 657 | 1,282 | 685 | 748 | 1,433 |

Statistics

| | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Growth in loans and advances | 2.6% | 3.0% | 2.9% | 9.0% | 4.9% | 6.8% |
| Growth in total assets | 2.3% | 11.2% | 7.0% | 8.4% | 3.2% | 5.5% |
| Growth in deposits | 5.6% | 13.5% | 9.9% | 7.7% | 4.1% | 5.6% |
| Loan to deposit ratio | 113.7% | 93.0% | 101.8% | 115.0% | 93.7% | 103.0% |
| Growth in net assets | 2.0% | 7.5% | 4.7% | 9.7% | 13.9% | 11.9% |
| CET1 ratio | 13.39% | 12.79% | 13.06% | 13.12% | 13.33% | 13.23% |
| Total Capital Ratio | 13.74% | 14.28% | 14.04% | 14.91% | 14.62% | 14.76% |

The Combined Mutual will benefit from a significant increase in scale, with total assets exceeding \$22 billion and total loans and advances exceeding \$18 billion. Assets and deposits are expected to grow largely in line with each other, with loans continuing to be predominately funded by deposits, reflecting the underlying capital strength of the combined business. The capital position of the Combined Mutual will remain strong with a greater than 13% pro forma CET1 ratio.

We will notify members of any material changes in the financial positions of People's Choice and Heritage between the date of this booklet and the AGM, and of the potential impact of any such changes upon the pro forma financial position of the Combined Mutual, by publishing a prominent notice on the Merger page on the People's Choice website. Please note, however, that no such material changes are expected in respect of either organisation's financial positions.

Tax implications

The ATO has provided written confirmation to People's Choice that it will administer the income tax laws in respect of the Merger in a way that should result in no adverse income tax implications for People's Choice or the Combined Mutual.

The Merger is not expected to create any adverse tax consequences for People's Choice or its members. The stamp duty and GST implications of the Merger for the proposed Combined Mutual have been evaluated and are significantly outweighed by the commercial benefits of the Merger.

Transaction and implementation costs

Both entities will incur transaction costs related to the Merger. These costs include adviser, legal, accounting, communication and other consultant fees as well as printing, postage and meeting costs, some of which will be incurred even if the Merger does not proceed.

Key risks

Implementation risks

The Merger will involve a number of implementation risks that members should consider:

- It is possible that the integration of the institutions will take longer or cost more than is expected due to unexpected issues, especially given the significant task of integrating two different banking systems. Any delay in the integration program may delay the delivery of benefits to members
- There will be ongoing execution risk associated with successfully implementing the operating and governance model including the proposed technology solutions across a single core banking platform
- Differences in cultural or operating norms such as staffing levels and remuneration arrangements
- Despite the proposed operating and governance model, members (as members of the Combined Mutual) will be exposed to risks associated with the pre-Merger business and activities of both entities, though these have been reviewed by a thorough due diligence process.

Potential loss of members

There is the potential for People's Choice to lose existing members who are not in favour of the Merger. Whilst this is considered a low likelihood, if a significant number of members are lost, this could have an impact on the Combined Mutual's financial performance and restrict the capital available for investment, though this is not expected.

Potential loss of key employees

People's Choice has a number of employees performing key activities whose experience and expertise are important to the ongoing operation of the business. A loss of key employees could adversely impact the integration program of work and hinder 'business as usual' activities within People's Choice. To mitigate this risk, there will be no non-executive redundancies as a result of the Merger.

Taxation implications

The income tax position with respect to transfers under the Transfer Act is currently under review by the ATO. Whilst the ATO has provided written confirmation that it will administer the income tax laws in a way that should result in no adverse income tax implications for People's Choice or the Combined Mutual as a result of the Merger, the ATO letter is subject to the applicable laws not being amended in a way that impacts the income tax outcomes set out in the ATO letter.

Additional information.

APRA approval

In accordance with the Transfer Act, the Merger must be approved by APRA in order to become effective. APRA's approval may impose conditions which need to be complied with before or after the Merger takes effect. If the Merger Resolution is approved by the members of both entities, and any conditions imposed by APRA are satisfied, APRA will then determine whether or not to approve the Merger.

Independent advice

People's Choice used the services of external advisers to assist in completing due diligence reviews of Heritage. Having undertaken those due diligence reviews, the Board of People's Choice concluded the Merger is in the best interests of its members. People's Choice has also used the services of external advisers to assist it in taking the steps necessary to obtain regulatory approval and seek approval of the Merger by members.

Material changes in the financial position of People's Choice

There have been no material changes to the financial position of People's Choice since 30 June 2021, other than those set out in the financial performance and financial position for the year ended 30 June 2022.

People's Choice's audited financial statements for the year ended 30 June 2022 can be accessed here:

www.peopleschoice.com.au/about-us/corporate-governance/annual-reports

Material changes in the financial position of Heritage

There have been no material changes to the financial position of Heritage since 30 June 2021, other than those set out in the financial performance and financial position for the year ended 30 June 2022.

Heritage's audited financial statements for the year ended 30 June 2022 can be accessed here:

www.heritage.com.au/about/member-centre

Other information material to the making of a decision in relation to the Merger

Except as set out in this booklet, so far as the Directors are aware, there exists no other information that is material to the making of a decision by a member whether or not to approve the Merger, being information that is within the knowledge of Directors and has not previously been disclosed to members.



Frequently asked questions.



About the Merger

Why are we proposing a merger?

- People's Choice exists for one reason: to support members to achieve their financial goals. The Merger with Heritage will allow us to do that even better. By bringing our two organisations together, we will have the scale needed to deliver more for members through better products, services, digital capabilities and competitive pricing.
- The Boards of People's Choice and Heritage unanimously agree that the Merger is in the best interests of members. Following a comprehensive due diligence process, the Boards are of the view that the Merger is a compelling opportunity to unite two member-driven and complementary businesses to improve member benefits while increasing support for community and environmental initiatives.
- There is no better partner for People's Choice than Heritage. Not only are we alike in size, we also share very similar values, goals and an absolute member focus. This will be a true merger of equals where we bring the best of the two organisations together to benefit members.
- Together, we will create a national member-owned banking organisation with approximately 720,000 members, 1,900 employees and \$22.8 billion in assets, and 95 branches across South Australia, Victoria, New South Wales, Queensland and the Northern Territory.

What will each organisation bring to the Combined Mutual?

- Both People's Choice and Heritage offer particular strengths which will benefit the Combined Mutual.
- For example, the significant investment People's Choice has recently made in digital technology means the two organisations will be able to bring their operational systems together more efficiently than would otherwise be the case.
- Similarly, Heritage's greater experience in SME business banking, credit cards, payments and broker relationships will substantially benefit members and help attract new members.
- With size, geographic reach, culture and member focus aligning so well, there is no better partner for People's Choice than Heritage. Together, we will be stronger, more secure and capable of providing more for our members.

Who is Heritage?

- Heritage is one of Australia's largest and most successful customer-owned banks.
- Heritage has a proud track-record of serving the interests of its members, with a history stretching back 147 years to its origins in the Queensland city of Toowoomba.
- Today, Heritage has evolved into a national force in member-owned banking, with ~\$12.3 billion in assets, ~330,000 members, ~1,000 employees, 62 branches and mini branches across Queensland and New South Wales, and a national network of broker partners, serving the nation from its Toowoomba headquarters.
- Heritage takes great pride in living its People First philosophy as a cornerstone of its culture and is deeply committed to supporting the communities in which it operates.
- Heritage regularly ranks among the top Australian financial institutions when it comes to meeting the needs of members, with levels of customer satisfaction, trust and advocacy that are among the leaders of the financial services sector.

What member benefits have been identified?

- Both organisations are confident that members will receive significant benefits from the Merger, including access to one of Australia's largest member-owned branch networks, a wider range of award-winning, competitively-priced products and services, and contemporary, secure digital banking, backed by ongoing investment to meet members' evolving needs.

If the Merger goes ahead, will we keep our mutual status?

- Yes. We have always existed to serve our members and we have always been 100% member-owned. And both will remain true through the Merger with Heritage.
- The Combined Mutual will absolutely remain entirely member-owned and focused on member outcomes, rather than dividends to shareholders. Mutuality is in our DNA, and it's in Heritage's as well.

Is this a takeover?

- No. People's Choice is not taking over Heritage, nor is Heritage taking over People's Choice. It will be a true merger of equals. This is reflected in the fact that dual head offices will be retained in Adelaide and Toowoomba, and that the Board of the Combined Mutual will comprise an equal number of directors from People's Choice and Heritage.

Who will be the CEO and Chairman?

- People's Choice and Heritage have agreed to a robust governance structure to oversee the management and strategic direction of the Combined Mutual.
- Michael Cameron, the current People's Choice Chairman, will be appointed as Chairman of the Combined Mutual and Kerry Betros, the current Heritage Chairman, will be appointed Deputy Chairman.
- Peter Lock, the current CEO of Heritage, will serve as CEO of the Combined Mutual and Steve Laidlaw, currently CEO of People's Choice, will be appointed Deputy CEO.
- Mr Lock will retire 18 months after the establishment of the Combined Mutual, when Mr Laidlaw will be appointed as CEO.
- This arrangement will provide seamless leadership and deep expertise for the Combined Mutual during the integration period and into the future.
- This strong Board and Executive partnership will provide stability, local experience and long-term succession planning, as well as reflecting the fact that this is a true merger of equals.

How many Board members will there be?

- Both organisations will have equal Board representation, with all current non-executive directors being appointed to the Combined Mutual's Board. This will bring the total number of directors to 12. That number will be reduced to eight directors approximately three years after the Merger Date.

What will happen to our brand?

- If members vote in favour of the Merger there will be an initial period where both brands are maintained and, following that period, a single new brand will be adopted that reflects the values of both People's Choice and Heritage.

What if the Merger doesn't proceed?

- We are both financially strong organisations with long-term strategies to ensure we support our current and future members independently and for generations to come.

What this means for members

What does the Merger mean for members?

- People's Choice and Heritage exist for the same reason: to support our members to reach their financial goals.
- By combining the best of both organisations, we'll keep our individual strengths and what makes us unique, while using the power of membership scale to improve benefits for members. The Combined Mutual will retain an absolute focus on members and a commitment to remaining member-owned.
- The Merger will provide the scale needed to ensure members continue to benefit from competitive financial products, personalised customer service and contemporary, secure banking technology – all with the care that only a strong, sustainable, member-owned banking organisation can provide.
- Together, we will be large enough to offer more for members and small enough to retain the personal touch.

How will members benefit?

- The Boards of People's Choice and Heritage unanimously agree that the Merger is in the best interests of members.
- Members will receive significant benefits from the Merger, including access to one of Australia's largest member-owned branch networks, a wider range of award-winning, competitively-priced products and services, contemporary, secure digital banking, backed by ongoing investment to meet members' evolving needs and higher service levels with a 24/7 National Contact Centre and selected branches opening on Saturdays.

What will happen to my membership when the Merger takes place?

- Current members of People's Choice and Heritage will be, or become, members of the Combined Mutual, with both groups of members having the same rights.

What does it mean for current product features and services?

- There will be no immediate change to current product features and services to members.
- Should the Merger proceed, over time as our systems are integrated, members will gain access to a wider range of award-winning, competitively-priced products and services.

Our community

Will the Merger result in branch closures?

- No. Both People's Choice and Heritage operate in different geographies so there is no overlap of branch operations. Therefore, there will be no branch closures as a result of the Merger.

What does this mean for the community sponsorships we have in place?

- All sponsorships will continue and there will also be additional capacity to support new ones as well.
- We will of course remain deeply committed to supporting our members and our local communities, including through our community sponsorships and corporate social responsibility programs.

Will there be any job losses or redundancies?

- Our people are our strength. Their skills, dedication and commitment to our members are critical to our ongoing success.
- Both organisations have committed to no non-executive redundancies as a result of the Merger.

Glossary

Unless the context otherwise requires, in this booklet, the following terms will have the following meanings.

| | |
|--------------------------|---|
| ADI | has the meaning given under the heading 'Background' in the section 'Information about Heritage'. |
| AGM | has the meaning given under the heading 'Purpose' in the section 'Important notices'. |
| APRA | means the Australian Prudential Regulation Authority. |
| CEO | means Chief Executive Officer. |
| Combined Mutual | means the company to be known as Heritage and People's Choice Ltd on and from the Merger Date. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Heritage | means Heritage Bank Limited (ACN 087 652 024). |
| Merger | means the merger of People's Choice and Heritage to be achieved by way of a transfer of the business of Heritage to People's Choice under the Transfer Act. |
| Merger Date | has the meaning given under the heading 'The Merger process' in the section 'Merger overview'. |
| Merger Resolution | is the resolution set out under the heading 'Our Merger Resolution' in the section 'What to do and how to vote'. |
| People's Choice | means Australian Central Credit Union Limited (ACN 087 651 125) which trades under the registered business name People's Choice Credit Union. |
| SME | means Small-to-Medium Enterprise. |
| Transfer Act | means the <i>Financial Sector (Transfer and Restructure) Act 1999</i> (Cth). |
| Transfer Rules | means the <i>Financial Sector (Business Transfer and Group Restructure) determination No. 2 of 2017</i> (Cth). |

Attachment A: Products & Services comparison

As at 9 September 2022

Schedule 1) Comparison of current Products

Information is accurate as at 9 September 2022 and is subject to change. Other than the changes detailed in Schedule 2, there will be no other change to products offered to existing Heritage or People's Choice members immediately following completion of the Merger.

Product alignment will occur over time, and we will provide you with the required notice if any changes are made to your products as a part of the product alignment process.

The products, their key features and any fees, rates or charges are provided to assist members in understanding the product and service types that Heritage and People's Choice offer. Detailed product information including current features, terms, conditions, interest rates, fees and charges can be found at:

- Heritage: heritage.com.au
- People's Choice: peopleschoice.com.au

Bank Account Types

| Bank Account Types | Heritage | People's Choice |
|--|----------|-----------------|
| Transaction Accounts | ✓ | ✓ |
| Retail Transaction Accounts | ✓ | ✓ |
| Business Transaction Accounts | ✓ | ✓ |
| Specialist Transaction Account for Body Corporates, Not-for-Profits, Queensland Property Agents and Pensioners | ✓ | X |
| Savings Accounts | ✓ | ✓ |
| Bonus interest product | ✓ | ✓ |
| Children's savings product | ✓ | ✓ |
| Online savings account product | ✓ | ✓ |
| Term Deposits | ✓ | ✓ |
| Terms up to 5 years | ✓ | ✓ |
| Offset Account | ✓ | ✓ |
| 100% interest offset on eligible variable rate loans | ✓ | ✓ |
| Farm Management Deposit Accounts | ✓ | X |
| At-call or Term Deposit | ✓ | X |

For both Heritage and People's Choice, deposits made by eligible account holders into eligible accounts are guaranteed by the Federal Government's Financial Claims Scheme with a Government Deposit Guarantee of up to \$250,000.

Home and Investment Loans

| Home and Investment Loans | Heritage | People's Choice |
|---|--|---|
| Variable Home and Investment Loans | ✓ | ✓ |
| Low Rate Variable Home and Investment Loans | ✓ Discount Variable Home and Investment Loan | ✓ Basic Variable Home and Investment Loan |
| Standard Variable Home and Investment Loans | ✓ Standard Variable Home and Investment Loan | ✓ Standard Variable Home and Investment Loan |
| Fixed Home and Investment Loans | ✓ | ✓ |
| Fixed Home and Investment Loans | ✓ Fixed Rate Home and Investment Loan Fixed terms of 1, 2, 3 and 5 years | ✓ Fixed Rate Home and Investment Loan Fixed terms of 1, 2, 3, 4 and 5 years |
| Other Home and Investment Loans | ✓ | ✓ |
| Package Home and Investment Loans | ✓ Home Advantage Package Variable Loan Home Advantage Package Fixed interest rates on terms of 1, 2, 3 and 5 years Optional 100% Offset facility on variable rate loans | ✓ Home Loan Package Variable Loan Home Loan Package Fixed interest rates on terms of 1, 2, 3, 4 and 5 years Optional 100% Offset facility on variable rate loans |
| Bridging Loan | ✓ | ✓ |
| Family Guarantee Product | ✓ Immediate family can use equity in their own property to provide additional security for the loan amount | X* |
| Construction Loan | ✓ | ✓ |

*A Family Guarantee is available to support the purchase of a residential property, across Home and Investment loan products.

Car and Personal Loans

| Car and Personal Loans | Heritage | People's Choice |
|------------------------|------------------------------|--|
| Car Loans | ✓ | ✓ |
| Car Loan | ✓ Car Loan (Secured) | ✓ Discounted Personal (Car Loan) (Secured)* |
| Personal Loans | ✓ | ✓ |
| Personal Loans | ✓ Unsecured Personal Loan | ✓ Unsecured Personal Loan |

*People's Choice has a Green Car Loan option where a discounted interest rate is provided to purchase or refinance a 'green' vehicle. A 'green' vehicle is defined as either a pure electric (EVs), plug-in hybrid electric (PHEVs), fuel cell electric vehicles (FCEVs), regenerative electric (non plug-in) (HEVs) or hydrogen.

Credit Cards

| Credit Cards | Heritage | People's Choice |
|--------------|--------------------|--------------------------------|
| Credit Cards | ✓ | ✓ |
| Low Rate | ✓ Gold Low Rate | ✓ Low Rate Visa Credit Card |
| Classic | ✓ Visa Classic | X |
| Platinum | ✓ Visa Platinum | X |

SME Business Banking

| SME Business Banking | Heritage | People's Choice |
|--|----------------------------|--------------------|
| SME Business banking products and services | ✓ | ✓ |
| Business Cheque Account | ✓ | ✓ |
| Transaction Feed (for business accounts) | ✓ Xero, MYOB and Reckon | ✓ Xero and MYOB |
| Business Visa Credit Card | ✓ | X |
| Overdraft | ✓ | ✓ |
| Line of Credit | ✓ | ✓ |
| Fully Drawn Loan | ✓ | ✓ |
| SMSF Fully Drawn Loan | ✓ | X |
| Equipment Loan | ✓ | X |
| Bank Guarantee | ✓ | ✓ |
| BPAY Biller | ✓ | X |
| Woolworths Organic Growth Fund Loan | ✓ | X |

Account Access Facilities

Note: Features are provided as examples of common transaction account access capabilities that both Heritage and People's Choice may offer. Not all features are available on all accounts and products issued by the parties. For further details, please see www.heritage.com.au and www.peopleschoice.com.au

| Accounts access Facilities | Heritage | People's Choice |
|--------------------------------|--|---|
| Accounts access Facilities | ✓ | ✓ |
| Statements | ✓ | ✓ |
| Online Statements | ✓ | ✓ |
| Branch Network | ✓ | ✓ |
| Internet Banking | ✓ | ✓ |
| Telephone Banking | ✓ | ✓ |
| Mobile Banking App | ✓ | ✓ |
| Cheque Books | ✓ | ✓ |
| Bank@Post | ✓ | ✓ |
| BPAY | ✓ | ✓ |
| Visa Debit Cards | ✓ | ✓ |
| ATM/EFTPOS | ✓ | ✓* |
| Periodic Payments | ✓ | ✓ |
| Direct Debits & Credits | ✓ | ✓ |
| Sweeps | ✓ | ✓ |
| Passbooks | ✓ Not available on new accounts | X |
| Bank Cheques/Corporate Cheques | ✓ | ✓ |
| Digital Pays | ✓ Apple Pay, Samsung Pay, Google Pay, Fitbit Pay, Garmin Pay | ✓ Apple Pay, Android Pay, Samsung Pay, Google Pay |
| Payment scheduling | ✓ | ✓ |
| NPP/Osko | ✓ | ✓ |
| SMS alerts | ✓ | X |
| SMS One Time Password | ✓ | X |

*People's Choice also offers a RediCARD PLUS that allows you to access your funds in your transaction or savings account by an ATM or EFTPOS facility.

Other Products and Services

| Other Products and Services | Heritage | People's Choice |
|--|----------|-----------------|
| Superannuation Products | | |
| Retirement Savings Accounts [~] | ✓ | X |
| Other products and services | | |
| Foreign currency services* | ✓ | ✓ |
| Cash Passport* | ✓ | X |
| General Insurance* | ✓ | ✓ |
| Flexicover Life Insurance* | ✓ | X |

[~]New accounts no longer offered

*Service offered through a third party

In addition to the above, Heritage is a significant issuer of prepaid cards as part of commercial arrangements with third parties. These are not directly issued to members but are instead part of commercial arrangements that Heritage enters into as part of its business, they have not been outlined in this Booklet in more detail. Heritage also offers Wholesale Settlement Services to some large members.

Schedule 2) Fee Changes

To commence the alignment of People's Choice and Heritage fees, Schedule 2 provides details of the People's Choice fees that will change on the Merger Date. All other fees remain unchanged and can be found at www.peopleschoice.com.au

| Fee Type | Fee | Amount | Proposed Fee |
|--|--|---|--------------|
| Savings Account Fee Bonus Saver, Young Saver, Christmas Savings*, Premium Saver*, Dream Saver*, Multi- term Account* | Direct Debit fee | 1 free per month then \$1.25 per debit | \$0 |
| Bank@Post Fee | Bank@Post cash withdrawal fee | 2 free then \$3.00 | \$0 |
| Business Account Transaction Fees | Branch withdrawal, cheque deposits, direct debits, EFTPOS cash withdrawal | 40 free items then \$1.50 | \$0 |
| | Member cheque - withdrawal fee | \$0.95 | \$0 |
| Service Fee Bpay | Bpay rejected future payment | \$5.00 | \$0 |
| | Bpay trace enquiry | \$30.00 | \$0 |
| | Member cheque copy | \$20.00 | \$0 |
| Service Fee Member Cheque | Member cheque search | \$10.00 | \$0 |
| | Dishonoured member cheque if stop payment subsequently presented | \$5.00 | \$0 |
| | Member cheque trace | \$60.00 | \$0 |
| | Member cheque honour fee | \$10.00 | \$0 |

Schedule 2) Fee Changes continued

| Fee Type | Fee | Amount | Proposed Fee |
|----------------------------------|--|-----------------------|--------------|
| Corporate Cheque Fee | Bank cheque issue (collected by member) | \$12.00 | \$0 |
| | Bank cheque repurchase fee | \$20.00 | \$0 |
| | Bank cheque replacement fee | \$25.00 | \$0 |
| | Stop payment fee | \$10.00 | \$0 |
| Savings Account Transaction Fees | Bonus saver and Young Saver branch withdrawal fee | 1 free then \$3.00 | \$0 |
| Service Fee Auto Transfer | Auto transfer order rejection | \$5.00 | \$0 |
| Service fee | Documentation fee | \$15.00 | \$0 |

*Legacy products no longer available for new business.

Attachment B: Constitution

Heritage and People's Choice Limited (ABN 11 087 651 125)

Constitution

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Part 1

Preliminary

1.1 Definitions

In this Constitution, unless the context requires otherwise:

ADI means an Authorised Deposit-Taking Institution **APRA** has authorised to conduct banking business in Australia under the **Banking Act**

AGM means an annual general meeting of the **company**

APRA means the Australian Prudential Regulation Authority

Banking Act means the Banking Act 1959 (Cth)

board means the board of directors

board appointed director means a **director** for the time being of the **company** that the **board** appoints in accordance with Clause 10.20

candidate means a nominated **person** whom the **board** determines to be a **candidate** pursuant to Clause 10.5(8)

company means Heritage and People's Choice Limited

Corporations Act means the *Corporations Act 2001* (Cth)

deposit means the placement of money in an account that the **company** conducts in the ordinary course of its banking business

direct vote means a vote on a resolution made by a **member or voting MCI holder** by the delivery of a valid notice of their voting intention, following a determination by the **board** under Clauses 9.6 to 9.9 inclusive, such vote to be made in accordance with these clauses (including under any regulations made by the **board** under Clause 9.6(2))

director means a director for the time being of the **company**

dormancy declaration has the meaning given in Clause 4.4(4)

executive director means a **director** for the time being of the **company** that the **board** appoints in accordance with Clause 10.21

financial accommodation means:

- (a) an advance;
- (b) money paid for, on behalf of or at the request of a person (other than by drawing on the person's deposit account with the **company**);
- (c) a forbearance to require payment of money owing on any account; and
- (d) a transaction that, in substance, effects a loan or is regarded by the parties to the transaction as a loan that the **company** provides or enters in the ordinary course of its banking business

general account means a general account maintained by the **company** for the purposes of holding dormant account monies and/or redemption proceeds for affected **members**

general meeting means a general meeting of the **members** and any voting **MCI holders** held pursuant to Part 8

inactive declaration has the meaning given in Clause 4.4(4)

MCI means a share as described in Division 2 of Part 6

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

material personal interest has the same meaning as in Part 2D.1 of the **Corporations Act**

member means a person who is the holder of a **member share** and whose name the **company** has entered for the time being in the **Register of Members** it keeps under the **Corporations Act**

member elected director means:

- (a) a **director** for the time being of the **company** elected (or declared elected) by **members** under Clause 10.3; and
- (b) a **director** appointed by the **board** under Clause 10.22(1) to fill a vacancy of a **director** elected by **members** under Clause 10.3.

member share means a share as described in Division 1 of Part 6

nominated person means a person nominated in accordance with Clause 10.4 to stand for election as a **member elected director**

non-executive director means a director who is not an executive director

prudential standard means:

- (a) any prudential standard that **APRA** determines under the **Banking Act**;
- (b) any prudential regulation under the **Banking Act**; and
- (c) any APRA transitional prudential standard applying to the **company** under the Financial Sector Reform (Amendments and Transitional Provisions) Regulations 1999 (Cth)

Register of Members means the register of **members** (including any members and **MCI holders**) the **company** keeps under the **Corporations Act**

secretary means a secretary for the time being of the **company**

share means a **member share** or an **MCI**, as context requires

subscription price means the amount payable by a person on subscription for a **share** or, if the **share** was created on conversion of a capital instrument in accordance with the **prudential standards**, the nominal dollar value of that capital instrument prior to conversion into the **share**

voting MCI holder means an **MCI holder** who has one vote at a **general meeting** of the **company** either because such **MCI holder** is also the holder of a **member share** or because the **MCI holder** has been granted one vote under the terms of issue of the **MCIs** held

1.2 Interpretation

(1) In this Constitution, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) where an expression is defined in this Constitution, any other grammatical form of the expression has a corresponding meaning;

- (c) words and expressions defined in the **Corporations Act** have the same meaning in this Constitution;
 - (d) headings are for purposes of convenience only and do not affect the interpretation of this Constitution;
 - (e) a reference to a statute or regulation includes all amendments, consolidations or replacements of the statute or regulation;
 - (f) a reference to this Constitution or another instrument includes all amendments or replacements of the Constitution or the other instrument; and
 - (g) a reference to a statutory or other body that ceases to exist or the powers and functions of which are transferred to another body includes a reference to the body:
 - (i) that replaces it; or
 - (ii) to which substantially all the powers and functions relevant to this Constitution are transferred.
- (2) The notes to this Constitution are for purposes of convenience only and do not affect the interpretation of this Constitution. The notes do not form part of this Constitution and may be removed or modified without the **company** complying with the **Corporations Act** requirements that apply to removal or modification of constitutional provisions.

1.3 Time

Unless expressly provided otherwise, when this Constitution, or any notice given under this Constitution, states a time or a period of time, the time stated is, or the period of time is calculated by reference to, Standard Time or Summer Time, as the case may be, at the **company's** registered office.

1.4 Replaceable Rules do not Apply

The replaceable rules in the **Corporations Act** do not apply.

1.5 Intention to be an MCI mutual entity

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

1.6 Notices

- (1) This Clause applies to all notices and documents that the **Corporations Act** or, subject to any other notice provision specified, this Constitution requires a party to this Constitution to send to another party to this Constitution.
- (2) In this Clause, **business day** means a day that is not:
 - (a) a Saturday or Sunday; or
 - (b) a public holiday or bank holiday in the place where the notice is received.
- (3) A person giving a notice to the **company** must do so in writing and must address it to the **company** at its registered office or such other address that may be

electronic or otherwise as the **company** specifies to **members** and **MCI holders** from time-to-time.

- (4) The **company** may give a notice or other document:
 - (a) by sending it by pre-paid post to the **member's** or **MCI holder's** address appearing on the **Register of Members**;
 - (b) by sending it to such other address that may be electronic or otherwise as the **member** or **MCI holder** specifies to the **company** from time-to-time;
 - (c) by making the notice available by electronic means and notifying the **member** or **MCI holder** in accordance with Clause 1.6(4)(a) or 1.6(4)(b) that the notice is available and how the **member** or **MCI holder** may access the notice.
- Note:** Clause 3.2(3) deals with sending notices to joint **members**.
- (5) A notice given in any of the ways set out in column 2 of the table is taken to be received by the person at the time set out in column 3 of the table:

| | Delivery Method | Time Person Receives Notice |
|---|---|---|
| 1 | Sending the notice by pre-paid post | The other person receives the notice on the business day after posting unless it is actually delivered earlier. |
| 2 | Sending the notice by electronic means | The other person receives the notice: <ul style="list-style-type: none"> (i) if sent before 5:00pm on a business day — on that business day (ii) if sent after 5:00pm on a business day — on the next business day (iii) if sent on a day other than a business day — on the next business day |
| 3 | Making the notice available in accordance with Clause 1.6(4)(c) | The other person receives the notice on the business day after the day on which the person is notified that the notice is available. |

- (6) If a person sends a **member** or **MCI holder** a notice in accordance with this Clause, any person to whom that **member's** or **MCI holder's** share has been transmitted is taken to have received the notice when the **member** or **MCI holder** would, but for the **member's** or **MCI holder's** death, have received the notice. This Clause does not apply if the person to whom the share has been transmitted has advised the **company** of an alternative address in which case the notice must be sent to that address.

Part 2 Objects & Limit on Powers

2.1 Objects

The **company** has the following objects:

- (a) to raise funds by subscription, deposit or otherwise, as authorised by the Corporations Act and Banking Act;
- (b) to apply the funds in providing financial accommodation, subject to the Corporations Act and Banking Act;
- (c) to encourage savings and wealth management amongst members;
- (d) to provide products and services to members to assist them to meet their financial, economic and social needs;
- (e) to further the interests of members and the communities within which they work and live through co-operation and alliances with:
 - (i) other mutual entities and co-operatives;
 - (ii) associations of mutual entities and co-operatives; and
 - (iii) other businesses that will broaden the **company's** scope in achieving these objects, locally, nationally and internationally;
- (f) to apply its funds and conduct such other business as authorised by the Corporations Act, the Banking Act or any other applicable legislation;
- (g) to benefit members whilst also having an overall positive impact on society and the environment; and
- (h) to do anything reasonably incidental to the above objects.

2.2 Members and Customers

- (a) Subject to the exceptions in Clause 2.2(b) the **company** may only accept **deposits** from, or provide financial accommodation to, its members.
- (b) The restrictions in Clause 2.2(a) do not apply to the following persons who are not **members**:
 - (i) bodies that do not have the power to acquire, or that the law prohibits from acquiring, the **company's** shares;
 - (ii) **ADIs**; or
 - (iii) any person or class of persons as determined by the **board** in its absolute discretion.

Part 3 Membership

3.1 Admission to Membership

- (1) Subject to any other Clause allowing admission of **members**, the **company** may admit a person as a **member** only if:
 - (a) the person makes a written application in a form the **company** requires;
 - (b) the person applies for a **member share**;
 - (c) the full **subscription price** for the **member share** is paid in cash or, at the discretion of the **board**, partly or wholly in the form of an obligation to pay cash:
 - (i) by the person; or
 - (ii) by another person on behalf of the person (which other person may, subject to the **Corporations Act** include the **company**).

Note: The **company** may also admit a person as a **member** by the transmission of a **member share** to the person under Clause 7.1, Clause 7.2 or Clause 7.3.

- (2) The **company** may admit a minor who is eligible to membership of the **company** as a **member**.
- (3) The **board** has an absolute discretion in exercising the **company's** power to admit **members** without any obligation to give a reason for not admitting a person as a **member**.
- (4) When the company admits a person as a member, the company must:
 - (a) issue the **member share** to the person; and
 - (b) enter the person's particulars in the **Register of Members** as required by the **Corporations Act**.
- (5) Unless expressly stated otherwise in this Constitution:
 - (a) an **MCI holder** is not a **member** merely by virtue of holding an **MCI**;
 - (b) an **MCI holder** may be (or become) a **member** if they are otherwise admitted to membership in accordance with this Constitution; and
 - (c) an **MCI holder**, who is also a **member**, is not deemed to be a **member** (and the provisions of this Constitution relating to membership do not apply) in respect of any **MCIs** held by that person.

3.2 Joint Members

- (1) The **company** may admit 2 or more persons eligible for admission under Clause 3.1(1) as a joint **member** of the **company**.
- (2) The persons constituting the joint **member** may determine the order in which their names appear in the **Register of Members**. If the persons constituting the joint **member** do not do so, the **company** may determine the order in which their names appear in the **Register of Members**.

Part 4

Termination of Membership

- (3) The person named first in the **Register of Members** is the primary joint **member**. The **company** may duly send any notice, certificate or other document to the joint **member** by sending it to the primary joint **member**. Only the primary joint **member** is entitled to vote on behalf of the joint **member**.
- (4) At any time, the joint **member** may give the **company** a notice requiring the **company** to change the primary joint **member** or otherwise change the order in which their names appear in the **Register of Members**. Each person constituting the joint **member** must sign the notice. The **company** must change the **Register of Members** as soon as practicable after receiving the notice.
- (5) Any person constituting a joint **member** may give an effective receipt for any distribution on winding-up or return of capital in relation to the joint **member's** shares.
- (6) The **company** may accept deposits from, or provide financial accommodation to, the joint member or to any person constituting the joint **member**.
- (7) The persons constituting a joint **member** are jointly and severally liable for any liability that the joint **member** may have in relation to the joint **member's** shares.

4.1 Removal of the Member's Name from the Register of Members

- (1) The **company** can remove the **member's** name from the Register of Members if:
 - (a) the **company** redeems the **member's member share** under Clause 4.2, Clause 4.3 or Clause 4.4;
 - (b) if the **member** is an individual — the **member**:
 - (i) dies;
 - (ii) becomes a bankrupt and the **company** registers the **member's** trustee in bankruptcy as the holder of the **member's member share** under Clause 7.2; or
 - (iii) becomes mentally incapable and the **company** registers the **member's** trustee or guardian as the holder of the **member's member share** under Clause 7.3;
 - (c) if the **member** is a body corporate — the **member** is deregistered or dissolved; or
 - (d) if the **member** is a trustee for an unincorporated association — the **company** registers the transfer of the **member's member share** to another person who is to act as trustee for the unincorporated association.

Note: Clause 2.2 restricts the **company** from accepting further **deposits** from, or providing further **financial accommodation** to, persons who cease to be **members**.

4.2 Member's Request for Termination

- (1) A **member** may request termination of membership but only upon withdrawing all **deposits** and repaying all financial accommodation.
- (2) If a **member** makes a request under Clause 4.2(1), the **company** must redeem the **member's member share** as soon as practicable after receiving the request.

4.3 Termination by the Company

- (1) The **company** may redeem a member's member share:
 - (a) if the **member** fails to discharge the **member's** obligations to the **company** (other than as specified in Clause 4.3(4));
 - (b) if the **member** engages in conduct detrimental to the **company**;
 - (c) if the **member** obtains membership by misrepresentation or mistake; or
 - (d) in the circumstances specified in Clause 4.3(4).
- (2) The **company** must give notice (in accordance with Clause 1.6) of the proposed redemption under Clause 4.3(1)(a), (b) or (c) to the **member** at least 14 days before considering the proposed redemption. The application of this Clause 4.3(2) to a proposed redemption under Clause 4.3(1)(b) is subject to the **company's** right to redeem without notice under Clause 4.3(4)(c).

- (3) At the time the **company** considers a proposed redemption under Clause 4.3(1)(a), (b) or (c), the **member** is entitled:
- (a) to be present with or without the **member's** legal representative; and
 - (b) to be heard, either in person or through the **member's** legal representative.
- (4) The **company** may redeem a member's member share without notice to the member, where:
- (a) the **member** is in default of any payment obligation to the **company** for a continuous period exceeding **90** days; or
 - (b) the **company** has written off or accepted a compromise in respect of monies owing by the **member** and there have been no transactions on any account of the **member** (other than to reflect the write off or compromise) for a period of **90** days after the write off or compromise; or
 - (c) notwithstanding Clause 4.3(1)(b), the **member** engages in conduct which:
 - (i) endangers, harasses, intimidates, threatens, or bullies other **members** or employees or officers of the **company**;
 - (ii) represents an immediate risk to any assets, other **members** or employees or officers of the **company**; or
 - (iii) is otherwise contrary to the interests of the **company** or any of its other **members** or employees or officers.
- (5) Subject to Clause 4.3(6), on redeeming the **member share**, the **company** may pay the amount payable on redemption of the **member share** (if any) to the **member** by either:
- (a) sending a cheque to the **member's** address as set out in the **Register of Members**; or
 - (b) crediting any of the **member's** accounts with the **company**, at the time the **member share** is redeemed.
- (6) The **company** may from time to time and without notice to **members** affected, impose an administration fee in respect of redemption under Clause 4.3(1) such fee not to exceed the amount payable on redemption of the **member share**. The **company** may set off against the amount payable on redemption, any such administration fee payable to it.
- (2) The **company** may classify a **member's deposit** account as a dormant account if:
- (a) there have been no **transactions** in the account for at least 1 year; and
 - (b) the **company** has given the **member** 28 days written notice stating that, unless the **member** gives to the **company** a written notice within 1 month stating that the **member** wishes the account to remain open, the **company** intends to declare the account dormant, close the account, redeem the **member's member share** and transfer the amount payable on redemption of the share (if any) and the amount (if any) standing to the credit of the **member's deposit** account into a general account maintained by the **company** for the purposes of holding dormant account monies and/or redemption proceeds for affected **members** ("**general account**"); and
 - (c) the **company** does not receive a written notice from the person required under Clause 4.4(2)(b).
- (3) The **company** may classify a **member** as inactive if, for a continuous period of 12 months:
- (a) the **member** has not had any **deposit** or other account open with the **company**;
 - (b) the **member** is not the holder of any security (other than the **member share**) issued by the **company**;
 - (c) the **company** has not received payments or remuneration (including commissions) which are directly attributable to the **member** using services supplied by, or made available through, the **company**; and
 - (d) the **company** has given the **member** not less than 28 days' written notice stating that, unless the **member** gives to the **company** a written notice within 1 month stating that the **member** wishes to remain a **member** of the **company**, the **company** intends to redeem the **member's share** and transfer the amount payable on redemption of the share (if any) into the **general account**.
- (4) The **company** may redeem the **member's member share** on classifying a **member's deposit** account as dormant (a "**dormancy declaration**") or upon classification of the **member** as inactive (an "**inactive declaration**").

4.4 Termination Where Accounts Dormant or Membership Inactive

- (1) This Clause does not apply to a retirement savings account to the extent that the Retirement Savings Account Act 1997 (Cth) provides otherwise.

Part 5 Issue of Shares

(5) If the **company** redeems a person's **member share** as a result of a **dormancy declaration** under this Clause, the person may require the **company** to reinstate the person's **deposit** account at any time before the **company** pays the money in the **deposit** account in accordance with the relevant unclaimed money legislation. If the person requires the **company** to reinstate the person's **deposit** account:

- (a) the **company** must reinstate the person's **deposit** accounts as soon as practicable; and
- (b) if the company has redeemed the member's member share — the company must issue a member share to the person and may debit the **member's deposit** account for the subscription amount.

(6) In this Clause, "**transaction**" in a **member's deposit** account with the **company** means a debit or credit to the account, other than for:

- (a) the payment of interest by the **company**; or
- (b) the charging of a fee by the **company**.

(7) Subject to Clause 4.4(8), upon redemption of a **member share** as a result of a **dormancy declaration** or an **inactive declaration**, the **company** must pay the amount payable on redemption of the **member share** (if any) by crediting the amount to a sub-account in the name of the **member** in the **general account**.

(8) The **company** may from time to time and without notice to **members** affected, impose an administration fee in respect of redemption under Clause 4.4(4) such fee not to exceed the amount payable on redemption of the **member share**. The **company** may set off against the amount payable on redemption, any such administration fee payable to it.

5.1 Classes of Shares

- (1) The **company** may only issue **member shares** and **MCI**s.
- (2) The **company** may only issue **member shares** to a person on the basis that the person complies with Clauses 3.1(1)(a) to 3.1(1)(c) (inclusive).

5.2 Board Power to Issue Shares

The **board** may exercise the **company's** power to issue shares to the exclusion of the **general meeting**.

5.3 Restrictions on Issue of Member Shares

- (1) The **company** must not issue:
 - (a) options to subscribe for **member shares**;
 - (b) securities that may be converted to **member shares**; or
 - (c) securities with pre-emptive rights to **member shares**.
- (2) The **company** may only issue 1 **member share** to any person.

Note: The **company** can issue a **member share** to a person who already constitutes a joint membership.

Part 6

Member Shares and MCIs

Division 1 - Member Shares

6.1 Subscription Price

- (1) The **subscription price** for a **member share** is \$2.00.

6.2 Rights, Obligations and Restrictions Attaching to Member Shares

- (1) The following rights attach to each **member share**:
 - (a) the right to vote on the terms set out in this Division and the Constitution generally;
 - (b) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in Clause 6.4; and
 - (c) the right to redeem the **member share** on the terms set out in this Constitution.
- (2) The restriction on transfer of **member shares** in Clause 6.7 attaches to each **member share**.

6.3 Voting Rights

- (1) Holders of **member shares** may vote:
 - (a) at a **general meeting**;
 - (b) in a ballot to appoint **directors** by election or a ballot conducted pursuant to Section 4 of the Appendix (Demutualisation Approval Procedure Rules).
- (2) At a **general meeting**:
 - (a) on a show of hands — each holder of **member shares** other than a minor has 1 vote; and
 - (b) on a poll — each holder of **member shares** other than a minor has 1 vote for each **member share** that they hold.

However:

- (c) a **member** who holds more than 1 **member share** has 1 vote regardless of the number of **member shares** held; and
- (d) a **member** who is a minor has no vote.

6.4 Distribution on Winding-Up

- (1) Subject to Section 5 of the Appendix, on a winding-up of the **company** the holder of a **member share** is entitled:
 - (a) to payment of the **subscription price** for the **member share** when the member subscribed for the **member share**; and
 - (b) if any assets remain after the payments in paragraph (a) — subject to Clause 6.10(2), to any surplus assets of the **company** on an equal basis with other holders of **member shares**.
- (2) The **company** may offset against the amount payable under this Clause:
 - (a) any amount unpaid on the **member share**; and
 - (b) any other amount payable by the **member** to the **company**.

6.5 Transfer of Member Shares

- (1) Subject to Clause 6.5(2), a **member** may not transfer their **member share**.
- (2) A trustee for an unincorporated association may transfer the **member share** that they hold as trustee for the unincorporated association to another person who is to act as trustee for the unincorporated association.

6.6 No Dividends

No dividend is payable on a **member share**.

6.7 Non-Transferability of Shares

A **member** may not transfer, sell or assign their **member share** but may only require the **member share** to be redeemed in accordance with this Constitution.

Division 2 - MCIs

6.8 Share Capital from MCIs

- (1) Subject to compliance with the **Corporations Act** and satisfying the requirements of **APRA** in **prudential standards** (where applicable), the **company** may raise capital by issuing **MCIs** or capital instruments convertible into **MCIs**.
- (2) The **company** may create or issue more **MCIs** at any time. The creation or issue of more **MCIs** does not vary the rights attached to **MCIs** or any other **shares** that the **company** has already issued (or may issue in future).

6.9 Issue

- (1) The **subscription price** for an **MCI**, or a capital instrument convertible to an **MCI**, will be determined by the **board**.
- (2) Each **MCI** must be issued as a fully paid up share.
- (3) Any dividends in respect of an **MCI** are non-cumulative.

6.10 Rights of MCI Holders

- (1) The terms of issue of an **MCI** (including any terms, conditions or rights attaching to the **MCI**) will be determined by the **board** in its sole discretion, subject to the requirements of this Constitution, the requirements for **MCIs** in the **Corporations Act** and any applicable **prudential standards**.

Part 7

Transmission of Shares

- (2) Subject to the terms of issue of an **MCI**, an **MCI holder** is entitled to a claim on the surplus assets and profits of the **company** in a winding-up of the **company** after all senior claims, including the aggregate **subscription price** paid for any **member shares**, have been satisfied and:
 - (a) the **MCI holder's** claim ranks equally and proportionately with the claims of all other **MCI holders** in the same class of **MCIs**; and
 - (b) the amount of the **MCI holder's** claim cannot exceed the **subscription price** of the **MCI**.
- (3) Notwithstanding anything to the contrary in this Constitution, but subject to the requirements for **MCIs** in the **Corporations Act**, the **board** may determine that the terms of issue of any **MCIs** contain such terms and conditions or attach such rights as the **board** considers necessary or desirable for those **MCIs** to be eligible for inclusion as regulatory capital under any applicable **prudential standards**.
- (4) The rights attached to **MCIs** (or a class of **MCIs**) may only be varied or cancelled by special resolution of the **company** and:
 - (a) by a special resolution passed at a meeting of **MCI holders** holding **MCIs** in the relevant class; or
 - (b) with the written consent of **MCI holders** of at least 75% of the issued **MCIs** of that class.
- (5) Any variation of the rights attached to **MCIs** which constitute Common Equity Tier 1 Capital (as defined by **APRA** from time to time) of the **company** is subject to the prior written approval of **APRA**, if the variation may affect the eligibility of such **MCIs** for inclusion as Common Equity Tier 1 Capital of the **company**.

6.11 Registration as holder of MCIs

Except as provided by the rules of a licensed CS facility (as defined in the **Corporations Act**) which apply in relation to an **MCI**, a person becomes registered as an **MCI holder** upon entry by the **company** in its **Register of Members** of the person's particulars in relation to the **MCI** as required by the **Corporations Act**.

7.1 Transmission of Shares on Death

- (1) On the death of a **member** or **MCI holder**, the **company** may recognise either the personal representative of the deceased **member**, **MCI holder** or another person who appears to the **company** to be entitled to the deceased **member's** or **MCI holder's** estate as being entitled to the deceased **member's** or **MCI holder's** interest in the **shares**.
- (2) If the personal representative gives the **company** the information it reasonably requires to establish an entitlement to be registered as holder of the **member's** or **MCI holder's share**, the personal representative may elect to:
 - (a) be registered as the holder of the **member's** or **MCI holder's share**; or
 - (b) apply to terminate the membership.

7.2 Transmission of Shares on Bankruptcy

If the trustee of a bankrupt **member's** or **MCI holder's** estate gives the **company** the information it reasonably requires to establish the trustee's entitlement to be registered as holder of the **member's** or **MCI holder's share**, the trustee may require the **company** to register the trustee as holder of the **member's** or **MCI holder's share**.

7.3 Transmission of Shares on Mental Incapacity

If a person entitled to a **member's** or **MCI holder's share** because of a **member's** or **MCI holder's** mental incapacity gives the **company** the information it reasonably requires to establish the person's entitlement to be registered as a holder of the **member's** or **MCI holder's share**:

- (a) the person may require the **company** to register the person as holder of the **member's** or **MCI holder's share**; and
- (b) whether or not registered as the holder of the **member's** or **MCI holder's share**, the person has the same rights, obligations and restrictions as the **member** or **MCI holder**.

Part 8

Holding General Meetings

8.1 Calling a General Meeting

The **board** may call a **general meeting**.

8.2 Adjourning a General Meeting

- (1) The chair of a **general meeting** at which a quorum is present:
 - (a) may adjourn the meeting with the consent of the meeting by ordinary resolution; and
 - (b) must adjourn the meeting if directed by ordinary resolution.
- (2) The **company** must give notice of an adjourned **general meeting** if the adjournment is for 1 month or more.
- (3) The only business that an adjourned **general meeting** may deal with is business unfinished at the **general meeting** that was adjourned.

8.3 Proceedings at a General Meeting

- (1) A **general meeting** may be held at any one or more places and/or may be held using any one or more technologies as determined by the **board**. The provisions of this constitution relating to proceedings at **general meetings** apply so far as they are capable of application and mutatis mutandis to any meeting held in accordance with this Clause 8.3(1).
- (2) The quorum for a **general meeting** is 30 **members** present by any means permitted by law (whether in person or by proxy).
- (3) If a quorum is not present within 30 minutes after the time for the **general meeting** set out in the notice of meeting, the meeting is adjourned to the date, time and place the **board** specifies. If the **board** does not specify 1 or more of those things, the meeting is adjourned to:
 - (a) if the date is not specified — the same day in the next week;
 - (b) if the time is not specified — the same time; and
 - (c) if the place is not specified — the same place.If no quorum is present at the resumed meeting within 30 minutes after the time for the meeting, the meeting is dissolved.

- (4) The chair of a **general meeting** is:
 - (a) the chair of meetings of the **board**; or
 - (b) if the chair of meetings of the **board** is not present or declines to act for the meeting (or part of it) — another person appointed by the **board**.

If the chair of meetings of the **board**, or another person appointed by the **board** is not available within 30 minutes of the appointed start of the meeting, or declines to act, the **members** and **voting MCI holders** must elect an individual present to chair the meeting.

8.4 Voting in Different Capacities

- (1) A **member** may only exercise 1 vote at a **general meeting** of the **company** or on an election of **directors** regardless of the fact he or she may hold more than one membership or hold more than one account.
- (2) If a **member** is also an **MCI holder**, that **member** has no more than one vote at a **general meeting** of the **company**, regardless of the applicable terms of issue of the **MCI**.

Part 9

Voting at General Meetings

9.1 Voting

- (1) A resolution put to the vote at a **general meeting** must be decided on a show of hands unless a poll is demanded.
- (2) On a poll being demanded at a **general meeting** the chair must inform the meeting prior to the poll being taken as to:
 - (a) how many valid proxy documents the **company** has received;
 - (b) how many of these proxy documents direct the proxies how to vote on the resolution; and
 - (c) if the **board** has determined that **members** and **voting MCI holders** may cast votes by **direct vote** in accordance with Clause 9.6, the number of valid **direct votes** received.
- (3) After a poll has been held, the chair must inform the meeting how the proxies were directed to vote on the resolution and if the **board** has determined that **members** and **voting MCI holders** may cast votes by **direct vote** in accordance with Clause 9.6, how the members casting such votes, voted.
- (4) The **general meeting** passes an ordinary resolution only if more than half the total number of votes cast on the resolution are in favour of it.
- (5) The chair does not have a casting vote in addition to his or her deliberative vote.

9.2 Voting on a Show of Hands

On a show of hands, the chair's declaration is conclusive evidence of the result, so long as the declaration reflects the show of hands. Neither the chair nor the minutes need to state the number or proportion of the votes recorded in favour or against the resolution. The minutes only need to record that the resolution was passed or not passed.

9.3 Voting on a Poll

- (1) A poll cannot be demanded on any resolution concerning the election of a person to chair the **general meeting**.
- (2) A poll on the question of an adjournment must be taken immediately. The chair may direct when and the manner in which any other poll must be taken.

9.4 Body Corporate Representatives

- (1) A **member** or **voting MCI holder** that appoints a body corporate representative must give the **company**:
 - (a) if the **member** or **voting MCI holder** appointed the representative by **board** resolution — a certified copy of the **board** resolution appointing the representative; and

(b) otherwise — a copy of the instrument appointing the representative, as soon as practicable after appointing the representative, and in any event before any **general meeting** at which the representative may exercise the **member's** or **voting MCI holder's** rights.

- (2) In addition to the rights and powers a **member's** or **voting MCI holder's** representative may exercise under the **Corporations Act**, the representative may exercise the **member's** or **voting MCI holder's** right to vote (if any) in a ballot to appoint **directors** by election.

9.5 Proxies

- (1) The **board** may determine the form of proxy document from time to time.
- (2) An appointment of a proxy for a **general meeting** is invalid unless the **company** receives the following documents at least 48 hours before the meeting, or at such later time as the **board** determines before the meeting:
 - (a) the proxy's appointment; and
 - (b) if the **member's** or **voting MCI holder's** attorney signs the proxy's appointment — the authority under which the attorney signed the proxy's appointment or a certified copy of the authority.
- (3) An appointment of a proxy is not invalid merely because it does not contain all the information required for a valid proxy appointment, so long as it contains:
 - (a) the member's or voting MCI holder's name; and
 - (b) the proxy's name or the name of the office that the proxy holds.
- (4) A proxy does not have a right to vote on a show of hands.
- (5) Unless the **company** receives written notice of the matter before the meeting at which a proxy vote starts or resumes, the proxy's vote at that meeting will be valid if, before the proxy votes:
 - (a) the appointing **member** or **voting MCI holder** dies; or
 - (b) the **member** or **voting MCI holder** is mentally incapacitated;
 - (c) the **member** or **voting MCI holder** revokes the proxy's appointment;
 - (d) the **member** or **voting MCI holder** revokes the authority under which the proxy was appointed by a third party; or

- (e) the **member** or **voting MCI holder** transfers the share in respect of which the **member** or **voting MCI holder** or a third party appointed the proxy.

9.6 Board may determine Direct Voting to apply

- (1) The **board** may determine that **members** or **voting MCI holders** may cast votes to which they are entitled on any or all of the resolutions (including any special resolution) proposed to be considered at, and specified in the notice convening, a **general meeting**, by **direct vote**.
- (2) If the **board** determines that votes may be cast by **direct vote**, the **board** may make such regulations as it considers appropriate for the casting of **direct votes**, including regulations for:
 - (a) the form, method and manner of voting by **direct vote**; and
 - (b) the time by which the votes of **members** or **voting MCI holders** to be cast by **direct vote** must be received by the **company** in order to be effective (which must be no later than the time appointed for the commencement of the meeting or, in the case of an adjournment, the resumption of the meeting).

9.7 Direct Votes count on a poll

- (1) **Direct votes** are not counted if a resolution is decided on a show of hands.
- (2) Subject to Clauses 9.8 and 9.9, if a poll is held on a resolution, votes cast by **direct vote** by a **member** or **voting MCI holder** are taken to have been cast on the poll as if the **member** or **voting MCI holder** had cast the votes in the poll at the meeting, and the votes of the **member** or **voting MCI holder** are to be counted accordingly.
- (3) A **direct vote** received by the **company** on a resolution is taken to be a **direct vote** on that resolution as amended, if the chairman of the meeting determines this is appropriate.
- (4) Receipt of a **direct vote** from a **member** or **voting MCI holder** has the effect of revoking (or, in the case of a standing appointment, suspending) the appointment of a proxy, attorney or representative made by the **member** or **voting MCI holder** under an instrument received by the **company** before the **direct vote** was received.

9.8 Withdrawal of Direct Vote

- (1) A **direct vote** received by the **company**:
 - (a) may be withdrawn by the **member** or **voting MCI holder** by notice in writing received by the **company** before the time appointed for the commencement of the meeting (or in the case of any adjournment, the resumption of the meeting); and

- (b) is automatically withdrawn if:
 - (i) the **member** or **voting MCI holder** attends the meeting in person (including, in the case of a body corporate, by representative);
 - (ii) the **company** receives from the **member** or **voting MCI holder** a further **direct vote** or **direct votes** (in which case the most recent **direct vote** is, subject to Clauses 9.6 to 9.9 inclusive, counted in lieu of the prior **direct vote**); or
 - (iii) the **company** receives, after the **member's** or **voting MCI holder's direct vote** is received, an instrument under which a proxy, attorney or representative is appointed to act for the **member** or **voting MCI holder** at the meeting in accordance with this constitution.
- (c) A **direct vote** withdrawn under this clause is not counted.

9.9 Direct Vote not affected by death, etc. of member or voting MCI holder

Unless the **company** receives written notice of the matter before the meeting at which a **direct vote** starts or resumes, the **direct vote** at that meeting will be valid if, before the **direct vote**:

- (a) the **member** or **voting holder** dies;
- (b) the **member** or **voting holder** is mentally incapacitated;
- (c) the **member** or **voting holder** revokes the direct vote; or
- (d) the **member** or **voting holder** transfers the share in respect of which the **member** or **voting holder** has cast a **direct vote**.

9.10 Objections

An objection to the qualification of a voter:

- (a) may only be made at the **general meeting** or adjourned **general meeting** at which the vote objected to is cast; and
- (b) must be ruled upon by the chair whose decision is final.

Part 10

Directors - Appointment & Vacation of Office

10.1 Number and Residence of Directors

- (1) The **board** shall comprise:
 - (a) 4 (or such greater number as the **board** may resolve) **member elected directors**;
 - (b) the **board appointed directors** (if any);
 - (c) the **executive director** (if any),provided that the number of **member elected directors** shall at all times exceed the number of **board appointed directors**.
- (2) The **board** shall include:
 - (a) at least two **directors** having a strong affinity with South East Queensland through currently residing in, or having previously resided in, South East Queensland; and
 - (b) at least two **directors** having a strong affinity with South Australia through currently residing in, or having previously resided in, South Australia.

10.2 Eligibility to be a Director

An individual is eligible to be a director if the person:

- (a) is a **member**;
- (b) in the case of a **member elected director**:
 - (i) has been a **member** since at least the closing of nominations for the election for which they are nominated, or are otherwise entitled to be elected without nomination, as a **member elected director** pursuant to Clause 10.4; and
 - (ii) is not a current employee of the **company** and has not been an employee of the **company**, and/or an entity with which the **company** has merged and/or to which it is the successor in law, prior to the closing of nominations for an election for which they are nominated, or are otherwise entitled to be elected without nomination, as a **member elected director** pursuant to Clause 10.4;
- (c) in the case of an **executive director** – is employed as the chief executive of the **company**;
- (d) has not had a personal representative or trustee appointed to administer the person's estate or property because of their mental incapacity; and
- (e) in the case of a **member elected director**, the **board** has determined that the person is of appropriate fitness and propriety to be and act as a **director** for the purposes of the **company's** obligations under applicable legislation and the **company's** fit and proper policy.

10.3 Appointment by Members — Election by Ballot

Subject to this Part 10, the **members** may appoint a person to be a **director** by election held in accordance with Clauses 10.4 to 10.18.

10.4 Nominations

- (1) The **board** must give **members** a notice calling for nominations not less than 56 days before the **AGM**. The **board** may give this notice by advertisement (or other communication) and in any media it considers reasonable to maximise, to the extent reasonably practicable, the likelihood that **members** will become aware of the notice including, without limitation, by any combination of the following media or means of communication:
 - (a) notice at the **company's** offices;
 - (b) notice on the **company's** website (if available) and any other website considered suitable by the **board**;
 - (c) notice (or notification) in the national or local print, television or radio media; or
 - (d) electronic communication of the notice (or of the existence of the notice) in any media including, where appropriate and practicable, by direct electronic communication to **members**.
- (2) Nominations close at least 36 days before the **AGM**.
- (3) **5 members** who are each eligible to nominate a **member** to stand for election as a **member elected director** in accordance with Clause 10.4(4) together have the right to nominate a **member** to stand for election as a **member elected director**. To nominate a **member**, the **5 members** must give the **company** a notice of nomination that contains the information required by Clause 10.4(5) and includes information, and is otherwise in a form, required by the **board**, before nominations close.
- (4) A **member** is eligible to nominate a **member** to stand for election as a **member elected director** if the nominating **member**:
 - (a) has attained the age of 18 years; and
 - (b) knows the **member** it proposes to nominate; and
 - (c) has been a **member** for a continuous period of 1 year immediately prior to the closing date of nominations for an election.
- (5) The notice of nomination must:
 - (a) declare that the **member** being nominated is eligible to be a **director** under Clause 10.2(a) to (d);
 - (b) state the age of the **member** being nominated; and
 - (c) be signed by the nominating **members** and the **member** being nominated.
- (6) A retiring **member elected director** may stand for re-election without nomination but must be otherwise eligible for election.
- (7) A retiring **member elected director** standing for re-election must comply with Clauses 10.5 and 10.8.
- (8) A **board appointed director** may stand for election and must comply with Clauses 10.2 to 10.8.

- (9) Notwithstanding Clauses 10.4(6) to 10.4(8), a retiring **member elected director** may not stand for re-election, and a **board appointed director** may not stand for election, if the **director** would have been a **director** of the **company**, and/or an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months or more in aggregate (whether served continuously or in one or more separate appointments) either at the time of their re-election or election (as the case may be) or at any time during their term of office in accordance with Clause 10.23(2) following their re-election or election (as the case may be).
- (10) Notwithstanding Clauses 10.4(3) to 10.4(4), a **member** who is eligible to nominate a member to stand for election as a **member elected director** does not have the right to nominate a **member** to stand for election as a **member elected director** if the **member** would have been, if elected as a **member elected director**, a **director** with the **company**, and/or an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months or more in aggregate (whether served continuously or in two or more separate appointments) at the time of their election or at any time during their term of office in accordance with Clause 10.23(2) following their election.

10.5 Nominations Committee

- (1) The **board** shall establish a Nominations Committee to manage the process for nomination for election of **member elected directors**.
- (2) The Nominations Committee is to comprise:
- (a) the chair of the **board** except when standing for re-election; and
- (b) two or such other number of **directors** as determined by the **board** with an overall suitable mix of character, skills, knowledge and experience, or who meet other criteria determined by the **board**.
- (3) The **board** shall develop, and provide to the Nominations Committee a model set of criteria for **member elected directors** against which **nominated persons** will be assessed.
- (4) Each **nominated person** is required to attend an interview with the **Nominations Committee** at a time and place selected by the **Nominations Committee**. A **nominated person** who does not attend the interview will cease to be eligible for election as a **member elected director**.
- (5) After interviewing each **nominated person**, and after considering the information provided by a **nominated person** under Clause 10.7, the Nominations Committee shall prepare:
- (a) a statement on the **nominated person** advising whether the **nominated person** has the appropriate skills, knowledge and experience

(including as assessed against the **company's** model set of criteria), to be a **director**; and

- (b) a recommendation to the **board** on each **nominated person** as to whether that person:
- (i) is of appropriate fitness and propriety to be and act as a **director** for the purposes of the **company's** obligations under applicable legislation and the **company's** fit and proper policy; and
- (ii) has the appropriate skills, knowledge and experience to be a **director**, by reference to the **company's** model set of criteria.
- (6) The Nominations Committee must provide a copy of the statement to the **nominated person** requesting the **nominated person's** comments within such timeframe as determined by the **Nominations Committee**. The Nominations Committee will consider such comments and make such changes, if any, to the statement as the Nominations Committee thinks fit. The Nominations Committee's decision on the need for, or the content of such changes, is final.
- (7) The **board** must consider (but not be bound by) the recommendation from the Nominations Committee referred to in Clause 10.5(5)(b), and any other information it considers appropriate (which may include information prepared by a committee of the **board**), and determine whether the **nominated person**:
- (a) is of appropriate fitness and propriety to be and act as a **director** for the purposes of the **company's** obligations under applicable legislation and the **company's** fit and proper policy; and
- (b) has the appropriate skills, knowledge and experience to be a **director**, by reference to the **company's** model set of criteria.
- (8) If the **board** determines that a **nominated person** is of appropriate fitness and propriety to be and act as a **director** and that the **nominated person** has the appropriate skills, knowledge and experience to be a **director** by reference to the **company's** model set of criteria, and the **board** has not otherwise determined that the **nominated person** not become a **candidate** in accordance with Clause 10.8(1), the person becomes a **candidate**.
- #### 10.6 Appointment of Returning Officers
- (1) The **board** must appoint a returning officer, who may appoint assistant returning officers, none of whom can be a **director** of the **company** or a **nominated person**.
- (2) The **secretary** must prepare and give the returning officer a roll of **members**.
- #### 10.7 Declaration
- (1) A **nominated person** must provide the **company** with a declaration in such form as the **board** may require (and by the time determined by the **board**):

- (a) identifying the **nominated person's** eligibility for election under the Constitution and the **Corporations Act**;
 - (b) in which they consent to be a **director** in accordance with the **Corporations Act**;
 - (c) identifying whether the **nominated person**:
 - (i) has any interest in a contract or proposed contract with the **company**; or
 - (ii) holds an office or has an interest in property, whereby, whether directly or indirectly, duties or interests may be created that could conflict with a **director's** duties or interests as a **director** of the **company**;
 - (d) attaching such other information as determined by the **board**; and
 - (e) if the **nominated person** wishes to do so, containing a brief statement not exceeding 250 words for distribution to the **members**.
- (2) A **nominated person** must ensure that all information provided under Clause 10.7(1) is accurate and not misleading (including by the omission of material information) and in any event, must provide documentary evidence verifying the information to the satisfaction of the **board**.
- (3) A **candidate** must ensure that the **company** is advised of any material changes to the information provided under Clause 10.7(1) as soon as reasonably practicable after the change.

10.8 Distribution of Information

- (1) Prior to becoming a **candidate**, a **nominated person** must not directly or indirectly distribute information to, or otherwise communicate with, the **members** in connection with a **director** election (including by doing so before they become a **nominated person** except to the extent reasonably necessary to procure **members** to nominate the member to stand for election as a **member elected director**). If the **nominated person**, or any person reasonably considered by the **board** to be acting on behalf of the **nominated person**, does so, the **board** may determine that the **nominated person** will not become a **candidate**.
- (2) Subject to any constraints imposed in accordance with Clause 10.8(5), a **candidate** may contact **members** in connection with a **director** election, but must not:
 - (a) in any way (directly or indirectly, including by permitting another to do so on their behalf) campaign on, impede or interfere with, any of the premises of the **company**, the property where the premises or facilities of the **company** are situated, or other property of the **company**;
 - (b) interfere with, or seek assistance from, any employee, officer, services provider or agent of the **company** or its related bodies corporate;

- (c) provide any **member** with information that, or in any manner that, in the reasonable opinion of the **board**, is likely to mislead or deceive a **member** in relation to the casting of their vote at a director election or the operations of the **company** generally, contains any defamatory material, is not relevant to a **director** election, disparages the **company** or brings the **company** into dispute, or contravenes a provision of the **Corporations Act** or any other law in force in the state in which the information is being distributed.

- (3) The statement prepared by the Nominations Committee under Clause 10.5(5)(a) (as amended under Clause 10.5(6), if applicable) and the information provided under Clause 10.7(1) for each **candidate** will be distributed to **members** together with the ballot material distributed at Clause 10.13(1).
- (4) Any statement or information submitted by a **candidate** for election must not contain any matter or thing that is likely to mislead or deceive a **member** in relation to the casting of their vote or that contains any defamatory material.
- (5) Without limiting the provisions of this Clause 10.8, but subject to Clause 10.8(6), the **board** may from time to time impose constraints, including restrictions or prohibitions ("**direct communication constraints**") on **candidates** directly or indirectly distributing information to, or otherwise communicating with, the **members** in connection with a **director** election. The **direct communication constraints** may, without limitation, cover:
 - (a) the method (including frequency) of communication;
 - (b) the subject matter and contents (including the length and relevance) of the information;
 - (c) the persons or groups of persons to whom the information is distributed or the communication made;
 - (d) the approval process (if any) for the information or communication; and
 - (e) anything incidental to the above.
- (6) The **board** may only impose **direct communication constraints** under Clause 10.8(5) to the extent that it reasonably considers that the **direct communication constraints** are necessary or desirable to promote the integrity, fairness, efficiency and/or efficacy of the **director** election process and that the constraints are otherwise consistent with the following principles:
 - (a) the **direct communication constraints** must apply equally to all **candidates**;
 - (b) all **nominated persons** are to be given notice of the **direct communication constraints** as soon as practicable after they are nominated;

- (c) **members** should not be harassed by **candidates** or unreasonably burdened by the distribution or communication having regard to the method of the distribution or communication, its contents or the frequency of the distribution or communication;
 - (d) **candidates** must not make comments which criticise or disparage other **candidates**;
 - (e) the primary method of distribution of information about **candidates** is intended to be pursuant to Clause 10.13(1); and
 - (f) **members** should have sufficient information to properly consider the merits of each **candidate**.
- (7) Without limiting the above, and whether or not the **board** imposes any **direct communication constraint** of this nature or at all, the information and, where relevant, the method of communication must not be misleading or deceptive or otherwise breach any law (including defamation laws).
- (8) If a **candidate** or any person reasonably considered by the **board** to be acting on behalf of the **candidate**, breaches in any material respect Clause 10.8(2), Clause 10.8(7) or any **direct communication constraint** and such breach is, in the **board's** opinion:
- (a) not capable of remediation; or
 - (b) capable of remediation, but is not rectified by the **candidate** to the reasonable satisfaction of the **board** within a reasonable period after the breach is brought to the attention of the **candidate**,
- the **board** may in its sole discretion determine that the person ceases to be a **candidate**, in which case the person will no longer be eligible for election as a **member elected director** as part of the then current director elections. The **board** may then take such action in relation to the **director** elections as it considers reasonable in the circumstances.

10.9 Rejection of Nomination

- (1) The returning officer must scrutinise a nomination as soon as reasonably practicable after receipt and reject a nomination where the returning officer determines that the person nominated is not eligible to be a **member elected director** under this Constitution, has not otherwise complied with this Constitution or the nomination does not otherwise comply with this Constitution.
- (2) Upon rejecting a nomination, the returning officer shall notify as soon as reasonably practicable the **nominated person** and the **board**.
- (3) There is no obligation on the **Nominations Committee** or the **board** to release to a **nominated person** the results of any referee checks undertaken on the **nominated person**.

10.10 Subsequent Adverse Information About a Candidate

- (1) Where the **board** becomes aware of any information about, or conduct of, a **candidate** that, in the **board's** opinion, could have been relevant to the **board's** determination in accordance with Clause 10.5(7), or could be relevant to the **board's** determination in accordance with Clause 10.5(7) if the **board** was required to again make that determination upon becoming aware of the information or conduct, then the **board** must again determine whether, in light of the information and/or conduct, the **candidate**:
 - (a) is of appropriate fitness and propriety to be and act as a **director** for the purposes of the **company's** obligations under applicable legislation and the **company's** fit and proper policy; and
 - (b) has the appropriate skills, knowledge and experience to be a **director**, by reference to the **company's** model set of criteria, (“**revised assessment**”).
- (2) Upon a **revised assessment** being made that the **candidate** does not meet the criteria in Clause 10.10(1), the returning officer must by written notice to the **candidate**:
 - (a) inform the **candidate** of the **revised assessment**;
 - (b) provide to the **candidate** a summary of the information and/or conduct upon which the **revised assessment** is based (but the returning officer is not required to reveal how or from whom it has derived that information or become aware of that conduct); and
 - (c) specify that the **candidate** will cease to be a **candidate** unless the **candidate** can demonstrate to the **board**, within 5 business days of the notice, that the information is not correct in any material particular or that the relevant conduct did not occur.
- (3) If the **candidate** does not demonstrate the matters specified in Clause 10.10(2)(c) to the reasonable satisfaction of the **board**, the **board** may determine that the **candidate** cease to be eligible for election as a **member elected director**. The **board** may then take such action in relation to the director elections as it considers reasonable in consequence of the withdrawal, including by modifying the requirements of this Clause 10 to the extent necessary to accommodate the withdrawal.

10.11 Proceeding with Election

- (1) The number of positions to be filled in an election of **directors** is the maximum number of **member elected directors** under Clause 10.1 less the number of **member elected directors** who are not due to retire at the **AGM** in accordance with Clause 10.23.

- (2) If the number of **candidates** is equal to or less than the number of **member elected director** positions to be filled:
- (a) those **candidates** are declared elected by the **members** with effect from the end of the next **AGM** and for the purposes of Clause 10.23(2) their election is deemed to have been announced at that **AGM**;
 - (b) the election process otherwise set out in this Constitution is discontinued;
 - (c) the **board** must give **members** a notice that:
 - (i) states that the election process has been discontinued;
 - (ii) sets out the name of each **candidate** declared elected in accordance with Clause 10.11(2)(a);
 - (iii) sets out any other information as required by the **Corporations Act**.
- (3) The **board** may give the notice referred to in Clause 10.11(2)(c) by advertisement or other communication and in any media it considers reasonable to maximise, to the extent reasonably practical, the likelihood that **members** will become aware of the notice including, without limitation, by any combination of the following media or means of communication:
- (a) notice at the **company's** offices;
 - (b) notice on the **company's** website (if available), and any other website considered suitable by the **board**;
 - (c) notice (or notification) in the national and local print, television or radio media; or
 - (d) electronic communication of the notice (or the existence of the notice) in any media including, where appropriate and practical, by direct electronic communications to **members**.

10.12 Ballot Papers

- (1) After nominations have closed, the returning officer must prepare ballot papers for the election.
- (2) The **board** is to determine the form of the ballot, including how determination of the order in which the **candidates** will appear on the ballot paper is to be undertaken.
- (3) In determining the order in which the **candidates** will appear on the ballot paper, the **board** may only choose one of the following options:
 - (a) by lot; or
 - (b) by lot for the first ballot paper printed, and then **candidates** appearing on subsequent ballot papers printed as rotated through each position on the ballot paper.

- (4) The returning officer is to carry out the process of the determination of the order, as determined by the **board** in Clause 10.12(3), in which the **candidates** appear on the ballot paper.
- (5) The names of any existing **directors** seeking re-election or election may appear on the ballot paper with a distinguishing mark.
- (6) The **board** may request that the names of any **candidates** endorsed or not endorsed by the **board** appear on the ballot paper with a distinguishing mark. The **board** may also remain silent on their endorsement or otherwise of a candidate.

10.13 Voting

- (1) At least 21 days before the **AGM**, the returning officer must send to each **member** who (at the date of sending) is eligible to vote in an election of **directors**:
 - (a) if voting is being conducted by post:
 - (i) a ballot paper, comprising a removable slip for the **member** to include the **member's** membership number, the **member's** name, the **member's** address and **member's** signature;
 - (ii) an unsealed envelope marked "Ballot Paper"; and
 - (iii) a postal envelope addressed to the returning officer;
 - (b) if voting is being conducted electronically, instructions as to how the **member** may vote; and
 - (c) in respect of each candidate:
 - (i) a statement prepared by the **board**, which may include the statement prepared by the **Nominations Committee** under Clause 10.5(5)(a) and any other information about the **candidate** that the **board** reasonably considers is relevant to their candidacy for election as a **member elected director**; and
 - (ii) the statement (if any) provided by the **candidate** in accordance with Clause 10.7(1)(e).
- (2) If ballot papers are sent to **members** by post, they may be included with other **company** postal materials.
- (3) Any **member** exercising a right to vote must:
 - (a) if voting by post:
 - (i) complete the ballot paper in accordance with this Constitution;
 - (ii) place the ballot papers in the envelope marked "Ballot Paper";

- (iii) complete the slip on the ballot paper envelope and return the envelope with the slip attached to the returning officer in the envelope supplied prior to 5.00pm on the day fixed for the closing of the ballot; or
 - (b) if voting electronically, by voting in accordance with the instructions provided by the **company** pursuant to Clause 10.13(1)(b).
- (4) Any ballot paper or electronic vote not received by the returning officer prior to 5.00pm on the day fixed for the closing of the ballot is excluded from the ballot.
 - (5) Any ballot paper received by the returning officer is to be kept in secured ballot boxes until the closure of the ballot.
 - (6) If voting is being conducted by post, a **member** who does not receive a ballot paper or who misplaced or spoiled a ballot paper may send to the **returning officer** a declaration to that effect in such form that is satisfactory to the returning officer, upon which the **returning officer** must:
 - (a) send a ballot paper or duplicate ballot paper (as applicable) to that **member**;
 - (b) mark the envelope "Ballot Paper – Duplicate" (if applicable); and
 - (c) keep a record of all duplicate ballot papers issued.

10.14 Closure of the Ballot

The ballot closes at a date determined by the **board**, which must be at least 7 days before the **AGM**.

10.15 Appointment of Scrutineer

- (1) A **candidate** may appoint a scrutineer.
- (2) Any costs associated with the appointment of a scrutineer are the responsibility of the **candidate** appointing the scrutineer. No reimbursements will be made by the **company**.
- (3) The duties and responsibilities of scrutineers are:
 - (a) to observe the sorting, counting and recording of ballot papers; and
 - (b) to raise any query with the returning officer regarding any of the ballot papers.
- (4) In the event of a dispute in relation to any ballot papers (including in relation to the sorting, counting and recording of ballot papers) between a scrutineer and the returning officer, the determination of the returning officer will be final and binding.

10.16 Procedures After Close of the Ballot

- (1) The **board** shall adopt, and may amend from time to time, a procedure for the counting of votes which must, in the reasonable opinion of the **board**:
 - (a) be reasonable and consistent with this Constitution; and

- (b) as far as reasonably practical, ensure that votes be counted without disclosing or revealing to any person (including the **returning officer**) a specific **member's** vote, ensure that each **member** must only exercise 1 vote and that persons who are not **members** do not vote in a ballot, ensure that all **members** are given a reasonable opportunity to vote in a ballot and ensure that all **members** are treated equally in relation to voting.

- (2) As soon as reasonably practicable after the close of the ballot, the returning officer must deal with votes in accordance with the procedure adopted by the **board** in accordance with Clause 10.16(1).

10.17 Changes to Voting Procedures

- (1) The **board** may, from time to time, approve changes to the procedures for voting specified in, or adopted in accordance with any of, Clauses 10.13 to 10.16 where, in the view of the **board**, such changes are reasonable and are not inconsistent with the following principles:
 - (a) are capable of ensuring accurate receipt and treatment of votes and the integrity of the director election process;
 - (b) as far as reasonably practical, ensure that the procedures continue to require that votes be counted without disclosing or revealing to any person (including the returning officer) a specific member's vote;
 - (c) as far as reasonably practical, ensure that the procedures continue to require that each member must only exercise 1 vote and that persons who are not members do not vote in a ballot;
 - (d) ensure that the procedures continue to require that all members are given a reasonable opportunity to vote in a ballot; and
 - (e) ensure that the procedures continue to require that all members are treated equally in relation to voting.
- (2) Without limiting the above power, the **board** may, from time to time, adopt procedures and make regulations to provide for electronic / online voting procedures (including for notification of elections, provision of ballot papers, distribution of election materials, voting, processing and counting of votes and all related matters) provided that the principles set out in paragraphs 10.17(1)(a) to 10.17(1)(e) above are observed (where necessary as reasonably modified to apply to electronic / online voting procedures) and the procedures are, as far as reasonably practical, capable of ensuring accurate receipt and treatment of votes and the integrity of the **director** election process.

10.18 Voting System

- (1) The **candidates** with the highest number of votes in accordance with the number of vacancies are appointed as **member elected directors** with effect from the time specified in Clause 10.23.
- (2) If 2 or more **candidates** have the same number of votes, the **candidate** appointed as a **member elected director** is determined by lot in such manner as is determined by the **board**.
- (3) The result of the ballot must be announced at the next **AGM** by the **secretary**, by the chairman of the **board** or by such other person as the **board** determines.

10.19 Withdrawal or Death of a Candidate

- (1) No election will be invalid where a **candidate** subsequently becomes mentally incapable or dies provided:
 - (a) the **company** provides written notice to all **members** of the subsequent mental incapacity or death of the **candidate** prior to the ballot opening; or
 - (b) the deceased **candidate** or the **candidate** lacking mental capacity fails to obtain sufficient votes to have been elected.

10.20 Appointment by the Board – Additional Directors

- (1) The **board** may from time to time appoint not more than 3 **directors** ("**board appointed directors**") additional to **member elected directors**, the **executive director** and those appointed to fill casual vacancies.
- (2) The **board** may appoint a **board appointed director** where it considers that the person has appropriate skills, experience or expertise.
- (3) The **board** may only initially appoint a **board appointed director** for a period:
 - (a) that is 12 months; or
 - (b) that expires on the date on which the person would have been a director of the **company**, an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months in aggregate (whether served continuously or in two or more separate appointments),whichever is the shorter.
- (4) The **board** may re-appoint a **board appointed director** for additional periods of up to 36 months, provided that no such re-appointment period (if served in full) would result in the **board appointed director** having been a **director** of the **company**, an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months or more in aggregate (whether served continuously or in two or more separate appointments).

- (5) Notwithstanding Clauses 10.20(1) to 10.20(4), the **board** may not appoint a person as a **board appointed director** if, at the time of appointment, the person has been a **director** of the **company**, and/or an entity with which the **company** has merged and/or to which it is the successor in law, for 12 years and three months or more in aggregate (whether served continuously or in one or more separate appointments).

10.21 Appointment by the Board – Executive Director

- (1) From time to time the **board** may appoint a person to be an **executive director**. The **board** may only appoint a person under this Clause who is eligible to be an **executive director** under Clause 10.2(c).
- (2) The **board** may appoint an **executive director** for the period of the **executive director's** employment with the **company** or such lesser period as determined by the **board**.
- (3) Notwithstanding Clause 10.21(2), if the **executive director** ceases employment with the **company**, the term of office for the **executive director** immediately ceases.

10.22 Appointment by the Board – Casual Vacancies

- (1) The **board** may appoint a person to be a **director**:
 - (a) if a **director's** office becomes vacant other than because the **director's** term of office has ended; or
 - (b) if, for any other reason, the number of **member elected directors** is less than 5 **directors**.
- (2) The **board** may only appoint a person who is eligible to be a **director** under Clause 10.2 (excluding Clause 10.2(b)).
- (3) The term of office for a **director** appointed to fill a vacancy in Clause 10.22(1)(a) ends:
 - (a) at the end of the term of office of the **director** whose office has become vacant; or
 - (b) on the date which the person has been a **director** of the **company**, an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months in aggregate (whether served continuously or in two or more separate appointments),whichever occurs first.
- (4) The term of office for a **director** appointed to fill a vacancy in Clause 10.22(1)(b) ends:
 - (a) at the end of the next **AGM** after the **director's** appointment; or
 - (b) on the date on which the person has been a **director** of the **company**, an entity with which the **company** has merged and/or to which the **company** is the successor in law, for 12 years and three months in aggregate (whether served continuously or in two or more separate appointments).

Part 11 Directors' Powers

10.23 Term of Office

- (1) This Clause only applies to **member elected directors**.
- (2) Subject to the **Corporations Act**, a **member elected director's** term of office starts at the end of the **AGM** at which the **member elected director's** election is announced and ends at the end of the third **AGM** after the **AGM** at which the **member elected director's** election is announced.
- (3) At the end of this term, a **member elected director** must retire from office, but may offer themselves for re-election provided that they meet the eligibility criteria contained in this Constitution and the **Corporations Act**.

10.24 Automatic Vacation of Office

The office of a **director** automatically becomes vacant if the **director**:

- (a) dies;
- (b) ceases to be eligible to be a **director** under Clause 10.2;
- (c) is absent from 3 consecutive ordinary meetings of the **board** without leave; or
- (d) is 3 months in arrears in relation to money due to the **company** and has failed to make arrangements for payment satisfactory to the **company**.

Neither the **board** nor the **general meeting** may waive the operation of this Clause.

10.25 Resignation

- (1) A **director** may resign by giving the **company** notice of the **director's** resignation.
- (2) The **director's** office becomes vacant:
 - (a) on the date of resignation if the notice of resignation specifies a date of resignation; or
 - (b) on the date the **company** receives the notice of resignation.

11.1 Powers and Duties of the Board

The **board**:

- (a) manages the **company's** business; and
- (b) may exercise all the powers of the **company** except any powers that the **Corporations Act** or this Constitution expressly allocates to the **general meeting**.

11.2 Negotiable Instruments

The **board** may authorise a person or persons to sign, draw, accept, endorse or otherwise execute negotiable instruments for the **company**. The **board** may authorise the application of signatures to negotiable instruments by machine or other electronic method.

11.3 Delegation

- (1) The **board** may delegate any of its powers to any committee of the **board** or any other person or persons. The **board** may permit the delegate to sub-delegate any powers so delegated.
- (2) The **board** must establish policies for the guidance of delegates in the exercise of any powers so delegated.
- (3) Without limiting its powers, the **board** may appoint a person to be the **company's** attorney for purposes the **board** determines, with powers (being the **board's** powers), for the period and on terms the **board** determines. In particular, the power of attorney may:
 - (a) include terms protecting persons dealing with the attorney, as the **board** determines; and
 - (b) authorise the attorney to delegate any or all of the attorney's powers.

11.4 Board Policies

The **board** may from time to time specify policies applicable to the conduct of the **board** or of its **directors** and, to the extent that such policies are not inconsistent with this Constitution or the **Corporations Act**, such policies will bind the **board** and the **directors**. Specification in such policy of any matter which is not dealt with in, or is in addition to the requirements imposed by, the Constitution or the **Corporations Act** is not, of itself, to be treated for the purposes of this Clause 11.4 as being inconsistent with the Constitution or the **Corporations Act**.

Part 12

Directors' Meetings

11.5 Stakeholders

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

- (a) shall give consideration to the following factors:
- (i) the likely consequences of any decision or act of the **company** in the long term;
 - (ii) the interests of the **company's** employees;
 - (iii) the need to foster the **company's** business relationships with suppliers, **members** and others;
 - (iv) the impact of the **company's** operations on the community and the environment;
 - (v) the desirability of the **company** maintaining a reputation for high standards of business conduct;
 - (vi) the interests of **members**; and
 - (vii) the ability of the **company** to create an overall positive impact on society and the environment; and
- (b) need not give priority to a particular factor referred to in Clause 11.5(a) over any other factor (whether referred to in Clause 11.5(a) or otherwise).

12.1 Calling and Conduct of Board Meetings

- (1) Any 2 **directors** or the **secretary** (upon the authority of any 2 **directors**) may call a **board** meeting.
- (2) At least 48 hours' notice of a **board** meeting must be given except where:
 - (a) the chair of meetings of the **board** determines there are exceptional circumstances for shorter notice; or
 - (b) a majority of the **directors** authorise the **secretary** to convene a meeting on shorter notice.
- (3) The **board** may meet, adjourn and otherwise regulate its meetings as it thinks fit.

12.2 Quorum of the Board

The quorum for a **board** meeting is more than 50% of the total number of **directors**.

12.3 Chair of the Board

- (1) The **board** may appoint a **director** to chair its meetings and appoint a deputy chair. The **board** may determine the period for which the **director** is to be the chair or deputy chair. The **board** may remove the chair or deputy chair from their respective positions at any time.
- (2) The **board** must elect a **director** present to chair a meeting (or part of it) if:
 - (a) a **director** has not already been appointed to chair the meeting; or
 - (b) a previously appointed chair is not available, or declines to act, for the meeting (or part of it).

12.4 Passing of Directors' Resolutions

- (1) A resolution of the **board** must be passed by a majority of the votes cast by **directors** entitled to vote on the resolution.
- (2) The chair has no casting vote in addition to his or her deliberative vote.

12.5 Circulating Resolutions

- (1) The **board** may pass a resolution without a **board** meeting if all of the **directors** entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document and the resolution is passed when all of the **directors** have signed the document.
- (2) Subject to Clause 12.5(4):
 - (a) separate copies of a document may be used for signing by different **directors** if the wording of the resolution and the statement is identical in each copy; and
 - (b) the resolution is passed when the last **director** signs.

- (3) For the purposes of this Clause 12.5 a reference to “all of the **directors**”:
- (a) does not include:
- (i) a **director** who, at a meeting of directors, would not be entitled to vote on the resolution;
 - (ii) a **director** who disqualifies himself or herself from considering the resolution in question; or
 - (iii) any **director** on leave of absence approved by the **board**; and
- (b) means the number of **directors** not being less than the number required for a quorum at a meeting of the **board**.
- (4) The **board** may determine a policy about the use of electronic communication (including telephone) for the purpose of passing a resolution contemplated by this Clause 12.5 and a **director** will be taken to have signed the document containing the statement referred to in Clause 12.5(1) and the last **director** will be taken to have signed the document in the manner and at the time determined in accordance with any policy established from time to time by the **board** for that purpose.
- (5) A resolution passed in accordance with this Clause 12.5 shall be tabled at the next following meeting of the **board** and be noted in the minutes of that meeting.

12.6 Committees of Directors

- (1) The **board** may establish one or more committees consisting of such number of **directors** as the **board** thinks fit.
- (2) The **members** of a committee may appoint one of their number as chair of their meetings.
- (3) Subject to any restrictions that the **board** imposes, a committee may meet, adjourn and otherwise regulate its meetings as it thinks fit.
- (4) Questions arising at a meeting of a committee are to be determined by a majority of votes of those present and voting.
- (5) The chair of a committee does not have a casting vote in addition to his or her deliberative vote.

12.7 Audit Committee

- (1) The **board of directors** must establish an Audit Committee.
- (2) The Audit Committee may comprise such **directors** and officers of the **company** as the **board** determines but the **non- executive directors** must be in the majority.
- (3) The object of the Audit Committee is to monitor the credibility and objectivity of the financial reporting to assist the **board** to discharge its responsibilities.

- (4) The **board** must determine a policy for the role, terms of reference, responsibilities and method of operation of the Audit Committee.

12.8 Location

At least three **board** meetings each calendar year shall have a physical location at the Toowoomba or Brisbane office of the **company** (or such other place in Queensland as determined by the **board**) and at least three **board** meetings each calendar year shall have a physical location at the Adelaide office of the **company** (or such other place in greater Adelaide as determined by the **board**).

Part 13

Conflicts of Interest

13.1 Director Not in Breach if that Director Acts in Matters Relating to Director's Interests

- (1) This Clause applies if:
 - (a) a **director** has an interest or duty in relation to a matter that is not a **material personal interest**; or
 - (b) if a **director** with a **material personal interest** in relation to the **company's** affairs:
 - (i) complies with the requirements of the **Corporations Act** in relation to disclosure of the nature and extent of the interest and its relation to the **company's** affairs before acting in a matter that relates to the interest; and
 - (ii) may be present and vote on the matter under the **Corporations Act**.
- (2) The **director** is not in breach of his or her duties to the **company** merely because he or she acts in matters that relate to the **director's** interest.
- (3) The **director** may vote on matters that relate to the **director's** interest.
- (4) In relation to any transactions that relate to the **director's** interest:
 - (a) the transactions may proceed;
 - (b) the **company** cannot avoid the transactions merely because of the **director's** interest; and
 - (c) the **director** may retain benefits under the transactions despite the **director's** interest.

13.2 Director Not in Breach if that Director Does Not Act in Matters Relating to Director's Interests

- (1) This Clause applies if a **director** with a **material personal interest** in relation to a matter:
 - (a) complies with the requirements of the **Corporations Act** in relation to disclosure of the nature and extent of the interest and its relation to the **company's** affairs; but
 - (b) must not be present and vote on the matter under the **Corporations Act**.
- (2) The **director** is not in breach of duty to the **company** merely because he or she does not act in relation to the matter.
- (3) The **board** may vote on matters that relate to the **director's** interest in the **director's** absence.
- (4) In relation to any transactions that relate to the **director's** interest:
 - (a) the transactions may proceed;
 - (b) the **company** cannot avoid the transactions merely because of the **director's** interest; and
 - (c) the **director** may retain benefits under the transactions despite the **director's** interest.

13.3 Execution of Instruments

A **director** may participate in the execution of an instrument for the **company**, regardless of any interest or duty that the **director** may have:

- (a) whether or not the **director** has complied with the requirements of the **Corporations Act** in relation to disclosure of the nature and extent of the interest and its relation to the **company's** affairs; and
- (b) whether or not the **director** may be present and vote in relation to the execution of the instrument under the **Corporations Act**.

Part 14 Remuneration, Indemnity and Insurance

14.1 Remuneration of Directors

- (1) Subject to Clause 14.1(2), in any period, the remuneration of **directors** may not exceed the aggregate amount for that period that the **general meeting** determines by resolution.
- (2) If the **general meeting** does not approve a resolution for an aggregate amount of **directors** remuneration in respect of the period until the next **general meeting**, then the aggregate remuneration of **directors** will be the same as applied in respect of the period immediately before that **general meeting**.
- (3) The **board** may determine the allocation of the aggregate amount of remuneration among the **directors**. If the **board** does not determine the allocation, the aggregate amount of remuneration must be allocated equally among the **directors**.
- (4) The **directors'** remuneration accrues daily (other than if the **board** has determined alternative policies where a **director** is on leave of absence) from the day that the **general meeting** approves the remuneration to the day that the **general meeting** next determines the **directors'** remuneration.

14.2 Travelling Expenses and Insurance

In addition to any remuneration to which a **director** may be entitled, the **company** may also pay:

- (a) the **director's** travelling and other expenses properly incurred:
 - (i) in attending **board** meetings or any meetings of committees of **directors**;
 - (ii) in attending any **general meetings**; and
 - (iii) otherwise in connection with the **company's** business; and
- (b) subject to the **Corporations Act**, insurance premiums for a contract that insures the **director** against liabilities that the **director** incurs as an officer of the **company**.

14.3 Indemnities for Officers and Former Officers

- (1) In this Clause "indemnified person" means an officer or agent, or former officer or agent, of the **company**.
- (2) To the extent that the **Corporations Act** permits:
 - (a) the **company** must indemnify an **indemnified person** against any liability that the **indemnified person** incurs in conducting the **company's** business or exercising the **company's** powers as an officer or agent of the **company**; and
 - (b) the **company** may indemnify, agree to indemnify or enter into (and pay premiums on) a contract of insurance in relation to an **indemnified person** or any other person.
- (3) The indemnity in Clause 14.3(2)(a) applies in relation to an **indemnified person** for all incidents occurring during the period that person is an officer or agent of the **company**, even though a claim is made against the **indemnified person** after they have ceased to be an officer or agent of the **company**.

Part 15 Administration

15.1 Secretary

Subject to Clause 15.2, the **board** may determine a **secretary's** terms of appointment, powers, duties and remuneration. At any time, the **board** may vary or revoke a determination, or an appointment, whatever the terms of the appointment.

15.2 Resignation of Secretary

- (1) A **secretary** may resign by giving the **company** notice of the **secretary's** resignation.
- (2) The **secretary's** office becomes vacant:
 - (a) on the date of resignation if the notice of resignation specifies a date of resignation; or
 - (b) on the date the **company** receives the notice of resignation.

15.3 Head office

The **company** shall maintain a 'head office' in each of Toowoomba and Adelaide.

15.4 Employees

The **company** shall target a reasonable distribution of employees (including executives but excluding branch employees) based in each of Queensland and South Australia.

Part 16

People's Choice & Heritage Bank merger transition arrangements

16.1 Board transition arrangements

- (1) As at the **merger implementation date**, the **board** shall comprise:
 - (a) six of the existing **directors** of the **company** nominated by the **company** prior to the merger implementation date (**People's Choice Nominees**);
 - (b) six of the existing directors of Heritage Bank nominated by Heritage Bank prior to the **merger implementation date** (**Heritage Bank Nominees**).
- (2) As from the second anniversary of the **merger implementation date** (or such later date up to the AGM following the second anniversary of the **merger implementation date** as is agreed between the **People's Choice Chair** and the **Heritage Bank Chair**), the **board** shall have 10 directors, with the reduction from the number of directors as at the **merger implementation date** effected on or before the second anniversary of the **merger implementation date** by the retirement of:
 - (a) one of the **Heritage Bank Nominees**, which director shall be as determined by agreement between the **Heritage Bank Nominees** or, failing such agreement, as determined by the **Heritage Bank Chair** (except where one or more of the **Heritage Bank Nominees** has ceased to be a **director** before the second anniversary of the **merger implementation date** but provided that that director has not or those directors have not been replaced in accordance with Clause 16.1(4)(b), in which case none of the **Heritage Bank Nominees** needs to retire under this clause); and
 - (b) one of the **People's Choice Nominees**, which director shall be as determined by agreement between the **People's Choice Nominees** or, failing such agreement, as determined by the **People's Choice Chair** (except where one or more of the **People's Choice Nominees** has ceased to be a **director** before the second anniversary of the **merger implementation date** but provided that that director has not or those directors have not been replaced in accordance with Clause 16.1(4)(a), in which case none of the **People's Choice Nominees** needs to retire under this clause).
- (3) As from the third anniversary of the **merger implementation date** (or such later date up to the AGM following the third anniversary of the **merger implementation date** as is agreed between the **People's Choice Chair** and the **Heritage Bank Chair**), the **board** shall have 8 directors, with the reduction from the number of directors as at the **merger implementation date** effected on or before the third anniversary of the **merger implementation date** by the retirement of:
 - (a) one of the **Heritage Bank Nominees**, which director shall be as determined by agreement between the **Heritage Bank Nominees** or, failing such agreement, as determined by the **Heritage Bank Chair** (except where one or more of the **Heritage Bank Nominees** has ceased to be a **director** (other than in accordance with Clause 16.1(2)(a)) after the second anniversary of the **merger implementation date** and before the third anniversary of the **merger implementation date** but provided that all such directors have not been replaced in accordance with Clause 16.1(4)(b), in which case none of the **Heritage Bank Nominees** needs to retire under this clause); and
 - (b) one of the **People's Choice Nominees**, which director shall be as determined by agreement between the **People's Choice Nominees** or, failing such agreement, as determined by the **People's Choice Chair** (except where one or more of the **People's Choice Nominees** has ceased to be a **director** (other than in accordance with Clause 16.1(2)) after the second anniversary of the **merger implementation date** and before the third anniversary of the **merger implementation date** but provided that all such directors have not been replaced in accordance with Clause 16.1(4)(a), in which case none of the **People's Choice Nominees** needs to retire under this clause).
- (4) Prior to the AGM of the **company** in 2026, where a **People's Choice Nominee** or a **Heritage Bank Nominee** ceases to be a **director** for any reason other than because they have ceased to be a **director** in accordance with Clause 16.1(2) or Clause 16.1(3), then:
 - (a) if the person is a **People's Choice Nominee**, the majority of the **People's Choice Nominees** may by notice in writing to the **company** appoint a person to be a **director** (subject to the **company's** obligations under applicable **prudential standards** and the **company's** fit and proper policy) and that **director** will be taken to be a **People's Choice Nominee** and taken to have been appointed at the time of the appointment of the **director** whose cessation resulted in their appointment; and
 - (b) if the person is a **Heritage Bank Nominee**, the majority of the **Heritage Bank Nominees** may by notice in writing to the **company** appoint a person to be a **director** (subject to the **company's** obligations under applicable **prudential standards** and the **company's** fit and proper policy) and that **director** will be taken to be a **Heritage Bank Nominee** and taken to have been appointed at the time of the appointment of the **director** whose cessation resulted in their appointment.

- (5) Prior to the AGM of the **company** in 2026, where a **People's Choice Nominee** or a **Heritage Bank Nominee** is unable to attend a **board** meeting for any reason other than because they have ceased to be a director in accordance with Clause 16.1(2) or Clause 16.1(3), including because they have resigned as a **director** or died, then:
- (a) if the person is a **People's Choice Nominee (People's Choice absent director)**, the **People's Choice Chair** or, if the **People's Choice Chair** is the **People's Choice absent director**, the **People's Choice Nominee** who has the longest tenure as a **director** (and for this purpose the tenure of the relevant director of People's Choice prior to the **merger implementation date** is included), may cast all of the votes that could have been cast by the **People's Choice absent director** if they were at the **board** meeting or could have been cast by the **People's Choice absent director** if they had not vacated office; and
- (b) if the person is a **Heritage Bank Nominee (Heritage Bank Nominee absent director)**, the **Heritage Bank Chair** or, if the **Heritage Bank Chair** is the **Heritage Bank absent director**, the **Heritage Bank Nominee** who has the longest tenure as a **director** (and for this purpose the tenure of the relevant director of Heritage Bank prior to the **merger implementation date** is included), may cast all of the votes that could have been cast by the **Heritage Bank absent director** if they were at the **board** meeting or could have been cast by the **Heritage Bank absent director** if they had not vacated office.
- (6) For a period of at least three years commencing on the **merger implementation date**:
- (a) subject to clause 16.1(8), the **People's Choice Chair** shall be the chair of the **company**;
- (b) if the **People's Choice Chair** is unable to attend a meeting of the **company** for any reason (including vacation of office), the remaining **People's Choice Nominees** shall be entitled to choose one of the remaining **People's Choice Nominees** to act in the capacity of the **People's Choice Chair** at the relevant meeting (but noting that the deputy chair will chair the meeting in accordance with clause 16.1(6)(c));
- (c) subject to clause 16.1(9), the **Heritage Bank Chair** shall be the deputy chair of the **company** and if the **People's Choice Chair** is unable to attend a meeting of the **board** for any reason other than vacation of office, the deputy chair of the **board** will chair that meeting;
- (d) if the **Heritage Bank Chair** is unable to attend a meeting of the **company** for any reason (including vacation of office), the remaining **Heritage Bank Nominees** shall be entitled to choose one of the remaining **Heritage Bank Nominees** to act in the capacity of the **Heritage Bank Chair** at the relevant meeting.
- (7) On and from the third anniversary of the merger implementation date:
- (a) if the **People's Choice Chair** is the chair of the **company**, they shall continue to be the chair of the **company** unless the **board** resolves to appoint another **director** to be the chair of the **company**; and
- (b) if the **Heritage Bank Chair** is the deputy chair of the **company**, they shall continue to be the deputy chair of the **company** unless the **board** resolves to appoint another **director** to be the deputy chair of the **company**.
- (8) In the event that the **People's Choice Chair** ceases to be a **director**, then:
- (a) if that cessation occurs within 18 months after the **merger implementation date**, the **board** with the approval of the majority of the **People's Choice Nominees**:
- (i) shall appoint one of the **People's Choice Nominees** to be the chair of the **company**; and
- (ii) shall appoint another of the **People's Choice Nominees** to be the chair of the **company** if a person appointed chair of the **company** under this clause 16.1(8)(a) ceases to be the chair of the **company**; and
- (b) if that cessation occurs after 18 months after the **merger implementation date**, the **board** may appoint a **director** to be the chair of the **company**.
- (9) In the event that the **Heritage Bank Chair** ceases to be a **director**, then:
- (a) if that cessation occurs within 18 months after the **merger implementation date**, the **board** with the approval of the majority of the **Heritage Bank Nominees**:
- (i) shall appoint one of the **Heritage Bank Nominees** to be the deputy chair of the **company**; and
- (ii) shall appoint another of the **Heritage Bank Nominees** to be the deputy chair of the **company** if a person appointed deputy chair of the **company** under this clause 16.1(9)(a) ceases to be the deputy chair of the **company**; and
- (b) if that cessation occurs after 18 months after the **merger implementation date**, the **board** may appoint a person to be the deputy chair of the **company**.

- (10) During the period commencing on the **merger implementation date** and ending at the end of the **AGM** in 2026;
- (a) no person shall be appointed as a director other than in accordance with Clause 16.1(1) or in accordance with Clause 16.1(4);
 - (b) no director election shall be conducted in accordance with Part 10 ;
 - (c) the **board** shall not be entitled to appoint a **chair** or **deputy chair** in accordance with Clause 12.3(1); and
 - (d) the **board** may determine the allocation of the remuneration of **directors** on the basis that each of the **directors** shall be allocated the same amount of the remuneration other than:
 - (i) the **directors** who are the **People’s Choice Chair** and the **Heritage Bank Chair**, each of whom shall be allocated the same amount of the remuneration as the other and which amount must be greater than the amount allocated to the other **directors**; and
 - (ii) **directors** who chair a committee, each of which may be allocated additional remuneration on account of that role or those roles,

provided that if the **board** does not determine the allocation, the aggregate amount of the remuneration must be allocated equally among all of the **directors**.

16.2 Tenure of directors

- (1) The term of office of a **director** referred to in Clause 16.1(1) ends:
- (a) when the **director** retires under Clause 16.1(2) or 16.1(3); or
 - (b) in relation to those of the **directors** referred to in Clause 16.1(3) who remain directors from the third anniversary of the **merger implementation date**:
 - (i) at the end of the **AGM** in 2027, in relation to the 2 of those **directors** (other than the **People’s Choice Chair** and the **Heritage Bank Chair**) who at that time have served as a **director** of the **company** and/or of **Heritage Bank** for the longest period of time (in aggregate and whether continuously or not);
 - (ii) at the end of the **AGM** in 2028, in relation to the 3 of the remaining of those **directors** (other than the **People’s Choice Chair**) who at that time have served as a **director** of the **company** and/or of **Heritage Bank** for the longest period of time (in aggregate and whether continuously or not); and
 - (iii) at the end of the **AGM** in 2029, in relation to the remaining 3 of those **directors**.

- (2) A **director** who is a **People’s Choice Nominee** or a **Heritage Bank Nominee** is not eligible to be:
- (a) re-elected or elected (as the case may be) as a **member elected director** if at the time of their re-election or election or at any time during their term of office in accordance with Clause 10.23(2) following their re-election or election they would have served as a **director** of the **company** for 12 years and 3 months or more in aggregate (whether served continuously or in two or more separate appointments) since the **merger implementation date**;
 - (b) re-appointed or appointed (as the case may be) as a **board appointed director** if at the time of their re-appointment or appointment or at any time during their term of office following their re-appointment or appointment they would have served as a **director** of the **company** for 12 years and 3 months or more in aggregate (whether served continuously or in two or more separate appointments) since the **merger implementation date**.
- (3) If a **director** is eligible to be re-elected or elected under Clause 16.2(2), they are eligible to stand for re-election or election, and to be nominated for re-election or election, notwithstanding Clauses 10.4(9) and 10.4(10).
- (4) Each of the **directors** who will be in office immediately after the end of the **AGM** of the **company** shall be deemed to be a **member elected director**.

16.3 CEO transition arrangements

- (1) No employee of the **company**, including without limitation the chief executive officer and the deputy chief executive officer, is eligible to be a **director**.
- (2) During the period commencing on the **merger implementation date** and ending at the end of the **AGM** in 2026, the **board** shall not be entitled to appoint an **executive director** in accordance with clause 10.21.
- (3) The **board** shall ensure that, subject to the **company’s** obligations under applicable **prudential standards** and the **company’s** fit and proper policy:
- (a) for a period commencing on the **merger implementation date** and ending at the end of the day that is 18 months after the **merger implementation date**:
 - (i) the **Heritage Bank CEO** shall be employed as the chief executive officer of the **company**, employed on the same terms (except for remuneration arrangements, which will be determined by the **company**, but which will be no less favourable than their remuneration the day before the **merger implementation date**);

- (ii) the **People's Choice CEO** shall be employed as the deputy chief executive officer of the **company**, employed on the same terms (except for remuneration arrangements, which will be determined by the **company**, but which will be no less favourable than their remuneration the day before the **merger implementation date**); and
 - (iii) the executive positions of the **company** shall only be filled by agreement between the chief executive officer of the **company** and the deputy chief executive officer of the **company** and with the approval of the **People's Choice Chair** and the **Heritage Bank Chair**;
- (b) at the end of the day that is 18 months after the **merger implementation date** (or such earlier date upon which the **Heritage Bank CEO** ceases to be the chief executive officer of the **company**), the **Heritage Bank CEO** shall cease to be the chief executive officer of the **company**; and
- (c) on the day after the day that is 18 months after the **merger implementation date** (or such earlier date upon which the **Heritage Bank CEO** ceases to be the chief executive officer of the **company**) the **People's Choice CEO** shall be the chief executive officer of the **company**.

16.4 Definitions and inconsistencies

- (1) In this Part 16 of the Constitution, unless the context requires otherwise:
- Heritage Bank** means Heritage Bank Limited (ACN 087 652 024);
- Heritage Bank absent director** has the meaning given in Clause 16.1(5)(a);
- Heritage Bank CEO** means the chief executive officer of **Heritage Bank** on the day before the **merger implementation date**;
- Heritage Bank Chair** means the chair of **Heritage Bank** on the day before the **merger implementation date** or, if that person ceases to be a **director** of the **company**, such other **Heritage Bank Nominee** as is determined by the **Heritage Bank Nominees** who remain **directors** at that time;
- Heritage Bank Nominees** has the meaning given in Clause 16.1(1);
- merger implementation date** means the date upon which the transfer of the business of **Heritage Bank** to the **company** took effect under the Financial Sector (Transfer and Restructure) Act 1999 (Cth);
- People's Choice absent director** has the meaning given in Clause 16.1(5)(a);

People's Choice CEO means the chief executive officer of the **company** on the day before the **merger implementation date**;

People's Choice Chair means the chair of **People's Choice** on the day before the **merger implementation date** or, if that person ceases to be a **director** of the **company**, such other **People's Choice Nominee** as is determined by the **People's Choice Nominees** who remain **directors** at that time; and

People's Choice Nominees has the meaning given in Clause 16.1(1).

- (2) Where there is any inconsistency between a provision of this Part 16 and another provision of this Constitution, the provision of this Part 16 shall prevail to the extent of the inconsistency.

16.5 Application of Part 16

- (1) Clauses 10.1, 10.2, 10.3, 10.4, 10.5, 10.20, 10.21, 10.22, 10.23 and 12.3 shall be suspended and be of no effect until immediately after the end of the AGM of the **company** in 2026.
- (2) Part 16 of this Constitution, shall cease to apply, and shall be deleted from this Constitution, immediately after the last of the **People's Choice Nominees** and the **Heritage Bank Nominees** ceases to be a **director**.

Appendix

Demutualisation Approval Procedure Rules

Section 1

Application, Interpretation and Effect

1.1 When the Demutualisation Approval Procedure Rules Apply

(1) This Appendix applies in the following situations:

| | |
|--|--|
| <p>1 Modification or Repeal of Constitution</p> | <p>the company proposes to modify or repeal this Constitution where the effect of the modification or repeal is:</p> <ul style="list-style-type: none">(a) to vary any of:<ul style="list-style-type: none">(i) the terms on which it issues shares; or(ii) the rights and restrictions attaching to its shares;so that they are inconsistent with those set out in the Principles of Mutuality;(b) to enable the company to issue shares where:<ul style="list-style-type: none">(i) the terms on which it issues the shares; or(ii) the rights and restrictions attaching to the shares,are inconsistent with those set out in the Principles of Mutuality;(c) to vary any of the rights, obligations or restrictions attaching to membership so that they are inconsistent with those set out in the Principles of Mutuality;(d) to enable the company to admit members where the rights, obligations or restrictions attaching to membership are inconsistent with those set out in the Principles of Mutuality (whether or not any members are admitted);(e) that the company's Constitution is otherwise inconsistent with the Principles of Mutuality. |
| <p>2 Issue of Shares or Admission of Members</p> | <p>the company (whether acting through its board, its members or otherwise) proposes:</p> <ul style="list-style-type: none">(a) to issue shares where:<ul style="list-style-type: none">(i) the terms on which it issues the shares; or(ii) the rights and restrictions attaching to the shares,are inconsistent with those set out in the Principles of Mutuality;(b) to issue securities which confer the right or obligation to subscribe for shares (whether on conversion of the securities or exercise of any option) where:<ul style="list-style-type: none">(i) the terms on which it issues the shares; or(ii) the rights and restrictions attaching to the shares,are inconsistent with those set out in the Principles of Mutuality; or(c) to admit members with rights, obligations or restrictions attaching to membership which are inconsistent with those set out in the Principles of Mutuality. |
| <p>3 Restructure</p> | <p>the company (whether acting through its board, its members or otherwise) proposes to conduct a reduction of capital, scheme or arrangement, deed of arrangement, transfer of business, or any other form of corporate restructure, where after completion of the restructure:</p> <ul style="list-style-type: none">(a) the company no longer complies with the Principles of Mutuality;(b) one person, other than a mutual entity, holds more than 90% of the shares in the company;(c) a group of associates, other than a group all of the members of which are mutual entities, between them hold more than 90% of the shares in the company other than shares fitting the description of "additional shares" in the Principles of Mutuality;(d) a person that is not a mutual entity has a legal or equitable interest in more than 20% of the company's gross assets, based on the latest report that the company has given the Australian Prudential Regulation Authority as at the time of the transfer; |

| | | |
|---|---|--|
| 3 | Restructure (continued) | <p>(e) a group of associates, other than a group all of the members of which are mutual entities, between them have a legal or equitable interest in more than 20% of the company's gross assets, based on the latest report that the company has given the Australian Prudential Regulation Authority as at the time of the transfer; or</p> <p>(f) the successor to the company's business is not a mutual entity.</p> |
| 4 | Modification or Repeal of this Appendix | <p>The company proposes to modify or repeal:</p> <p>(a) any of the Rules in this Appendix;</p> <p>(b) any of the Principles of Mutuality; or</p> <p>(c) this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the Rules in this Appendix.</p> |

(2) This Appendix does not apply in respect of the creation or issuance of, or the agreement to create or issue, or any amendment to this Constitution to facilitate the creation or issuance of, **MCIs** (including **MCIs** of different classes and with different rights) and the cancellation or variation of any rights attached to **MCIs** (or a class of **MCIs**).

(3) This Appendix does not apply to proposed modifications or repeals set out in item (4) of the Table in Rule 1.1(1) that:

- (a) increase the range of **proposed transactions** (including any changes to this Appendix so that it applies to the increased range of **proposed transactions**);
- (b) impose, modify or repeal additional restrictions on the conduct of **proposed transactions** other than those set out in this Appendix;
- (c) impose, modify or repeal additional obligations that must be complied with in relation to **proposed transactions** other than those set out in this Appendix;
- (d) require disclosure of additional types of information other than those set out in Rule 1.1(1); or
- (e) modify or repeal any requirement specified in this Constitution, apart from this Appendix or the **Principles of Mutuality**, in relation to a **proposed transaction**.

However, this Appendix does apply to:

- (f) a proposed modification or repeal that makes more than one change, and one or more of the changes is within the scope of item (4) of the Table in Rule 1.1(1) but not excluded by this Rule; or
- (g) a proposed modification or repeal where some other clause in this Constitution applies this Appendix to the modification or repeal.

(4) This Appendix, other than Rule 1.1(5), ceases to have effect immediately upon the Australian Securities and Investments Commission publishing a written notice to that effect and giving a copy of that notice to the **company**.

(5) If this Appendix ceases to have effect by reason of Rule 1.1(4), it will again come into effect by **board** resolution upon the Australian Securities and Investments Commission permitting the **company** to recommence operation of this Appendix.

1.2 Definitions

(1) In this Appendix:

associate means, in relation to a primary person:

- (a) a spouse or de facto spouse of the primary person;
- (b) a parent, son or daughter of the primary person, spouse or de facto spouse;
- (c) a person who is a partner of the primary person;
- (d) a person who is a director of a body of which the primary person is a director;
- (e) a person who is a trustee of a trust in relation to which a person or **entity** of a kind referred to in paragraphs (a), (b), (c), (d), (f) or (g) benefits or is capable of benefiting;
- (f) any **entity**, other than the **company**, over which:
 - (i) a person of a kind referred to in paragraphs (a), (b), (c), (d) or (e) has **control**; or
 - (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (e) together have control;

(g) any **entity**, other than the **company**, in which:

- (i) a person of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) is beneficially entitled to more than 20% of any class of **security**; or
- (ii) two or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (f) together are beneficially entitled to more than 20% of any class of **securities**.

control means the ability or power of an **entity**:

- (a) whether direct or indirect;
- (b) whether or not enforceable; and

(c) whether presently exercisable by means of, in breach of, or by revocation of, any combination of the following:

- (i) trusts;
- (ii) relevant agreements; and
- (iii) practices,

to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of any other **entity** so as to enable that other **entity** to operate with it in pursuing those objectives of the controlling **entity**.

demutualisation benefit means any benefit received, whether in cash or in any other form which has value as a result of a restructure referred to in item (3) of Rule 1.1(1) of this Appendix, excluding any benefit received by an **MCI Holder** in respect of an **MCI**.

entity means any:

- (a) incorporated or unincorporated body;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

independent expert means an expert who is not an officer of the **company** or an associate of an officer of the **company**.

mutual entity has the same meaning as in the Corporations Act.

Principles of Mutuality refers to Principles 4 to 28 of the **Principles of Mutuality** in the Schedule to this Appendix to the extent that any of those Principles are not inconsistent with the definition of what constitutes as mutual entity for the purposes of the **Corporations Act**.

transaction means any of the modifications, repeals, issues, admissions, restructures or other transactions referred to in Rule 1.1(1).

qualifying member means:

- (a) a person who has been admitted to membership of the **company** on the date on which this Appendix takes effect pursuant to section 137(a)(i) of the **Corporations Act**; or
- (b) a person admitted to membership of the **company** after the date on which this Appendix takes effect and who has been a **member** for a continuous period of not less than two years after that date.

securities has the same meaning as in **Corporations Act** from time to time, but also includes options.

Unless the context requires otherwise, terms that are not expressly defined in this Constitution, but that are defined in the **Corporations Act** from time to time, have the same meaning as in the **Corporations Act**.

1.3 Demutualisation Approval Procedure

(1) If this Appendix applies, the **company** must comply with the procedure set out in Section 2, 3 and 4 before:

- (a) convening a meeting of **members** to vote on the proposed modification or repeal of the Constitution set out in items (1) and (4) of the Table in Rule 1.1(1);
- (b) issuing the **securities** or admitting the **members** as set out in item (2) of the Table in Rule 1.1(1); or
- (c) either convening, or, where relevant, applying for a court or other order to convene, one or more meetings (whichever is the earlier) to vote on the proposed restructuring or to appoint an administrator as set out in item (3) of the Table in Rule 1.1(1).

(2) If a meeting of **members** approves a proposed modification of the Constitution set out in items (1) and (4) of the Table in Rule 1.1(1):

- (a) the resolution is of no effect until the procedure set out in Section 2, 3 and 4 is complied with; and
- (b) the **company** must send each **member** a notice that the resolution has been passed in breach of this Appendix, together with the other documents required to be sent in Rule 2.1.

(3) The procedures in this Appendix apply in addition to any requirements specified in the **Corporations Act** or in this Constitution in relation to the **proposed transaction**.

(4) If the **proposed transaction** is proposed by:

- (a) the **board** – the **company** bears all costs associated with disclosure and conduct of the postal ballot;
- (b) a **member** or a group of **members** – the **member** or group of **members** must pay all costs associated with disclosure, including printing and postage.

The **board** is not required to assist any **member** or group of **members** proposing the **proposed transaction** unless they give the **company** an indemnity in a form satisfactory to the **board**.

(5) If Rule 1.3(4)(b) applies, **members in general meeting** may resolve that:

Section 2 Disclosure

- (a) the **company** pay all costs associated with disclosure and conduct of the postal ballot;
- (b) the **company** reimburse the **members** proposing the **proposed transaction** for the costs they incur associated with disclosure and conduct of the postal ballot.

1.4 Approval of Demutualisation

- (1) If this Appendix applies, the **company** may only act upon the **proposed transaction** if:
 - (a) it has complied with the procedure set out in Sections 2, 3 and 4; and
 - (b) if the **company** has only one class of **members**:
 - (i) not less than 25% of the **members** have voted at the postal ballot conducted under Section 4; and
 - (ii) not less than 75% of the **members** who have voted approved of the proposed transaction;
 - (c) if the **company** has more than one class of **members**:
 - (i) not less than 25% of the **members** in each class have voted at the postal ballot conducted under Section 3; and
 - (ii) not less than 75% of the **members** in each class approved of the proposed transaction.
- (2) For the purposes of this Rule members entitled to repayment of different amounts on redemption of their member shares are to be treated as in different classes.

2.1 Disclosure Documents Sent With Ballot Paper

The **company** must send the following documents with the ballot paper that it must send each **member** under Rule 4.6:

- (a) a disclosure statement as described in Rule 2.2;
- (b) a **director's** statement from each **director** as described in Rule 2.3; and
- (c) an **independent expert's** report, commissioned by the **company**, as described in Rule 2.4.

2.2 Disclosure Statement

- (1) The disclosure statement must adequately set out or explain the following (if relevant):
 - (a) the procedural steps required in relation to the **proposed transaction**;
 - (b) how **members'** rights will change as a result of the proposed transaction and the consequences of the **proposed transaction** for **members**, including any:
 - (i) loss of rights;
 - (ii) change as to voting rights and rights to participate in the reserves and profits of the **company**,
 - (c) what benefits (if any) will be offered to **members** if the **proposed transaction** occurs, and why the benefits are considered appropriate, taking into account, among other things, the extent to which the benefits compensate the **members** for loss of rights;
 - (d) the basis upon which **members'** entitlement to the benefits will be determined, including:
 - (i) any minimum period of membership that a **member** must satisfy to receive benefits;
 - (ii) whether **members** must pay any amount or provide other value to receive benefits;
 - (e) any preferential allocation of benefits to **members**, or a class of **members**, and how that allocation is to be determined;
 - (f) any benefits that officers of the **company** (including retiring officers) or any **associates** of any officers may receive (whether directly or indirectly) in connection with the **proposed transaction**, other than in their capacity as a **member** on the same terms as are available to other **members**, including without limitation:
 - (i) any money or goods;
 - (ii) any preferential allocation of **securities**;
 - (iii) any retirement or superannuation benefits;
 - (iv) any compensation for loss of office;
 - (v) any concessional loans or other favourable or non-arms length transactions;

- (g) the implications of the **proposed transaction** in relation to:
 - (i) the continuation of the **company's** business;
 - (ii) any major changes to be made to the **company's** business;
 - (iii) changes to benefits, products and services; and
 - (iv) the future employment of the present employees of the **company**;
 - (h) whether the **company's** financial position has changed materially since the last statement of financial position put before members at the **company's** last annual general meeting;
 - (i) the availability and consequences of other alternatives; and
 - (j) any other information that the **members** and their professional advisers would reasonably require to make an informed assessment whether to approve the **proposed transaction**.
- (2) If the **proposed transaction** involves the allocation of **securities** (whether by the **company** or some other **entity**) the disclosure statement must adequately set out or explain the following (if relevant):
- (a) who will and will not be allocated **securities**;
 - (b) the rights and obligations attaching to the **securities** being allocated, including voting rights and rights to participate in the reserves and profits;
 - (c) the class and approximate number of **securities** being allocated;
 - (d) the allocation formula for the **securities** (including the implications of any undersubscription or oversubscription of **securities** offered), including, without limitation:
 - (i) the manner in which the allocation formula will apply as between **members**; and
 - (ii) the basis on which the allocation formula has been determined;
 - (e) if rights to securities are allocated – whether the rights are renounceable or non-renounceable;
 - (f) the consideration payable for the securities, including, if the securities are partly paid, any call dates and amounts payable on calls;
 - (g) if the allocation of **securities** is underwritten:
 - (i) the name of the underwriters;
 - (ii) the amount of the underwriting fee or commission payable;
 - (iii) details of clauses in the underwriting agreement that may affect the underwriter's rights and obligations under the underwriting agreement;

- (h) whether the **securities** will be listed on a **securities** exchange or exempt market; and
- (i) the implications of allocation of **securities** for the structure of the **company**.

- (3) If the **proposed transaction** involves the modification, or repeal, as set out in item (4) of the Table in Rule 1.1, and the person proposing the modification or repeal is aware of any proposal to conduct any of the transactions set out in items (1) to (3) of the Table in Rule 1.1, then the disclosure statement must disclose the matters set out in Rule 2.1 and Rule 2.2 in relation to:
- (a) the proposed modification or repeal; and
 - (b) each **proposed transaction** set out in items (1) to (3) of the Table in Rule 1.1 of which the person is aware (to the extent that the person is aware of the matters relating to those transactions).

2.3 Director's Statement

The **director's** statement must contain:

- (a) a statement;
 - (i) recommending that the **proposed transaction** be approved or not approved and giving reasons for the recommendation; or
 - (ii) giving reasons why a recommendation is not made;
- (b) a statement whether the **director** proposes to approve or not approve the **proposed transaction**;
- (c) a statement confirming that neither the **director** nor any **associate** of the **director** will receive any payment, other valuable consideration or any other benefit in connection with the **proposed transaction** other than as disclosed in the disclosure statement; and
- (d) particulars of any agreement between the **director** and any other person in connection with, or conditional upon, the outcome of the **proposed transaction**.

2.4 Independent Expert's Report

- (1) The **independent expert's** report must adequately set out or explain the following (if relevant):
- (a) whether, in the **independent expert's** opinion, the **proposed transaction** is in the best interests of the **members**, and giving reasons for that opinion;
 - (b) whether, in the **independent expert's** opinion, the benefits being provided to the **members** are fair and reasonable, having regard to any:
 - (i) loss of rights; and
 - (ii) change as to voting rights and rights to participate in the reserves and profits of the **company**; and

Section 3

Exchange of Information and Debate

giving reasons for that opinion; and

(c) details of:

- (i) any relationship between the **independent expert** and the **company**, including any circumstances in which the **independent expert** gives it advice or acts on its behalf, in the proper performance of the functions attaching to the **independent expert's** professional capacity or business relationship with the **company**,
- (ii) any financial or other interest of the **independent expert** that could reasonably be regarded as being capable of affecting the **independent expert's** ability to give an unbiased opinion; and
- (iii) any benefit that the **independent expert** or any **associate** of the **independent expert** may receive (whether directly or indirectly) in connection with making the report or in connection with the **proposed transaction**.

(2) If the **company** commissions more than one **independent expert's** report, all of the reports must be sent to each **member**.

3.1 Member Submissions

- (1) **Members** are entitled to make written submissions (**submissions**) to the **company** relating to the **proposed transaction** on the terms set out in this Rule 3.1.
- (2) The **company** must, at the time when the ballot paper is sent to **members** under Rule 4.6, notify **members** that they may make **submissions** relating to the **proposed transaction** to the **company** a summary of which will be distributed to the other **members**, and specify a date by which **submissions** must be received (the **submission date**). **Submissions** must be:
 - (a) made in legible writing or by email; and
 - (b) not more than 1,000 words in length.
- (3) The **company** must distribute a summary of the main points raised in the **submissions** to all **members** not later than 21 days after the **submission date** unless in the reasonable opinion of the **board** or its delegate:
 - (a) they contain material which is defamatory, misleading or deceptive; or
 - (b) it would be illegal to distribute the **submissions**.
- (4) When distributing a summary of **submissions**, the **company** may also distribute further information including recommendations by **directors**.

3.2 Website Publication

The **company** must, from the time when the ballot paper is sent to **members** under Rule 4.6 of this Appendix until the postal ballot closes, provide a facility on its website for **members** to provide written comment on the **proposed transaction**. Subject to this Rule 3.2, all comments must be included on this facility and displayed for at least 7 days. The **company** may refuse to include comments where they exceed 1,000 words in length or which in the reasonable opinion of the **board** or its delegate:

- (a) contain material which is defamatory, misleading or deceptive; or
- (b) are otherwise contrary to law;

3.3 Discussion Forums

- (1) The **board** must cause a discussion forum (**discussion forum**) to be held in each capital city of Australia in which the **company** has a physical presence for the purpose of providing an opportunity for members to discuss the **proposed transaction**. These **discussion forums** are not **members meetings** and no resolution in relation to the **proposed transaction** is to be proposed at any such **discussion forums**.
- (2) The **discussion forums** must be held not less than 14 days and not more than 28 days after the ballot paper is sent to **members** under Rule 4.6. The time and place of **discussion forums** and their purpose must be published in a newspaper circulating generally throughout all Australian States and

Section 4 Postal Ballot

Territories in which the **company** has **members** not less than 7 days before each **discussion forum**. The **board** may also provide such other notice of the **discussion forums** to **members** as it considers reasonable. At least 1 **director** must attend a **discussion forum** and the **board** shall designate one of the **directors** attending, chairperson of the **discussion forum**. No persons other than **members** or **directors** are permitted to attend a **discussion forum**. The **board** may determine appropriate procedures for the **discussion forums** which procedures must be published on the **company's** website or as otherwise determined by the **board** and are binding on all persons attending the **discussion forum**.

3.4 Funding of Advice for Members

- (1) Any group of 5 or more **members** may apply in writing to the **company**, signed by all **members** in the group, for payment of reasonable legal or other professional costs incurred or proposed to be incurred by the group in taking advice relating directly to the **proposed transaction** for any matter relevant to the decision of **members** whether to vote for or against the **proposed transaction** in the ballot. Requests must specify the nature of the advice being sought and from whom it is being sought.
- (2) Subject to the limits specified in Rule 3.4(3), the **board** must approve all reasonable requests unless (acting reasonably) it determines that the request was not made in good faith.
- (3) The maximum amount payable by the **company** in respect of such requests will be:
 - (a) \$15,000 for any one group; and
 - (b) \$50,000 for all groups;

in both cases adjusted annually on 1 July each year, commencing 1 July 2007, according to changes in the consumer price index (All groups, City of Adelaide) over the preceding 12 month period.

If more than one request is received, each request will be dealt with in the order of receipt and if requests are received at the same time in amounts which in aggregate equal or exceed the then unallocated balance, the unallocated balance will be allocated pro rata in proportion to the numbers of **members** in the groups.

3.5 Dispute Resolution

- (1) The **board** must develop and make available to **members** a procedure for resolution of disputes between **members** and the **company** relating to the **proposed transaction**. The procedure must provide for conduct of the dispute resolution by a person independent from the **company** with appropriate qualifications and experience in dispute resolution.
- (2) **Members** must be given reasonable notice of the dispute resolution procedure.

4.1 Appointment of Returning Officer

- (1) The **board** must appoint as returning officer for the ballot a person having the qualifications, experience or standing appropriate for appointment.
- (2) The returning officer may, if necessary, appoint one or more persons to act as assistant returning officers or clerical assistants.
- (3) A **member** is not eligible to be appointed as a returning officer or assistant returning officer.
- (4) The returning officer may delegate any of the returning officer's functions in this Section to an assistant returning officer having the qualifications, experience or standing to exercise those functions.
- (5) A person ceases to hold office as a returning officer or assistant returning officer if the person:
 - (a) dies; or
 - (b) resigns by notice of resignation delivered to the **company**; or
 - (c) is removed from office by the **members**.

4.2 Roll

As soon as practicable after the **board** appoints the returning officer for the postal ballot, the **secretary** must give the returning officer a roll showing, as at the time the roll is given:

- (a) the **members** and the number of shares each **member** holds; and
- (b) if the shares are divided into different classes – the **members** who hold shares in each class and the number of shares of each class each **member** holds.

4.3 Notice of Proposed Postal Ballot

- (1) As soon as practicable after being appointed as returning officer for a postal ballot, the returning officer must cause notice of the proposed ballot to be:
 - (a) sent to each **member** entitled to vote; or
 - (b) published in a newspaper circulating generally throughout all Australian States and Territories in which the **company** has members.
- (2) The notice must:
 - (a) state that a postal ballot is to be held;
 - (b) state the proposed transaction that is to be put to voters at the ballot; and
 - (c) state the closing date for the ballot.

4.4 Printing of Ballot Papers

The returning officer must ensure that a sufficient number of ballot papers is printed for the purposes of the ballot.

4.5 Postal Voting Procedures

- (1) Postal voting will be conducted according to procedures specified by the returning officer as approved by the board.

- (2) In approving postal voting procedures the **board** must have regard to these matters:
- (a) the extent to which the procedures are efficient in enabling the returning officer to detect any fraud or impropriety in the voting process;
 - (b) the extent to which the procedures protect the anonymity of the voter;
 - (c) instructions for voting are legible and clearly expressed so as to accurately inform **members** how to complete and lodge a ballot paper;
 - (d) provisions for issuing a duplicate ballot paper when the original has been lost or spoiled;
 - (e) the extent to which procedures for receiving, checking, scrutinizing and counting ballot papers are efficient; and
 - (f) the conduct and functions of scrutineers appointed by **candidates**.
- (3) The **board** must cause the postal voting procedures, as approved, to be displayed at the **company's** registered office and every branch office from the day before ballot papers are sent to **members** until the day after closure of the ballot.
- (4) A **member** is entitled to a copy of the postal voting procedures, on request.

4.6 Distribution of Ballot Papers

Not less than 42 days before the closing date for the ballot, the returning officer must cause to be sent to each **member** on the roll, at the address specified in respect of the **member** in the roll:

- (a) a ballot paper;
- (b) any other documents as required by the postal voting procedure.

4.7 Replacement of Ballot Papers

- (1) If any **member** to whom a ballot paper has been sent satisfies the returning officer that the ballot paper has been spoilt, lost or destroyed, the returning officer may issue the **member** with a replacement ballot paper.
- (2) The returning officer must keep a record of all replacement ballot papers so issued.

4.8 Voting

- (1) A **member** who wishes to vote in a postal ballot must:
 - (a) Complete the ballot papers in accordance with the postal voting procedures; and
 - (b) Subsequently deal with the ballot paper in accordance with the postal voting procedures.

- (2) A **member's** vote in the postal ballot may be counted only if:
 - (a) the **member** has voted in the way required by this Rule; and
 - (b) the returning officer receives the ballot paper in accordance with the postal voting procedures on or before the date for the close of the postal ballot.

4.9 Appointment of Scrutineers

- (1) The **board** may appoint a scrutineer to monitor the scrutiny and the counting of postal votes.
- (2) Any other interested person, with the consent of the returning officer, may appoint a scrutineer to monitor the scrutiny and counting of the postal votes.
- (3) A scrutineer is entitled to be present at the scrutiny and counting of postal votes.

4.10 Scrutiny

- (1) As soon as practicable after the ballot closes, the returning officer must check, scrutinise and deal with the ballots in accordance with the postal voting procedures.
- (2) A ballot paper is informal if:
 - (a) it is not authenticated as required by the postal voting procedures;
 - (b) it has not been completed so as to show a vote.

4.11 Counting of Votes

- (1) The returning officer must then proceed to count the votes.
- (2) The returning officer may make use of electronic data processing equipment in the counting of votes.
- (3) On completing the count, the returning officer must make out a return to the **company** certifying:
 - (a) If the **company** has only one class of **members**:
 - (i) the number and percentage of **members** who voted in the postal ballot; and
 - (ii) the number and percentage of votes in favour of the **proposed transaction**; and
 - (b) If the **company** has more than one class of **members**:
 - (i) the number and percentage of **members** in each class who voted in the postal ballot; and
 - (ii) the number and percentage of votes in each class in favour of the proposed transaction.
- (4) For the purposes of this Rule, **members** entitled to repayment of different amounts on redemption of their **member shares** are to be treated as in different classes

Section 5

Entitlement to Demutualisation Benefits

5.1 Qualifying Members

Only a **qualifying member** is entitled to participate in the surplus and profits of the **company** or in any other **demutualisation benefit** if the **members**, in accordance with this Appendix, approve a restructure referred to in Item (3) of Rule 1.1(1) of this Appendix.

5.2 No Separate Class

The fact that some **members**, at any particular time, are not entitled to a **demutualisation benefit** by virtue of Section 5 of this Appendix, does not for any purpose under this Constitution, including without limitation, Rules 1.4(1)(c) and 4.11(3)(b), constitute them a class of **members** separate from those **members** who are so entitled at that time.

Schedule

Principles of Mutuality

Customers Must be Members

1. Subject to the exceptions in Principles 2 and 3 or as expressly provided for in the Constitution, a mutual entity (as defined in the Corporations Act) may not accept a deposit from, or grant financial accommodation to, a person who is not a member.
2. A *mutual entity* may accept deposits from, or grant financial accommodation to, a body that does not have the power to acquire, or that the law prohibits from acquiring, the *mutual entity's* shares.
3. A *mutual entity* may accept deposits from, or grant financial accommodation to, another ADI.

Membership and Members Shares

How to become a member

4. A person can only become a member by subscribing for a member share.

How many member shares a mutual entity may issue a person

5. Subject to the exception in Principle 6, a mutual entity may only issue one member share to any person.
6. A trustee for an unincorporated association may be issued 1 member share in the trustee's own right, and 1 member share as trustee for the unincorporated association.

Consideration paid for membership shares

7. A *mutual entity* may issue member shares as wholly paid or partly paid.
8. A *mutual entity* may only issue a member share to a person in return for a valuable consideration.
9. The person must provide consideration in cash or, in relation to partly paid member shares, partly or wholly in the form of an obligation to pay cash.

Voting

10. A member share must confer the right to 1 vote, and only 1 vote, at meetings of the mutual entity's members.

Dividends and Surplus

11. A member share may confer a right to participate in the *mutual entity's* profits through payment of dividends.
12. Subject to the Appendix, a member share must confer a right to participate in surplus when the *mutual entity* is wound up.
13. Any participation in profit or surplus must be on equitable terms.

Redemption and Transfer

14. A member share must confer on the member a right to redeem the member share on request, subject only to compliance with prudential standards or prudential regulations.
15. Subject to the exception in Principle 16, member shares may not be transferred.
16. A trustee for an unincorporated association may transfer the member share that the trustee holds on trust for the unincorporated association.

Additional Shares

Definition

17. All shares issued by a *mutual entity* other than member shares and MCIs are additional shares.

Voting

18. Subject to the exceptions in Principle 19, an additional share must not confer the right to vote.
19. Additional shares may confer the right to vote, at meetings of the holders of additional shares, on questions affecting the continuing existence of the credit union.

Dividends and Surplus

20. An additional share may confer the right to participate in the *mutual entity's* profits through payment of dividends.
21. An additional share may confer a right to participate in surplus when the *mutual entity* is wound up but only to the extent of:
 - (a) repayment of capital paid on the additional shares; and
 - (b) payment of arrears of cumulative dividends.
22. The right to participate in profits and surplus conferred by additional shares may be preferred, equal or deferred to the rights conferred by the member shares.

Redemption and Transfer

23. An additional share may confer on the holder of the additional share a right to redeem or to transfer the additional share.

Mutual capital instruments (MCIs)

MCI mutual entity

24. The **company** is intended to be an MCI mutual entity (as defined in the Corporations Act).

Voting

25. Subject to the Constitution and the Corporations Act, MCIs may confer such rights to vote at general meetings as are provided for in their terms of issue.
26. If a member is also an MCI holder, the member has no more than one vote at general meetings of the *mutual entity*, regardless of the applicable terms of issue of the MCI.

Dividends and surplus

27. An MCI may confer:
 - (a) the right to participate in the *mutual entity's* profits through payment of dividends; and
 - (b) a right to participate in surplus when the *mutual entity* is wound up,but only to the extent permitted by this Constitution, the Corporations Act, the prudential standards and the terms of issue of the MCIs.

Accumulation of Securities

28. Accumulation of securities issued by a *mutual entity* must be restricted so that no person, or group of associated persons, may exercise a significant degree of influence over the affairs of the *mutual entity*.

These Principles of Mutuality are not binding, except to the extent that the Constitution expressly provides otherwise.

Attachment C:

Summary of constitutional changes

| Summary of proposed constitutional amendments | | |
|--|---------------------------------------|--|
| Amendment | Clause | Description/Explanation |
| General | | |
| Name | | Following the Merger of People’s Choice and Heritage Bank (Merger), People’s Choice will change its name from Australian Central Credit Union Ltd to Heritage and People’s Choice Limited (H&PC), and this is reflected in the proposed amendments to the People’s Choice constitution (New Constitution). |
| Company | | The New Constitution will refer to H&PC as a company rather than as a credit union. However, H&PC will remain a member-owned entity. |
| Nominations Committee | Amendments to existing clause 10.5(2) | <p>The existing Constitution provides that the Nominations Committee (a committee established to review nominations for the election of member elected directors) will comprise:</p> <ul style="list-style-type: none"> the chair of the board (except when standing for re-election in which case, another director nominated by the board); and two other persons who are not directors, employees or members and who meet the relevant criteria. <p>The New Constitution will provide that the Nominations Committee will comprise:</p> <ul style="list-style-type: none"> the chair of the board (except when standing for re-election); and two directors, or such other number of directors as determined by the board, who meet the relevant criteria. <p>People’s Choice considers that having a larger board as a result of the Merger removes the need to have a Nominations Committee that includes persons who are not directors. In addition, having a Nominations Committee comprised of H&PC directors will better facilitate the selection of appropriate candidates to stand as member elected directors.</p> |
| Appendix – Demutualisation Approval Procedure Rules | | <p>The Appendix will be updated to:</p> <ul style="list-style-type: none"> update superseded descriptions – ‘credit union’ to ‘the company’; and references to entities ‘entitled to use either the words “credit union”, “credit society” or “credit co-operative” in their name’ to ‘mutual entity’; change a reference to a redundant ASIC document (Policy Statement 147) on mutuality to a reference to the definition of ‘mutual entity’ in the Corporations Act; and remove redundant references to former members of Savings and Loans Credit Union (S.A.) Ltd from the definition of ‘qualifying member’ (because the inclusion of those members in the definition can no longer have any practical effect because of the passage of time). |
| B Corp Certification | | |
| B Corp objects | New clause 2.1(g) | <p>People’s Choice considers it important that the New Constitution demonstrates a commitment on the part of H&PC to maintaining B Corp Certification. Maintenance of the certification ensures the organisation has a commitment to social and environmental performance. By incorporating into the New Constitution the B Corp objectives, the organisation becomes accountable for honouring its commitment.</p> <p>The New Constitution will include, in addition to its existing objects, an object to benefit members whilst also having an overall positive impact on society and the environment.</p> |

| Amendment | Clause | Description/Explanation |
|--|--|--|
| B Corp stakeholders | New clause 11.5 | <p>For the purpose of maintaining B Corp Certification, the New Constitution will oblige the directors and other officers of H&PC, when discharging their duties under the New Constitution, the Corporations Act and the general law, to give consideration to a number of factors (not in any order of priority), including:</p> <ul style="list-style-type: none"> · the likely consequences of any decision or act of H&PC in the long term; · the interests of H&PC's employees; · the need to foster business relationships with suppliers, members and others; · the impact of operations on the community and the environment; · the desirability of H&PC maintaining a reputation for high standards of business conduct; · the interests of members; and · the ability of H&PC to create an overall positive impact on society and the environment. |
| General Merger provisions | | |
| Merger provisions | Amendments to existing clauses 10.1(1)(c), 10.4(9), 10.20(1) & 10.21 | The existing Constitution includes various provisions relating to "Merger appointed directors". In the New Constitution, these provisions are removed and replaced with the addition of Part 16 (Merger transition arrangements). |
| Residence of directors | New clause 10.1(2) | The New Constitution will provide that the board will include at least two directors who have a strong affinity with South Australia and at least two directors who have a strong affinity with South East Queensland, through currently residing in, or having previously resided in, that respective State or region. |
| Location of directors' meetings | New clause 12.8 | The New Constitution will provide that at least three board meetings each calendar year will be held at the Adelaide office of H&PC and at least three board meetings each calendar year will be held at the Toowoomba or Brisbane office of H&PC (or such other place in greater Adelaide or Queensland as determined by the board). |
| Head office and employees | New clauses 15.3 & 15.4 | The New Constitution will provide that H&PC must have a 'head office' in each of Adelaide and Toowoomba. There must also be a reasonable distribution of employees, including executives (but not branch employees) based in each of South Australia and Queensland. |
| Merger transition arrangements | | |
| Board transition arrangements | New clauses 16.1(1)-(3) | <p>The New Constitution will provide the following mechanism for the changes to the board as a result of the Merger.</p> <p>As at the date that the Merger takes effect (Merger Implementation Date), the board will comprise six existing directors of People's Choice nominated by People's Choice (People's Choice Nominees) and six existing directors of Heritage Bank nominated by Heritage Bank (Heritage Bank Nominees).</p> <p>From the second anniversary of the Merger Implementation Date, the number of directors of H&PC will reduce to 10, and from the third anniversary of the Merger Implementation Date, the number of directors of H&PC will further reduce to eight.</p> <p>The reduction in the number of directors will be effected by the retirement before the second anniversary of the Merger Implementation Date and again before the third anniversary of the Merger Implementation Date of:</p> <ul style="list-style-type: none"> · one Heritage Bank Nominee, as agreed between the Heritage Bank Nominees or, failing agreement, as determined by the Heritage Bank Chair (as that term is defined in the New Constitution); and · one People's Choice Nominee, as agreed between the People's Choice Nominees or, failing agreement, as determined by the People's Choice Chair (as that term is defined in the New Constitution), <p>(Director Transition).</p> <p>This requirement does not apply where a People's Choice Nominee or a Heritage Bank Nominee (Nominee Director) (as applicable) has ceased to be a director within the relevant period and has not been replaced.</p> |

| Amendment | Clause | Description/Explanation |
|-----------------------------------|-------------------------------|---|
| Tenure of directors | New clause 16.2 | <p>The New Constitution provides that a Nominated Director’s term of office ends when they retire in accordance with the Director Transition.</p> <p>In respect of the Nominated Directors who remain directors following the Director Transition, the New Constitution provides that the directors’ term of office will end at the following times:</p> <ul style="list-style-type: none"> · at the end of the H&PC AGM in 2027, the two remaining Nominated Directors who have served as a director of H&PC and/or Heritage Bank for the longest period of time (other than the People’s Choice Chair or Heritage Bank Chair), such that six Nominated Directors will remain; · at the end of the H&PC AGM in 2028, the three remaining Nominated Directors who have served as a director of H&PC and/or of Heritage Bank for the longest period of time (other than the People’s Choice Chair), such that three Nominated Directors will remain; and · at the end of the H&PC AGM in 2029, the three remaining Nominated Directors. <p>The New Constitution also provides that a Nominated Director is not eligible to be elected or re-elected as a member elected director or a board appointed director if at the time, or during their term of office, they would have served as a director of the company for 12 years and 3 months or more (in aggregate) since the Merger Implementation Date.</p> |
| Replacement of directors | New clause 16.1(4) | <p>The New Constitution will provide that, prior to the H&PC AGM in 2026, where a Heritage Bank Nominee or a People’s Choice Nominee ceases to be a director for a reason other than in accordance with the Director Transition, then:</p> <ul style="list-style-type: none"> · if the person is a Heritage Bank Nominee, the majority of the Heritage Bank Nominees may appoint a person to be a director; and · if the person is a People’s Choice Nominee, the majority of the People’s Choice Nominees may appoint a person to be a director. |
| Voting of absent directors | New clause 16.1(5) | <p>The New Constitution will provide that, for the period prior to the H&PC annual general meeting in 2026, where a Nominee Director is unable to attend a board meeting for any reason, then:</p> <ul style="list-style-type: none"> · the Heritage Bank Chair may cast all of the votes that could have been cast by an absent Heritage Bank Nominee; and · the People’s Choice Chair may cast all of the votes that could have been cast by an absent People’s Choice Nominee. <p>In each case, if the relevant Chair is the absent director, then the Heritage Bank Nominee or the People’s Choice Nominee (as applicable) with the longest tenure (including before the Merger Implementation Date) may cast the absent director’s votes.</p> <p>This applies even where a Nominee director is absent because they have ceased to be a director or died, but excluding where they have ceased to be a director in accordance with the Director Transition.</p> |
| People’s Choice Chair | New clauses 16.1(6) – 16.1(8) | <p>The New Constitution will provide that for a period of at least three years following the Merger Implementation Date the chair of H&PC will be the People’s Choice Chair.</p> <p>If the People’s Choice Chair ceases to be a director:</p> <ul style="list-style-type: none"> · within 18 months after the Merger Implementation Date, the board, with the approval of the majority of the People’s Choice Nominees, will appoint a People’s Choice Nominee to be the Chair of H&PC; and · after 18 months after the Merger Implementation Date, the board may appoint a director to be the chair of H&PC. <p>If the People’s Choice Chair is unable to attend:</p> <ul style="list-style-type: none"> · a meeting of the company, then the People’s Choice Nominees will choose a People’s Choice Nominee to act as the People’s Choice Chair for the meeting (but noting that the deputy chair will chair the meeting); · a board meeting, then the deputy chair will chair the meeting. <p>The New Constitution will also provide that, on and from the third anniversary of the Merger Implementation Date, if the People’s Choice Chair is the chair of H&PC, they will continue to be the chair unless the board resolves to appoint another director as chair.</p> |

| Amendment | Clause | Description/Explanation |
|--|--|---|
| Heritage Bank deputy chair | New clauses 16.1(6), 16.1(7) & 16.1(9) | <p>The New Constitution will provide that for a period of at least three years following the Merger Implementation Date, the Heritage Bank Chair will be the deputy chair of H&PC.</p> <p>If the Heritage Bank Chair ceases to be a director:</p> <ul style="list-style-type: none"> · within 18 months after the Merger Implementation Date, the board, with the approval of the majority of the Heritage Bank Nominees, will appoint a Heritage Bank Nominee to be the deputy chair of H&PC; and · after 18 months after the Merger Implementation Date, the board may appoint a director to be the deputy chair of H&PC; <p>If the Heritage Bank Chair is unable to attend a meeting of the company, then the Heritage Bank Nominees will choose a Heritage Bank Nominee to act as the Heritage Bank Chair at that meeting.</p> <p>The New Constitution will also provide that, on and from the third anniversary of the Merger Implementation Date, if the Heritage Bank Chair is the deputy chair of H&PC, they will continue to be the deputy chair unless the board resolves to appoint another director to be the deputy chair.</p> |
| Board composition during Merger implementation period | New clause 16.1(10) | <p>From the Merger Implementation Date until the end of the H&PC AGM in 2026:</p> <ul style="list-style-type: none"> · no director will be appointed other than in accordance with clauses 16.1(1) (existing directors nominated and comprising the board as at the Merger Implementation Date) and 16.1(4) (replacement of nominated directors); · no director elections will be conducted in accordance with Part 10 (director appointments); · the board is not entitled to appoint a chair or deputy chair in accordance with clause 12.3(1); and · the board may determine that the People's Choice Chair, the Heritage Bank Chair and directors who chair a committee may be paid additional remuneration and all other directors are to be remunerated equally, noting that if the board does not make such a determination, all directors must be remunerated equally. |
| CEO transition arrangements | New clause 16.3 | <p>The New Constitution includes the following provisions in respect of the chief executive officer (CEO) transition arrangements:</p> <ul style="list-style-type: none"> · no employee of the company, including the CEO and deputy CEO, is entitled to be a director; · between the Merger Implementation Date and the end of the H&PC AGM in 2026, the board may not appoint an executive director; · until 18 months after the Merger Implementation Date: <ul style="list-style-type: none"> · the CEO of Heritage Bank (Heritage Bank CEO) will be employed as the CEO of H&PC and on the same terms except in respect of remuneration, which will be no less favourable than their existing remuneration; · the CEO of People's Choice (People's Choice CEO) will be employed as the deputy CEO of H&PC and on the same terms except in respect of remuneration, which will be no less favourable than their existing remuneration; and · the executive positions of H&PC will only be filled by agreement between the CEO and the deputy CEO and with the approval of the Heritage Bank Chair and the People's Choice Chair; · after 18 months following the Merger Implementation Date (or earlier if the Heritage Bank CEO ceases to be the CEO of H&PC): <ul style="list-style-type: none"> · the Heritage Bank CEO will cease to be the CEO of H&PC; and · the People's Choice CEO will be the CEO of H&PC. |
| Application of the Merger implementation arrangements | New clause 16.5 | <p>The New Constitution provides that, until immediately after the H&PC AGM in 2026, clauses 10.1, 10.2, 10.3, 10.4, 10.5, 10.20, 10.21, 10.22, 10.23 and 12.3 of the New Constitution will be suspended and be of no effect.</p> <p>Part 16 of the New Constitution will cease to apply and will be deleted from the New Constitution immediately after the last of the Nominee Directors ceases to be a director.</p> |

Certified



Corporation



People's Choice is officially certified as carbon neutral by the Australian Government's Climate Active Carbon Neutral Standard.