

# Notice of Annual General meeting

The 50<sup>th</sup> Annual General Meeting (AGM) of Illawarra Credit Union Limited (ABN 14 087 650 771) will be held on Wednesday, 29 September 2021 commencing at 6pm. The meeting will be held virtually.

## General Business

1. To receive the Annual Financial Report, the Director's Report and the Independent Audit Report to Members for the financial year ended 30 June 2021.
2. To consider, and if thought fit, to pass the following resolutions 2a), 2b) and 2)c) as ordinary resolutions:
  - a. To re-appoint Ms Deborrah Lambourne as a Director
  - b. To re-appoint Mr Alex Frino as a Director
  - c. To approve the increase in Director Remuneration as set out in the Annexure A to the Notice of AGM.
3. To consider and, if thought fit, to pass the following resolution as a special resolution to amend the Constitution: That the Credit Union's Constitution be amended to allow for the issue of mutual capital instruments (MCIs) and permit the Credit Union to hold meetings using virtual meeting technology by making the amendments marked-up in the copy of the Constitution which is tabled at the Meeting and signed by the Chair of the Meeting for the purposes of identification.

Note: The proposed amendments to the Credit Union's Constitution are described in the Explanatory Notes to this Notice. A copy of the Constitution marked-up with the proposed amendments is available on our website at [www.illawarracu.com.au/constitution-updates](http://www.illawarracu.com.au/constitution-updates). Alternatively, members can request a copy by contacting the Credit Union on 13 22 49.

To be passed this special resolution requires the approval of at least 75% of the votes cast by members.

## Appointment of Proxy

Members of Illawarra Credit Union Limited can appoint a proxy to vote on their behalf. The proxy does not have to be a member of Illawarra Credit Union Limited. A proxy form can be requested by contacting the Credit Union on the details below.

## RSVP

RSVP by Wednesday 22 September 2021 by any of the contact options listed below. Upon receiving your RSVP we will issue you with your unique log in details which you will need to enter the virtual meeting. To receive your unique user name and pin you will also require a valid email address or mobile phone number. Please enter the virtual room by 5.45pm for registration.

## Constitution

A copy of the Credit Union's current Constitution is available by request during business hours from the Registered Office at 38-40 Young Street, Wollongong or on our website [www.cu.com.au](http://www.cu.com.au).

## Annual Financial Reports

Copies of the 2021 annual financial reports are available by request during business hours from the Registered Office at 38-40 Young Street, Wollongong or on our website [www.illawarracu.com.au](http://www.illawarracu.com.au).

## Contact Options

- Email: [companysecretary@cu.com.au](mailto:companysecretary@cu.com.au)
- Phone: (02) 4252 1362

By order of the Board  
Anthony Perkiss, Company Secretary

# Explanatory Notes

## Agenda Item 3. Amending Constitution – Mutual Capital Instruments and Virtual Meeting Resolutions

This special resolution will amend the Credit Union's Constitution to:

- allow for the issue of Mutual Capital Instruments (MCIs);
- permit the Credit Union to use virtual meeting technology to conduct general meetings and other shareholders' meetings; and

To be passed this special resolution requires the approval of at least 75% of the votes cast by members.

Your directors unanimously support this special resolution and recommend that you vote FOR it.

### Mutual Capital Instruments

MCIs are a new bespoke type of share provided for by law that can only be issued by mutual entities. MCIs allow mutual entities to raise capital without jeopardising their mutual status or structure. The ability to issue MCIs gives mutual entities access to a broader range of capital raising and investment options than they previously had, to help innovate, grow and compete.

The Credit Union is a mutual entity as defined in the Corporations Act (each member has no more than 1 vote in general meeting for each capacity in which a person is a member) and thus is eligible to issue MCIs. However, the Credit Union's Constitution must first be amended to allow it to issue MCIs. This special resolution will amend the Credit Union's Constitution to address the specific legal requirements for MCIs, by:

- stating that the Credit Union is intended to be an MCI mutual entity;
- ensuring that rights attaching to MCIs or a class of MCIs can only be varied or cancelled by a special resolution of the Credit Union and either:
  - a special resolution of all persons holding the same class of MCI; or
  - obtaining written consent of 75 per cent of the holders of the class of MCI;
- specifying that MCIs can only be issued as a fully paid share;
- stating that dividends in respect of the MCI are non-cumulative;
- setting out the rights attached to the MCI with respect to participation in surplus assets and profits.

Currently the Credit Union is only able to issue member shares. If the amendments are made it will also be able to issue MCIs. In addition to the matters described above the key features and rights of MCIs will be as summarised below:

- the terms of issue, including rights attaching to, MCIs will be as determined at the time by the board;
- the Credit Union may issue different classes of MCIs with different rights;
- the Credit Union may issue other types of securities on terms that they will or may convert to MCIs;
- MCIs may carry a right to dividends;
- MCIs may carry a right in the event of the winding-up of the Credit Union to payment of their subscription price, but cannot otherwise carry any right to share in surplus assets – by default this payment can only be made after the subscription price on all member shares has been paid, however classes of MCIs may be issued on terms that give them priority to payment of subscription price before member shares and other MCIs;
- MCIs may carry a right to vote in general meeting and in the election of directors, but capped at 1 vote per MCI holder – if an MCI holder is also a member that person cannot cast more than 1 vote in total;
- MCIs may carry rights that are preferred, equal, or deferred to the rights of members and any other class of MCIs.

The amendments seek to provide the board with flexibility as to the terms of issue of MCIs to be best placed to address commercial and regulatory requirements for capital raising purposes. Whether or not MCIs carry any of the

above permitted rights is a matter for the board to determine if and when it decides to issue MCIs. At this time the board has no plans to issue any MCIs.

The special resolution will also make consequential amendments to the Constitution in recognition that the Credit Union may have shareholders other than members (i.e. MCI holders), and that MCI holders, not just members, may be entitled to vote in general meetings and in the election of directors. It will also amend the non-binding Principles of Mutuality in the Preamble to the Constitution to recognise that the Credit Union may issue MCIs.

### Virtual Meetings

Laws were recently passed to temporarily allow companies to hold general meetings and other meetings using virtual meeting technology. Permanent changes to the law are also being considered by the government.

The special resolution will amend the Constitution to expressly allow the Credit Union to conduct general meetings and other meetings of members (and MCI holders if relevant) using virtual meeting technology approved by the board, subject to any conditions or limitations in the *Corporations Act*. This will enable the Credit Union to use virtual meeting technology to the extent permitted by law, whether this is instead of, or in addition to, allowing members to physically attend meetings.

The virtual meeting technology must provide persons entitled to attend the meeting, as a whole, with a reasonable opportunity to participate in the meeting. Persons attending a meeting using virtual meeting technology are taken to be present in person at the meeting and will count towards the quorum. If technical problems arise the Chair of the meeting will have the discretion whether to adjourn the meeting or, so long as a quorum remains able to participate, continue the meeting.

The current requirement for votes to be conducted by show of hands unless a poll is demanded will also be modified to allow for the use of a poll when required by the *Corporations Act*. This allows for the possibility of future changes to the *Corporations Act* requiring votes at meetings using virtual meeting technology to be conducted by poll.

## 1. ANNEXURE A

### Annexure A – Item 2c): Increase to Director Remuneration

To increase the current aggregate remuneration paid to the Board of Directors of \$231,317 p.a. exclusive of Superannuation Guarantee levy by 1.5% or \$3,470. The new maximum aggregate remuneration would be \$234,787 in total for the Board of Directors.

#### Please Note:

1. The remuneration amount is the total remuneration for the entire Board;
2. The remuneration is reviewed annually by the Remuneration Committee and benchmarked against other banking institution and particularly credit unions and building societies;
3. The increase is in line with the annual increase granted to staff under the Credit Union Enterprise Agreement (2016-2019); and
4. The total remuneration is allocated between the individual directors as determined by the Board.