

Constitution of CBHS Health Fund Limited

ACN 087 648 717

As amended with effect from the close of the 2018 Annual General Meeting

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Constitution of CBHS Health Fund Limited

CBHS Health Fund Limited
ACN 087 648 717

1. Preliminary

1.1 Company limited by guarantee

The Company is limited by guarantee and the liability of members is limited as provided in this document.

1.2 Objects of the Company

The Company is formed and operates with the objects of:

- (a) providing health and welfare benefits, services and facilities for members or their dependants, including hospital, medical, dental, pharmaceutical, optical, physiotherapy and speech therapy;
- (b) providing benefits, services and facilities for the education of members or their dependants;
- (c) conducting and managing Health Benefits Funds, for the benefit of those persons comprising the Restricted Access Group, as a private health insurer under the Private Health Insurance Legislation; and
- (d) conducting activities and businesses complementary to the objects stated in (a) to (c).

1.3 Application of income and property

Subject to rules 1.4 and 12.1, the Company must apply its assets and income solely towards promoting the objects of the Company as stated in rule 1.2. No part of the Company's assets or income may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise to members.

1.4 Certain payments allowed

Rule 1.3 does not prevent the payment of reasonable remuneration to any officer or employee of the Company or to any member of the Company or other person in return for service rendered to the Company. In addition rule 1.3 does not prevent the Company paying to a member:

- (a) interest on money lent by the member to the Company at a rate reasonably determined by the Company;
- (b) reasonable remuneration for goods supplied by the member to the Company in the ordinary course of business;
- (c) reasonable rent for premises let by the member to the Company; and
- (d) benefits under a complying health insurance policy in accordance with the Health Benefits Fund Rules.

1.5 Replaceable rules

The replaceable rules referred to in section 141 of the Act do not apply to the Company and are replaced by the rules set out in this document.

1.6 Definitions

The following definitions apply in this document.

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

Board means the Directors acting collectively under this document.

Chairperson means the Director elected as chairperson under rule 21.

Chief Executive Officer means the chief executive officer appointed under rule 9.

Commonwealth Bank Group means:

- (a) the Commonwealth Bank of Australia;
- (b) current subsidiaries (within the meaning of the Act) of the Commonwealth Bank of Australia;
- (c) each former subsidiary (within the meaning of the Act) of the Commonwealth Bank of Australia; and
- (d) Gateway Bank Ltd.

Company means the company named at the beginning of this document whatever its name is for the time being.

Deputy Chairperson means the Director elected as deputy chairperson under rule 21.

Director means a person who is, for the time being, a director of the Company.

Executive Director means an executive director appointed under rule 9.4.

Fit and Proper Policy means the fit and proper policy of the Company (as defined in *Prudential Standard HPS 001 – Definitions* made under section 92(1) of the Private Health Insurance (PS) Act) adopted by the Company in accordance with *Prudential Standard CPS 520 – Fit and Proper* made under section 92(1) of the Private Health Insurance (PS) Act.

Governance Standard means *Prudential Standard CPS 510 – Governance* made under section 92(1) of the Private Health Insurance (PS) Act.

Health Benefits Fund has the same meaning as in the Private Health Insurance Legislation.

Health Benefits Fund Rules means the rules of any Health Benefits Fund conducted by the Company.

Independent Director has the meaning given in the Governance Standard.

member means a person whose name is entered in the Register as a member of the Company.

ordinary resolution means a resolution passed at a meeting of members by a majority of the votes cast by members entitled to vote on the resolution.

Private Health Insurance Act means the *Private Health Insurance Act 2007* (Cth).

Private Health Insurance (PS) Act means the *Private Health Insurance (Prudential Supervision) Act 2015* (Cth).

Private Health Insurance Legislation means:

- (a) the Private Health Insurance Act; and
- (b) the Private Health Insurance (PS) Act.

Prudential Standards has the same meaning as in the Private Health Insurance (PS) Act.

See sections
168 and 169

Register means the register of members kept as required by sections 168 and 169 of the Act.

Restricted Access Group has the same meaning as in the Private Health Insurance (PS) Act and comprises the persons in rule 4.

Returning Officer has the meaning given in rule 5.5.

Secretary means, during the term of that appointment, a person appointed as a secretary of the Company in accordance with this document.

special resolution has the meaning given by section 9 of the Act.

1.7 Interpretation of this document

Headings, marginal notes and explanatory notes are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) legislation (including subordinate legislation) or a legislative instrument is to that legislation or legislative instrument as amended, modified in relation to the Company, re-enacted or replaced, and includes any subordinate legislation issued under legislation;
 - (ii) a Prudential Standard (whether or not a legislative instrument) is to that Prudential Standard as amended, modified in relation to the Company, re-made or replaced;
 - (iii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.

- (c) A word which suggests one gender includes the other genders.
- (d) If a word is defined, another part of speech has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (g) A power to do something includes a power, exercisable in the like circumstances, to revoke or undo it.
- (h) A reference to a power is also a reference to authority or discretion.
- (i) A reference to something being **written** or **in writing** includes that thing being represented or reproduced in any mode in a visible form.
- (j) A word (other than a word defined in rule 1.6) which is defined by the Act has the same meaning in this document where it relates to the same matters as the matters for which it is defined in the Act.
- (k) A reference to a Chapter, Part, Division, or section is a reference to a Chapter, Part, Division or section of the Act.
- (l) A word (other than a word defined in rule 1.6) which is defined in the Private Health Insurance Legislation has the same meaning in this document where it relates to the same matters as the matters for which it is defined in the Private Health Insurance Legislation.

2. Membership

2.1 Membership

Subject to rules 2.7 and 2.9, the members are:

- (a) the members of the Company at the date of the adoption of this document; and
- (b) any other person the Board admits to membership in accordance with this document.

2.2 Eligibility for membership

Only those persons who comprise the Restricted Access Group and who are eligible to be insured under a complying health insurance policy issued by the Company are eligible to be members of the Company.

2.3 Joint membership

- (a) Where two or more persons are insured under a complying health insurance policy issued by the Company:
 - (i) they jointly hold the rights and obligations of one member of the Company; and

- (ii) those persons must nominate one of their number to be the primary joint member to whom notices must be sent when required in accordance with this document. If they do not nominate a primary joint member, the Company may send notices to any one of the joint members as the Company determines.
- (b) If one or more persons who are joint members of the Company resigns from membership of the Company or otherwise ceases to be a member of the Company:
 - (i) where there is one other joint member, that person continues as a member of the Company; and
 - (ii) where there is more than one other joint member, those persons continue as joint members of the Company. Those persons must nominate one of their number to be the primary joint member to whom notices must be sent when required in accordance with this document.
- (c) If a person ceases to be insured under a complying health insurance policy issued by the Company that covers two or more persons and becomes insured under a complying health insurance policy issued by the Company in his or her own right, the person will be taken to have applied for membership under rule 2.4.

2.4 Application for membership

- (a) A natural person may apply for membership of the Company.
- (b) Two or more persons who seek to be insured under a complying health insurance policy issued by the Company must apply jointly for membership of the Company.
- (c) An application of a person for membership of the Company must:
 - (i) be made in writing in the form as the Board may from time to time require;
 - (ii) be lodged with the Company; and
 - (iii) be accompanied by any evidence of eligibility for membership as the Board may require.

2.5 Admission to membership

After the lodgement of an application for membership of the Company in accordance with rule 2.4, the Board must:

- (a) where the Board is satisfied of the applicant's eligibility, accept an applicant for membership of the Company; or
- (b) if the Board is not satisfied of the applicant's eligibility, reject an applicant for membership of the Company.

2.6 Limited liability of members

If the Company is wound up each member undertakes to contribute to the assets of the Company up to an amount not exceeding \$10 for payment of the debts and liabilities of the Company including the costs of the winding up. This undertaking continues for one year after a person ceases to be a member.

2.7 Resigning as a member

A member may resign from the Company by giving written notice to the Board.

2.8 Ceasing to be a member

- (a) A member's membership of the Company ceases if:
 - (i) the member resigns according to rule 2.7;
 - (ii) the member is expelled according to rule 2.9; or
 - (iii) the member ceases to be insured under a complying health insurance policy issued by the Company.
- (b) The Board must remove the name of a member ceasing to be a member from the Register.
- (c) A member ceasing to be a member does not have any claim on the Company, its funds or property (other than as may arise as a person insured under a complying health insurance policy issued by the Company).

2.9 Expelling a member

- (a) The Board may, by resolution, expel from the Company any member:
 - (i) who does not comply with this document; or
 - (ii) whose conduct as a member is, in the opinion of the Board, prejudicial to the interests of the Company,and remove that member's name from the Register.
- (b) At least 21 days before the Board holds a meeting to expel a member, the Board must give a written notice to the member which states:
 - (i) the allegations against the member;
 - (ii) the proposed resolution for the member's expulsion;
 - (iii) that the member has an opportunity to make submissions in respect of the allegations in writing; and
 - (iv) that if the member notifies the Secretary in writing at least 48 hours before the meeting, the member may elect to have the question of that member's expulsion dealt with by the Company at the next scheduled general meeting.
- (c) The Board may determine, where permitted by law, that a person who is expelled from the Company ceases to be insured under a complying health insurance policy issued by the Company.
- (d) A member expelled from the Company does not have any claim on the Company, its funds or property (other than as may arise as a person insured under a complying health insurance policy issued by the Company).

2.10 Reinstating a member

Subject to rules 2.2, 2.4 and 2.5, the Board may reinstate a member who has ceased to be a member and restore the name of that member to the Register subject to any terms and conditions that the Board decides.

3. Health Benefits Fund

3.1 Health Benefits Fund

- (a) The Company may establish and maintain Health Benefits Funds in accordance with the Private Health Insurance Legislation.
- (b) The Company must control and manage each Health Benefits Fund conducted by it in accordance with the Private Health Insurance Legislation.

3.2 Health Benefits Fund Rules

The Company may make Health Benefits Fund Rules for the conduct of each Health Benefits Fund conducted by it. The power to make Health Benefits Fund Rules includes the power to amend, revoke or replace Health Benefits Fund Rules.

4. Restricted Access Group

4.1 Restricted Access Group

Where the Company is registered as a restricted access insurer under the Private Health Insurance (PS) Act, the following persons comprise the Restricted Access Group to whom the Company's complying health insurance products are, or will be, made available:

- (a) a person who is, or was, an employee of the Commonwealth Bank Group; and
- (b) a person who, by the operation of the *Private Health Insurance (Registration) Rules* (Cth), is taken to belong to the Restricted Access Group.

4.2 Prohibitions

Where the Company is registered as a restricted access insurer under the Private Health Insurance (PS) Act, the Company must not:

- (a) issue a complying health insurance product to a person who does not belong to the Restricted Access Group; or
 - (b) cease to insure a person for the reason that the person has ceased to belong to the Restricted Access Group.
-

5. Directors

5.1 Composition of the Board

- (a) The Company must have at least five Directors and not more than seven Directors.

- (b) The Board may from time-to-time determine to increase the maximum number of Directors but the maximum applying at any time cannot be reduced except by the Company in general meeting.
- (c) The Company may have a maximum of two (2) Directors who are not members.
- (d) Where a Director:
 - (i) was not a member when elected or appointed as a Director; and
 - (ii) later becomes a member,
 that Director will be deemed not to be a member for the purposes of rule 5.1(c) (only).

5.1A Independent Directors

The composition of the Board must include such number of Independent Directors as required by the Governance Standard.

5.2 Eligibility

- (a) Subject to rule 5.1(c), a Director must be a member. Neither the auditor nor the appointed actuary of the Company nor any partner, director or employee of the auditor or appointed actuary is eligible to act as a Director.
- (b) A person is not eligible to be a Director if the person has held office as a Director for an aggregate term of 12 years.
- (c) A person is not eligible to be a Director if the person is or becomes ineligible to be a Director under rule 5.10(a).

5.3 Appointment by the Board

Replaces
section 201H

Subject to this document, section 201E of the Act and to the number of Directors for the time being fixed under rule 5.1 not being exceeded, the Board may appoint a person to be a Director at any time except during a general meeting (including to fill a casual vacancy). Any Director so appointed automatically retires at the next annual general meeting and is eligible for election by that general meeting. The automatic retirement of a Director under this rule is counted as a retirement for the purposes of rule 5.7(b).

5.4 Election of Directors

Replaces
section 201G

Subject to this document, section 201E of the Act and to the number of Directors for the time being fixed under rule 5.1 not being exceeded, the Company may elect Directors in accordance with rule 5.6.

5.5 Nomination of Directors

- (a) The Board must appoint a person, being a member or a Director who is not standing for election or re-election as a Director, as the returning officer for the election of Directors (**Returning Officer**).
- (b) A candidate for election as a Director must submit to the Company:
 - (i) a nomination made in writing, signed by the candidate and in such form as the Board requires;

- (ii) a declaration in such form as the Board requires that sets out:
 - (A) his or her qualifications and eligibility to be a Director;
 - (B) his or her skills, knowledge and experience and their relevance to discharging his or her duties as a director of the Company;
 - (C) whether he or she has any interest or is aware of any matter which would affect his or her independence (including any matter relevant to the assessment of whether he or she is an Independent Director);
 - (D) whether he or she holds an office or has an interest in property whereby, whether directly or indirectly, duties or interests may be created that could conflict with the interests of a Director of the Company;
 - (E) such information as is necessary to determine whether he or she meets the requirements of the Fit and Proper Policy; and
 - (F) any other matter the Board reasonably requires; and
 - (iii) a written consent to act as Director, signed by the candidate.
- (ba) A person who is not a member may only nominate for election as a Director by invitation of the Board. A Director who is standing for election is not entitled to be present for the Board's deliberations in relation to the invitation and is not entitled to vote in respect of the invitation.
- (c) A nomination and declaration submitted by a candidate in accordance with paragraph (b) must be made available to members at the registered office of the Company from the time of the closure of nominations according to paragraph (d) until the time of the general meeting at which the candidate seeks election. This paragraph does not apply to information which is sensitive information (as defined in the *Privacy Act 1988* (Cth)).
- (d) A nomination, declaration and consent of a candidate made in accordance with paragraph (b) must be received at the registered office of the Company not later than 5:00pm on the day that is 90 days prior to the date of the annual general meeting of the Company at which the candidate seeks election.
- (e) The Returning Officer must scrutinise nominations, declarations and consents immediately upon their receipt. The Returning Officer must reject a candidate's nomination if:
- (i) the Returning Officer is not satisfied that the candidate is eligible to be a Director; or
 - (ii) the candidate has not submitted a complete declaration or consent.

The Returning Officer must not reject a candidate's nomination on the basis that the candidate does not meet the requirements of the Fit and Proper Policy (any such determination being reserved to the Board in accordance with paragraph (ea)). If the Returning Officer rejects a candidate's nomination, the Returning Officer must notify the candidate promptly. Any dispute with respect to a candidate's qualifications or eligibility for election must be referred to the Board for determination in accordance with paragraph (ea).

- (ea) The Returning Officer must submit all nominations to the Board. The Board may reject a nomination if:
- (i) the Board is not satisfied that the candidate is eligible to be a Director;
 - (ii) having regard to relevant considerations including the range of skills, knowledge and experience on the Board and the requirements of the Act, the Private Health Insurance Legislation, and the Prudential Standards, the Board considers that the candidate is not qualified to be a Director and/or their skills, knowledge and experience do not satisfy a present need of the Board and/or the Company;
 - (iii) the Board considers that, following assessment of the candidate in accordance with the Fit and Proper Policy, the candidate is not fit and proper; or
 - (iv) the Board considers the candidate has an interest which may interfere with the exercise of his or her independent judgment (including any matter which would disqualify the candidate from being an Independent Director).

The functions of the Board under this rule may be delegated to a committee of the Board convened for this purpose.

- (f) Neither the candidate nor any other Director who is standing for election is entitled to be present for the Board's deliberations under paragraph (ea). Any other Director who is standing for election is not entitled to vote in respect of the Board's determination. The Board's determination on the matter is final.
- (g) A nominated candidate may prepare a statement in support of his or her candidacy for circulation to members including a biography setting out his or her qualifications, skills, knowledge and experience and their relevance to discharging his or her duties as a director of the Company. A candidate's statement must not be more than 500 words long and must not include any statement or assertion that is demonstrably false, misleading, or defamatory.

5.6 Election Procedure

- (a) The Directors are declared elected by the Returning Officer at annual general meeting of the Company.
- (b) If the number of candidates for election as Directors is equal to or less than the number of vacancies on the Board, the Returning Officer must declare those candidates to be duly elected as Directors. This rule does not apply where it would result in one or more candidates who are not members being elected as a Director contrary to rule 5.1(c).
- (c) If the number of candidates for election as Directors is greater than the number of vacancies on the Board, a ballot of the members of the Company must be held in accordance with this rule for the election of Directors. Each member eligible to vote at the general meeting at which the election of Directors is to be declared is entitled to lodge a direct vote in respect of that ballot in advance of the general meeting.
- (d) The Directors may determine that a direct vote may be lodged with the Company by hand, by post or by electronic means specified by the Directors. The Directors may specify procedures and rules for direct voting (including specifying the method for authenticating votes).

- (e) Each candidate may nominate a scrutineer and the Board may appoint a maximum of three scrutineers of a ballot. Candidates for election as a Director and employees of the Company are not eligible to be scrutineers.
- (f) A scrutineer must:
 - (i) observe the sorting, counting and recording of votes lodged (including, where voting by electronic means is allowed, the system for receiving and recording votes lodged);
 - (ii) ensure that the votes lodged (other than informal votes) are correctly credited to the candidates; and
 - (iii) raise any query with the Returning Officer regarding the ballot.
- (g) After the closure of nominations in accordance with rule 5.5(d), the Returning Officer must prepare for the ballot (including preparing ballot papers for the election).
- (h) The Returning Officer must determine the order in which candidates appear on the ballot paper by drawing of lots. Where the ballot is conducted in part by electronic means, the order in which the candidates appear on the ballot paper must be reflected in the electronic message or electronic form which is seen by the member when lodging a vote in the ballot by electronic means.
- (i) Where ballot papers are posted to members, the Returning Officer must cause an authenticating mark to appear on each ballot paper prior to their distribution to members.
- (j) Ballot papers, or the equivalent electronic message or electronic form, must include instructions for completing the ballot and lodging a vote.
- (k) The Returning Officer must send to each member eligible to vote at the annual general meeting at which the election of Directors is to be declared, at least 21 days prior to that meeting:
 - (i) where the member has nominated an electronic address or other electronic means to receive notices given by the Company under rule 27.1:
 - (A) an electronic message (or equivalent notification by electronic means) which will enable the member to lodge a vote in the ballot by electronic means; and
 - (B) an electronic copy of the statement prepared by each candidate under rule 5.5(g); or
 - (ii) in all other cases:
 - (A) a ballot paper;
 - (B) a Reply Paid postal envelope addressed to the Returning Officer; and
 - (C) a copy of the statement prepared by each candidate under rule 5.5(g).
- (l) The ballot for an election of Directors closes 48 hours before the time for the general meeting at which the election is to be declared.

- (m) As soon as practicable after the closure of the ballot for an election, the Returning Officer must cause the votes lodged to be scrutinised under his or her supervision.
- (n) The Returning Officer must reject all informal votes. A vote is informal if:
 - (i) the Returning Officer cannot be satisfied that the vote is authenticated in the manner prescribed in this rule 5.6 or the procedures and rules for the ballot specified by the Board; or
 - (ii) it does not indicate a vote of the member made in accordance with the instructions for the ballot.
- (o) The Returning Officer must declare the result of a ballot at annual general meeting of the Company. Subject to rule 5.6(oa), if there is one vacancy on the Board for a Director, the candidate who receives the highest number of votes in the ballot is duly elected as a Director. If there are two vacancies on the Board for Directors, the two candidates who receive the highest number of votes are duly elected Directors. In the event of an equality of votes, the Returning Officer must determine the candidate or candidates to be elected as Director(s) by drawing of lots.
- (oa) If the application of rule 5.6(o) would result in one or more candidates who are not members being elected as a Director contrary to rule 5.1(c), the non-member candidates in excess of the number of non-member Directors permitted by rule 5.1(c) who have the lowest number of votes in the ballot will be eliminated from contention (even if a non-member candidate eliminated receives a higher number of votes in the ballot than a candidate who is a member). In the event of an equality of votes, the Returning Officer must determine the candidate or candidates to be eliminated from contention pursuant to this rule by drawing of lots.
- (p) An accidental error or omission by the Returning Officer that does not materially affect the result of a ballot does not invalidate an election of a Director made as a result of that ballot.
- (q) The Returning Officer must retain ballot papers and such other records (including electronic records) necessary to authenticate the ballot securely at the registered office of the Company for a minimum period of three months after the declaration of the ballot.

5.7 Retirement of Directors

- (a) A Director must retire from office at the third annual general meeting after the Director was elected or last re-elected.
- (b) An election of Directors must be held at each annual general meeting. If no election of Directors is scheduled to occur at an annual general meeting under rule 5.3 or 5.7(a), then at least two Directors must retire from office at the annual general meeting.
- (c) Subject to rule 5.2(b), a Director who retires under this rule 5.7 is eligible for re-election.
- (d) Rules 5.7(a) or 5.7(b) do not apply to an Executive Director.

5.8 Selection of Directors to retire

The Directors who retire under rule 5.7(b) are the Directors who have held office the longest since last being elected or appointed. If two or more Directors have been in office for the

same period, those Directors may agree which of them will retire. If they do not agree, they must draw lots to decide which of them must retire.

5.9 Time of retirement

A Director's retirement under rule 5.3 or 5.7 takes effect at the end of the relevant annual general meeting unless the Director is re-elected at that meeting.

5.10 Eligibility for appointment and cessation of Director's appointment

- (a) A person is not eligible to be a Director unless:
- (i) the person has been assessed in accordance with the Fit and Proper Policy; and
 - (ii) is determined by the Board to meet the requirements of the Fit and Proper Policy.
- (b) A person automatically ceases to be eligible to be a Director and, if already appointed, automatically ceases to be a Director if the person:
- (i) is not permitted by the Act (or an order made under the Act) to be a director;
 - (ii) becomes disqualified from managing corporations under Part 2D.6 of the Act and is not given permission or leave to manage the Company under section 206F or 206G of the Act;
 - (iii) becomes of unsound mind or physically or mentally incapable of performing the functions of that office;
 - (iv) is determined to be a disqualified person under the Private Health Insurance (PS) Act; or
 - (v) ceases to be eligible to act as a Director under rule 5.2.
- (c) A person automatically ceases to be a Director if the person:
- (i) fails to attend three consecutive Board meetings (not including meetings of a committee of the Board) without leave of absence from the Board;
 - (ii) resigns by notice in writing to the Company;
 - (iii) is removed from office under rule 5.11; or
 - (iv) is an Executive Director and ceases to hold that office.

Rule 5.10(c)(ii)
replaces section
203A

5.11 Removal from office

Whether or not a Director's appointment was expressed to be for a specified period, the Company by ordinary resolution may remove a Director from office. The power to remove a Director under this rule is in addition to section 203D of the Act.

5.12 Too few Directors

If the number of Directors is reduced below the minimum required by rule 5.1, the continuing Directors may act as the Board only:

- (a) to appoint Directors up to that minimum number;

- (b) to convene a meeting of members; and
- (c) in emergencies.

6. Powers of the Board

6.1 Powers generally

Replaces
section 198A

Except as otherwise required by the Act, any other applicable law or this document, the Board:

- (a) has power to manage the business of the Company;
- (b) may exercise every right, power or capacity of the Company to the exclusion of the Company in general meeting and the members; and
- (c) has power to make or endorse Health Benefits Fund Rules.

6.2 Exercise of powers

A power of the Board can be exercised only:

- (a) by resolution passed at a meeting of the Board or otherwise in accordance with rule 14; or
- (b) in accordance with a delegation of the power under rule 9 or 10.

7. Board Charter and Committees

7.1 Board Charter

The Directors must adopt a charter in writing which must be consistent with the Act, the Prudential Standards, the Private Health Insurance Legislation, and this document.

7.2 Board Audit Committee

- (i) The Board must establish a board audit committee. The board audit committee must be composed, and must operate, in accordance with the Prudential Standards.
- (ii) The functions and responsibilities of the board audit committee are:
 - (A) those functions and responsibilities set out in the Prudential Standards; and
 - (B) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.
- (iii) The Board must adopt a board audit committee charter in accordance with the Prudential Standards.

7.3 Board Risk Committee

- (i) The Board must establish a board risk committee. The board risk committee must be composed, and must operate, in accordance with the Prudential Standards.

- (ii) The functions and responsibilities of the board risk committee are:
 - (A) those functions and responsibilities set out in the Prudential Standards;
and
 - (B) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.
- (iii) The Board must adopt a board risk committee charter in accordance with the Prudential Standards.

7.4 Board Remuneration Committee

- (i) The Board must establish a board remuneration committee. The board remuneration committee must be composed, and must operate, in accordance with the Prudential Standards.
- (ii) The functions and responsibilities of the board remuneration committee are:
 - (A) those functions and responsibilities set out in the Prudential Standards;
and
 - (B) such other functions and responsibilities, not inconsistent with the Prudential Standards, as determined by the Board.
- (iii) The Board must adopt a board remuneration committee charter in accordance with the Prudential Standards.

7.5 Committees

When a committee is established as required by the Prudential Standards, each such committee must be composed in accordance with, and have those functions and responsibilities required by, the Prudential Standards. This requirement does not limit the ability of the Board to establish other committees.

8. Executing Negotiable Instruments

Replaces
section 198B

The Board must decide the manner (including the use of facsimile signatures if thought appropriate) in which negotiable instruments can be executed, accepted or endorsed for and on behalf of the Company. The Company may execute, accept, or endorse negotiable instruments only in the manner decided by the Board.

9. Chief Executive Officer

9.1 Appointment and power of Chief Executive Officer

- (a) The Board may appoint one person to the position of Chief Executive Officer of the Company either for a specified term (but not for life) or without specifying a term and on the terms (including as to remuneration) that the Board decides.
- (b) The Board may delegate any of the powers of the Board to the Chief Executive Officer on the terms and subject to any restrictions the Board decides and may revoke the delegation at any time.

- (c) The Chief Executive Officer may attend meetings of the Board, except where the Board specifies otherwise. Where the Chief Executive Officer is appointed as an Executive Director under rule 9.4, he or she is entitled to attend meetings of the Board as a Director.
- (d) This rule does not limit rule 10.

9.2 Termination of appointment of Chief Executive Officer

The appointment of the Chief Executive Officer terminates if the Board removes the Chief Executive Officer from the office of Chief Executive Officer (which, without affecting the rights of the Chief Executive Officer under any contract between the Company and the Chief Executive Officer, the Board has power to do) whether or not the appointment was expressed to be for a specified term.

9.3 Temporary appointment

If the Chief Executive Officer is granted a temporary leave of absence by the Board (not including ordinary recreation or sick leave) or becomes incapable of acting in that capacity, the Board may appoint another person to act temporarily as Chief Executive Officer.

9.4 Appointment of the Chief Executive Officer as an Executive Director

- (a) The Board may appoint the Chief Executive Officer as an Executive Director either for a specified term (but not for life) or without specifying a term. Subject to this document, an Executive Director has all the duties, and can exercise all the powers and rights, of a Director.
- (b) An Executive Director is not counted for the purpose of determining the minimum or maximum number of Directors under rule 5.1(a) or 5.1(b).
- (c) An Executive Director is not required to be a member and, if not a member, is not counted for determining the maximum number of Directors who are not members under rule 5.1(c).
- (d) If the Chief Executive Officer is appointed as an Executive Director, he or she is not entitled to additional remuneration for services rendered as a Director.

9.5 Retirement and removal of an Executive Director

An Executive Director is not:

- (a) subject to automatic retirement under rule 5.3; or
- (b) required to retire under rule 5.7,

but (subject to any contract between the Company and that Executive Director) is otherwise subject to the same rules regarding resignation and removal from office as the other Directors.

9.6 Termination of appointment of the Chief Executive Officer as an Executive Director

The appointment of the Chief Executive Officer as an Executive Director terminates if:

- (a) the Chief Executive Officer ceases for any reason to be a Director;
- (b) the Board removes the Chief Executive Officer from the office of Executive Director (which without affecting the rights of the Executive Director under any contract

between the Company and the Executive Director, the Board has power to do), whether or not the appointment was expressed to be for a specified term; or

- (c) the Board removes the Chief Executive Officer from the office of Chief Executive Officer under rule 9.2.

The power to remove the Chief Executive Officer from the office of Executive Director under this rule is in addition to section 203D of the Act.

10. Delegation of Board Powers

10.1 Power to delegate

The Board may delegate any of its powers as permitted by section 198D of the Act.

10.2 Power to revoke delegation

The Board may revoke a delegation previously made whether or not the delegation is expressed to be for a specified period.

10.3 Terms of delegation

- (a) A delegation of powers under rule 10.1 may be made:
 - (i) for a specified period or without specifying a period; and
 - (ii) on the terms (including power to further delegate) and subject to any restrictions the Board decides.
- (b) A delegation must be in writing and retained as a record by the Company.
- (c) The Board must ensure that the delegation is made in accordance with the Prudential Standards.
- (d) A document of delegation may contain the provisions for the protection and convenience of those who deal with the delegate that the Board thinks appropriate.

10.4 Proceedings of committees

- (a) Subject to the terms on which a power of the Board is delegated to a committee, the meetings and proceedings of committees are, to the greatest extent practical, governed by the rules of this document which regulate the meetings and proceedings of the Board.
- (b) Unless otherwise specified in the Prudential Standards and/or the applicable charter of the committee determined by the Board, the quorum for a committee meeting is one half of the members of the committee (rounded upwards if not a whole number), of whom one must be a Director, and a quorum must be present for the whole meeting.

10.5 Attorneys

- (a) The Directors may, by power of attorney, appoint a person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the Directors) for such period and subject to such conditions as they see fit.

- (b) Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

11. Directors' Duties and Interests

11.1 Compliance with duties under the Act and the Private Health Insurance Legislation

Each Director must comply with sections 180 to 183 (inclusive) of the Act and comply with the duties and obligations of a Director under the Private Health Insurance Legislation.

11.2 Director can hold other offices etc

Subject to the Governance Standard, a Director may:

- (a) hold any office or place of profit or employment other than that of the Company's auditor or appointed actuary or any director or employee of the auditor or appointed actuary;
- (b) be a member of any corporation (including the Company) or partnership other than the Company's auditor or appointed actuary;
- (c) be a creditor of any corporation (including the Company) or partnership; or
- (d) enter into any agreement with the Company.

11.3 Disclosure of interests

Each Director must comply with section 191 of the Act.

11.4 Director interested in a matter

Each Director must comply with section 195 of the Act in relation to being present, and voting, at a Board meeting that considers a matter in which the Director has a material personal interest. Subject to section 195:

- (a) a Director may be counted in a quorum at a Board meeting that considers, and may vote on, any matter in which that Director has an interest;
- (b) the Company may proceed with any transaction that relates to the interest and the Director may participate in the execution of any relevant document by or on behalf of the Company;
- (c) the Director may retain benefits under the transaction even though the Director has the interest; and
- (d) the Company cannot avoid the transaction merely because of the existence of the interest.

If the interest is required to be disclosed under section 191 of the Act, paragraph (c) applies only if it is disclosed before the transaction is entered into.

11.5 Agreements with third parties

The Company cannot avoid an agreement with a third party merely because a Director:

- (a) fails to make a disclosure of an interest; or
- (b) is present at, or counted in the quorum for, a Board meeting that considers or votes on that agreement.

11.6 Obligation of secrecy

- (a) Every Director and Secretary must keep the transactions and affairs of the Company and the state of its financial reports confidential except:
 - (i) where those transactions and affairs are in the public domain, other than by breach of an obligation of confidence owed to the Company;
 - (ii) where the Director or Secretary is required to disclose those transactions and affairs:
 - (A) in the course of duties as an officer of the Company;
 - (B) by the Board or the Company in general meeting; or
 - (C) by law.
- (b) The Company may require a Director, Secretary, auditor, trustee, committee member or other person engaged by it to sign a confidentiality undertaking consistent with this rule. A Director or Secretary must do so if required by the Company.
- (c) This rule must not be interpreted as constraining or impeding a Director or Secretary from disclosing information to APRA.

12. Directors' Remuneration

12.1 Restrictions on payments to Directors

Subject to rules 9.1, 12.2, 12.3 and 13 the Company must not pay fees or other remuneration to a Director.

12.2 Directors' remuneration

- (a) Subject to rule 12.3, with the approval of the members of the Company at an annual general meeting, the Company may pay to the Directors reasonable remuneration for services rendered by the Directors to the Company of an amount that does not exceed an aggregate maximum sum per annum fixed by ordinary resolution of the Company at the annual general meeting (not including the remuneration of any Director who is an employee of the Company), commencing from the date of the relevant annual general meeting.
- (b) The aggregate maximum sum payable under paragraph (a) must be divided among the Directors in the proportion and manner as the Directors agree. If the Directors do not agree, the sum must be divided equally among the Directors.

12.3 Payments to Directors with Board approval

With the approval of the Board, the Company may pay to a Director:

- (a) reasonable expenses (including travelling and accommodation) incurred in carrying out duties as a Director;

- (b) reasonable remuneration in accordance with rule 12.2;
- (c) reasonable remuneration where the Director is an employee of the Company and the terms of employment have been approved by the Board;
- (d) interest on money lent by the Director to the Company at a rate reasonably determined by the Company;
- (e) reasonable remuneration for goods supplied by the Director to the Company in the ordinary course of business;
- (f) reasonable rent for premises leased by the Director to the Company; and
- (g) a reasonable benefit in connection with the person's retirement from the Board.

13. Officers' Indemnity and Insurance

13.1 Indemnity

Subject to and so far as permitted by Act, the Private Health Insurance Legislation, the *Competition and Consumer Act 2010* (Cth) and any other applicable law:

- (a) the Company must, to the extent the person is not otherwise indemnified, indemnify every officer of the Company and its wholly owned subsidiaries and may indemnify its auditor against a Liability incurred as such an officer or auditor to a person (other than the Company or a related body corporate) including a Liability incurred as a result of appointment or nomination by the Company or subsidiary as a trustee or as an officer of another corporation, unless the Liability arises out of conduct involving a lack of good faith; and
- (b) the Company may make a payment (whether by way of advance, loan or otherwise) in respect of legal costs incurred by an officer or employee or auditor in defending an action for a Liability incurred as such an officer, employee or auditor or in resisting or responding to actions taken by a government agency or a liquidator.

In this rule, **Liability** means a liability of any kind (whether actual or contingent and whether fixed or unascertained) and includes costs, damages and expenses, including costs and expenses incurred in connection with any investigation or inquiry by a government agency or a liquidator.

13.2 Insurance

Subject to the Act and any other applicable law, the Company may enter into, and pay premiums on, a contract of insurance in respect of any person.

13.3 Former officers

The indemnity in favour of officers under rule 13.1 is a continuing indemnity. It applies in respect of all acts done by a person while an officer of:

- (a) the Company;
- (b) one of the Company's wholly owned subsidiaries; or
- (c) CBHS Friendly Society Limited (ARBN 077 058 407),

even though the person is not an officer at the time the claim is made.

13.4 Deeds

Subject to the Act, the Private Health Insurance Legislation, *Competition and Consumer Act 2010* (Cth) and any other applicable law, the Company may, without limiting a person's rights under this rule 13, enter into an agreement with a person who is or has been an officer of the Company, any of the Company's wholly owned subsidiaries or CBHS Friendly Society Limited, to give effect to the rights of the person under this rule 13 on any terms and conditions that the Board thinks fit.

14. Board Meetings

14.1 Convening Board meetings

Replaces
section 248C

A Director may at any time, and a Secretary must on request from a Director, convene a Board meeting.

14.2 Notice of Board meeting

The convenor of each Board meeting:

- (a) must give reasonable notice of the meeting (and, if it is adjourned, of its resumption) individually to each Director; and
- (b) may give that notice orally (including by telephone) or in writing,

but failure to give notice to, or non-receipt of notice by, a Director does not result in a Board meeting being invalid.

14.3 Use of technology

- (a) A Board meeting may be held using any means of audio or audio-visual communication by which each Director participating can hear and be heard by each other Director participating or in any other way permitted by section 248D of the Act.
- (b) At the commencement of a Board meeting held solely or partly by technology, each Director must announce his or her presence to all the other Directors taking part in the meeting.
- (c) A Board meeting held solely or partly by technology is treated as held at the place at which the greatest number of the Directors present at the meeting is located or, if an equal number of Directors is located in each of two or more places, at the place where the chairperson of the meeting is located.
- (d) A Director may not leave a Board meeting held solely or partly by technology by disconnecting his or her link to the meeting unless the Director has previously notified the chairperson of the meeting.

14.4 Chairing Board meetings

Replaces
section 248E

Subject to rule 21.1, if the Chairperson is not present within 15 minutes after the time for which a Board meeting is called or is unwilling to act, the Deputy Chairperson shall be the chair of the meeting. If the Deputy Chairperson is not present within 15 minutes after the time for which a Board meeting is called or is unwilling to act, the Directors present must elect a Director present to chair the meeting.

14.5 Quorum

Replaces
section 248F

- (a) Unless the Board decides otherwise, the quorum for a Board meeting is three Directors or one half of the total number of Directors for the time being in office (rounded upwards if not a whole number), whichever is greater. A quorum must be present for the whole meeting. A Director is treated as present at a meeting held solely or partly by audio or audio-visual communication if the Director is able to hear and be heard by all others attending. If a meeting is held in another way permitted by section 248D of the Act, the Board must resolve the basis on which Directors are treated as present.
- (b) If a quorum is not present within 30 minutes after the time for which a Board meeting is called, the meeting is adjourned to the same day in the next week at the same time and place, or otherwise as the Directors present decide.

14.6 Majority decisions

Replaces
section 248G

A resolution of the Board must be passed by a majority of the votes cast by Directors entitled to vote on the resolution. The chair of a Board meeting has a casting vote in addition to any vote he or she has as a Director. The chair of a Board meeting has discretion as to whether or not to use his or her casting vote. If an equal number of votes are cast for and against a resolution, the matter is decided in the negative.

14.7 Procedural rules

The Board may adjourn and, subject to this document, otherwise regulate its meetings as it decides.

14.8 Written resolution

Replaces
section 248A

If all the Directors entitled to receive notice of a Board meeting and to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document, a Board resolution in those terms is passed at the time when the last Director signs.

14.9 Additional provisions concerning written resolutions

For the purpose of rule 14.8:

- (a) two or more separate documents in identical terms, each of which is signed by one or more Directors, are treated as one document; and
- (b) a facsimile or electronic message containing the text of the document expressed to have been approved by a Director that is sent to the Company is taken to be a document signed by that Director at the time of its receipt by the Company.

14.10 Valid proceedings

Each resolution passed or thing done by, or with the participation of, a person acting as a Director or member of a committee is valid even if it is later discovered that:

- (a) there was a defect in the appointment of the person; or
- (b) the person was disqualified from continuing in office, voting on the resolution or doing the thing.

15. Meetings of Members

15.1 Annual general meeting

The Company must hold an annual general meeting as required by section 250N of the Act.

15.2 Advance notice of annual general meeting

- (a) The Board must inform Members of the date of the annual general meeting not less than 120 days before that date.
- (b) Advance notice of the annual general meeting may be given by prominently posting a notice on the Company's website, or such other means as would be reasonably capable of informing Members (for example, including the notice in a Members' newsletter).
- (ba) At the same time as giving advance notice of the annual general meeting, the Board may provide a statement outlining particular skills, knowledge or experience currently sought by the Board to inform nominations for election as a Director.
- (c) Advance notice of the date of the annual general meeting shall not be taken as giving notice of the annual general meeting. Rule 27 does not apply to advance notice of the annual general meeting.

15.3 Calling meetings of members

Replaces
section 249C

A meeting of members:

- (a) may be convened at any time by the Board; and
- (b) must be convened by the Board when required by section 249D or 250N of the Act or by order made under section 249G of the Act.

15.4 Notice of meeting

Subject to the Act, at least 21 days' written notice of a meeting of members must be given individually to:

- (a) each member;
- (b) each Director; and
- (c) to the auditor.

Subject to any regulation made under section 249LA of the Act, the notice of meeting must comply with section 249L of the Act and may be given in any manner permitted by section 249J(3) of the Act.

15.5 Postponement or cancellation

Subject to sections 249D(5) and 250N of the Act, the Board may:

- (a) postpone a meeting of members;
- (b) cancel a meeting of members; or
- (c) change the place for a general meeting,

by notice given individually to each person entitled to be given notice of the meeting.

15.6 Fresh notice

Replaces
section 249M

If a meeting of members is postponed or adjourned for one month or more, the Company must give new notice of the resumed meeting.

15.7 Technology

See section
249S

The Company may hold a meeting of members at two or more venues using any technology that gives the members as a whole a reasonable opportunity to participate.

15.8 Accidental omission

The accidental omission to give notice to, or the non-receipt of notice by, any of those entitled to it does not invalidate any resolution passed at a meeting of members.

16. Proceedings at Meetings of Members

16.1 Member present at meeting

If a member has appointed a proxy or attorney to act at a meeting of members, that member is taken to be present at a meeting at which the proxy or attorney is present.

16.2 Quorum

Replaces
sections
249T(1) and (2)

The quorum for a meeting of members is 20 members. The quorum must be present at all times during the meeting. Each individual present may only be counted once toward a quorum. If a member has appointed more than one proxy or representative only one of them may be counted towards a quorum.

16.3 Quorum not present

Replaces
sections
249T(3) and (4)

If a quorum is not present within 30 minutes after the time for which a meeting of members is called:

- (a) if called as a result of a request of members under section 249D of the Act, the meeting is dissolved; and
- (b) in any other case:
 - (i) the meeting is adjourned to the day, time and place that the Board decides and notifies to members, or if no decision is notified, to the same time on the same day in the next week at the same place; and
 - (ii) if a quorum is not present at the adjourned meeting, the meeting is dissolved.

16.4 Chairing meetings of members

Replaces
sections
249U(1) to (3)

The Chairperson is also the chair of meetings of members. If the Chairperson is not present within 15 minutes after the time for which a meeting of members is called or is not willing to chair the meeting, the Deputy Chairperson shall be the chair of the meeting. If the Deputy Chairperson is not present within 15 minutes after the time for which a meeting of members is called or is not willing to chair the meeting, the members present must elect a member or Director present to chair the meeting.

16.5 Attendance at general meetings

See section
249V

- (a) Every member has the right to attend all meetings of members.
- (b) Every Director has the right to attend and speak at all meetings of members.
- (c) The auditor has the right to attend any meeting of members and to speak on any part of the business of the meeting which concerns the auditor in the capacity of auditor.

16.6 Adjournment

Replaces section
249U(4)

Subject to rule 15.6, the chair of a meeting of members at which a quorum is present:

- (a) may; and
- (b) must, if directed by ordinary resolution of the meeting, adjourn it to another time and place.

16.7 Business at adjourned meetings

Replaces section
249W (2)

The only business that may be transacted at a meeting resumed after an adjournment is the business left unfinished immediately before the adjournment.

17. Proxies and Attorneys

17.1 Appointment of proxies

A member may appoint a proxy to attend and act for the member at a meeting of members. An appointment of proxy must be made by notice in writing to the Company or by notice to the Company by an electronic means specified by the Company:

See section
249X

- (a) that complies with section 250A(1) of the Act; or
- (b) in any other form and mode satisfactory to the Board that is signed or otherwise authenticated by the member in a manner satisfactory to the Board.

17.2 Member's attorney

A member may appoint an attorney to act, or to appoint a proxy to act, at a meeting of members. The power of attorney must be signed in the presence of at least one witness.

17.3 Deposit of proxy appointment forms, powers of attorney and proxy appointment authorities

An appointment of a proxy or an attorney is not effective for a particular meeting of members unless:

- (a) in the case of a proxy, the proxy appointment form;
- (b) in the case of a proxy executed or otherwise authenticated in a manner prescribed by a regulation made for the purposes of section 250A(1) of the Act by an attorney, the relevant power of attorney or other authority under which the appointment was authenticated or a certified copy of it; and
- (c) in the case of an attorney, the power of attorney or a certified copy of it,

are received by the Company in accordance with section 250B(3) of the Act at least 48 hours before the time for which the meeting was called or, if the meeting has been adjourned, before the resumption of the meeting.

17.4 Appointment for particular meeting, standing appointment and revocation

A member may appoint a proxy or attorney to act at a particular meeting of members or make a standing appointment and may revoke any appointment. A proxy or attorney may, but need not, be a member.

17.5 Suspension of proxy or attorney's powers if member present

- (a) A proxy or attorney has no power to act for a member at a meeting at which the member is present in person.
- (b) A proxy has no power to act for a member at a meeting at which the member is present by attorney.

17.6 Priority of conflicting appointments of attorney

If more than one attorney appointed by a member is present at a meeting of members and the Company has not received notice of revocation of any of the appointments:

- (a) an attorney appointed to act at that particular meeting may act to the exclusion of an attorney appointed under a standing appointment; and
- (b) subject to rule 17.6(a), an attorney appointed under a more recent appointment may act to the exclusion of an attorney appointed earlier in time.

17.7 More than one current proxy appointments

An appointment of proxy by a member is revoked (or, in the case of a standing appointment, suspended for that particular meeting) if the Company receives a further appointment of proxy from that member which would result in there being more than one proxy of that member entitled to act at a meeting. The appointment of proxy made first in time is the first to be treated as revoked or suspended by this rule.

17.8 Continuing authority

Replaces
section
250C(2)

An act done at a meeting of members by a proxy or attorney is valid even if, before the act is done, the appointing member:

- (a) dies or becomes mentally incapacitated;
- (b) becomes bankrupt; or
- (c) revokes the appointment or revokes the authority under which the appointment was made by a third party,

unless the Company has received written notice of the matter before the start or resumption of the meeting at which the vote is cast.

18. Entitlement to Vote

18.1 Number of votes

Replaces
section 250E(2)

Subject to section 250BB(1) of the Act:

- (a) each member has one vote on a show of hands or a poll; and
- (b) a member who is present and entitled to vote and is also a proxy or attorney of another member has one vote on a show of hands.

18.2 Casting vote of chairperson

Replaces
section 250E(3)

If an equal number of votes are cast for and against a resolution at a meeting of members, the chair of the meeting has a casting vote whether or not the chair is a member. The chair's casting vote is in addition to any vote he or she may have in his or her capacity as a member or proxy. The chair has discretion whether or not to use his or her casting vote.

18.3 Voting restrictions

If:

- (a) the Act requires that some members are not to vote on a resolution, or that votes cast by some members be disregarded, in order for the resolution to have an intended effect; and
- (b) the notice of the meeting at which the resolution is proposed states that fact,

those members have no right to vote on that resolution and the Company must not count any votes purported to be cast by those members. If a proxy purports to vote in a way or in circumstances that contravene section 250BB(1) of the Act, on a show of hands the vote is invalid and the Company must not count it and on a poll rule 19.3(c) applies.

18.4 Decision on right to vote

Replaces
section 250G

A member or Director may challenge a person's right to vote at a meeting of members. A challenge may only be made at the meeting. A challenge, or any other doubt as to the validity of a vote, must be decided by the chair of the meeting, whose decision is final.

19. How Voting is Carried Out

19.1 Method of voting

Replaces
sections
250J(1) and (2)

A resolution put to the vote at a meeting of members must be decided on a show of hands unless a poll is demanded under rule 19.2 before or immediately after declaration of the result of the vote on a show of hands. Unless a poll is demanded, the chair's declaration of a decision on a show of hands is final. Neither the chair nor the minutes of the meeting need to state the number or proportion of the votes recorded in favour or against on a show of hands.

19.2 Demand for a poll

See section
250L

A poll may be demanded on any resolution (except a resolution concerning the election of the chair of a meeting) by:

- (a) at least three members entitled to vote on the resolution; or
- (b) the chair of the meeting.

The demand for a poll does not affect the continuation of the meeting for the transaction of other business and may be withdrawn.

19.3 When and how polls must be taken

If a poll is demanded:

Replaces
section 250M

- (a) if the resolution is for the adjournment of the meeting, the poll must be taken immediately and, subject to rule 19.3(c), in the manner that the chair of the meeting directs;
- (b) in all other cases, the poll must be taken at the time and place and, subject to rule 19.3(c), in the manner that the chair of the meeting directs;
- (c) votes which section 250BB(1) of the Act requires to be cast in a given way must be treated as cast in that way;
- (d) a person voting who has the right to cast two or more votes need not cast all those votes and may cast those votes in different ways; and
- (e) the result of the poll is the resolution of the meeting at which the poll was demanded.

20. Secretary

20.1 Appointment of Secretary

See section
204D

- (a) The Board:
 - (i) must appoint at least one individual; and
 - (ii) may appoint more than one individual,to be a Secretary either for a specified term or without specifying a term.
- (b) A person is not eligible to be a Secretary unless:
 - (i) the person has been assessed in accordance with the Fit and Proper Policy; and
 - (ii) is determined by the Board to meet the requirements of the Fit and Proper Policy.

20.2 Terms and conditions of office

Replaces
section 204F

A Secretary holds office on the terms that the Board decides. The Board may vary any decision previously made by it in respect of a Secretary.

20.3 Cessation of Secretary's appointment

The person automatically ceases to be a Secretary if the person:

- (a) is not permitted by the Act (or an order made under the Act) to be a secretary of a company;
- (b) becomes disqualified from managing corporations under Part 2D.6 and is not given permission or leave to manage the Company under section 206F or 206G of the Act;

- (ba) is determined by the Board not to meet the requirements of the Fit and Proper Policy;
- (c) is determined to be a disqualified person under the Private Health Insurance (PS) Act;
- (d) becomes of unsound mind or physically or mentally incapable of performing the functions of that office;
- (e) resigns by notice in writing to the Company; or
- (f) is removed from office under rule 20.4.

20.4 Removal from office

The Board may remove a Secretary from that office whether or not the appointment was expressed to be for a specified term.

21. Office Bearers

21.1 Office bearers

- (a) The Board office bearers of the Company are:
 - (i) the Chairperson; and
 - (ii) the Deputy Chairperson.

21.2 Election

- (a) The office bearers of the Company are elected at the first Board meeting held after each annual general meeting.
- (b) The Directors present at the Board meeting must appoint one of them to act as chair of the meeting for the purpose of the election of the Chairperson.

21.3 Eligibility and nomination

- (a) Any Independent Director is eligible for election to a Board office bearer position.
- (b) Each person standing for election as an office bearer must be nominated by another Director.
- (c) If a person stands for election for more than one position as an office bearer, separate nominations must be received in respect of each position.
- (d) A nomination for a position as an office bearer must be:
 - (i) in writing, signed by the candidate and the proposer, and received by the Secretary not less than 24 hours before the Board meeting at which the election is to take place; or
 - (ii) made orally at the Board meeting at which the election is to take place, provided that the candidate is present at the Board meeting and consents to the nomination at the Board meeting.

21.4 Election procedure

- (a) The election of the office bearers is conducted in the order in which the positions are listed in rule 21.1.
- (b) If there is only one candidate for election to an office bearer position, that person is declared elected to that position.
- (c) If there is more than one candidate for election to an office bearer position, a ballot must be held. The candidate who receives the greatest number of votes cast in his or her favour is declared elected to that position.
- (d) In the event of an equality of votes in respect of an office bearer position, a further ballot must be held immediately. In the event of an equality of votes after this further ballot, the candidates must draw lots to determine the successful candidate.
- (e) Subject to this rule 21.4, a ballot is conducted in the manner the Directors determine from time to time as they think appropriate.
- (f) If a person is elected to a position as an office bearer, then his or her nomination, if any, for any other position as an office bearer, is withdrawn before the election is held in respect of the other position or positions.

22. Minutes

22.1 Minutes must be kept

The Board must cause minutes of:

- (a) proceedings and resolutions of meetings of the Company's members;
- (b) the names of Directors present at each Board meeting or committee meeting;
- (c) proceedings and resolutions of Board meetings (including meetings of a committee to which Board powers are delegated under rule 10);
- (d) resolutions passed by Directors without a meeting; and
- (e) disclosures and notices of Directors' interests,

to be kept in accordance with sections 191, 192 and 251A of the Act.

22.2 Minutes as evidence

A minute recorded and signed in accordance with section 251A of the Act is evidence of the proceeding, resolution or declaration to which it relates unless the contrary is proved.

22.3 Inspection of minute books

The Company must allow members to inspect, and provide copies of, the minute books for the meetings of members in accordance with section 251B of the Act.

23. Company Seals

23.1 Common seal

The Board:

- (a) may decide whether or not the Company has a common seal; and
- (b) is responsible for the safe custody of that seal (if any) and any duplicate seal it decides to adopt under section 123(2) of the Act.

23.2 Use of seals

The common seal and duplicate seal (if any) may only be used with the authority of the Board. The Board must not authorise the use of a seal that does not comply with section 123 of the Act.

23.3 Fixing seals to documents

The fixing of the common seal, or any duplicate seal, to a document must be witnessed:

- (a) by two Directors;
- (b) by one Director and one Secretary; or
- (c) by any other signatories or in any other way (including the use of facsimile signatures) authorised by the Board.

24. Financial Reports and Audit

24.1 Company must keep financial records

The Board must cause the Company to keep written financial records that:

- (a) correctly record and explain its transactions (including transactions undertaken as trustee) and financial position and performance; and
- (b) would enable true and fair financial statements to be prepared and audited,

and must allow a Director and the auditor to inspect those records at all reasonable times.

24.2 Financial reporting

The Board must cause the Company to prepare a financial report and a directors' report that comply with Part 2M.3 and must report to members in accordance with section 316A of the Act no later than the deadline set by section 316A of the Act.

24.3 Audit

The Board must cause the Company's financial report for each financial year to be audited and obtain an auditor's report. The eligibility, appointment, removal, remuneration, rights and duties of the auditor are regulated by:

- (a) Division 3 of Part 2M.3, Divisions 1 to 6 of Part 2M.4 of the Act and sections 1280, 1289, 1299B and 1299C of the Act; and

- (b) the Prudential Standards.

24.4 Conclusive reports

Audited financial reports laid before the Company in general meetings are conclusive except as regards errors notified to the Company within three months after the relevant general meeting. If the Company receives notice of an error within that period, it must immediately correct the report and the report as corrected is then conclusive.

24.5 Inspection of financial records and books

Subject to rule 22.3 and section 247A of the Act, a member who is not a Director does not have any right to inspect any document of the Company except as authorised by the Board or by ordinary resolution.

Replaces
section 247D

25. Register of Members

The Company must set up and maintain a register of members.

In accordance with section 169 of the Act, the Register must contain the following information:

- (a) the name and address of each member;
- (b) the date on which the entry of the member's name in the Register is made;
- (c) the name and details of each person who stopped being a member within the last seven years;
- (d) the date on which the person stopped being a member; and
- (e) an index of members' names if the Register itself is not kept in a form that operates effectively as an index.

26. Winding Up

If the Company is wound up any surplus property must not be paid to members but must be paid or transferred to another entity that:

- (a) has objects similar to the objects of the Company (as set out in rule 1.2);
- (b) has provisions in its constitution prohibiting the distribution of its income and property amongst its members to the same extent as provided in rule 1.3; and
- (c) is exempt from income tax under the *Income Tax Assessment Act 1997* (Cth).

27. Notices

27.1 Notices by Company

A notice is properly given by the Company to a person if it is:

- (a) in writing signed on behalf of the Company (by original or printed signature);

- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered personally;
 - (ii) sent by prepaid mail (by airmail, if the addressee is overseas) to that person's address;
 - (iii) sent by fax to the fax number (if any) nominated by that person;
 - (iv) sent by electronic message to the electronic address (if any) nominated by that person;
 - (v) sent by other electronic means (if any) nominated by that person; or
 - (vi) notified to the member by electronic means in accordance with s 249J(3A) of the Act.

27.2 Overseas members

A member whose registered address is not in Australia may notify the Company in writing of an address in Australia to which notices may be sent.

27.3 When notice is given

A notice to a person by the Company is regarded as given and received:

- (a) if it is delivered personally:
 - (i) by 5.00 pm (local time in the place of receipt) on a business day - on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a business day, or on a day that is not a business day - on the next business day;
- (b) if it is sent by fax, electronic message or other electronic means:
 - (i) by 5.00 pm (local time in the place from which it is sent or given) on a business day – on that day; or
 - (ii) after 5.00 pm (local time in the place from which it is sent or given) on a business day, or on a day that is not a business day – on the next business day;
- (c) if it is sent by mail:
 - (i) within Australia - one business day after posting; or
 - (ii) to a place outside Australia - three business days after posting; and
- (d) if it is notified by electronic means in accordance with s 249J(3A) of the Act:
 - (i) by 5.00 pm (local time in the place from which it is sent or given) on a business day – on that day; or

Replaces
section 249J(4))

Replaces
section 249J(5)

- (ii) after 5.00 pm (local time in the place from which it is sent or given) on a business day, or on a day that is not a business day – on the next business day.

A certificate in writing signed by a Director or Secretary stating that a notice was sent is conclusive evidence of service.

27.4 Business days

For the purposes of rule 27.3, a business day is a day that is not a Saturday, Sunday or public holiday in the place to which the notice is sent.

27.5 Counting days

If a specified period must pass after a notice is given before an action may be taken, neither the day on which the notice is given nor the day on which the action is to be taken may be counted in reckoning the period.

27.6 Notices to "lost" members

If:

- (a) on two or more consecutive occasions a notice served on a member in accordance with this rule is returned unclaimed or with an indication that the member is not known at the address to which it was sent; or
- (b) the Board believes on other reasonable grounds that a member is not at the address shown in the Register or notified to the Company under rule 27.2,

the Company may give effective notice to that member by exhibiting the notice at the Company's registered office for at least 48 hours.

This rule ceases to apply if the member gives the Company notice of a new address.