

HOW DOES THE MUTUAL WORK?

GOVERNANCE ISSUES

What is the composition of the Board of Directors?

Until the holding of the first annual general meeting, all Directors other than Independent Directors will be nominated and selected from the Members. All existing Directors shall retire from office at the first annual general meeting (Article 16).

The Board will consist of a maximum of 11 directors and a minimum of 5 (Article 16). Up to 2 of the Directors can be Independent Directors (Article 16). Directors, other than Independent Directors, must be representatives of Members (Article 17).

Directors must be approved persons under the terms of any legislation or rules, which the Mutual must comply with (Article 17).

How are Directors nominated and elected?

People proposing to stand as Directors for the first time must be nominated in writing, signed by or on behalf of a proposer who must be a Member Representative and by the person nominated and lodged with the Mutual (Article 19).

An Independent Director has to be nominated by the Chairman of the Mutual and lodged with the Secretary at least 25 days before the general meeting at which nomination is contemplated (Article 21).

A third of the Member Directors must offer themselves for re-election annually for a second term of three years. Thereafter, the appointment of a retiring Member Director for any further term shall require approval of a special resolution. All Independent Directors shall retire annually and are eligible for re-election (Article 26).

A retiring Member Director who has served 9 consecutive years shall not be eligible for re-election until the passage of 3 years. A retiring Independent Director who has served 5 consecutive years shall not be eligible until the passage of 3 years (Article 26).

Directors over the age of seventy-five must submit themselves for re-election annually (Article 26).

Each Participating Member is entitled to one vote per Director vacancy (Article 15).

In the event that the number of Directors goes below five, the Chairman may appoint Directors to bring the numbers up to five. Such Directors will resign as soon as the number of elected Directors reaches five (Article 25).

What are the powers of Directors?

The Board's responsibilities are to manage the business of the Mutual (Article 36).

Board meetings will be held as the Directors think fit (Article 37) and a quorum will be 5 Directors, with the majority being Member Directors (Article 39).

Decisions of the Board require a majority vote with the chairman having the casting vote, as necessary (Article 41).

The Board may delegate some or all of its responsibilities to committees, on which at least one Director must sit (Article 43) or to independent Managers (Article 50).

Only Independent Directors are entitled to remuneration. All Directors may be paid reasonable expenses incurred in connection with attending and returning from meetings or in connection with the business of the Mutual (Articles 27 to 32).

How are general meetings run?

The Mutual must hold at least one general meeting (an AGM) every calendar year and with a gap of no more than 15 months between each other. Any other general meetings within a calendar year will be called an extraordinary general meeting (Article 53).

A general meeting can be called by resolution of the Board of Directors or by request of Participating Members representing at least 50% of the voting rights (Article 54).

At least twenty-one days' notice must be given of an AGM and at least fourteen days' notice in any other case (Article 55).

A quorum of 3 Member Representatives of 3 Participating Members is required for a general meeting (Article 58).

Votes will be held by a show of hands or, if required by at least three Member Representatives, a poll (Article 63).

The Chairman has the casting vote in the event of equality of votes (Article 65).

Participating Members are entitled to vote at general meetings by proxy (Article 66).