

NEW ZEALAND WOOL CLASSERS ASSOCIATION INCORPORATED

RULES

TABLE OF CONTENTS

Clause	Page
1 NAME	1
2 REGISTRATION.....	1
3 REGISTERED OFFICE.....	1
4 INTERPRETATION	1
5 SEAL	4
6 OBJECTS OF THE SOCIETY	4
7 POWERS OF THE SOCIETY.....	6
8 MEMBERSHIP	9
9 SUBSCRIPTIONS.....	11
10 FURTHER SUBSCRIPTIONS	11
11 BANK ACCOUNT	11
12 TERMINATION OF MEMBERSHIP	12
13 DISCIPLINE OF MEMBERS FOR MISCONDUCT	13
14 BOARD OF DIRECTORS	14
15 ELECTION AND/OR APPOINTMENT OF THE BOARD OF DIRECTORS	17
16 REMOVAL OF MEMBERS OR OFFICERS OF THE BOARD OF DIRECTORS	19
17 CASUAL VACANCIES OF BOARD OF DIRECTORS.....	19
18 BY LAWS	20
19 EXPENSES AND REMUNERATION OF BOARD MEMBERS:	20
20 DUTIES AND POWERS OF MEMBERS OF THE BOARD.....	20
21 DUTIES OF THE SECRETARY.....	21
22 APPOINTMENT OF A GENERAL MANAGER.....	22
23 MEETINGS	22
24 VOTING RIGHTS AND PROXY VOTES	26
25 POSTAL BALLOTS	27
26 STANDING ORDERS	30
27 AUDIT.....	ERROR! BOOKMARK NOT DEFINED.

28	REGISTRATION.....	33
29	POWER TO AMEND OR REPEAL THE RULES OF THE SOCIETY.....	34
30	DISSOLUTION.....	35
31	INDEMNITY.....	35
32	NOTICES.....	36
33	ASSIGNMENT.....	36
34	CONFIDENTIALITY.....	37
35	PAYMENTS TO MEMBERS.....	39

SCHEDULES

1	INDEMNITY DEED OF BOARD OF DIRECTORS.....	40
2	EXCLUSIONS.....	40
3	ADVANCEMENT OF COSTS AND REPAYMENT.....	41
4	OFFICERS LIABILITY INSURANCE.....	41
5	MISCELLANEOUS.....	42

1 NAME

- 1.1 **Name:** The name of the incorporated society shall be “**NEW ZEALAND WOOL CLASSERS ASSOCIATION INCORPORATED**” (“the Society”).

2 REGISTRATION

- 2.1 **Incorporated Society:** The Society shall be registered as an incorporated society under the Act.
- 2.2 **Effect:** The effect of registration shall mean that all persons who are Members of the Society at the time of registration or who become Members after registration shall be bound by the Rules and the policy of the Society during the continuance of their Membership.

3 REGISTERED OFFICE

- 3.1 **Registered Office:** The registered Head Office of the Society shall be at the offices of Baker Tilly Staples Rodway, 329 Durham Street North, Christchurch Central City, Christchurch 801.
- 3.2 **Board of Directors Can Change:** The Board of Directors of the Society may change the registered Head Office (and postal address) from time to time PROVIDED THAT:
- (a) **Notify Registrar:** any such change shall be forthwith notified to the Registrar together with the date of that change; and
 - (b) **Notify Members:** the Secretary shall notify all Members of any change as to the postal address and/or registered Head Office.

4 INTERPRETATION

- 4.1 **Definitions:** In these Rules, unless the context otherwise requires:

“**Act**” means the Incorporated Societies Act 1908 and any substitutions thereof or amendments thereto;

“**Annual General Meeting**” means a meeting held under Rule 23.1;

“**Associate Members**” means Members other than Full Members

“**Association Registrar**” means the Registrar of the Members of the Association from time to time.

“**Board**” means Board of Directors;

“Board of Directors” means the committee established by resolution of the Members to manage the Society’s activities;

“Business Day” means a day that banks are open for business in New Zealand;

“Chairman” means the Chairman, for the time being, of the Society and of the Board of Directors;

“Costs” includes legal fees and expenses on a solicitor and client basis.

“Deputy Chairman” means the Deputy Chairman, for the time being, of the Society and of the Board of Directors;

“Designated Qualification” means such qualification as the Board shall designate and publish from time to time.

“Differential Subscriptions” means a variation in the amount of subscription to be paid or is owed to the Society by a Member.

“Extraordinary General Meeting” means all General Meetings other than Annual General Meetings.

“Financial Year” means the period of twelve (12) months ending with 31 March;

“General Meeting” means a meeting held pursuant to Rule 23.3.

“Grower” means a person engaged in New Zealand in the business of farming sheep (whether in conjunction with any other business or not).

“Indemnity Deed” means the indemnity deed for the Board of Directors as provided for in Schedule 1;

“Members” mean any persons who satisfy the criteria set out under Rule 8 .
“Membership” has a corresponding meaning;

“P Stencil” means a provisional stencil issued by the Society carrying such restrictions and conditions as the Society shall determine from time to time.

“Q Stencil” means a stencil issued by the Society subject to restrictions on the type of wool the holder of which may class.

“Register” means the register containing the names and particulars of Members and Associate Members.

“Registrar” has the same meaning as defined in Section 3 of the Act;

“**Rule**” means a rule set out in this document including the attached schedules and any subsequent amendments.

“**Secretary**” means the Secretary, for the time being, of the Society as appointed by Board of Directors;

“**Sheep**” has the commonly ascribed meaning and includes lambs;

“**Special Vote**” means a vote cast in accordance with Rule 23.17;

“**Standing Orders**” means the standing orders of the Society, as set out in Rule 26;

4.2 **Rules of Interpretation:** In these Rules, unless the context otherwise requires:

- (a) **Headings:** Rule headings and other headings are for ease of reference only and shall be deemed not to form any part of these Rules or to affect the construction of these Rules;
- (b) **Plural and Singular:** words importing the singular number shall include the plural and vice versa;
- (c) **Persons:** references to persons shall be deemed to include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not they have separate legal personality;
- (d) **Rules, Schedules etc.:** references to Rules and Schedules are references to Rules and Schedules of these Rules. References to Paragraphs are references to Paragraphs of a Schedule;
- (e) **Obligations:** any obligation not to do something shall be deemed to include an obligation not to suffer, permit or cause that thing to be done. An obligation to do something shall be deemed to include an obligation to cause that thing to be done;
- (f) **Rights:** a right conferred by these Rules to do any act or thing shall be capable of being exercised from time to time;
- (g) **Statutes, Regulations:** references to a statute includes references to regulations, orders, notices or codes of practice made under or pursuant to such statute, or regulations made under the statute, and references to a statute or regulation includes references to all amendments to that statute or regulation (whether by subsequent statute or otherwise) and references to a statute or regulation passed in substitution for that statute or regulation.

5 **SEAL**

- 5.1 **Seal:** The Society shall have a seal which shall bear the name of the Society.
- 5.2 **Custody of Seal:** An officer of the Board shall have custody of the Seal and it may only be removed from the custody of that officer by resolution of the Society.
- 5.3 **Seal to be witnessed:** The affixing of the seal shall be witnessed in writing pursuant to Rule 5.4 by any one officer of the Board.
- 5.4 **Execution Clause:** Every such instrument shall have the following execution clause:

“The seal of **New Zealand Wool Classer Association Incorporated** was hereunto affixed by the authority of the Board of Directors and in the presence of:...”

.....

- 5.5 **Destroy, Alter, Renew Seal:** The Board may by resolution of the Board or the Society at any time destroy, alter and renew the existing seal of the Society and substitute a new seal.

6 **OBJECTS OF THE SOCIETY**

- 6.1 **Objects:** The objects for which the Society is established are:
 - (a) **Representation:** to represent the interests of the Society and its Members and Associate Members by establishing itself as an advocate for New Zealand Wool Classers and ensuring representation where necessary for the benefit of the New Zealand Mid Wool Classing industry.
 - (b) **Promotion and Development:** To promote, develop and serve, non-parochially, the collective interests, prosperity and general advancement of New Zealand Wool Classers and matters which are national or international in their scope:
 - (i) By the establishment of industry structures to serve them;
 - (ii) By the introduction and operation of programmes for the benefit of the New Zealand Wool Classing Industry;
 - (iii) By the provision of services, facilities and information for the benefit of the New Zealand Wool Classing industry.
 - (c) **Skills:** to aid the development and maintenance of the skills of New Zealand Wool Classers and potential New Zealand Wool Classers.

- (d) **Quality:** to ensure the maintenance of quality service by the Members to the wool industry.
 - (e) **Education:** to ensure the provision of adequate education and educational standards for potential new Members of the Society, and the provision of adequate continuing education for all Members
 - (f) **Standards:** to set and maintain standards for Members.
 - (g) **Strategies:** to develop and promote responsive and focused strategies which shall emphasise co-operation across all industry sectors for the benefit of New Zealand Wool Classers and their customers;
 - (h) **Organisational structure:** to establish an appropriate ongoing organisational structure, with sufficient independence and security to give certainty to the Society's ability to achieve its objects;
 - (i) **Circulate information:** to disseminate information of importance and interest to Members;
 - (j) **Liase:** to develop close liaison and co-operation with all sectors of the wool industry ;
 - (k) **Cohesive structure:** to develop a cohesive specialised industry structure, with supporting information services, and a database to serve Members;
 - (l) **Develop interest:** to provide support and co-operation that encourages new and widened interest in wool classing and to develop, or assist in developing, opportunities for the benefit of Members.
 - (m) **Government Funding:** seek and secure from the government of New Zealand and local governing bodies and from any interested individual or organisation recognition and financial support for carrying out the objects of the Society as aforesaid;
 - (n) **Activities To Promote Interest of Members:** engage in legislative, political, educational, civic, and any other activity which directly or indirectly advances the interests of the Society and Members of the Society;
 - (o) **General:** do any act, matter or thing which may appear to the Society to be incidental or conducive towards the carrying into effect, or attainment of, the objects of the Society.
- 6.2 **Governing Statutes:** All the above mentioned "objects" are subject to the provisions of the Act.
- 6.3 **Performance of Objects:** Subject to Rule 6.4 below, the Society may perform any of the objects specified in Rule 6.1:

- (a) **Partnership or Joint Venture:** in a partnership or joint venture with;
or
- (b) **Arranging for Performance:** by arranging for its performance by;

Any other person or persons (including a company or companies in which the Society holds shares).

- 6.4 **Restriction on Performance of Objects:** None of the foregoing objects shall entitle the Society to carry on its activities for pecuniary gain except in the furtherance of the above objects or for the purposes of obtaining funds for the achievement and performance of those objects, and subject to compliance with Section 6 of the Act.

7 POWERS OF THE SOCIETY

- 7.1 **Powers:** The Society shall have as incidental and ancillary to its objects specified above, the rights powers and privileges of a natural person which may only be exercised for the purpose of fulfilling its objects, including but not by way of limitation:
- (a) **Raise funds:** to raise funds by levies, subscriptions and any other means and to accept donations and gifts of any kind which funds, shall be used for the attainment of the objects of the Society;
 - (b) **Purchase Property:** purchase or otherwise acquire (by gift, devise, bequest or any other means) or otherwise take or lease any property, rights, privileges, at such price and on such terms and conditions as the Society may think fit;
 - (c) **Pay for Property:** pay for property, rights, privileges and things, and any services rendered to the Society;
 - (d) **Manage Property:** sell, improve, maintain, manage, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property assets and rights of the Society.
 - (e) **Mortgages and Purchases etc.:** take or hold mortgages liens and charges to secure payment of the purchase price, or any unpaid balance of the purchase price, of any part of the Society's property of whatsoever kind sold by the Society, or any money due to the Society from purchasers and others;
 - (f) **Negotiate And Contract:** enter into any negotiations, agreements, or contracts, preliminary, conditional or final, which the Society is empowered to enter into and give effect to, modify, vary or rescind them;

- (g) **Arrangements:** enter into any arrangements with any person that may seem conducive to the Society's objects, or any of them; and to obtain from any such person any rights, privileges and concessions which the Society may think it desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
- (h) **Construction And Maintenance:** construct, improve, maintain, develop, manage, or control any buildings, and other works and conveniences which may seem calculated directly or indirectly to advance the Society's interests; and to contribute to, subsidise or otherwise assist or take part in the construction, improvements, maintenance, development, working, management, carrying out or control thereof;
- (i) **Borrowing:** raise or borrow money in such manner and upon such security (if any) as the Society shall think fit;
- (j) **Control and Investment of Funds:** to lend and advance money beyond an advance made as an ordinary activity of the Society;
- (k) **Investment Of Funds:** invest and deal with the moneys of the Society not immediately required upon such securities or otherwise in such manner as may from time to time be determined by the Society and from time to time to vary such investment or realise the amount invested therein with such investment returns being applied to enable the Society to meet its costs;
- (l) **Guarantees:** guarantee the payment or performance of any debts, contracts, incurred on behalf of the Society or become surety for any person, firm or company acting on the instructions of the Society;
- (m) **Indemnities:** give indemnities to any officer or other person whether a Member of the Society or not who has undertaken or is about to undertake any liability on behalf of or for the benefit of, and to secure such officer or other person against loss;
- (n) **Licences:** obtain all licences, powers and authorities necessary to carry out any of the objects of the Society;
- (o) **Appointment Of Trustees:** appoint any person, to acquire, accept and hold in trust for the Society any property or assets belonging to the Society or in which it may be interested or which it may desire to acquire or control, and for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee;
- (p) **Agents and Attorney:** appoint agents and attorneys (under Powers of Attorney) for the Society in New Zealand and elsewhere, with such powers (including the power to sub-delegate) as may be thought fit;

- (q) **Legal Representatives:** appoint Legal Representatives for the Society in New Zealand and elsewhere, with such powers (including the power to sub delegate) as may be thought fit;
- (r) **Employees Of the Society:** to employ Members, its officers and/or any other persons on a full or part-time basis whether in New Zealand or offshore and to remunerate them, and generally employ them and to terminate such employment in accordance with established procedures, PROVIDED THAT this rule shall not terminate any contractual agreements at present in force between the Society and its employees or officers;
- (s) **Remuneration:** remunerate any person for services rendered or to be rendered, in or about the organisation formation or promotion of the Society or the conduct of its objects;
- (t) **Expenses and Emoluments:** apply the funds of the Society in the manner as set out in the Rules and for the following purposes:
 - (i) In payment of all expenses and emoluments incidental to the carrying out of the objects of the Society or any of them including any authorised honorarium;
 - (ii) The travelling expenses and other allowances for delegates, representatives, Members and officers of the Society.
- (u) **Entertainment:** To promote and hold functions and entertainments of any kind with or without charge and whether for the exclusive benefit of the Members of the Society or not and to use any funds derived there from for the furtherance of the objects of the Society;
- (v) **Cheques And Other Negotiable Instruments:** issue cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and receipts for money paid to the Society which shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be, in such manner as the Society may from time to time by resolution determine;
- (w) **Legal Proceedings:** commence and carry on or defend, and to abandon and compromise any legal proceedings whatsoever by or against the Society or its officers and otherwise concerning the affairs of the Society, or to refer any claims or demands by or against the Society to arbitration; and to observe and perform the contracts, and to accept compositions from or to compound with or give time to any debtor or contributory owing money or alleged to owe money to the Society;
- (x) **Affiliates:** affiliate with any society, association or body corporate having, in the opinion of the Board, similar objects or to join or co-

operate with or subscribe to the funds of any such society, association or body corporate for the purpose of better attaining or otherwise furthering the objects or interests of the Society;

- (y) **Carry Out Objects:** carry out all or any of the objects of the Society and do all or any of the above things as principal, agent, contractor or trustee or otherwise and by or through trustees or agents or otherwise, and either alone or in conjunction with others;
- (z) **General Power:** do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Society;
- (aa) **Wider Application:** in the event of any ambiguity this Rule and each and every Rule shall be construed in such a way as to widen and not restrict the powers of the Society and the Board;
- (bb) **Interpretation:**
 - (i) The order of appearance is not, except where expressly required by the context, to be construed as limiting or restricting any power;
 - (ii) Similar powers appearing in different places are concurrent with and not in substitution for each other;
 - (iii) Each power is exercisable independently of every other power;
 - (iv) The construction to be adopted in case of doubt is to favour the broadening of the powers.

7.2 **Restrictions on Powers:** none of the foregoing powers shall entitle the Society to carry on its activities for pecuniary gain except in the furtherance of the above powers and the objects of the Society or for the purposes of obtaining funds for the achievement and performance of those powers and objects, and subject to compliance with Section 6 of the Act.

8 MEMBERSHIP

8.1 **Becoming a Member:** The following persons will or may become Members of the Society:

- (a) New Zealand Wool Classers included in the Register at 30 June 2006 and who have paid all outstanding membership fees and other amounts due will automatically become FULL Members of the Society on 1 July 2006;
- (b) Fully paid up holders of P Stencils and Q Stencils whose names are on the Register at 30 June 2006 will become Associate Members.

- (c) Any person who can demonstrate that he has the requisite qualifications to become a Full Member or an Associate Member of the Society.

8.2 **Categories of Membership:** Membership of the Society shall be of the following categories:

- (a) Full Members;
- (b) Associate Members.

8.3 **Eligibility:** Any person may apply for membership under one of the above classifications, subject to the following restrictions on their eligibility to subscribe to that category of Membership:

- (a) Full Membership:
 - (i) Any person who demonstrates to the satisfaction of the Society that he has a Designated Qualification;
 - (ii) Any person who has satisfied the requirements for graduating from a P Stencil.
- (b) Associate Membership:
 - (i) Any persons who commences a course which will result in a Designated Qualification whilst so ever as he maintains that course;
 - (ii) Any person who holds a Designated Qualification and has proceeded to hold a P Stencil.
 - (iii) Any person holding a Q Stencil.

8.4 **Form of application:** Applications for Membership shall be addressed to the Society in such form as the Board may from time to time decide, and every application for Membership shall be made in writing.

8.5 **Consideration of application:** Applications for Membership (other than Membership by Levy Payment) shall be considered by the Board who shall have absolute discretion on the granting or refusal of such applications without assigning any reason, and in cases where applications are declined any subscription paid by the applicant shall be refunded immediately.

8.6 **Entity Membership:** All Members that are trusts, incorporated companies, incorporated societies, partnerships or associations shall be regarded as one Membership entity and shall not be entitled to apportion its rights as a Member amongst its trustees, shareholders, Members or partners, and must exercise the rights afforded it as a Member as one entity only.

9 SUBSCRIPTIONS

- 9.1 **Determined by Board of Directors:** Subscriptions and conditions of payment other than those provided for in these Rules shall be determined annually by the Board.
- 9.2 **Paid in Advance:** Subject to Rule 9.3 subscriptions shall be paid in advance for the Financial Year of the Society within one month of the subscription becoming due.
- 9.3 **Part Payment:** Those Members that are required to pay a subscription shall within fourteen (14) days of commencement of Membership, pay a proportion of the subscription calculated according to the portion of the Financial Year that has not yet elapsed.
- 9.4 **Payment Methods:** The subscription may, by arrangement with the Secretary, be paid by regular monthly or quarterly instalments or by credit card, automatic bank payment or similar credit facility.
- 9.5 **Not Permitted to Vote:** Any Member who has not paid a subscription or levy (and is required to do so) and who's Membership has not been terminated under Rule 12.4(a) shall not be permitted to vote on the affairs of the Society.
- 9.6 **Board of Directors can Sue:** The Board may on behalf of the Society sue for and recover by way of debt all unpaid subscriptions and any other money owed to the Society.

10 FURTHER SUBSCRIPTIONS

- 10.1 **Differential Subscriptions:** In addition to the subscriptions provided for in Rule 9, the Board may at its discretion determines and imposes Differential Subscriptions upon Members having regarded to the objects it is performing.
- 10.2 **Additional Subscriptions:** In the event of expenditure being incurred or decided upon in any year in connection with carrying out the objects of the Society the Board may authorise additional subscriptions on Members with such additional subscriptions to be calculated by the Board.

11 BANK ACCOUNT

- 11.1 **Bank Account:** The Society's bank account shall be operated jointly by the Chairman and a General Manager (if a General Manager is appointed) and in the absence of either the Chairman or the General Manager, one other Board member, or by any other two signatories from a panel authorised by the Board.
- 11.2 **Bank:** A current banking account shall be kept at the Bank of New Zealand, or such other bank as may from time to time be decided upon by the Board.

- 11.3 **Borrowing:** The Board shall have the power to borrow by way of bank overdraft for the working expenses of the Society or for other purposes, such amounts of money either at one time or from time to time at such rates of interest and on such terms as the Board may deem necessary or expedient. Any member becoming surety for any loan shall be indemnified by the Society in respect of such surety. No borrowing shall be entered into which, in the exercise of reasonable prudence, may prejudice the financial viability of the Society.

12 TERMINATION OF MEMBERSHIP

- 12.1 **Notice of Termination:** If a Member wishes to terminate his Membership of the Society, that Member shall deliver to the Secretary fourteen (14) days notice in writing of termination and shall pay all subscriptions due to the date of expiry of notice. No part of subscriptions already paid shall be refundable unless approved by the Board.
- 12.2 **Involuntary Cessation of Membership:** A Member of the Society shall cease to hold Membership of the Society if his or her subscription or levy remains in arrears for sixty (60) days after the date that the respective subscription or levy was due and payable. The Board may at its discretion at any time reinstate such Member upon payment by him or her of all arrears of subscriptions.
- 12.3 **Cessation of Interest:** Upon termination or cessation of Membership of the Society a Member shall cease to have any interest in or claim upon the funds or property of the Society.
- 12.4 **Termination of Membership:** Other than the right of resignation open to all Members, Membership may be terminated by the unanimous decision of the Board, when a Member:
- (a) Fails to meet the subscription liability of the Society or levy payments;
 - (b) Fails to act in a manner consistent with the good name of the Society;
 - (c) Acts in a manner liable to bring the Society into disrepute;
 - (d) Acts in a manner which in the opinion of the Board may prevent one or more of the objects of the Society being achieved;
 - (e) Is found to be guilty of breach of standards pursuant to Clause 13(d)
- 12.5 **No exemption from liability:** Resignation or termination of a Membership shall not exempt the Member from liability in respect of any act or omission while that person was a Member and any resignation shall not be effective, except by leave of the Board, until the Member has paid all dues required to be paid under Rules 9 and 10.

13 DISCIPLINE OF MEMBERS FOR MISCONDUCT

13.1 **Any Member may Charge:** The Society, Board or any Member may charge (“the charging Member”) another Member (“the charged Member”) with misconduct including:

- (a) **Non-Compliance:** refusal to comply with these Rules or with the lawful resolution or directions of the Society or the Board;
- (b) **Fraud:** fraud in connection with:
 - (i) The funds or property of the Society; or
 - (ii) In relation to any election conducted under these Rules.
- (c) **Prejudice of Society Interests:** divulging the business of the Society to any non-Member in a manner calculated to prejudice the interests of the Society or its Members where such divulgence is deemed by the Board, or the Society (in the case of an appeal in accordance with Rule 11.6), to be a breach of Rule 30.
- (d) **Breach of Standards:** breach of the standards of classing a clip, or of the special standards applicable to a clip however conveyed to the Society;
 - (i) Will result in a letter from the Society giving that Member fourteen (14) days in which to give an explanation in writing as to his conduct in the matter.
 - (ii) If the Member adequately explains his conduct to the Society the Society may;
 - (a) take no further action in the matter and inform the Member accordingly; or
 - (b) Order the Member to undertake such remedial education as it deems necessary; or
 - (c) Request the Registrar to investigate the matter and report to the Society; and
 - (d) Order the member to undertake such remedial education as the Society deems necessary; and
 - (e) If the Society deems the matter serious enough to fine the Member; and
 - (f) If the Society deems the matter very serious amounting to gross negligence or deliberate misconduct to remove that Members name from the Register.

- (iii) Where the Member does not respond to the letter from the Society as set out above the Society may take such of the remedies set out in sub-clause (ii) above as it deems fit.

- 13.2 **Charge in Writing:** Any charge shall be made in writing, signed by the charging Member delivered to the Secretary.
- 13.3 **Secretary shall arrange for the Matter to be heard:** Upon receipt of the charge, the Secretary shall arrange for the matter to be heard at the next Board of Directors meeting, giving at least seven days notice of the meeting to the charged Member and the charging Member.
- 13.4 **The Secretary shall provide a copy of the Charge:** The Secretary shall provide the charged Member and the charging Member with a copy of the charge.
- 13.5 **Board of Directors shall hear Charge:** The Board shall hear the charging Member and the charged Member and shall determine the matter PROVIDED THAT if any or either of the said Members fails to attend at the hearing the Board may then determine the charge in their absences. The charging Member shall not take any part in the determining of the matter. If the charge is found proven, a fine of not more than one thousand dollars (\$1,000.00) may be imposed for a first offence and two thousand, five hundred dollars (\$2,500.00) for any subsequent offence.
- 13.6 **Appeal Board of Directors Decision:** If either the charging Member or the charged Member is not satisfied with the decision of the Board, he/she may appeal to the Society PROVIDED THAT a notice of appeal is given to the Secretary within four weeks of the decision. The appeal shall be submitted in writing and shall be dealt with at the next Meeting of the Society and shall be final and binding upon all parties concerned.
- 13.7 **False or Malicious Charge May Be Fined:** Any Member who makes a false or malicious charge may be fined up to two thousand, five hundred dollars (\$2,500.00) by the Board.
- 13.8 **Charge delivered to the Chairman:** If the charged Member under Rule 13.1 is the Secretary, any reference in this Rule 13 to “the Secretary” shall be deemed to refer to the Chairman of the Board.

14 BOARD OF DIRECTORS

- 14.1 **Board of Directors:** The affairs of the Society shall be managed by a Board of Directors consisting of a minimum of three and a maximum of eight directors.

- 14.2 **Board of Directors to exercise Society Powers:** The Board shall have, and may exercise, all the powers of the Society under Rule 7 above but in doing so will endeavour to comply with any specific directions or resolution of the Society made in General Meetings under these Rules and such powers shall include but are not limited to:
- (a) **Decide on Financial Matters:** deciding on financial matters including the control, application and disposition of property;
 - (b) **Investment and Spending:** the investment and spending of funds;
 - (c) **Borrowing:** the borrowing of money;
 - (d) **Bank Accounts:** the operation of the Society bank accounts;
 - (e) **Differential or Additional Subscriptions:** the imposition of Differential Subscriptions or additional subscriptions in accordance with Rule 10.
 - (f) **Society Policy:** directing the policy of the Society;
 - (g) **Conduct of Members:** taking such action as is provided for in Rule 13 as to conduct of Members;
 - (h) **Other Powers:** exercising such other powers as appear in these Rules.

All decisions based on the above must always be decided in a lawful manner in the interests of the Members and be strictly in compliance with the objects of the Society and its aspirations as a non-profit entity.

- 14.3 **Competency of the Board of Directors:** Subject to the requirements of these Rules as to the quorum for a meeting of the Board and as to the filling of casual vacancies, no question shall be raised as to the competency of the Board to act merely by reason of any vacancy for the time being in any office or position on the Board or any temporary deficiency howsoever arising in its numerical strength.
- 14.4 **Proceedings of the Board:** The Board may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit but shall meet at least quarterly. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. A Board member may, and the Secretary on the requisition of a Board member shall, at any time summon a meeting of the Board. It shall not be necessary to give notice of a meeting of the Board to any Board member for the time being absent from New Zealand.
- 14.5 **Meetings can be held by Telephone, Fax, Computer etc.:** The Board may at its discretion organise that attendance at meetings of the Board may be by way of conference telephone calls, fax, electronic mail or other such electronic

communication methods whereby the members need not be in direct sight of each other in order for such meeting to occur.

- 14.6 **Quorum:** The quorum necessary for the transaction of the business of the Board shall be three (3) elected Directors.
- 14.7 **Continuing Board:** The continuing Board may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Rules of the Society as the necessary quorum of Board members, the continuing Board members or Board may act for the purpose of increasing the number of Board members to that number or of summoning a General Meeting of the Society, but for no other purpose.
- 14.8 **Chairman:** The Chairman of the Board shall be Chairman of every meeting at which he shall be present, and in the absence of the Chairman the Vice Chairman shall be Chairman. In the absence of both, a member chosen by the members present at the meeting shall be Chairman. At every meeting the Chairman shall have a deliberative and casting vote.
- 14.9 **Election of Chairman and Vice Chairman:** The Chairman shall be elected annually by the Board at the first General Meeting following the Annual General Meeting and shall have one additional (casting) vote. The Vice Chairman shall also be elected annually by the Board at the first General Meeting following the Annual General Meeting.
- 14.10 **Committee meetings:** A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote. All acts done by any meeting of the Board or of a committee of Board members or by any person acting as a Board member shall, notwithstanding that it is afterwards discovered that there was some unintentional or inadvertent defect in the appointment of any such Board member or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Board member.
- 14.11 **Resolutions:** A resolution in writing, signed by all the Board members for the time being entitled to receive notice of a meeting of the Board, shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Board members.
- 14.12 **Voting by show of Hands:** All voting of the Board shall be by show of hands unless a meeting is convened according to Rule 14.5, whereby voting will be made by an appropriate method. Issues put to vote shall be passed by simple majority.

15 ELECTION AND/OR APPOINTMENT OF THE BOARD OF DIRECTORS

- 15.1 **Nominations and Eligibility:** Nominations and eligibility for Board membership shall be subject to the following:
- (a) Any Member may nominate one or more nominees;
 - (b) All nominators must be Full Members;
 - (c) All nominations must be seconded by a Full Member;
 - (d) A nominee must be a paid up Full Member.
- 15.2 **Board Elections and Voting Power:** For the conduct of all Board elections voting shall be exercisable only:
- (a) By those enrolled in the manner prescribed by the Board of the Society. Board elections shall be held in accordance with the following provisions; and
 - (b) Each Member shall be entitled to one vote.
- 15.3 **Increase or Reduction of Board Members:** Subject to Rule 14.1 the Society may from time to time by ordinary resolution increase or reduce the number of Board members, and may also determine in what rotation the increased or reduced number is to retire from office.
- 15.4 **Terms of Office:** The Board shall consist of the Officers referred to in Rule 14.1. Retiring officers shall hold office until the conclusion of the next Annual General Meeting at which their respective terms expire. The terms of office of a co-opted Board member shall be determined by the Board. A Ward elected Director shall be elected for a term of three (3) years from the date of the meeting at which they were elected.
- 15.5 **Hold of Positions:** Those elected under Rule 15.1 above shall, subject to the provisions of these Rules, hold their positions until death, resignation, removal or until their successors are elected, whichever shall occur first.
- 15.6 **Re-election of Board of Directors:** Members of the Board shall be eligible for re-election.
- 15.7 **Election of the Board of Directors:** The election of the Directors for each Ward shall take place during the year in which the then current terms expire at a date no earlier than the end of the Financial Year and no later than the Annual General Meeting of that year. In the event of resignation prior to expiry of term, nominations and election may take place contemporaneously at a General Meeting of the Members of the relevant Ward.
- 15.8 **Returning officer shall supervise the conduct of the Election:** For each election the Society shall appoint a returning officer who shall supervise the

conduct of the election. Candidates for office shall not be eligible to act as a returning officer.

- 15.9 **Returning officer to ensure Members are advised of Nominations:** The returning officer shall ensure that Members are advised by the Secretary of the calling of nominations at least three (3) weeks before the nominations are due.
- 15.10 **Nominations to be in writing:** Nominations of candidates for any elected office or elected position on the Board of Directors shall be in writing and signed by the proposer and seconder of the candidate and endorsed with the candidate's signed consent. The nomination shall be delivered to the Secretary prior to the date of the General Meeting where the election ballot will take place "the closing date".
- 15.11 **Void Nominations:** Nominations shall be void if they are:
- (a) **Received after the Closing Date:** received by the Secretary later than the closing date; or
 - (b) **Not Members:** if the proposer or seconder does not satisfy the relevant criteria of Rule 15.1 at the date of signing their nomination.
- 15.12 **Unopposed Elections:** If the number of nominations does not exceed the required number to fill the vacant offices the candidates shall be declared elected unopposed by the returning officer.
- 15.13 **Carrying out of a Ballot:** If an election is required, the returning officer shall make the necessary arrangements for, and conduct, a ballot at a General meeting, meetings, or postal ballot, as the case may be.
- 15.14 **Scrutineers:** Any candidate standing for election shall be entitled to nominate on their behalf, scrutineers to attend the counting of the ballot.
- 15.15 **Declare the Results:** The returning officer and the scrutineers shall count the ballot at the meeting or meetings and declare the results to the Members. The highest polling candidate for each office or position (as determined by the aggregate of all valid votes cast in the case of more than one meeting) shall be appointed to the office or position vacant.
- 15.16 **Preservation of Ballot Papers etc.:** All ballot papers, lists, envelopes and other documents used in connection with the election shall be preserved and retained by the Society for a period of one year from the date of the ballot.

16 REMOVAL OF MEMBERS OR OFFICERS OF THE BOARD OF DIRECTORS

16.1 **Disqualification of Board Members/Vacation of Office:** Any member or officer of the Board shall automatically vacate his or her office if he or she:

- (a) Becomes bankrupt or makes any arrangement or compromise with his or her creditors generally; or
- (b) Becomes of unsound mind, or becomes a protected person under the Protection of Personal and Property Rights Act 1988; or
- (c) Resigns his or her office by giving two months notice in writing to the Board.
- (d) Is found guilty of misconduct or has his name removed from the Association Register.

16.2 **Removal by special resolution:** A member, members, or officers of the Board shall automatically vacate office if the Society's Members pass a special resolution by a majority of 75% of the voting power present at any General Meeting of Members called, inter alia, for that purpose in accordance with the provisions of clause 23.14, to the effect that the particular Board member, or members, be removed from his or her or their position on the Board.

17 CASUAL VACANCIES OF BOARD OF DIRECTORS

17.1 **Deemed To Become Vacant:** If any officer of the Board is absent from any Board of Directors meeting for three consecutive meetings without just cause his/her position will be deemed to become vacant PROVIDED THAT after two such consecutive absences he/she is given notice by the non-absent officers of the Board of Directors that such action will take place.

17.2 **Temporary Occupant:** Should any office or position become vacant for any reason then a temporary occupant may be appointed at a Board meeting held after the vacancy affecting any position or office occurring at any time during the then current elective period. The appointment of a temporary occupant shall hold well, subject to these Rules, for the unexpired portion of such period.

17.3 **Ratification:** Any such appointment or election may be ratified by a simple majority at any special, general or Annual General Meeting of the Society following such appointment or election and the temporary occupant appointed under Rule 17.2 may exercise any or all of the powers of that position as if he/she had been duly nominated and elected to the position.

18 BY LAWS

18.1 **By-Laws:** The Board may by resolution make, alter or rescind by-laws which shall not be repugnant to these rules or the provisions of the Act. Notice of the passing of such by-laws shall be given in writing to all Members. A copy of such by-laws and of these Rules shall be kept at the Society's registered office for inspection.

19 EXPENSES AND REMUNERATION OF BOARD MEMBERS:

19.1 **Reimburse expenses:** The Society shall reimburse Board Members for all the reasonable expenses incurred by them in the undertaking of their duties relative to the Society's business and affairs.

19.2 **Remuneration:** Remuneration as deemed appropriate shall be paid to the Board Members recognising the level of commitment involved, and the importance of attracting suitable Board candidates. The level of remuneration shall be determined by General Meeting upon recommendation by the Board.

20 DUTIES AND POWERS OF MEMBERS OF THE BOARD

20.1 **Duties and Powers of Chairman:** the Chairman shall have the following powers and duties:

- (a) **Supervision:** To supervise the business and affairs of the Society by:
 - (i) Attending and presiding over all meetings of the Society, and of the Board of Directors, to keep order, to conduct the business and to decide all points of order;
 - (ii) Obeying all such lawful instructions, and to do and perform all such lawful things and acts as may be given or required to be done by a meeting of the Society or by the Board of Directors.
 - (iii) Performing such other lawful duties as may usually ascertain to the office of Chairman.
- (b) **Powers at a Meeting:** When presiding at a meeting the Chairman shall have power:
 - (i) To exercise a deliberative vote, and in the case of equality of voting, an additional casting vote.
 - (ii) To decide the order of business, to put motions and to declare the result of the voting.

- (iii) To order the removal from a meeting of any person obstructing the business of the meeting or behaving in a disorderly manner, or of any person not entitled to be present.
- (iv) By a resolution of the meeting or in the absence of a quorum, to adjourn a meeting or to declare a meeting closed.
- (c) **General Power:** Generally to do and perform such other lawful things and acts as may be necessary or desirable to carry on the business of a meeting with order and regularity including any other power or duty referred to in these Rules.

20.2 **Duties and Powers of Deputy Chairman:** It is the duty of the Deputy Chairman to assist the Chairman in carrying out the duties appertaining to his or her office, and in the absence of the Chairman, the Deputy Chairman exercises all the powers and shall perform all the duties of the Chairman.

21 DUTIES OF THE SECRETARY

- 21.1 **Secretary:** The Secretary shall be appointed by the Board and shall attend to the arrangement and organisation of Board meetings and shall generally assist in the administration of the Society, including:
- (a) **Summon Meetings:** In liaison with the Chairman summon meetings of the Board by notifying all Board Members of the venue, date and agenda to be discussed at the Board meeting. Not less than seven (7) days notice of any Board meeting shall be given to each Board Member provided however that unintentional or inadvertent failure to give such notice shall not invalidate the proceedings of the Board meeting if a properly constituted quorum is present;
 - (b) **Minutes:** Keep minutes of all annual or General Meeting of the Society and all Board meetings;
 - (c) **Hold Documents:** Hold in his or her custody all papers and documents relating to the affairs of the Society;
 - (d) **Register of Names:** To keep a register of the names, occupations and addresses of Members, with the date of their joining the Society, and of their withdrawal or death, as the case may be.
 - (e) **Correspondence:** Conduct correspondence on behalf of the Society and attend to all clerical work;
 - (f) **Annual Return:** Prepare an annual return and furnish the same to the Society at each Annual General Meeting, and shall ensure that the same is filed with the Registrar of Incorporated Societies.

- (g) **All lawful instructions:** To obey all such lawful instructions and to do and perform all such lawful things and acts as may be given or required to be done by a meeting of the Society, or of the Management Committee, or by the Act and its amendments, or by these Rules.
- (h) **Generally:** Attend to such other duties as may form part of the job description determined or approved by the Board.

22 APPOINTMENT OF A GENERAL MANAGER

- 22.1 The Board may, at its discretion, appoint a General Manager to conduct such duties and to have such powers as the Board deems necessary, subject to the provisions of these Rules.

23 MEETINGS

- 23.1 **Annual General Meetings:** An Annual General Meeting shall be held during the period May – July inclusive in each year on a date to be fixed by the Board, and at such time and place as the Board shall appoint. At each Annual General Meeting such business as shall have been specified in the notice convening the meeting (which notice shall be sent by post to all Members entitled to vote at least twenty one (21) days prior to the date fixed for the holding of the meeting) shall be transacted.
- 23.2 **Meetings can be held by Telephone, Fax, Computer etc.:** The Society or the Board of Directors may at its discretion organise the attendance of one, some or all Members at General Meetings by way of conference telephone calls, fax, electronic mail or other such electronic communication methods whereby the Members need not be in direct sight of each other in order for such meeting to occur.
- 23.3 **General Meetings:** A meeting called for the passing of a resolution (special or general) or to discuss matters of importance as deemed by the Board shall be called by at least twenty one (21) days notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereafter mentioned or in such other manner, if any, as may be prescribed by the Society in General Meeting, to such persons as are, under these rules of the Society, entitled to receive such notices from the Society PROVIDED THAT a meeting of the Society shall, notwithstanding that it is called by shorter notice than that specified in these rules, be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as the Annual General Meeting, by all the Members entitled to attend and vote thereat; and

- (b) in the case of any other meeting, by a majority in number of the votes held by Members having a right to attend and vote at the meeting, being a majority together holding not less than 85% in total voting rights in the Society.
- 23.4 **Omission to give notice:** The accidental omission to give notice of a meeting, to or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 23.5 **Special Business:** All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all that is transacted at an Annual General Meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the General Manager, Chairman, Secretary or auditor, the election of Board members in the place of those retiring, and the appointment of auditors, and the fixing of remuneration of Board members and the auditors.
- 23.6 **Quorum:** No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as herein otherwise provided, fifteen (15) Members that are eligible to vote shall constitute a quorum.
- 23.7 **No Quorum:** If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved, in any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.
- 23.8 **Adjournments:** The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 23.9 **Voting:** Any question submitted to a meeting of Members shall be decided by a majority of votes cast in accordance with the provisions of rule 24.1 hereof, subject to an expression to the contrary in these Rules.
- 23.10 **Method of Vote:**
 - (a) At any General Meeting a resolution put to the vote of the meeting (other than an election) shall be decided verbally or by a show of hands or where a meeting is conducted in accordance with Rule 23.2 voting

shall be by fax or e-mail or any other means of electronic communication where appropriate, unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) By the Chairman; or
- (ii) By at least three Members present in person or by proxy; or
- (iii) By any Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting.

(b) Unless a poll is so demanded a declaration by the Chairman that a resolution has verbally or by show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(c) The demand for a poll may be withdrawn.

23.11 **Conducting a Poll:** If a poll is duly demanded it shall be taken in such manner as the Chairman directs, subject to the provisions of Rule 24.1 hereof, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

23.12 **Equality of Votes:** In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

23.13 **Election or Adjournment Poll:** A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of the poll.

23.14 **Calling an Extraordinary General Meeting:** An Extraordinary General Meeting of the Society shall be convened by the Secretary to be held within twenty eight (28) days after receiving a notice signed by four (4) members of the Board or upon the written request of not less than fifteen (15) Members eligible to vote, and stating the business to be brought forward. A notice calling such meeting and stating the nature of the business to be dealt with shall be sent by post to each Member entitled to vote at least (21) days before the date fixed for such a meeting. No meeting shall be irregular or invalid by reason of the non receipt by any Member of the notice posted to that member.

- 23.15 **Irregularity:** PROVIDED the requisite notice has been issued and a quorum is present, if an irregularity occurs in the convening or holding of any meeting of the Society or of the Board or in connection with any election which is not objected to at the time all proceedings at such meetings or elections shall be valid as if the irregularity had not occurred. If any irregularity is objected to the meeting shall decide upon the effect thereof and such decision shall be final and conclusive.
- 23.16 **Irregularity in Postal Ballot:** The procedures for dealing with irregularities in postal ballots are set out in Rule 25.9.
- 23.17 **Special Votes.** A Member entitled to vote at a General Meeting or Annual General Meeting, who is unable attend that meeting may cast a Special Vote on any issue that is to be decided by vote. The Special Vote shall be cast up to 2 days prior to the meeting being held.
- 23.18 **Special Votes known:** the returning officer shall in all cases ensure that the provisions in respect of special votes are known and available to Members and that adequate notice is given to conform.
- 23.19 **Decisions during Absences:** Every question or election that may be validly decided at a meeting shall be decided by a majority of those present and voting thereon; PROVIDED THAT this shall include all Special Votes validly cast. If more than one meeting of the Society is to be held to vote on any question or election the votes cast shall be aggregated and the result shall be determined by the overall majority of Members balloted.
- 23.20 **Secret Poll or Postal Ballot:** Four or more Members may require a secret poll or secret postal ballot of Members which shall be conducted immediately by a returning officer appointed by the Members.
- 23.21 **Chairman shall have power to rule on certain matters:** Subject to the decision of the meeting, the Chairman shall have power to rule upon any question that may arise as to the conduct, adjournment or termination of a meeting, or as to the right of a Member to move a motion or to speak.
- 23.22 **Act in Stead:** Subject always to these Rules, should any officer of the Board of Directors be absent from any meeting of the Society, the Members present may elect a person from among their number to act in the absent officer's stead at the meeting, who shall have and may exercise all the powers and shall perform all the duties of the absent officer PROVIDED THAT where two officers of the Board of Directors are absent this Rule 23.22 shall not apply and another meeting shall be rescheduled by those Members present with notice of such meeting to be provided in accordance with Rule 23.13.

24 **VOTING RIGHTS AND PROXY VOTES**

- 24.1 **Voting Rights:** Full Members shall have one vote at General Meetings or in a postal ballot.
- 24.2 **Proxy Votes:** Any member may exercise his or her vote by proxy with respect to any matter to be dealt with at a meeting of the Society (subject to Rule 24.3) which matter has been specified in a notice of the proposed meeting and for this purpose proxy forms shall be sent together with a notice of all meetings.
- 24.3 **Not including elections:** Proxy votes shall not be allowed at any election.
- 24.4 **Poll Votes:** On a poll votes may be given either personally or by proxy.
- 24.5 **In writing:** The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing, or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Society.
- 24.6 **Instrument to be deposited:** The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Society or at such other place within New Zealand as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 24.7 **Form of Proxy:** An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

New Zealand Wool Classers Association Incorporated

I/We _____, of _____, being a member/s of New Zealand Wool Classers Association Incorporated hereby appoint _____, of _____, or failing him _____, of _____, as my/our proxy to vote for me/us on my/our behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company to be held on the _____ day of _____ 20____, and at any adjournment thereof.

SIGNED this _____ day of _____ 20____.

- 24.8 **Proxy for voting:** Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

New Zealand Wool Classers Association Incorporated

I/We, _____, of _____,
 _____, being a member/members of New Zealand Wool Classers Association
 Incorporated by appoint _____ of _____,
 _____, or failing him, _____, of _____,
 _____, as my/our proxy to vote for me/us on my/our behalf at the
 [Annual or Extraordinary, as the case may be] General Meeting of the Society,
 to be held on the _____ day of _____
 20_____, and at any adjournment thereof.

SIGNED this _____ day of _____ 20_____.

* This form is to be used *in favour of the Resolution
 against _____

* Unless otherwise instructed, the proxy will vote as he thinks fit.

* Strike out whichever is not desired

24.9 **Confer authority:** The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

24.10 **Non-revocation:** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, if no intimation in writing of such death, insanity or revocation as aforesaid has been received by the Society at the registered office before the commencement of the meeting or adjourned meeting at which the proxy issued.

25 POSTAL BALLOTS

25.1 **Postal ballot:** Notwithstanding Rule 23.10, the Board may, in its discretion, determine that any resolution (including an election), that otherwise would be determined by an Extraordinary General Meeting of the Members, may be determined by a postal ballot, whereby Members may exercise the rights to vote upon a particular resolution by casting a postal vote in accordance with the provisions of Rules 25.1 to 25.8 to these rules.

25.2 **Notice:** The notice of the postal ballot (“the notice”) must provide for the following:

- (i) The resolution which is the subject of the postal ballot;
- (ii) Any material and information which the members of the Board believe is relevant to explain the issues involved;

- (iii) The date and time by which the voting papers must be returned;
- (iv) The name of the person authorised by the Board to receive and count the postal votes (“the returning officer”).

- 25.3 **Returning Officer:** The returning officer shall be appointed by the Board.
- 25.4 **Notice to be sent:** The notice together with the voting paper, in the form to be prescribed by the Board at the time of the postal ballot shall be sent to all eligible voting Members of the Society not less than fourteen (14) working days before the date at which the voting papers must be returned. The form of the notice and the postal ballot voting form shall be prescribed by the directors from time to time (subject to Rule 25.2 herein).
- 25.5 **Casting Postal Vote:** A Member may cast a postal vote by sending the prescribed voting paper to the returning officer. The postal voting paper must reach the returning officer not later than that date and time prescribed in the notice as the date and time at which the voting papers must be returned.
- 25.6 **Returning Officer Procedures:** It is the duty of the returning officer to receive and count postal votes, and:
- (a) To collect together all postal votes received by him or her or by the Society; and
 - (b) In relation to each resolution to be voted on, to count:
 - (i) the number of Members voting in favour of the resolution and the number of valid votes cast by each Member in favour of the resolution; and
 - (ii) The number of Members voting against the resolution, and the number of valid votes cast by each Member against the resolution; and
 - (iii) To put to one side and count those postal votes which:
 - (A) Do not carry the names and addresses of those Members entitled to vote;
 - (B) Arrived late;
 - (C) Which are otherwise invalid, or illegible.
 - (c) To sign a certificate that he or she has carried out the duties set out in subclause (a) and (b) of this Rule and which set out the results of the counts required by subclause (b) of this Rule 25.6.
 - (d) Ensure that the certificate required by clause (c) is presented to the Chairman of the Board.

- (e) Ensure that the postal voting papers are placed in a container and held by the Society for a period of three months after the notification of the ballot to the Members, or for a period thereafter at the discretion of the Board.
- 25.7 **Certificate held:** The Chairman of the Board must ensure that a certificate of postal vote is held with the minutes of the Board.
- 25.8 **Results:** The results contained in the returning officer's certificate must be notified to the Members of the meeting not less than 30 days after the closing date for the postal ballot or, alternatively, be read at the next General Meeting of the Members, either course of action to be determined at the discretion of the Board.
- 25.9 **Irregularity in a Postal Ballot:** Where there is a claim that there has been an irregularity in a postal ballot or in connection with a postal ballot of Members:
- (a) **Nature of the Complaint:** The nature of the complaint shall be conveyed in writing to the Secretary within fourteen (14) days of the postal ballot.
 - (b) **Investigate the Complaint:** The Secretary shall inform the Board of Directors, which shall investigate the complaint and in its discretion shall declare the result of the postal ballot confirmed or invalid.
 - (c) **Circumstances Giving Rise to a Likelihood of Other Irregularities:** In exercising its discretion the Board of Directors shall consider whether such an irregularity has occurred and if so consider any circumstances giving rise to a likelihood that other irregularities have occurred and whether the result of the ballot may have been affected.
 - (d) **Board of Directors shall advise the Complainant:** The Board of Directors shall forthwith advise the complainant(s) of its decision.
 - (e) **Abstain from Deliberation:** Where any officer of the Board of Directors is affected by the possible invalidity he/she shall abstain from deliberation of the issue PROVIDED THAT if such abstentions would have the effect of reducing Membership below quorum:
 - (i) The matter shall be deliberated by the Board of Directors, and
 - (ii) The decision shall record that fact, and
 - (iii) The complainant(s) shall be advised of their right to seek judicial review of the decision in a court of competent jurisdiction.

26 **STANDING ORDERS**

26.1 **Order of Business:** The business of the Society shall be conducted in the following order:

- (a) **Apologies:** apologies;
- (b) **Minutes:** reading and adopting of minutes;
- (c) **Correspondence:** relevant correspondence;
- (d) **Board of Directors Reports etc.:** Board of Directors reports and recommendations;
- (e) **Business Previous Meeting:** business ordered to stand over from previous meeting;
- (f) **Order of Notices of Motion:** notices of motion to be taken in order tabled;
- (g) **New Business:** new business.

26.2 **Motions:** All motions:

- (a) **Proposed and Seconded:** shall be duly proposed and seconded and:
- (b) **Affirmative Character:** shall be of an affirmative character;
- (c) **Withdrawn only by Leave:** shall be withdrawn only by leave of the proposer and seconder;
- (d) **May be adjourned:** may be adjourned to a future meeting;
- (e) **May be amended:** may be amended:
 - (i) By striking out certain words;
 - (ii) By adding certain words;
 - (iii) Before a decision is arrived at.

When a motion has been proposed and seconded, the Chairperson of the meeting shall at once proceed to take votes unless some Member rises to oppose it, or to propose an amendment.

26.3 **Amendments:** Only one amendment shall be entertained at the one time:

- (a) **Becomes a substantive motion:** if an amendment is carried it shall be held to take the place of the original and become a substantive motion;

- (b) **Other amendments may follow:** if an amendment is lost other amendments may follow;
- (c) **Amendment for adjournment:** an amendment for adjournment of the question can be proposed only when a motion for adjournment specifies a time of adjournment;
- (d) **A Member shall not be permitted to move an amendment:** a Member shall not be permitted to move an amendment after resuming his or her seat subsequent to speaking to a motion or amendment.

26.4 **Speaking:** The procedure for speaking at meetings is as follows:

- (a) **Speakers:** All speeches shall be addressed to the Chairperson.
- (b) **Chairperson decides who has the floor:** If two or more Members rise at the same time the chairperson shall at once decide who has the floor;
- (c) **No more than two Members shall speak in succession:** No more than two Members shall speak in succession either for or against any question before the meeting, and if at the conclusion of the second speaker's remarks no Members rises to speak on the other side, the question shall be put to a vote of the meeting;
- (d) **Secunder may reserve their right of speaking:** The seconder of a motion or amendment may do so pro forma, and reserve his/her right of speaking to the question until later;
- (e) **A Member can only speak once:** A Member can only speak once upon any question before the Society except:
 - (i) In reply to an original motion;
 - (ii) In explanation or correction of some matter during debate;
 - (iii) To raise a point of order;
- (f) **Point of Order:** When a point of order is raised the Member raising the same shall state his/her point clearly in a few words, and if another Member is speaking such Member shall take his/her seat until the point of order is decided. The chairperson shall decide the matter promptly and not allow any discussions.

26.5 **Time Limit:** The mover of any original motion shall be allowed five minutes to introduce it, and given five minutes to reply. No other Member shall be allowed to speak for more than five minutes at any one time.

26.6 **Division:** Every Member of the Society present at a division shall record his /her vote.

- 26.7 **Notice of Motion:** Any Member may give notice of motion for a future meeting by reading such notice at any one meeting.
- (a) **Forwarding the notice of Motion:** Should Members at the meeting at which the notice of motion is tabled approve the forwarding of that notice to the next meeting, it shall be the duty of the Secretary to include that notice in the agenda for the next meeting.
 - (b) **Precedence in the order in which it stands:** Such notice of motion shall take precedence in the order in which it stands, unless otherwise ordered by the Society.
 - (c) **Lapse:** The notice of motion will lapse if the Member, or some other Member authorised on his or her behalf by written authority, is not present when the order of the day for such notice is read at the meeting corresponding to that at which it was originally proposed.
- 26.8 **Questions Superseded:** A question before the chairperson may be superseded by agreement to a motion “that the question be now put” and the Chairperson shall forthwith put such motion to the meeting without discussion.
- 26.9 **Suspension of Standing Orders:** The Standing Orders may be suspended only by an urgent matter brought down to a meeting by the Board of Directors or by the unanimous consent of the meeting.
- 26.10 **Supply of Rules:** All Members shall receive a copy of the Rules without charge. A charge shall be made at the Secretary’s discretion for further copies and also for supplying a copy of the Rules to non-Members.
- 26.11 **Supply of Amendments to Rules:** A summary of any amendments to the Rules of the Society shall be supplied within thirty (30) days to all Members, and full copies of those amendments shall be so supplied on application.
- 26.12 **Supply of Annual Report to Financial Members:** On request the Secretary shall supply to any Member a copy of the annual report of the Society.
- 26.13 **Supply of Annual Accounts and Auditors Certificate:** On request the Secretary shall supply one copy of the latest income and expenditure account and balance sheet, together with the auditor’s report on the accounts to any Member of the Society who requests them. The Secretary shall decide if a charge be made and the amount.
- 26.14 **Supply of Copies Of Resolutions:** On request the Secretary shall supply a copy of any resolution passed at any General or Special Meeting of the Society or any meeting of the Board of Directors to any Member who so asks.
- 26.15 **Representation:** The Board of Directors shall have as one of its responsibilities the duty to appoint appropriate people to represent the Society

at any meeting, formal or informal, seminar or conference, and in tribunals, courts or other bodies.

27 KEEPING OF ACCOUNTS

- 27.1 **Proper Accounting Records:** The Society Shall keep online accounting records that shall be set out in such a manner as to enable them to be conveniently and properly prepared by using professional accountants following NZ Generally Accepted Accounting Practices (NZGAAP)
- 27.2 **Sign:** The Secretary shall sign every annual income and expenditure account and annual balance sheet.
- 27.3 **Annual Financial Statements etc.:** The Secretary shall present the annual financial statements together with the accountant's report on the accounts at the next Annual General Meeting following the date of the report.
- 27.4 **Deliver to the Registrar:** the Society shall within three (3) months of the end of the Society's Financial Year deliver to the Registrar a copy of the accounts for that Financial Year or that period, together with a certificate signed by the professional accountant.
- (a) **Duly Reported:** has duly reported on those accounts to the Society.
- 27.5 **Inspection of Accounting Records and Registers:** The Secretary shall make available to any Member or ex-Member having an interest in the funds of the Society the accounting records and the register of Members and officers for inspection at the offices of the Society.
- 27.6 **Call for Review:** At the AGM or a specially called meeting (Under Clause 23.14) the membership may call for a review, or if felt to be required, an Audit of the accounts.

28 REGISTRATION

- 28.1 **Change of Registration:** The Society confirms and restates its formation as an association constituted under these Rules existing independently of its registration under the Act and any other legislation as to its legal status to the intent that the Society shall have the power to cancel its registration under the Act and register under any other legislation for the regulation of associations or to continue in existence without incorporation subject however to the exercise of the power of the Society to alter and amend its Rules under Rule 29 below and to any scheme adopted under that rule for the disposition of its property or assets whether or not to the Society in its new form.
- 28.2 **Cancellation of Registration:** the Society shall not seek cancellation of its registration under the Act unless:

- (a) **Notice of intention:** Notice of its intention to seek cancellation is sent to all Members at their last notified address, and
- (b) **No Objections:** No objections are received, or
- (c) **Cancellation is endorsed:** The decision to seek cancellation is endorsed by a series of General Meetings of the Society.

28.3 **Final Audit:** Prior to such cancellation being put into effect the Secretary shall arrange for a final audit of the Society's accounts.

29 **POWER TO AMEND OR REPEAL THE RULES OF THE SOCIETY**

29.1 **Alteration of Rules:** The Rules of the Society may be altered, added to or rescinded at any Annual or General Meeting of the Society convened under Rule 23. The notice so given shall contain a copy of or state briefly the nature of the resolution to be moved at the General Meeting so called. A copy of such motion, resolution or business shall be lodged with the Secretary at least twenty eight (28) days prior to such meeting. The resolution shall be effective if passed by not less than three quarters of the votes cast by the Members present at the meeting.

29.2 **Not to prejudice Members:** No alteration of these rules shall be authorised or valid if it affects the objects, payments to Members (Rule 35) or dissolution (Rule 30) rules.

29.3 **Amendments may provide:** Without limiting the matters which may be dealt with under this Rule amendments may provide for:

- (a) **Alteration etc.:** The alteration, adding to or rescission of any of the Rules of the Society;
- (b) **Amalgamation:** The amalgamation of the Society with any other bodies corporate or unincorporated having the same or similar objects and a non-profit intention and the transfer merger and rationalisation of its property, assets and Membership in the resulting association whether involving cancellation or registration, dissolution with or without reincorporation or any other means.
- (c) **Acceptance of any other Associations etc.:** The acceptance of any other associations or bodies corporate or unincorporate into Membership of the Society.

29.4 **Deemed Invalid:** No amendment shall be deemed invalid on the grounds that the amendment as adopted varies from the form originally proposed by reason of further amendment proposed on the same material at such a special or General Meeting.

- 29.5 **Unanimous Resolution to amend these Rules:** Notwithstanding Rule 29.1 above the Board of Directors shall by unanimous resolution at any meeting have the power to amend these Rules in cases of correction of clerical errors, compliance with legal requirements, giving proper effect to resolutions of the Society in General Meetings and minor or routine matters. Any such amendment shall be reported to the next following Annual General Meeting.
- 29.6 **Register Alteration:** The Society shall register any alteration or addition to the Rules as required by the Act.

30 DISSOLUTION

- 30.1 **Resolution of Dissolution:** A resolution of dissolution may be passed at any Special or General Meeting of the Members of the Society by a two thirds majority of the valid votes cast.
- 30.2 **Notice of Motion for Dissolution:** A notice of motion for dissolution with any proposals for distribution of the Society's property and assets shall be available to Members of the Society at least four (4) weeks prior to the date of the meeting. The procedures for special voting shall be contained in the notice.
- 30.3 **Meetings May Be Combined:** Meetings called for this purpose may be combined with meetings as to amendments under Rule 29.
- 30.4 **Transfer Merger or Rationalisation of the Funds Etc.:** A resolution for dissolution shall provide for the transfer merger or rationalisation of the funds, property, assets and Membership of the Society to a successor or other charitable body corporate or unincorporated PROVIDED THAT such a body has the same or similar objects as the Society and if there is no such organisation then to any charitable organisation in New Zealand.

31 INDEMNITY

- 31.1 **Exclusion from Liability:** Officers of the Board of Directors severally or jointly shall not in any circumstance be liable (whether in contract, tort or equity or otherwise) for any loss, injury, damage (whether direct, indirect or consequential) or expense caused by an act or omission of the Board of Directors in relation to any matter contemplated by these Rules unless such act or omission constitutes a failure by the Board of Directors to comply with, observe or perform these Rules.
- 31.2 **Further Indemnities:** Notwithstanding Rule 31.1 above, the Members may ratify the Indemnity Deed for the Board of Directors as provided in Schedule 1 or any other such indemnity that the Members might choose to adopt in order to increase or limit the indemnity able to be claimed by an officer of the Board of Directors.

32 NOTICES

- 32.1 **In Writing and by Facsimile, Mail, E-mail or other Delivery:** any notice, request, offer, advice, consent, approval, invoice or other communication required by these Rules to be given by any one party to the other, shall be given in writing and shall be deemed to have been sufficiently given if sent by facsimile delivery to that party (any number as may be notified by that receiving party for such purpose) or by letter delivered by mail or E-mail or otherwise to that party at any address as may subsequently be notified by that receiving party for such purpose); and
- 32.2 **Receipt of Facsimile:** Any such communication sent by facsimile shall be deemed to have been received by the addressee at the time of completion of the delivery of the facsimile and generation of a confirmation of receipt of the facsimile, PROVIDED THAT if the facsimile delivery occurs at a time other than between the hours of 8.30 a.m. and 5.30 p.m. (inclusive) on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30 a.m. on the next succeeding Business Day and PROVIDED FURTHER, if the facsimile delivery occurs prior to 8.30am on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on that Business Day; and
- 32.3 **Receipt of E-mail:** Any communication sent by e-mail shall be deemed sent upon confirmation of receipt by the recipient; and
- 32.4 **Receipt of Mail and other Delivery:** any such communication sent by letter delivered by mail or otherwise shall be deemed to have been received by the addressee:
- (a) If sent by mail (including by any document exchange system of which the addressee is a member), forty eight (48) hours after the envelope containing the communication was posted; or
 - (b) If personally delivered (whether by courier or otherwise), at the time of delivery;

PROVIDED THAT if such time of receipt is not between the hours of 8.30 a.m. and 5.30 p.m. (inclusive) on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30 a.m. on the next succeeding Business Day and PROVIDED FURTHER, if the time of receipt occurs prior to 8.30am on a Business Day, the communication shall be deemed to have been received by the addressee at 8.30am on that Business Day.

33 ASSIGNMENT

- 33.1 **No Assignment without Consent:** Subject to Rule 33.3, no Member may assign, or otherwise dispose of the whole or any part of its interest in the Society without the prior consent of the Society, who, in considering whether

or not to give that consent, may take into account the creditworthiness of the intended assignee and any other relevant matters, but such consent shall nevertheless not be unreasonably withheld nor subject to unreasonable conditions.

- 33.2 **No relief from Liability:** An assignment, mortgage, pledge, charge or other disposition of any interest in the Society by any Member shall not relieve that Member from its obligations under these Rules.
- 33.3 **Exception for Borrowing:** Rule 33.1 shall not apply to any assignment, mortgage, pledge, charge or other disposition by either party of all or part of its interest in the Society in connection with or for the purpose of raising funds required by that party.
- 33.4 **Deemed Assignment:** It shall be deemed to be an assignment of a Member's interest hereunder in breach of Rule 33.1 if, without the prior approval of the Society, such approval not to be unreasonably withheld, there is a transfer or allotment of shares or amendment of articles of association or some other act or deed by which the effective control of a party changes or passes to any person not having effective control as at the date Membership commenced.

34 **CONFIDENTIALITY**

- 34.1 **Confidentiality:** Where any information is acquired or received by any one Member (the "receiving Member") of the Society from any other Member including the Board of Directors (the "disclosing Member") the fact of the existence of the information shall be held and kept confidential by the receiving Member, and shall be used by the receiving Member only for the purposes of implementing these Rules, and shall not be disclosed by the receiving Member to any third party except with the prior consent of the disclosing Member and upon such terms as may be stipulated by the disclosing Member, PROVIDED THAT the receiving Member may, without such consent, disclose such matters or information:
- (a) **Assignee:** to a bona fide intending assignee of the receiving Member upon obtaining a similar undertaking of confidentiality from such intending assignee; or
 - (b) **Professional Consultants:** to any outside professional consultants upon obtaining a similar undertaking of confidentiality from such consultants; or
 - (c) **Banks etc.:** to any bank or financial institution from whom the receiving Member is seeking to obtain finance, upon obtaining a similar undertaking of confidentiality from such bank or institution; or
 - (d) **Public Domain:** to the extent that the same has become generally available to the public other than as a result of an unauthorised disclosure by either Member, or any of its Associates; or

- (e) **Legal Proceedings:** in any mediation, adjudication, arbitration, litigation or legal proceeding of any kind arising out of or in connection with the Society or otherwise in compliance with the order of any Court of competent jurisdiction; or
 - (f) **Statutes etc.:** to the extent the receiving Member bona fide believes such is required.
- 34.2 **Associates:** Each Member shall be responsible for ensuring that its Associates who are at any time in possession of confidential information of a kind referred to in Rule 34.1 shall observe and comply with Rule 34.1 and shall accordingly be responsible for the acts or omissions of the same.
- 34.3 **Compulsory Disclosure:** If any Member of the Society bona fide believes it is required to disclose confidential information of a kind referred to in Rule 34.1 to a third party, that Member shall give notice thereof as soon as is reasonably practicable to the disclosing Member (including details of the confidential information to be disclosed and the third party to whom it is to be disclosed).
- 34.4 **Survive Expiration:** The provisions of this Rule 34 shall (notwithstanding any other provision of these Rules) survive expiration (for any reason) of these Rules and shall also survive termination or resignation of a Member's Membership.

35. PAYMENTS TO MEMBERS

- 35.1 **Member Payments:** No Member of the Society or any person associated with a Member shall participate or materially influence any decision made by the Society in respect of the payment to or on behalf of that Member or associated person of any income, benefit, or advantage whatsoever.
- 35.2 **Reasonable Payments:** Any such income paid shall be reasonable and relative to that which would be paid in an arm's length transaction (being the open market value) for the services (whether by way of director or employment services or otherwise) or goods provided.
- 35.3 The provisions of this clause 35 shall not be removed from this document, and shall be included and implied into any document replacing this document.

SCHEDULE 1**INDEMNITY DEED FOR THE BOARD OF DIRECTORS****1 INDEMNITY:**

- 1.1 This Indemnity Deed for the Board of Directors (the “Deed”) shall have no effect unless the Members by resolution ratify the application of this Deed to the Board of Directors and such resolution shall state the date from which the Deed will apply to the Board of Directors jointly or severally and in the event that the resolution contains no such date, this Deed shall apply from the date of the resolution.
- 1.2 Subject to law and Paragraph 2 below, the Society hereby indemnifies and keeps indemnified the Board of Directors and holds the Board of Directors harmless from and against any and all claims, investigations, inquiries, threats, suits (whether instituted by the Society or any other person or entity) damages, liability, Costs and expenses ("Proceedings") incurred, suffered or expended by or threatened against the Board of Directors with respect to or arising either directly or indirectly out of or in connection with any act or omission in his or her capacity as an officer of the Board of Directors and Costs incurred by that Executive in defending or settling any Proceeding relating to any such liability.
- 1.3 The Society shall only be required to give effect to the indemnity referred to in Paragraph 1.2 above if the officer of the Board of Directors wishing to claim under the above indemnity gives written notice to the Society of any and all Proceedings incurred, suffered or expended by or threatened against the Board of Directors (claims above by a party other than the Society against the Board of Directors being collectively referred to as "Third Party Proceedings"). The Society shall have the right (if possible) to defend any Third Party Proceedings (including the right to selection of counsel and the right to settle any of the Third Party Proceedings by way of compromise and the Board of Directors hereby agrees to be bound by such compromise) and the Board of Directors shall co-operate with and at the request and expense of the Society provide such assistance as the Society may require to defend the Third Party Proceedings.
- 1.4 Notwithstanding any other provision in this Deed the indemnity referred to in Paragraph 1.2 shall cover the Board of Directors in respect of appointments (whether past, present or future) as a director, executive or employee with another company or organisation (including an unincorporated entity) if undertaken at the specific request of the Society.
- 1.5 The indemnity detailed in Paragraph 1.2 shall apply to acts or omissions which occurred at any time before, on or after the execution of this Deed but shall not extend to Proceedings of which the Board of Directors had actual knowledge at the time of execution of this Deed.

2 EXCLUSIONS

2.1 Subject to Paragraph 2.2, the indemnity referred to in Paragraph 1 above shall not apply to the following ("the Exclusions"):

- (a) Criminal liability of the Board of Directors;
- (b) Liability in respect of a breach of any duty specified by the Act;
- (c) Liability in respect of a breach of any fiduciary duty owed to the Society;
- (d) Liability (and Costs related to liability) to the Society for any act or omission in his or her capacity as a director or employee;
- (e) Liability arising from any conduct that constitutes wilful misconduct;
- (f) Liability arising from any conduct which results, or could have resulted in personal gain to which the Board of Directors was not legally entitled;
- (g) Liability arising from gross negligence by the Board of Directors;
- (h) Costs incurred by the Board of Directors in defending or settling any Proceedings relating to any liability of the kinds referred to in paragraphs (a) to (g) above.

2.2 Notwithstanding Paragraph 2.1 the Society shall indemnify the Board of Directors in respect of Costs incurred by an executive in any Proceedings to which any of the Exclusions would apply:

- (a) That relates to liability for any act or omission in the Board of Director's capacity as a director or executive of the Society; and
- (b) To the extent in which judgement is given in his or her favour, or in which he or she is acquitted or which is discontinued

PROVIDED THAT in respect of Proceedings that have been discontinued a determination is made that the Board of Directors acted in good faith in accordance with fiduciary duties owed the Society and the Related Company, and in a manner that the Board of Directors reasonably believed to be in the best interests of the Society and such determination is made:

- (i) By the Members by a majority vote of a quorum consisting of Members who are not parties to the Proceeding; or
- (ii) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested Members so directs, by independent legal counsel in a written opinion; or

- 2.3 Notwithstanding any other provision in this Deed the indemnity referred to in Paragraph 1 shall terminate in respect of the Board of Directors on the date three years from the date of the Board of Director's retirement or removal or ceasing to hold the office of executive from the Society PROVIDED THAT indemnification shall still apply in respect of matters of which detailed written notice was given to the Society by the Board of Directors prior to the stated termination date of this Deed.

3 ADVANCEMENT OF COSTS AND REPAYMENT

- 3.1 Where it appears that an executive is entitled to the indemnity contained in Paragraph 1.2 then the Society shall meet any Costs or expenses incurred by the Board of Directors in defending or settling the Proceedings as they are incurred.
- 3.2 Where in the Society's opinion it is unclear whether an officer of the Board of Directors is or may be entitled to the indemnity contained in Paragraph 1.2 then the Society may, in its sole discretion, meet any Costs or expenses incurred or to be incurred by the Board of Directors with respect to Proceedings, on such terms as the Society sees fit, prior to any judgement being given, verdict being passed, or a claim being settled ("Advanced Payment") PROVIDED THAT the Board of Directors whether jointly or severally gives a written undertaking that any Advanced Payment shall be repaid in full if judgement is not given in the Board of Director's favour, the Board of Directors is not acquitted, or it transpires that the Board of Directors is not entitled to the indemnity contained in Paragraph 1.2
- 3.3 Where the Society makes a payment or payment to the Board of Directors pursuant to Paragraphs 1.2, 3.1 or 3.2, and a judgement in favour of the Board of Directors is subsequently reversed on appeal or for any other reason it transpires that the Board of Directors is not entitled to the indemnity contained in Paragraph 1.2 the Board of Directors shall repay all moneys received by the Board of Directors from the Society pursuant to any of Paragraphs 1.2, 3.1 or 3.2.

4 OFFICERS LIABILITY INSURANCE

- 4.1 The Society agrees with the Board of Directors that the Society shall during the continuance of the Deed maintain an officers liability insurance policy which covers the Board of Directors jointly and severally (with a copy available to the Board of Directors) for a minimum limit of indemnity of five (5) million dollars PROVIDED THAT such insurance is available to the Society at a reasonable cost.

5 MISCELLANEOUS

- 5.1 The failure of the Board of Directors or any officer of the same to insist in any one or more cases upon the strict performance of the terms of this Deed shall not be a waiver or relinquishment for the future of such term.
- 5.2 Each of the covenants contained in this Deed shall be read and construed independently of the other covenants herein contained so that if one or more shall be held to be invalid for any reason whatsoever then the remaining covenants shall be valid to the extent that they are not held to be so invalid.