

You are invited to the Annual General Meeting (AGM) of Credit Union Baywide (CUB)

Wednesday 28 October 2020, commencing at 6pm

Millennium Hotel Rotorua, 1270 Hinemaru Street, Rotorua

Members also have the option of attending the event virtually, using Zoom (www.zoom.us).

If Covid-19 restrictions or other unforeseen circumstances mean the meeting cannot be held physically in Rotorua, the meeting will still take place, but will be conducted exclusively via Zoom.

We are asking members to pre-register to attend the AGM, either in person or virtually. Zoom details will be sent to those who register.

Register here if you would like to attend the meeting or join via Zoom: nzcubaywide.co.nz

Business of the evening will include:

- Confirmation of the minutes of the previous AGM
- Report from the Board
- Presentation of financial statements
- Appointment of Auditors
- Resolution Outcomes:
 - Rules Amendment – Board Appointed Directors
 - Rules Amendment – Number of Elected Directors
 - Rules Amendment – Maximum Director Term
 - Other Rule Amendments
 - Directors Remuneration
 - Appointment of Directors
- General business

Please note, no voting on the above resolutions will be conducted on the night.

These resolutions will be voted on before the AGM via electronic voting using electionz.com Ltd.

Further details of the meeting can be found either on our website here: nzcubaywide.co.nz, by contacting your local branch or by calling 0800 229 943.

If you have questions regarding the resolutions or any other matter relevant to the AGM, please email agm@nzcubaywide.co.nz and we will answer these questions directly and cover any broad themes at the AGM.

All members are welcome to attend CUB's AGM. The business of the meeting will include the presentation of the financial statements, the report from the Board of Directors (the **Board**), the outcome of the resolutions voted on (as outlined below) and general business which will include an update on key business matters.

To ensure all members from around New Zealand are able to attend the AGM, we will be live-streaming the meeting via Zoom, details of which will be emailed to all those who register their attendance on our website prior to the AGM.

Ordinary Resolutions

The following resolutions to be considered at the 2020 AGM are ordinary resolutions under the CUB Rules. An ordinary resolution will pass where it has been approved by a simple majority of members entitled to vote and voting on the matter.

The Board recommends member voting (via electronic voting) on the following resolutions:

1. Board Appointed Directors – Rules Amendment

To approve a new Rule to allow the Board to appoint one Director - without the requirement for that person to be elected by members (**Board Appointed Director**).

2. Number of Elected Directors – Rules Amendment

If Resolution 1 is passed, reduce the number of member-elected Directors from seven to six, meaning that the Board would be composed of six elected Directors and, if appointed, one Board Appointed Director.

3. Maximum Director Term – Rules Amendment

To approve a new Rule to limit the number of years a Director can serve on the Board to a maximum of 12 years.

4. Other Rule Amendments

To approve all other changes to the Rules as shown in the amended Rules and outlined in the Supplementary Information section of this Notice.

5. Director Remuneration

To reduce the total pool of Director remuneration to a maximum of \$330,000.

6. Appointment of Directors

To appoint two candidates to the Board for a term of three years commencing 29 October 2020.

Nominees are listed below in alphabetical order, and members may vote for up to two candidates.

- a) Graham Clouston
- b) Alan Connolly
- c) Graham Pryor

For further details, see enclosed report from the Directors Nominating Committee, candidate profiles and other supplementary information.

Dependence of Resolutions

Resolution 2 is dependent on Resolution 1 being approved by members in order for Resolution 2 to be effective.

Voting

The Board have approved electronic voting to be used for the 2020 AGM for the above resolutions. Voting will be conducted during the AGM for other matters including confirmation of the 2019 AGM minutes, acceptance of any apologies and motions to accept the financial statements and reports presented on the night.

The current Rules provide:

- for joint accounts, only the first named person on the account may vote
- postal votes cannot be accepted; and
- only valid members aged 16 or older at the closing date for voting (as set out below) may vote.

The Rules of CUB also provide that for each resolution, each member who is eligible to vote may only **vote once**.

Voting credentials for eligible members are included with this notice of meeting. If you are unable to access the electronic voting system, you can visit your branch for assistance or contact us on 0800 229 943.

An **electronic vote** must be submitted and received by the Returning Officer (electionz.com Ltd) by **4pm on Tuesday, 27 October 2020**. No voting on proposed resolutions will be conducted on the night.

The Board Chair shall advise members of the voting results at the meeting, and subsequently on our website.

Where can I find further information?

Further details of the meeting can be found either on our website nzcubaywide.co.nz, by contacting your local branch or by calling 0800 229 943.

Resolution 1: Board Appointed Directors – Rules Amendment

The Board strives to ensure there is a balance of appropriate skills and experience on the Board. Over time the governance skills required in the financial services sector change and skill gaps are created as Directors retire from the Board. New Rule 14.5 of the Rules would allow the Board to appoint one Director (**Board Appointed Director**) to help ensure that the Board retains the appropriate skills and experience. Such appointments would not require approval from members, but would instead need approval by a majority of the Board.

Board Appointed Directors will be governed by the same rules as elected Directors. They will be required to meet all regulatory requirements outlined in legislation, CUB Rules and the CUB Corporate Governance Policy (including the Fit and Proper Person Policy). Like elected Directors, Board Appointed Directors will hold terms of up to three years and will need to be re-appointed by the Board or members if they wish to continue on the Board past their initial term. If Resolution 3 (Maximum Director Term) is accepted, they will be subject to the same maximum Director term as elected Directors.

Board Appointed Directors will be remunerated on the same basis as elected Directors so long as this does not exceed the total maximum remuneration pool approved by members.

The CUB Rules currently state the Board must consist of seven elected Directors. Approval of Resolution 1 would see the number of elected Directors remain at seven, but with the ability to increase the number of Directors on the Board to eight if a Board Appointed Director is appointed. If Resolution 2 is approved, the number of elected Directors on the Board would decrease from seven to six from the 2021 AGM. Directors appointed as part of a Transfer of Engagement would be additional to this number, as is currently the case.

Resolution 2: Number of Elected Directors – Rules Amendment

Subject to Resolution 1 being approved, Resolution 2 proposes a reduction in the number of elected Directors from seven to six. This would mean the Board would be made up of six elected Directors and, if appointed by the Board, one Board Appointed Director. In order to enable Directors to complete their appointed terms, this reduction would not take effect until after the 2021 AGM.

This resolution will ensure that CUB does not need to increase the size of the Board in order to accommodate a Board Appointed Director, whilst still ensuring that the Board is mainly made up of elected Directors.

Resolution 3: Maximum Director Term– Rules Amendment

Under the current CUB Rules, there is no maximum aggregate term a Director can serve on the Board. Each Director serves a term of up to three years and can stand for re-election at the end of each term should they still be eligible. However, to ensure CUB maintains a diverse range of skills and fresh thinking, the Board is proposing new Rule 14.8 of the Rules to add a maximum aggregate Director term, limiting the total number of years a Director can serve on the Board to 12 years.

Directors will continue to be appointed on terms of up to three years, but will not be eligible for re-election onto the Board if doing so would exceed the 12 year maximum aggregate term.

This maximum aggregate term includes periods served as either elected Directors or Board Appointed Directors (subject to the approval of Resolution 1), and any term on a transferring credit union board (and on any credit union board that transferred into a transferring credit union). However, this proposed maximum term does not include any period as an Associate Director.

The 12 year maximum aggregate term may be exceeded in the following scenarios: i) Directors appointed prior to the 2021 AGM may complete their appointed term; and ii) Transferring Directors (Directors retained as part of a Transfer of Engagements) may be appointed for one term of up to three years even if this means that the 12 year maximum term is exceeded.

Resolution 4: Other Rule Amendments

In addition to the Rule changes linked to specific Resolutions, some minor changes to the Rules are proposed to ensure consistency between legislation, the Trust Deed and the Rules. There have also been minor changes for clarity and ease of reading. The changes are summarised below:

- New definitions for “Transferring Associate Director” and “Transferring Director”, and amended definitions for “Associate Director” and the “Association” (see Rules 1.1 and 23.4).
- Minor amendments to improve clarity and to align with the Friendly Societies and Credit Unions Act 1982 (see Rule 24.2 and various other minor rule changes).

Resolution 5: Director Remuneration

The Board propose to reduce the total pool of Director remuneration from \$434,355 to a maximum of \$330,000. This is based on the remuneration pool for the seven elected Directors remaining unchanged at \$254,000, while allowing for Transferring Directors from the 2019 merger and any Board Appointed Directors (if Resolution 1 is approved) to be remunerated on the same basis as elected Directors. This remuneration pool results in CUB Director remuneration remaining in the lower quartile against comparable organisations.

The Board is proposing no increase to Director fees for the 2020-2021 financial year due to the adverse impact the Covid-19 pandemic has had on a number of our members and the New Zealand economy. In addition, from April 2020 to September 2020, the Directors took a voluntary 20% reduction in their fee in response to the impact due to Covid-19.

An independent review of Director remuneration is undertaken at least every three years. The last review took place in 2018 and benchmarking by an independent organisation is expected to be undertaken for the 2021-2022 year, which is likely to result in a proposed increase to recognise that the last review took place three years ago.

Following the 2019 merger an additional seven Directors joined the Board from the transferring credit unions. This number has reduced and there are currently an additional three Directors from the transferring credit unions on the Board. From 1 May 2021, there will only be one additional Director from the transferring credit unions on the Board. It is proposed that transferring Directors continue to be remunerated on the same basis as the elected Directors. The total remuneration for the transferring Directors will continue to reduce as they retire or are elected to the Board.

It is noted that these Director fees do not include those of any wholly owned subsidiaries, which is determined by the Board.

Resolution 6: Appointment of Directors

Directors Nominating Committee report

In October 2020, two of your Directors come to the end of their terms. CUB sought and received nominations for these vacancies which resulted in three candidates who have met the regulatory requirements outlined in legislation, CUB Rules and the CUB Corporate Governance Policy (including the Fit and Proper Person Policy). All three of these candidates are currently a Director of the Board.

Below are the candidates (in alphabetic order by surname) and their current position:

Candidate	Current position
Graham Clouston	Director
Alan Connolly	Director
Graham Pryor	Director

Through the Governance Committee, the Board identified the following skill priorities:

- Treasury management
- Macro-economic understanding (nationally and globally)
- Banking operations
- Credit and lending
- Digital and technology
- Understanding of the finance and banking sector and associated trends

These skills are sought to ensure your Directors have a wide range of relevant skills and capabilities.

Director appointments are subject to candidates meeting the ongoing requirements of the Fit and Proper Person Policy, including RBNZ Suitability Notice requirements. If any candidate does not meet the policy requirements prior to appointment, they will be disqualified. If they would have been otherwise appointed, the Director with the next greatest number of votes will be appointed.

Janice Fredric

Chair of the Directors Nominating Committee

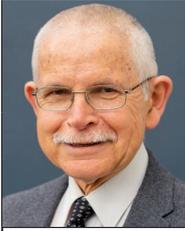
The candidates have completed short statements (below) about the skills and expertise they will bring to their role.

Director appointments - additional information

- Eligible members are able to vote for up to two candidates
- The two candidates with the highest number of votes will be appointed as Directors
- The outcomes will be announced at the AGM on 28 October 2020
- The newly appointed Directors will begin their three year term from 29 October 2020

Further information

Information regarding the current Board of Directors is available on our website here: nzcubaywide.co.nz/info/governance/



Graham Clouston

I offer myself for re-election to the Board of Credit Union Baywide.

I have been a part of credit unions since 1975. I have previously served on the Boards of Credit Union Taranaki, Co-op Money NZ, Co-op Services Ltd, and Co-op Insurance. I am a current Director of Credit Union Baywide.

My professional background is that of a Chartered Loss Adjuster. I hold a Diploma in Technical Analysis and a Certificate in Plant Based Nutrition.

I am a Director of Launch Taranaki Ltd, a New Plymouth based angel investor, which funds early stage and start-up companies. I am an active financial markets investor, private fund manager, member of the Taranaki Branch of the NZ Shareholders Association, and Member of the Institute of Directors in New Zealand.

I am a Cancer Society volunteer. I coordinate the New Plymouth Men’s Cancer Support Group in association with the Prostate Cancer Foundation of NZ.

The last two years have seen significant and dynamic growth in the business of Credit Union Baywide which merged with ACU, NZCU Central, and NZCU South credit unions to form the largest credit union in New Zealand. The merged credit union purchased all of the Capital Notes in Co-op Money NZ, resulting in effective control.

The challenge for us is to drive our consolidated business forward, leveraging off market opportunity, scale and technology, to build the most relevant financial institution serving all of our member-owners. We are a people helping people business. We must ensure that we are here, for everyone.

I have proven successful commercial experience and skill sets to competently add value to Credit Union Baywide at Board level.

If re-elected I undertake to sign the Annual Director Code of Conduct Declaration.

Thank you for your support.



Alan Connolly

Members are the key focus for us as directors. A member focused organisation means a lot of different things to different members, to me, it means we must run a successful profitable business and we must make the hard decisions required for the credit union movement to be successful as a whole. As a result, these hard decisions will not suit every individual member’s needs, however being successful will.

Credit Union Central joined the merged entities to continue to be successful and profitable. For me, as a current director of CUB and Co-op Money NZ and being the ex-chair of Credit Union Central, the focus remains on making the business successful, meeting the needs of the members and being able to develop opportunities into reality.

I would like to be re-appointed as there is unfinished business to complete and we need to hold the merged entities and management to account. To do this, I will use my experiences to guide me. As a successful business owner there is nothing like having skin in the game to make the right decisions.

To serve the members, I will utilise my experiences as a business owner also utilising the skills gained in the senior management and leadership roles I have been involved in. I have successfully engaged in business development, sales and marketing, financial and director positions throughout New Zealand, Asia and Australia and work closely with Ahu Whanau Trusts, Hapu and Iwi.

I have a BMS from Waikato University which saw me become a qualified accountant three years later. I have been a member of the Institute of Directors and CANZ for the last 25 years. I have lived at Ohope Beach for the last 20 years and am a father of four boys, with my wife Krys.



Graham Pryor

As a chartered accountant for nearly three decades now, I have been part of initiatives that range from advising government, CEO of a highly successful radio station, representing my iwi Ngāti Rangitīhi in treaty negotiations with central government, through to providing consultancy advice to clients building their businesses.

In recent years, I have taken up directorships on boards of several entities including Radio New Zealand, Aotearoa Credit Union (ACU) that transferred to Credit Union Baywide (CUB) and an iwi investment company Kakano Investment LP.

Currently I am consulting to Manukau Urban Māori Authority (MUMA) an organisation that serves the needs of over 5,000 people in South Auckland, particularly important now in addressing challenges families are facing from the impacts of Covid-19.

From my involvement in various commercial endeavours, a singularly important thing I have learned is to collaborate with like-minded and skilled people who share your values and to partner to share the risk and reward and critically to create scale.

I have been fortunate to belong to Credit Union Baywide as it is clear that members care very deeply about many of the same things as I do, such as a commitment to people and family - what we Māori call whanaungatanga and manaakitanga.

We also care deeply about the environment – the lands, the rivers, the mountains, the sea and the very air that we breathe – in other words kaitiakitanga - or sustainability.

That is why I wish to continue to be part of the meaningful change and benefits that CUB provides members in addressing their access to credit and modern banking services.