



Notice of 2021 Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (**Meeting**) of Bega Cheese Limited ABN 81 008 358 503 (**Company**) will be held online (virtually) on Tuesday, 26 October 2021 at 11.00 am (AEDT).

Shareholders may be present virtually, vote and ask questions via the online platform at <https://agmlive.link/BGA21>. Shareholders can also ask questions or make comments by telephone.

Further information on how to do this is set out in this Notice of Meeting and the Virtual Meeting Online Guide available on the company's website. A copy of the Virtual Meeting Online Guide has also been lodged with ASX.

The online platform will provide a reasonable opportunity for shareholders to participate, and the Meeting will operate on the basis that such participation will constitute Shareholders being present at the Meeting for all purposes.

Voting on all resolutions will occur by way of poll, and the online platform will enable shareholders to lodge a vote in real time.

Further information is detailed on the pages following this Notice of Meeting.

BUSINESS

1. Annual Financial Report and Directors' and Auditor's Reports

To consider the Company's Financial Report and the Directors' and Auditor's Reports for the financial year ended 30 June 2021.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2021.

3. Election of Directors

- a) Mr Harper Kilpatrick, who was appointed as a director by the Board in April 2021, offers himself for election.
- b) Mr Barry Irvin, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.
- c) Ms Raelene Murphy, who retires by rotation in accordance with the Company's Constitution, offers herself for re-election.
- d) Mr Richard Cross, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

4. Directors' Fee Pool Increase

To consider and, if thought fit to pass, the following resolution:

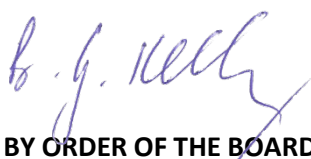
"That the maximum aggregate yearly remuneration that the directors may be paid for their services as directors be increased by \$550,000 from \$1,200,000 to \$1,750,000."

5. Amendments to the Constitution

To consider and, if thought fit to pass, the following as a special resolution:

"That the Company's Constitution be amended in the manner as set out in the Explanatory Memorandum accompanying this Notice of Meeting, with the amendments to take effect from the end of the Meeting."

Date: 24 September 2021



BY ORDER OF THE BOARD

Brett Kelly

Company Secretary

MEETING INFORMATION FOR SHAREHOLDERS

1. ELIGIBILITY TO VOTE

A shareholder can vote at the Meeting:

- a) in person;
- b) by proxy;
- c) by attorney; or
- d) by corporate representative (if you are a corporate shareholder).

You will be eligible to attend and vote at the Meeting if you are registered as a holder of shares in the Company at 11.00 am (AEDT) on Sunday, 24 October 2021.

In accordance with the Corporations Act, voting on all resolutions at the Meeting will be conducted by poll.

2. VOTING METHODS

How to vote prior to the Meeting

Shareholders may appoint a proxy online at www.linkmarketservices.com.au or by submitting a proxy form to the Company's Share Registry. Please note that your proxy appointment needs to be received by no later than 11.00 am (AEDT) on Sunday, 24 October 2021.

Even if you plan to attend the Meeting, you are still encouraged to submit a directed proxy in advance of the Meeting so that your votes can still be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the Meeting).

- To log in, you will need your holder identifier (SRN or HIN) and postcode.

How to be present virtually and vote at the Meeting

Shareholders will have the opportunity to be present virtually via a live webcast and will be able to vote electronically via an online platform (including lodging a vote in real time and asking questions online).

You can access the platform at <https://agmlive.link/BGA21>

- To log in, you will need your holder identifier (SRN or HIN) and postcode.

Voting will be available from the registration open of the Meeting (10.30am (AEDT) on Tuesday, 26 October 2021) until 5 minutes after the close of the Meeting.

More information regarding online participation at the Meeting, including how to vote and ask questions, is available in the Virtual Meeting Online Guide.

3. QUESTIONS AND COMMENTS

Shareholders and proxyholders can participate by asking questions or making comments either in writing using the online platform at <https://agmlive.link/BGA21> or by telephone.

Questions can be submitted in writing using the online platform either before or during the Meeting.

Shareholders and proxyholders who would like to ask questions or make comments by telephone need to contact Link Market Services to be verified as a member and obtain a personalised PIN. If you plan on asking questions or making comments by telephone, we recommend that you obtain a personalised PIN prior to the commencement of the Meeting. You can also use the telephone dial-in details to listen to the Meeting. However, you cannot vote using the telephone dial-in. If you want to vote during the Meeting, you will need to log in to the online platform at <https://agmlive.link/BGA21>.

Contact details for Link Market Services and dial-in details for the Meeting are included in the Virtual Meeting Online Guide. The Virtual Meeting Online Guide also contains information on how to listen to the Meeting, ask questions and make comments via telephone.

4. VOTING BY PROXY

A shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the Shareholder. The person appointed as proxy may, but does not need to be, a shareholder of the Company. A proxy form accompanies this Notice of Meeting.

If the shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies. If you appoint two proxies, each will require a separate form. If you require a second proxy form, please contact the Company Secretary on (02) 6491 7777. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes that each proxy may exercise, each proxy may exercise half of the votes.

An instrument of proxy in which the name of the appointee is not filled in is taken to be given in favour of the Chairperson of the meeting to which it relates.

If the shareholder does not instruct its proxy on how to vote, the proxy may, subject to the restrictions to the voting of undirected proxies outlined below, vote as he or she sees fit at the Meeting.

In order for the appointment of a proxy to be valid, the proxy form MUST be received by the Company at least 48 hours before the time for holding the Meeting.

5. VOTING BY CORPORATE REPRESENTATIVE OR ATTORNEY

Corporate representative

Corporate shareholders who wish to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

Powers of attorney and authorities

The appointment of an attorney for the Meeting is not effective unless the instrument appointing the attorney, and the original or an attested copy of the power of attorney or other authority (if any) under which the instrument is signed, are received by the Company at its registered office or by the Company's Share Registry at least 48 hours before the Meeting. Any forms received after that time will not be valid for the scheduled meeting.

6. HOW THE CHAIRPERSON WILL VOTE UNDIRECTED PROXIES

The Chairperson will vote undirected proxies on, and in favour of, each of the proposed resolutions.

7. VOTING RESTRICTIONS

Certain voting restrictions apply in relation to item 2 (Adoption of Remuneration Report) and item 4 (Directors' Fee Pool Increase). Please refer to the explanatory notes for items 2 and 4.

7. TO LISTEN TO THE WEBCAST ONLY

You can listen to the Meeting by using the dial-in details provided in the Virtual Meeting Online Guide. Additionally, an archive of the webcast will be available on the Company's website shortly after the Meeting concludes. You do not need to be shareholder or proxyholder to access the webcast.

DOCUMENTS MAY BE LODGED:

IN PERSON Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

BY MAIL Bega Cheese Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FACSIMILE +61 2 9287 0309

ONLINE: at www.linkmarketservices.com.au using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the proxy form).

Explanatory Notes

1. Annual Financial Report and Directors' and Auditor's Reports

The Financial Report, Directors' Report and Auditor's Report for the Company in relation to the year ended 30 June 2021 will be laid before the Meeting. There is no requirement for shareholders to approve these reports. However, the Chairperson will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the business and management of the Company.

Shareholders will also be given a reasonable opportunity to ask questions about, or make comments on, the management of the Company and the Remuneration Report. The Company's external auditor will also attend the Meeting and the Chairperson of the Meeting will provide a reasonable opportunity for shareholders to ask questions of the auditor relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

2. Adoption of the Remuneration Report

The Remuneration Report explains the Company's remuneration policy for directors, chief executive officer and other key management personnel. The Remuneration Report forms part of the Directors' Report.

The vote on this resolution is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under the Corporations Act, if 25% or more of votes are cast against the adoption of the remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (**spill resolution**) that another meeting of the Company's shareholders be held within 90 days at which all of the Company's directors (other than the managing director) will cease to hold office immediately before the end of that meeting but may stand for re-election at that meeting.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on this resolution by any member of the key management personnel of the Bega Cheese consolidated group (**Bega Cheese Group**) whose remuneration details are included in the remuneration report and any closely related party of such member. The Company will also disregard any votes cast on this resolution, as proxy, by a member of the key management personnel of the Bega Cheese Group at the date of the Meeting or their closely related parties. However, the Company will not disregard a vote if it is cast by such member of the key management personnel or closely related party as proxy on behalf of a person who is entitled to vote, in accordance with the directions on the proxy form. If the proxy is the Chairperson of the Meeting, the Chairperson can also vote undirected proxies on this resolution provided that the proxy appointment expressly authorises the Chairperson to exercise the proxy even though the resolution is connected with the remuneration of a member of the key management personnel. The proxy form prepared by the Company includes this authorisation to enable the Chairperson to vote undirected proxies.

Key management personnel of the Bega Cheese Group are the directors of Bega Cheese and other persons having authority and responsibility for planning, directing and controlling the activities of the Bega Cheese Group, directly or indirectly.

The Board unanimously recommends that shareholders support the adoption of the Remuneration Report.

3. Election of directors

Composition of the Board

The Company's Constitution provides that the Board will comprise up to 8 directors, including 4 supplier directors. A supplier director is a director who operates a dairy farming business and supplies milk to the Company. As at the date of this Notice of Meeting, the supplier directors are Barry Irvin, Rick Cross and Harper Kilpatrick.

Mr Harper Kilpatrick (Item 3(a))

Mr Harper Kilpatrick was appointed as a supplier director by the Board in April 2021. In accordance with the Company's Constitution, that appointment comes to an end at this General Meeting and Mr Kilpatrick offers himself for election.

Harper's career has centred around agriculture and agribusiness. His executive career in agribusiness included several senior executive roles with Glenfarm Holdings in the UK, and Deputy CFO / Head of Finance with Almarai Co. Limited, in Riyadh, Kingdom of Saudi Arabia.

Harper has held number of Australian dairy industry positions including 3 years as a non-executive director of West Vic Dairy Inc., 18 months as a non-executive director of Murray Goulburn Co-operative Limited and is currently a non-executive Finance Director of the Australian Dairy Conference Pty. Ltd. a position he has held for 6 years.

Harper and his wife operate two dairy farms near Koroit in Western Victoria.

Mr Kilpatrick was appointed as a director by the Board on 6 April 2021 and, in accordance with the Company's Constitution, this appointment ends at this Meeting. He offers himself for election by the shareholders at the Meeting.

The directors, other than Mr Kilpatrick, recommend that shareholders vote in favour of the election of Mr Kilpatrick as a director, having regard to his years of experience in the dairy industry which complements the composition of the Board.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the election of Mr Kilpatrick.

Mr Barry Irvin (Item 3(b))

Barry Irvin, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

Barry has been a director of the Company since 1989 and was last re-elected as a director on 23 October 2018.

Barry has extensive experience in the dairy industry and has been Chairman of Bega Cheese Limited since 2000. Barry's leadership has seen the Company grow from a small regionally based dairy company to now one of the largest dairy and food companies in Australia, with customers in Australia and over 40 countries around the world.

Barry's depth of knowledge of the industry includes a significant understanding of the issues affecting Australian dairy farmers, the key investments required to meet changing consumer needs and the management of long-term customer relationships.

Barry is recognised globally for his extensive knowledge of the Australian dairy industry. In 2011 he was awarded the Rabobank Agribusiness Leader of the Year. He was awarded the NAB Agribusiness Leader of the Year in 2009 and appointed a member of the Order of Australia in 2008.

The directors, other than Mr Irvin, recommend that shareholders vote in favour of the re-election of Mr Irvin.

Ms Raelene Murphy (Item 3(c))

Raelene Murphy, who retires by rotation in accordance with the Company's Constitution, offers herself for re-election.

Raelene Murphy was appointed as a director of the Company by the Board on 1 July 2015 and was last re-elected as a director on 23 October 2018.

Raelene is an experienced director of ASX listed companies and as a director of Bega Cheese Limited has chaired the audit and risk committee through a period of growth including acquisition and integration activity.

Raelene has over 35 years' experience in strategic, financial and operational leadership in both industry and professional advisory. In her professional advisory career, she specialised in operational and financial restructuring including merger and acquisition integration. She was formerly a Managing Director at KordaMentha and a Partner in a national accounting firm where she led the corporate turnaround practice. Her industry experience includes as CEO of the Delta Group and senior executive roles in the Mars Group. Raelene is a Fellow of Chartered Accountants Australia and New Zealand.

The directors, other than Ms Murphy, recommend that shareholders vote in favour of the re-election of Ms Murphy.

Mr Richard Cross (Item 3(d))

Rick Cross, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.

Rick Cross has been a director of the Company since December 2011 and was last re-elected as a director of the Company on 23 October 2018.

Rick has represented dairy farmers in many industry roles, and until recently was the Chair of Murray Dairy, Inc., a position he held for the last three years. He also owns and actively manages a progressive dairy farm in Northern Victoria.

The directors, other than Mr Cross, recommend that shareholders vote in favour of the re-election of Mr Cross.

4. Directors' Fee Pool Increase

In accordance with Rule 9.3(a) of the Company's Constitution and ASX Listing Rule 10.17, the Board seeks shareholder approval to increase the maximum aggregate yearly remuneration that the directors may be paid for their services as directors by \$550,000 from \$1,200,000 to \$1,750,000.

The current fee pool limit of \$1,200,000 was approved by the shareholders on 25 October 2016.

The total remuneration payable to directors, in that capacity, in the financial year ended 30 June 2021 was \$1,027,650 and particulars of this are set out in the Remuneration Report.

The Board's Nomination Remuneration & Human Resources Committee (**NRHRC**) recently reviewed the directors' remuneration with the benefit of advice from remuneration experts. As a result of this review, the NRHRC recommended, and the Board approved the following increased fees effective from 1 July 2021.

Fees and allowances by role	Current Per role \$	Current Total \$
Chair of the Board	212,000	212,000
Deputy Chair	144,100	144,100
Director fees*	106,000	530,000
Chair of Audit & Risk Committee	24,000	24,000
Audit & Risk Committee member allowance	12,000	36,000
Chair of NRHRC	24,000	24,000
NRHRC member allowance	12,000	36,000
Chair of Milk Services Committee	15,000	15,000
Milk Services Committee allowance	7,500	15,000
Chairman of the BDD Integration Committee	130,000	130,000
		1,166,100

*These fees are payable to directors other than the Chair of the Board and Deputy Chair, who have their separate fees as identified in the table.

Based on the current Board and Committee composition, the total remuneration payable to directors in the current financial year ending 30 June 2022, as set out in the above table, will be \$1,166,100, which would not exceed the existing \$1,200,000 cap on total directors' fees.

Rule 9.1(a) of the Company's Constitution provides that the Board will comprise up to 8 directors including 4 being supplier directors. As the Board currently comprises 7 directors, with 3 supplier directors, a further supplier director may be appointed. If an additional supplier director were appointed, the total directors' fees would exceed the current fee pool cap of \$1,200,000.

No securities have been issued to any non-executive directors under ASX Listing Rule 10.11 or 10.14 with shareholder approval at any time in the preceding 3 years.

Voting Exclusion Statement

In accordance with the ASX Listing Rules and the Corporations Act, no votes may be cast, and the Company will disregard any votes cast on this resolution:

- by or on behalf of the directors, or any of their associates; and
- as a proxy by a member of the key management personnel of the Bega Cheese Group at the date of this Meeting, or a closely related party of a member of the key management personnel,

unless the vote is cast in favour of this resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this resolution, in accordance with the directions given to the proxy or attorney to vote on this resolution in that way; or
- the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on this resolution, in accordance with a direction given to the Chairperson to vote on this resolution as the Chairperson decides, and if acting as proxy, in accordance with an express authorisation to exercise the proxy, even though this resolution is connected with the remuneration of a member of the key management personnel; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this resolution; and
 - the holder votes on this resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

The proxy form prepared by the Company includes this authorisation to enable the Chairperson to vote undirected proxies.

Given the interest of the directors in this resolution, the Board has not provided any recommendation to shareholders in respect of this resolution.

The Chairperson of the Meeting intends to vote all available proxies in favour of this Resolution.

5. Changes to the Constitution

There have been no amendments to the Constitution since the Company listed on the ASX in 2011. Following a recent review of the Company's Constitution, the changes set out below are proposed. A copy of the Constitution showing the proposed amendments is available at on the Company's website at <https://www.begacheese.com.au/investors/corporate-governance/> or a printed copy can be obtained, at no charge, by email request to the Company Secretary at bega.admin@bega.com.au. Under the Corporations Act, Resolution 5 needs to be passed as a special resolution. This requires it to be passed by at least 75% of the votes cast by members entitled to vote on the special resolution.

5(a): Removal of Rule 3 – Maximum Shareholding

Background

When the Company was listed on the ASX in 2011, the Constitution included provisions that limited the maximum shareholding in the Company over a period of up to ten years ending on 16 August 2021. This maximum shareholding limit, which was 5% for an initial 2-year period after listing, 10% from the end of that period up to 5 years from listing and then, with the approval of shareholders at the 2015 annual general meeting, 15% during the further 5-year period ending on the tenth anniversary of listing, ceased to apply after 16 August 2021.

The maximum shareholding provisions are contained in Rule 3, and as these provisions are no longer operative, it is proposed to remove the maximum shareholding provisions as set out in Rule 3 from the Constitution. To retain the existing numbering of the Constitution, Rule 3 will be identified as blank.

Proposed amendment

That the provisions of Rule 3 of the Constitution be deleted and replaced with the following text: "3. *(Not used)*".

5(b): Amendment to Rule 4.3(f) – Registered joint holders

Background

The Australian Clearing House Electronic Subregister System (**CHES**) is the system used by the ASX to record shareholdings and manage the clearing and settlement of share transactions in Australia. It was implemented over 25 years ago to enable conversion from physical shares into an electronic format. CHES was developed by the ASX and is managed by ASX Settlement Pty Ltd, the prescribed clearing and settlement facility (**CS Facility**) under the Corporations Act.

In 2017, following an evaluation process, the ASX announced that CHES was to be replaced with a new system that used distributed ledger technology (one example of which is commonly referred to as 'blockchain' technology). The ASX has said that the CHES Replacement, which is to be known as the ASX Clearing and Settlement Platform (**CSP**), will modernise and upgrade critical market infrastructure and digitise certain processes. CSP currently has a targeted 'go-live' date of April 2023.

In preparation for this, the ASX has suggested to issuers that certain changes be made to issuer constitutions, dividend/distribution reinvestment plan rules and bonus share plan rules. Currently under CHES, holder registration details (e.g., holders' names, addresses and other details) are recorded in an unstructured format limited to 180 characters. The new CSP will record holder registration details in a structured format which is currently anticipated to enable up to four joint holders to be recorded in relation to shares.

Under Rule 4.3(f) of the Constitution, Bega Cheese currently allows up to three joint holders to be recorded in relation to shares. The ASX has recommended that listed companies propose changes to their constitutions at annual general meetings to be held in 2021 to enable the registration of the higher number of joint holders under CSP.

It is therefore proposed that Rule 4.3(f) in the Constitution be amended to specify that the Company will register the number of joint holders permitted under the ASX Settlement Operating Rules. This will ensure that the Company's Constitution will enable the maximum number of joint holders once the CSP becomes operative.

Proposed amendment

That Rule 4.3(f) of the Constitution be amended in the following manner:

"...except where persons are jointly entitled to a share because of a Transmission Event, or where required by the Listing Rules or Operating Rules, the Company is not required to register more than [the maximum number of persons permitted to be registered under the Operating Rules](#)~~3 persons~~ as joint holders of the Share."

5(c): Amendment to Rules 1.2(c) and 8.2(d) – Technology at general meetings

Background

The *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* has made changes to the Corporations Act to enable companies to conduct wholly virtually general meetings during the period to 1 April 2022. These temporary legislative changes, which also facilitate the electronic signing of documents, will enable companies to navigate the restrictions arising from COVID-19. It is also anticipated that a further bill will be considered by the Australian Parliament to permanently change the Corporations Act to allow wholly virtual general meetings to be conducted. Presumably this further bill will be addressed at some time before the temporary measures expire.

While the final wording of permanent changes to the Corporations Act provisions relating to virtual meetings is not known at this stage, the Board thinks that is appropriate for the Company's Constitution to expressly authorise the holding of virtual general meetings. This express power will be included in the amendment to Rule 8.2(d) of the Constitution set out below.

Proposed amendment

That Rule 8.2(d) in the Company's Constitution be deleted and replaced with the following new Rule 8.2(d):

"Subject to the applicable law, a general meeting may be held using any virtual meeting technology approved by the Board which gives the Members, as a whole, a reasonable

opportunity to participate. A meeting conducted using such virtual meeting technology may be held:

- (i) at one or more locations that persons entitled to attend can be physically present at; or
- (ii) by using virtual meeting technology only (without any right to physically attend the meeting).

All persons participating in a general meeting held in accordance with this Rule are taken for all purposes to be present in person at the meeting.”

Further that Rule 1.2(c) in the Company’s Constitution be amended in the following manner:

“...a Member is taken to be present at a general meeting if the Member is present in person or by proxy, attorney or Representative and all persons participating in a general meeting held in accordance with Rule 8.2(d) are taken for all purposes to be present in person at the meeting;”

5(d): Insert Rule 8.7A and amend Rule 1.1 – Direct voting

Background

Currently, the Constitution does not expressly permit direct voting. It is proposed that the Constitution be amended to allow for direct voting, so that shareholders may vote on resolutions at general meetings by lodging their vote with the Company prior to the general meeting, without needing to attend the meeting or appoint a proxy, attorney or Representative. The amendments to the Constitution are to improve shareholder engagement by making it easier for shareholders to exercise their vote on matters being dealt with at general meetings.

Proposed amendment

Insert beneath Rule 8.7 in the Constitution, the following new Rule 8.7A:

“(a) The Board may, subject to the law, determine that at any general meeting or class meeting, a Member who is entitled to attend and vote on a resolution at that meeting is entitled to give their vote by valid notice of their voting intention (a Direct Vote). A Direct Vote includes a vote delivered to the Company by post, facsimile, electronic or other means approved by the Board.

(b) The Board may prescribe regulations, rules and procedures in relation to a Direct Vote, including specifying the form, method and timing of giving a Direct Vote at a meeting in order for the vote to be valid.”

Further it is proposed to insert the following definition into Rule 1.1 in the Constitution:

““**Direct Vote**” has the meaning given in Rule 8.7A.”

5(d): Amend Rules 12.1(k) and 12.1(l) – Mandatory Direct Credit

Background

Under the current Rule 12.1(k) of the Company's Constitution, the Board can adopt any method of payment of dividends to shareholders. The Board previously adopted a policy of giving shareholders (who have not elected to participate in the Dividend Reinvestment Plan) the option of having their dividends paid by direct credit to a nominated bank account or by cheque.

In response to New Zealand banks ceasing to process cheque deposits, the Company will only pay dividends to New Zealand shareholders by direct credit to nominated bank accounts.

While the Company will continue to offer Australian shareholders the right to receive dividends by cheque at this stage, it seems clear that banks will phase out cheques as a method of payment. Accordingly, it is likely that the Company will, at some point in the future, follow many other ASX-listed companies in only paying dividends by direct credit.

To clarify the payment of dividends by direct credit and, in particular, the way in which dividend entitlements will be dealt with if shareholders do not nominate a bank account into which a dividend can be paid, it is proposed to replace current Rules 12.1(k) and 12.1(l) of the Company's Constitution with new Rules 12.1(k), 12.1(l), 12.1(m) and 12.1(n). As set out in the text of the proposed new Rules set out below, if this situation arises the Company will hold the amount of the dividend entitlement in an account until the shareholder nominates a valid bank account into which the dividend can be transferred.

Proposed amendment

Rules 12.1(k) and 12.1(l) in the Company's Constitution be deleted and replaced with the following new Rules 12.1(k), 12.1(l), 12.1(m) and 12.1(n):

“(k) The Directors may decide the method of payment of any dividends, interest or other money payable in cash in respect of a Share. Different methods of payment may apply to different Members or groups of Members. Without limiting any other method of payment which the Company may adopt, payment in respect of a Share may be made:

- (i) by such electronic means or other means approved by the Directors directly to an account (of a type approved by the Directors) nominated in writing by the Member or joint holders of a Share;*
- (ii) by cheque, sent by post to the address of the holder as shown on the Register, or in the case of joint holders, to the address shown in the Register as the address of the joint holder first named in that Register, or to such other address as the holder or joint holders in writing directs or direct.*

(l) If the Directors decides that payments will be made by electronic transfer into an account (of a type approved by the Directors) nominated by a Member, but no such account is nominated by the Member or an electronic transfer into a nominated account is rejected or refunded, the Company may credit the amount payable to an account of the Company to be held until the Member nominates a valid account.

(m) An amount credited to an account under Rule 12.1(l) is to be treated as having been paid to the Member or joint holder at the time it is credited to that account. The Company will not be a trustee of the money and no interest will accrue on the money.

(n) A cheque sent under Rule 12.1(k)(ii) may be made payable to bearer or to the order of the Member to whom it is sent or such other person as the Member may direct and is sent at the Member's risk."

