

Constitution
Capricorn Mutual Limited

CONSTITUTION OF CAPRICORN MUTUAL LTD

INTERPRETATION

1. The name of the Company is CAPRICORN MUTUAL LIMITED.

2. (a) In this Constitution the following words and phrases shall (unless the context otherwise requires) have the following meanings:

"Act" means the Commonwealth Corporations Act 2001 including any amendment or reenactment thereof for the time being in force.

"Board" means the Board of Directors of the Company.

"Capricorn Society" means Capricorn Society Limited having its registered address at 172 Burswood Road, Victoria Park, Western Australia or such place as Capricorn Society Limited shall decide.

"Company" means the Company above named.

"Constitution" means this Constitution and any supplementary substituted or amending Constitution for the time being in force.

"Contribution" and "Contributions" shall have the same meanings as in the Rules and shall be calculated and paid by each Member as set out therein.

"Director" means a duly appointed director of the Mutual.

"Member" means a member of the Mutual.

"Member's Representative" is as defined by the Rules.

"the Mutual" means the Company.

"the Rules" means the document issued in accordance with Rule 64 of the Constitution.

"Seal" means the Common Seal of the Mutual.

"Secretary" means any person appointed to perform the duties of a Secretary of the Mutual and includes an Honorary Secretary.

"State" means the State of Western Australia unless specified otherwise.

(b) Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, typewriting, lithography, facsimile, photography and any other mode of representing or reproducing words in the visible form.

(c) Words or expression contained in this Constitution shall be interpreted in accordance with the Corporations Act as in force at the date at which this Constitution becomes binding on the Company.

(d) Powers of delegation shall not be restrictively construed but the widest interpretation shall be given thereto.

(e) The word "Directors" and "Board" in the context of the exercise of any power contained in this Constitution includes any committee consisting of one or more Directors, any Director holding executive office and any Manager or agent of the Mutual to which or, as the case may be, to whom the power in question has been delegated.

(f) No power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation.

(g) Except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under this Constitution or under another delegation of the power.

(h) Words importing persons shall include individuals, partnerships, corporations and mutuals.

REPLACEABLE RULES

3. The Replaceable Rules contained in the Act do not apply to the Mutual.

OBJECTS

4. The objects for which the Mutual has been established are:

(a) To receive subscriptions and Contributions from Members;

(b) To pay claims relating to certain liabilities, losses or expenses incurred by Members on a discretionary basis in accordance with the Rules;

(c) To enter into or arrange insurance or reinsurance contracts as deemed necessary from time to time and to negotiate directly or indirectly with the insurance market cover for any risk for the benefit of the Mutual and/or the Members;

(d) To establish a wholly owned subsidiary insurance company in New Zealand or elsewhere, which subsidiary shall insure the risks of the Mutual and/or the Members;

(e) To invest and deal with the monies of the Mutual which monies are not immediately required for the purposes of its business in or upon such stocks, shares, bonds, debentures, derivatives, futures, options, swaps, or other securities or the purchase of such currencies, commodities or other real or personal property, or by means of being deposited in accounts and in such manner as may from time to time be determined;

(f) To borrow and raise money and to give any guarantee for payment of money or the performance of any contractual obligation or undertaking by any person, company or government body and to secure any such guarantee by mortgaging or charging any real or personal property or any other asset of the Mutual;

(g) To pay all outgoings, costs, charges, losses and expenses incurred in or incidental to the promotion and establishment of the Mutual or the activities of the Mutual;

(h) To appoint or employ any person to act as agent, representative, manager, adviser, consultant or otherwise on behalf of the Mutual in relation to any of the activities or proposed activities of the Mutual;

(i) To open and operate any account or accounts with any bank or building society, to advance, lend or deposit money or give credit to or with any company on such terms as may be thought fit and with or without security;

(j) To permit any asset of the Mutual to be held or registered in the name of any nominee of the Mutual and to deposit securities or other investments belonging to or relating to the Mutual with any bank, building society or custodian;

(k) To purchase and maintain for any director, auditor, officer, trustee, manager or any other person (including retired persons) insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against;

(l) To enter into any partnership or arrangement in the nature of a partnership, joint venture, co-operation or union of interests, profit/loss-sharing arrangement or other association or relationship, with any person or company engaged or interested in or who or which may become engaged or interested in the carrying on or conduct of any business which the Mutual is authorised to carry on or conduct or from which the Mutual would or might derive any benefit whether direct or indirect, and to take or otherwise acquire shares and securities in or of any such company (whether fully or not fully paid up or with limited or unlimited liability) and to sell, hold, re-issue with or without guarantee or otherwise deal with the same;

(m) To establish or promote, or join in the establishment or promotion of, any other company in any part of the world whose objects shall include the taking over of any of the assets or liabilities of the Mutual or the promotion of which shall or may be calculated to advance its interests, and to acquire, hold, sell or otherwise deal with any shares, securities or obligations of any such company;

(n) To amalgamate with any other company with similar objects;

(o) To enter into any arrangement with any government or authority, municipal, local or otherwise, that may seem conducive to the Mutual's objects or any of them and to obtain from any such Government or authority any rights, privileges or concessions which the Mutual may think it is desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions and further to support or oppose any proposal made by any person or by any body of persons to secure changes in the law affecting the Mutual or the business of the Mutual or any of its rights, privileges or concessions and to subscribe to any fund that may be raised or utilised for the purpose of or in connection with the support of, or opposition to, any such proposal;

(p) To acquire or undertake the whole or any part of the business, goodwill and assets of any person or company carrying on or proposing to carry on any of the businesses which the Mutual is authorised to carry on and in connection with any such acquisitions to undertake all or any of the liabilities of such person or company and to conduct or carry on such business;

(q) To sell or dispose of the undertaking, property and assets of the Mutual or any part thereof in such manner and for such consideration as the Board may think fit, and in particular for shares (fully or partly paid up) securities or obligations of any other company whether promoted by the Mutual for the purpose or not and to improve, manage, develop, exchange, lease, dispose of or otherwise deal with all or any part of the property and assets of the Mutual;

(r) To cause the Mutual to be recognised in any foreign country;

(s) To join, co-operate with or become a member of any society, committee, association or other body or group howsoever constituted having for its object or included in its objects the defence or advancement of the interests of the Members, and staff by joint or concerted action, and to support and contribute to the funds of any such society, committee, association or other body or group and generally to make such charitable, philanthropic, useful or other donations or subscriptions to any persons or associations or objects as the Board may think fit;

(t) To do all or any of the above things in any part of the world and either as principal, agents, trustees or otherwise, and either alone or in conjunction with another or others, and by or through agents, sub-contractors, trustees or otherwise;

(u) To do all such things as are, in the opinion of the Board incidental or conducive to the attainment of the above objects or any of them and as are permitted by law for a company limited by guarantee and with no share capital.

The objects of the Mutual as specified in Sub Rules (a) to (e) above shall be construed as the main objects of the Mutual and the powers conferred on the Mutual by any of the Sub-Rules (f) to (t) above shall be restricted by reference to or inference from the terms of the main objects of the Mutual.

5. For the sole purpose of carrying out the aforesaid objects and in addition to the powers set out in Rule 4 the Mutual has the power and capacity to do all such acts, deeds and things as a company has capacity and power to do pursuant to the Act including but without limiting the generality of the foregoing:

(a) To accept or refuse any gift, endowment or bequest made to or acquired by the Mutual generally for the objects herein set forth or for the purpose of any specific object and to undertake, execute and carry out any charitable or other trust which may be considered expedient or desirable in the interests of the Mutual;

(b) To print and publish or to contribute to the publication of any newspaper, periodical, journal, leaflet, book or magazine and to print, publish and circulate books, papers, pamphlets and information and to provide and circulate any annual or other report of the Mutual and its proceedings and work;

(c) To subscribe to, become a member of and co-operate with any other association or organisation, whether incorporated or not, whose objects are altogether or in part similar to the Mutual provided that the Mutual shall not subscribe to or support with its funds any association or organisation which does not prohibit the distribution of its income and property among its members to an extent at least as great as that imposed on the Company under or by virtue of Rule 21 of this Constitution;

(d) In furtherance of the objects of the Mutual to buy, sell and deal in all kinds of apparatus, literature and other items required by the members of the Mutual or persons frequenting the Mutual's premises;

(e) To purchase, take in exchange, hire or otherwise acquire any lands, buildings, easements or property, real and personal and any rights or privileges which may be requisite for the purposes of, or capable of being conveniently used in connection with, any of the objects of the Mutual provided that in case the Mutual shall take or hold any property which may be subject to any trusts the Mutual shall only deal with the same in such manner as is allowed by law having regard to such trusts;

(f) To appoint, employ, remove or suspend such managers, clerks, secretaries, servants, workmen and other persons as may be necessary or convenient for the purposes of the Mutual;

(g) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or former employees of the Mutual or dependants or connections of any such persons, to grant pensions and allowances to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects, or for any public, general or useful object;

(h) To construct, improve, maintain, develop, work, manage, carry out, alter or control any houses, buildings, grounds, works or conveniences which may seem calculated directly or indirectly to advance the Mutual's interests and to contribute to, subsidise or otherwise assist and take part in the construction, improvement, maintenance, development, working, management, carrying out, alteration or control thereof;

(i) To invest and deal with the monies of the Mutual not immediately required in such manner as may be permitted by law for the investment of trust funds and any other investments as might be made by a prudent investor;

(j) To borrow or raise or secure the payment of money in such manner as the Mutual may think fit and to secure the same or the repayment or performance of any debt liability, contract, guarantee or other engagement incurred or to be entered into by the Mutual in any way and in particular by the issue of debentures perpetual or otherwise charged upon all or any of the Mutual's property (both present and future), and to purchase, redeem or pay off any such securities;

(k) To make, draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments;

(l) To 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 Mutual's property of whatsoever kind sold by the Mutual, or any money due to the Mutual from purchasers and others;

(m) To take any gift of property whether subject to any special trust or not, for any one or more of the objects of the Mutual but subject always to the proviso in Sub Rule (e) hereof;

(n) In furtherance of the objects of the Mutual to amalgamate with any companies, institutions, societies or associations having objects altogether or in part similar to those of the Mutual and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as that imposed upon the Mutual under or by virtue of Rule 21 of this Constitution;

(o) In furtherance of the objects of the Mutual to purchase or otherwise acquire and undertake all or any part of the property, assets, liabilities and engagements of any one or more of the companies, institutions, societies or associations with which the Mutual is authorised to amalgamate;

(p) In furtherance of the objects of the Mutual to transfer all or any part of the property, assets, liabilities and engagements of the Mutual to any one or more of the companies, institutions, societies or associations with which the Mutual is authorised to amalgamate;

(q) To make donations for patriotic or charitable purposes;

(r) To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Mutual;

And without limiting the generality of the foregoing the Mutual has the powers set out in Section 124 of the Act.

BUSINESS

6. The business of the Mutual shall consist of all the matters and things set forth in this Constitution and shall be conducted under the control of the Board according to the terms of this Constitution and the Rules.

MEMBERSHIP

7. The number of members of the Mutual is unlimited.

8. The persons who consent to be the initial members in the application for registration of this Mutual and such other persons as the Board shall admit to membership in accordance with this Constitution shall be Members of the Mutual.

9. Capricorn Society, including all of its subsidiaries, each Member of Capricorn Society and each holder of a Capricorn Society Authorised Purchaser Account shall be eligible for membership of the Mutual, but the amount of their respective subscription fees payable to the Mutual shall depend upon whether they are a full Capricorn Society Member or an Affiliate Capricorn Society Member. Capricorn Society and each of its subsidiaries and each holder of a Capricorn Society Authorised Purchaser Account admitted to membership in the Mutual shall be deemed to be and treated as a Full Capricorn Society Member for the purpose of this Constitution only and not otherwise.

10. Capricorn Society shall notify the Mutual in writing, in such form as may be required by the Board, details of all persons & entities which Capricorn Society considers are eligible for membership.

11. If the Board is satisfied that an applicant is eligible for membership it may, in its sole and absolute discretion, admit the person or entity to membership and the name of the person or entity will be entered on the register of Members. The Board is not obliged to give reasons for any refusal to admit the person or entity to membership.

(a). An applicant admitted to membership of the Mutual shall in the case of a Full Capricorn Society Member be a Full Member of the Mutual ("Full Member") and in the case of an Affiliate Capricorn Society Member be an Affiliate Member of the Mutual ("Affiliate Member").

12. Membership shall be personal to the person or entity concerned and is not transferable, assignable or subject to novation.

13. At the next meeting of the Board after the receipt of any application for membership, such application shall be considered by the Board which shall thereupon determine the admission or rejection of the applicant. In no case shall the Board be required to give any reason for the rejection or admission of an applicant.

14. When an applicant has been accepted for membership the Secretary shall forthwith send to the applicant written notice of his acceptance and a request for payment of any applicable subscription fee and first annual Contribution. Upon payment of his subscription fee and first annual Contribution the applicant shall become a member of the Mutual provided however that if such payments are not made within two (2) calendar months after the date of the notice, the Board may in its discretion cancel its acceptance of the applicant for membership of the Mutual.

15. The subscription fee payable by members of the Mutual shall be such as the Mutual in General Meeting shall from time to time prescribe, provided that until the Mutual shall otherwise resolve the subscription fees for those Members who are full Capricorn Society Members shall be ten dollars (\$10.00) and the subscription fees for those Members who are Affiliate Capricorn Society Members shall be ten dollars (\$10.00).

16. All contributions shall become payable as a consequence of membership of the Mutual and shall become due and payable at such time or times determined by the Board.

CESSATION OF MEMBERSHIP

17. If the subscription fee or any Contribution of a Member shall remain unpaid for a period of two (2) calendar months after it becomes due then the Member may after notice of the default shall have been sent to him by the Secretary be debarred by resolution of the Board from all privileges of membership and his name may be removed by the Board from the Register of Members provided that the Board may reinstate the Member and restore his name to the Register on payment of all arrears and interest and costs if the Board thinks fit to do so.

18. A Member may at any time by giving notice in writing to the Secretary resign his membership of the Mutual but the Member shall continue to be liable for any unpaid subscription or Contributions and all arrears, interest and costs due and unpaid at the date of his resignation and for all other monies due by him to the Mutual and in addition for any sum not exceeding \$1.00 for which he is liable as a member of the Mutual under Rule 22 of the Constitution.

19. If any Member shall wilfully refuse or neglect to comply with the provisions of the Constitution or shall be guilty of any conduct which in the opinion of the Board is unbecoming of a Member or prejudicial to the interests of the Mutual the Board shall have power to expel the Member from the Mutual and erase his name from the Register of Members provided that at least one week before the meeting of the Board at which a resolution for his expulsion is passed the Member shall have had notice of such meeting and of what is alleged against him and of the intended resolution for his expulsion and that he shall at such meeting and before the passing of such resolution have had an opportunity of giving orally or in writing such explanation or defence he may think fit and provided further that any such Member may by notice in writing lodged with the Secretary at least twenty four (24) hours before the time for holding the meeting at which the resolution for his expulsion is to be considered by the Board elect to have the question of his expulsion dealt with by the Mutual in General Meeting and in that event a General Meeting of the Mutual shall be called for the purpose and if at the meeting a resolution for the expulsion of the member be passed by a majority of two-thirds of those present and voting (such vote to be taken by ballot) the member shall be expelled and his name removed from the Register of Members.

20. A Member shall cease to be a Member immediately upon any of the following events occurring:

- (a) The dissolution of the Member;
- (b) The Member being declared bankrupt or insolvent;
- (c) A resolution being passed or an order made for the winding up of the Member other than for the purposes of reorganisation;
- (d) The Member making any composition or arrangement with its creditors;
- (e) A receiver, trustee, liquidator, manager or administrator being appointed over the assets or undertaking of the Member; or
- (f) Where the Member is no longer a member of Capricorn Society.

PROVIDED ALWAYS that such Member shall be and remain liable to pay to the Mutual all such calls, subscription fees and Contributions and monies, interest and costs as under this Constitution or the Rules such Member is expressed to be liable to pay.

INCOME AND PROPERTY

21. The income and property of the Mutual shall be applied solely towards the promotion of the objects of the Mutual as set forth in this Constitution; and no portion thereof shall be paid, assigned or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to the Members provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration to any officer or employee of the Mutual, or to any Member in return for any services actually rendered to the Mutual, nor prevent the payment of interest at a rate not exceeding interest at the rate for the time being charged by the Mutual's bankers for overdrawn accounts on money lent or reasonable and proper rent for premises demised or let by any Member to the Mutual.

MEMBER'S CONTRIBUTION

- 22. (a) The liability of the Members is limited.
- (b) Every Member undertakes to contribute to the property of the Mutual in the event of the same being wound up while he is a Member, or within one (1) year after he ceases to be a Member, for payment of the debts and liabilities of the Mutual contracted before he ceases to be a Member, and of the costs, charges, and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one dollar (\$1.00).

GENERAL MEETINGS

- 23. The first General Meeting shall be held at such time, not being less than one (1) month nor more than three (3) months after the registration of the Mutual and at such place as the Board may determine.
- 24. An Annual General Meeting of the Mutual shall be held in accordance with the provisions of the Act. All meetings other than Annual General Meetings shall be called General Meetings.
- 25. (a) Any three members of the Board, or the Chairman, may whenever he thinks fit convene a General Meeting and General Meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act.
- (b) A General Meeting shall also be convened on requisition as is provided for by the Act or in default may be convened by such requisitionists as empowered to do so by the Act.
- 26. Subject to the provisions of the Act relating to special resolutions and agreements for shorter notice twenty one (21) days notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place the day and the hour of meeting

and in case of special business the general nature of that business shall be given to such persons as entitled to receive such notices from the Mutual. If a special resolution is to be proposed at the meeting the notice must be set out an intention to propose the special resolution and state the resolution.

27. All business shall be special that is transacted at a General Meeting and also all that is transacted at any Annual General Meeting, with the exception of the consideration of the accounts, balance sheets and the report of the Board and Auditors, the election of officers and other members of the Board in the place of those retiring and the appointment and fixing of the remuneration of the Auditors.

PROCEEDINGS AT GENERAL MEETINGS

28. 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, three Members present shall be a quorum. For the purpose of this Rule "Member" means Full Members and a person attending as a proxy or as representing a corporation which is a Full Member.

29. 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 (being not less than (2)) shall be a quorum.

30. The Chairman shall preside at every General Meeting of the Company, or if there is no Chairman, or if he is not present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act, the Vice-Chairman shall be the Chairman or if the Vice-Chairman is not present or is unwilling to act then the Members present shall elect one of their number to be Chairman of the meeting.

31. 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 thirty (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 in any notice of an adjournment details of the business to be transacted at an adjourned meeting.

32. (a) At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded:

- (i) by the Chairman; or
- (ii) by at least (3) Members present in person or by proxy.

(b) A poll may be demanded;

- (i) before a vote is taken;
- (ii) before the voting results on a show of hands is declared; or
- (iii) immediately after the voting results on a show of hands are declared.

(c) Unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect being made in the book containing the minutes of the proceedings of the Mutual 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.

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

(e) Before a vote is taken the Chairman must inform the meeting whether any proxy votes have been received and how the proxy votes are cast.

33. If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was demanded but a poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith.

34. 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.

35. A Member may vote in person or by proxy and on a show of hands every person present who is a Member or a representative of the Member shall have one vote and on a poll every person present in person or by proxy shall have one vote.

36. The instrument appointing a proxy shall be in the following form:

I of being a Member of hereby appoint of or failing him of as my proxy to vote for me on my behalf at the (Annual or General as the case may be) Meeting of the Mutual to be held on the day of and at any adjournment thereof.

My proxy is hereby authorised to vote *in favour of/*against the following resolutions:

Signed this day of 20

Note: In the event of the Member desiring to vote for or against any resolution he shall instruct his proxy accordingly. Unless otherwise instructed, the proxy may vote as he thinks fit.

37. 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 Mutual or at such other place within the State as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty four (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.

38. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, if no intimation in writing of such death, unsoundness of mind or revocation as aforesaid has been received by the Mutual at its registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.

39. No Member shall be entitled to vote at any General Meeting if his subscription fees or any Contributions shall be more than one (1) month in arrears at the date of the meeting. (a). Affiliate Members shall not have any right to vote at any meetings of the Members of the Mutual.

BOARD OF DIRECTORS

40. The Board shall consist of a maximum of nine (9) Directors and a minimum of three (3) Directors.

41. (a) The Directors may, at any time and from time to time, appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number for the time being fixed. The Board shall notify the Membership of such an appointment.

(b) . The majority of Directors at all times shall be Directors of Capricorn Society and up to eight (8) Directors may be nominated by the Board of Capricorn Society, subject to the following. Provided the majority of the Directors of the Company at the material time are Directors of Capricorn Society and not otherwise, then Capricorn Society's power of nomination under this clause is limited to being in respect of the vacancies (if

any) on the Board as determined by reference to the maximum number of Directors permitted under this Constitution and the number of Directors of the Company holding office at such time.

(c) Each Director nominated by the Board of Capricorn Society must be and remain, whilst holding office as a Director of the Company, a Director of Capricorn Society PROVIDED ALWAYS and without limiting clauses of 41(a) and 41(b) of the Constitution, that the Directors may appoint or elect to the Board one Non-Executive Director at any time who need not be a member or Director of Capricorn Society.

42. (a) At the third Annual General Meeting one third of the Directors of the Mutual shall retire from office. Those retiring on this occasion shall be selected by a simple straw poll conducted by the original Directors of the Mutual, and subject to Sub- Rule (b) at every subsequent Annual General Meeting one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; if only one Director is subject to retirement by rotation, he shall retire.

(b) The Directors to retire by rotation on each occasion shall be those who have been longest in office since their last election or re-election, but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(c) A retiring Director shall retain office until the conclusion of the meeting at which that Director retires.

(d) A retiring Director shall be eligible for re-election.

DIRECTORS

43. (a) Subject to Rule 44 the Mutual may by ordinary resolution: remove any Director from office; (b) A resolution under Sub- Rule (a) hereof must have been proposed in writing, delivered to the Mutual at least twenty-eight (28) days prior to the General Meeting and distributed to Members at least twenty-one (21) days prior to the General Meeting at which such a resolution is to be considered.

44. The remuneration (if any) of the Directors shall from time to time be determined by the Directors in General Meeting and that remuneration (if any) shall be deemed to accrue from day to day.

45. The Directors may be paid all reasonable travelling, hotel and other expenses properly incurred and accounted for by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Mutual or in connection with the business of the Mutual.

46. The office of Director shall become vacant if the Director:

(a) ceases to be a Director by virtue of the Act;

(b) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;

(c) resigns his or her office by notice in writing to the Mutual;

(d) is removed from office pursuant to this Constitution;

(e) ceases to be associated with a Member;

(f) has absented himself or herself (such absence not being absence with leave or by arrangements with the Directors on the affairs of the Mutual) from three (3) consecutive meetings of the Directors and the Directors resolve that his or her office should be vacated.

47. If a Director is nominated by a company in which he or she is a member or officer and that company ceases to be a Member of the Mutual then the office of that Director in the Mutual shall become vacant.

48. Subject to a Director disclosing his or her interest in accordance with the Act that Director is not disqualified by his or her office from:

(a) entering into any contract, agreement or arrangement with the Mutual;

(b) holding an office of profit under the Mutual;

- (c) becoming or remaining a Director of any corporation in which the Mutual is in any way interested or which is in any way interested in the Mutual;
- (d) attending and voting at any meeting of the Directors in respect of any contract, agreement arrangement matter or thing in which he or she is interested; or
- (e) attending and voting at any meeting of the Directors in respect of proposed amendments to the Rules or other matters which affect all Members equally.

PROVIDED ALWAYS that a Director shall not be entitled to attend and vote at any meeting of the Directors in respect of any claim made pursuant to the Rules by the Member with whom the said Director is associated.

49. A contract, agreement or arrangement entered into by or on behalf of the Mutual in which any Director is in any way interested is not for that reason void or voidable and a Director shall not be liable to account to the Mutual for any profits accruing to him or her.

POWERS AND DUTIES OF DIRECTORS

50. The business of the Mutual shall be managed by the Directors who may pay all expenses incurred in promoting and forming the Mutual and may exercise all of the powers of the Mutual which are not by the Act or by this Constitution required to be exercised by the Mutual in General Meeting. Without prejudice to the generality of the foregoing, the Board shall, in accordance with the Rules, determine the Contributions to be paid by each Member in respect of each Financial Year (as defined in the Rules). The Members' Contributions shall constitute the funds of the Mutual. The Board shall consider all claims made by Members under the Rules and may, in its sole and absolute discretion and in accordance with the Rules, grant from the funds of the Mutual to any such Member as indemnity wholly or in part in respect of the claim made by such Member.

51. The Directors may meet together for the despatch of business, and may adjourn and otherwise regulate their meetings as they think fit. Three (3) Directors may at any time and the Secretary shall on the requisition of Three (3) Directors summon a meeting of the Directors.

52. Providing always that at least three (3) Directors are also Capricorn Society appointees and until otherwise determined by the Directors, three (3) Directors shall form a quorum for a meeting of Directors.

53. A meeting of Directors may be held by telephone or teleconference or in any other way that the Directors think fit.

54. Questions arising at a meeting of the Directors shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors, and on any equality of votes the chairman of the meeting, in addition to his or her deliberate vote (if any), has a casting vote.

55. In the event of a vacancy or vacancies in the office of a Director or offices of Directors the remaining Directors may act, but if the number of remaining Directors is not sufficient to constitute a quorum at a meeting of Directors they or he may act only for the purpose of increasing the number of Directors to a number sufficient to constitute such a quorum or of convening a General Meeting of the Mutual.

56. The Directors may delegate any of their powers to a committee or committees consisting of the Directors and any power so exercised shall be deemed to have been exercised by the Directors.

57. A committee shall exercise the powers delegated to it in accordance with any directions of the Directors and any power so exercised shall be deemed to have been exercised by the Directors.

58. The proceedings of any committees shall be conducted in the same manner as meetings of the Directors.

59. The Directors may elect one (1) of their number as Chairman and may determine the period for which he or she is to hold office and if no such Chairman is elected or if at any meeting of the Board or a Committee of

the Board the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act, those present shall elect one of their number to be a chairman of that meeting.

60. A resolution in writing signed by each of the Directors for the time being entitled to receive notice of a meeting of the Directors or by all members of a committee for the time being duly convened shall be valid and effectual as a resolution passed at a meeting of the Directors, or as the case may be, of such committee and such resolution may consist of several documents in like form each signed by one or more Directors.

61. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a person to be Director or a member of a committee or to act as a Director or that a person so appointed was disqualified, is valid as if the person had been duly appointed and was qualified, to be a Director or be a member of the committee.

62. The Directors shall cause minutes to be made of all proceedings of General Meetings of the Mutual, of meetings of the Directors and of any committees of the Board and of the attendances thereat and of all appointments of officers made by the Directors. Any such minute, if signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.

63. The Directors may appoint independent Managers to manage any or all aspects of the business of the Mutual on such terms, including the payment of remuneration to the Managers as they think fit.

64. The Directors shall make Rules from time to time prescribing:

- (a) the form of application for admission to membership of the Mutual;
- (b) the nature and extent of the cover provided by the Mutual to Members and the exclusions therefrom provided that all such cover shall be available on a discretionary basis only, such discretion to be exercised by the Directors or, if so delegated by the Directors, by a committee of Directors or by the Managers;
- (c) the basis upon which claims from eligible persons shall be considered by the Directors;
- (d) the amounts of Contributions to the Mutual to be paid from time to time;
- (e) the obligations of the Mutual and the Members in respect of their claims; and
- (f) such other matters incidental to the activities of the Mutual as the Directors think fit and the Directors may alter the Rules from time to time as they consider appropriate. Provided always that such alterations to the Rules shall not take effect until either the beginning of the next Financial Year (as defined in the Rules) or the Members approve the alterations by passing a resolution in general meeting, such resolution requiring two-thirds (2/3) of the votes cast for and against to be cast in favour in order to be passed, whichever shall first occur.

SECRETARY

65. The Secretary shall in accordance with the Act be appointed by the Board for such term, at such remuneration and upon such conditions as it thinks fit and any Secretary so appointed may be removed by it. Nothing herein shall prevent the Board from appointing a Member of the Mutual as Honorary Secretary and any Members so appointed shall forthwith become an officer of the Mutual and, if not already a member of the Board, ex officio a member of the Board and he shall be subject to the provisions of Rule 18 of this Constitution.

COMMON SEAL

66. The Board may provide for the safe custody of the Seal. The Seal shall only be used by the authority of the Board, or of a committee of the Board authorised by the members of the Board to authorise the use of the Seal. Every document to which the Seal is affixed shall be signed by a Director and countersigned by another Director, the Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

67. The Mutual may execute a document without using the Seal if the document is signed by:

- (a) Two members of the Board; or
- (b) A member of the Board and the Secretary.

ACCOUNTS

68. The Board shall cause proper accounting and other records to be kept in accordance with the provisions of the Act. The Board shall from time to time in accordance with the Act cause to be prepared and to be laid before the Mutual in General Meeting such income and expenditure accounts, profit and loss accounts, balance sheets and reports as are specified in the Act. A copy of every balance sheet including every document required by the Act to be annexed thereto) which is to be laid before the Mutual in General Meeting, together with a copy of the auditor's report, shall at least twenty-one (21) days before the date of the meeting be sent by post to every Member and to the Auditors. The Board shall from time to time determine whether and to what extent and at which times and places and under what conditions or regulations the accounting records and other documents of the Mutual or any of them will be open to the inspection of Members and no Member shall have the right of inspecting any documents of the Mutual except as provided by law or authorised by the Board or by the Mutual in General Meeting.

AUDIT

69. A properly qualified Auditor or Auditors shall be appointed and his or their duties shall be regulated in accordance with the Act.

WINDING UP

70. In the event of the winding up of the Mutual its remaining assets shall after its liabilities have been satisfied, be distributed by reference to the Liquidation Proportion of each eligible Member, calculated as follows:

(a) The Liquidation Proportion of each eligible Member shall be a fraction:

(i) The numerator of which is the sum obtained by aggregating the amount of the Contributions calculated in accordance with the Rules paid by such Member for the Financial Year (as defined in the Rules) in which the winding up is commenced or if earlier the last Financial Year of the Mutual in respect of which the Mutual issued any Certificates of Entry under the Rules ("the Last Financial Year") and (to the extent applicable) for the four preceding Financial Years; and

(ii) The denominator of which is the sum obtained by aggregating the sum obtained pursuant to Sub- Rule (a)(i) hereof in respect of all eligible Members (such fraction being expressed as a percentage to two decimal places).

(b) A Member shall be an eligible Member and entitled to participate in a distribution to be made pursuant to this Rule if it was a Member of the Mutual during the last Financial Year of the Mutual.

NOTICES

71. Any notice to any Member shall be deemed to have been duly served if duly directed to the address of the Member given in the register or advised by the Member to the Mutual from time to time, and sent by post prepaid, and its non-receipt by the Member Representative shall in no way invalidate or affect any matter or proceeding to which it relates.

72. (a) Notice of every General Meeting shall be given in the manner herein before authorised to:

- (i) every Member entitled to vote at the meeting;
- (ii) the Auditor for the time being of the Mutual; and
- (iii) every Director of the Mutual.

(b) No other person is entitled to receive notices of General Meetings.

INDEMNITY

73. Every officer, auditor or Manager of the Mutual shall be indemnified out of the property of the Mutual against any liability incurred by that person in that person's capacity as officer, auditor or agent or manager in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour or in which that person is acquitted or in connection with any application in relation to any such proceedings in which relief is granted to that person by the Court. The Directors may exercise all the powers of the Mutual to purchase and maintain for any Director, auditor, officer, manager or any other person, insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.