

Police & Nurses Limited
ACN 087 651 876

Notice of Annual General Meeting 2023

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of the members of Police & Nurses Limited (ACN 087 651 876) (**PNL** or **Company**) will be held at River View Room 5, Level 2, Perth Convention and Entertainment Centre, 21 Mounts Bay Road, Perth WA 6000 commencing at 12:00 noon (AWST) (3:00 pm (AEDT)) on Tuesday, 24 October 2023 (**Notice of Meeting** or **Notice**).

General Business

Discussion of the 2023 Annual Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2023 which includes the Financial Report, the Directors' Report and the Auditor's Report.

Resolution 1 – Election of Director: Re-election of Mr Gary Humphreys

Mr Humphreys' current term ends at the conclusion of the 2023 AGM of the Company. He now stands for re-election as a Member Elected Director, in accordance with the PNL Constitution.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Gary Humphreys, being eligible, be re-elected as a Director of Police & Nurses Limited.”

Resolution 2 – Directors' Remuneration: Increase of 4% to Director remuneration pool

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Rule 17.1 of the Constitution, the members approve that an amount of \$800,800 (per annum) inclusive of superannuation be fixed for the Directors' combined remuneration, for the period commencing 25 October 2023 until such time as a different amount is approved by members. The amount is to be divided amongst the Directors in line with market practice and in such a manner as they determine.”

Other Business

Other questions or comments

In accordance with section 250S(1) of the Corporations Act 2001 (Cth), members are invited to ask questions about or make comments on the management of the Company.

Verran Fehlberg
Company Secretary
Police & Nurses Limited
20 September 2023

Information for Members

Participating in the Meeting in person

The sole means of participating and voting in the Meeting in live time is to attend the physical location for the Meeting. By attending the physical location of the Meeting, you will be able to:

- hear and see the addresses and presentations of the Chair and CEO;
- speak and verbally ask questions in situations where a participant has a right to speak and ask questions while the Meeting is in progress; and
- vote in person during the Meeting.

Watching the webcast (please note that this does not form part of the formal Meeting)

An online webcast is offered for this Meeting, where members may watch the Meeting. To view the webcast, you will be required to register. Members who are P&N Bank customers should go to www.pnbank.com.au/agm and members who are BCU Bank customers should go to www.bcu.com.au/agm to register. This may be done in advance any time from Wednesday 20 September 2023.

This webcast will not represent part of the formal Meeting, and will not provide the ability to vote live, to ask questions live, or otherwise participate in the formal Meeting. If you plan to watch the webcast, and you wish to vote on the business of the Meeting, you should do so ahead of time, and ensure your vote is received by the close of proxies, as is detailed in this Notice.

Methods of voting

A shareholding member may vote in any of the following ways:

- by physically attending the Meeting and voting during the Meeting;
- if a company, by appointing a corporate representative to attend the Meeting and to vote;
- by appointing a proxy to attend the Meeting and vote on behalf of the member; or
- by casting a direct vote prior to the Meeting.

Each of these methods is explained briefly below. You can only vote by one method.

Attending in person

A shareholding member may attend and vote at the AGM in person.

Appointment of corporate representative

A shareholding member that is a company may appoint an individual to both attend and vote on behalf of the company on the resolutions proposed at the AGM. A corporate representative does not need to be a member of the Company. Any shareholding member that is a company and wishes to appoint a corporate representative should contact the Company on 13 25 77 (P&N Bank) or 1300 228 228 (BCU Bank) and request a copy of the form required for this purpose.

Voting by proxy

A shareholding member (who is entitled to attend and vote at the AGM) may appoint a proxy to vote on the resolutions proposed at the AGM. A proxy does not need to be a member of the Company. A member that is entitled to cast two or more votes (by holding two or more shares in different capacities) may appoint two proxies and may specify the number of votes each proxy is appointed to exercise. If you wish to appoint a proxy, you either need to complete and sign the Voting Form as instructed on the form and if you are receiving the Notice of Meeting by mail, return it in the reply paid envelope or appoint your proxy as instructed on the form. To be valid, an appointment of proxy must be received no later than 12:00noon (AWST) (3:00pm (AEDT)) on Sunday 22 October 2023.

If you have received this Notice electronically and wish to submit a hard copy Voting Form to appoint a proxy, please contact the Company on 13 25 77 (P&N Bank) or 1300 228 228 (BCU Bank) and request a copy of the Voting Form.

Direct voting

In accordance with Rule 12.7 of the Company's Constitution, the Directors have determined that at the AGM, a shareholding member who is entitled to attend and vote on a resolution at the AGM is entitled to cast a direct vote in respect of that resolution. Shareholding members may vote directly on resolutions to be considered at the Meeting at any time between the date of this Notice of Meeting and 12:00noon (AWST) (3:00pm (AEDT)) on Sunday 22 October 2023.

If you cast a direct vote you are voting directly and are not appointing a third party, such as a proxy, to act on your behalf. The Company's Direct Voting Regulations govern direct voting, and a copy is available online. Members who are P&N Bank customers should go to www.pnbank.com.au/agm and members who are BCU Bank customers should go to www.bcu.com.au/agm to view these regulations. By submitting a direct vote, you agree to be bound by the Company's Direct Voting Regulations.

If you wish to cast a direct vote, you may do this either:

- By using the hard copy Voting Form: if you wish to cast a direct vote using the hard copy Voting Form, you need to complete and sign the Voting Form as instructed on the form. For your direct vote to be valid, your Voting Form must be received no later than 12:00noon (AWST) (3:00pm (AEDT)) on Sunday 22 October 2023. Please return your Voting Form in the reply paid envelope. If you have received this Notice electronically and wish to cast a direct vote using a hard copy Voting Form, please contact the Company on 13 25 77 (P&N Bank) or 1300 228 228 (BCU Bank) and request a copy of the Voting Form.

OR

- By pre-voting online: Shareholding members may cast a direct vote online at the following website www.votingservices.com.au/PNL by following the instructions provided on the website. To access the online voting platform, on the log-in screen, all P&N Bank members must input their member number as PNmembernumber and all BCU Bank members must input their member number as BCUMembernumber. Your member number is set out in your Voting Form or Meeting email.
Note – PN and BCU MUST be entered in uppercase letters with no space added between the letters and your member number. Please also note there is no ampersand to be used between the P and the N.

If you submit a pre-Meeting direct vote using this method your vote must be cast no later than 12:00noon (AWST) (3:00pm (AEDT)) on Sunday 22 October 2023.

Meeting registration and participation

If you will be attending the Meeting in person or are planning to send a proxy in your place, please RSVP online at www.pnbank.com.au/agm or www.bcu.com.au/agm by 12:00noon (AWST) (3:00pm (AEDT)) on Wednesday 11 October 2023, to assist us to cater for the event.

All resolutions will be by way of a poll (rather than show of hands)

The Chair intends to demand a poll on each of the resolutions proposed at the AGM. Each resolution considered at the AGM will therefore be conducted by a poll, rather than on a show of hands. The Chair considers voting by poll to be in the interests of the members as a whole and is a way to ensure the views of as many shareholding members as possible are represented at the Meeting.

Explanatory Notes

These explanatory notes are designed to give members important information known to the Company. This information is relevant to a consideration of the items of business, and should be considered when deciding how to vote on a relevant resolution in the Notice of Meeting.

Explanatory Notes - General Business

1. Explanatory Note 1 - Discussion of the 2023 Annual Report

The Directors will present the 2023 Annual Report comprising the 2023 Financial Report, Directors' Report and the Auditor's Report at the Meeting. These can be viewed on the Company's websites at www.pnbank.com.au/agm, and www.bcu.com.au/agm from 19 September 2023.

As a member you are not required to approve these reports. However, the Chair will allow a reasonable opportunity for members to ask questions or make comments in relation to the reports and the management of the Company.

2. Explanatory Note 2 – Election of Director: Re-Election of Mr Gary Humphreys (Resolution 1)

An election of Directors is required because the term of Mr Humphreys' appointment ends at the conclusion of the 2023 AGM of the Company. He now stands for re-election as a Member Elected Director, in accordance with the PNL Constitution.

Consistent with the terms of the Constitution, the Board made a public call for candidates nominating for election as a Member Elected Director, highlighting relevant criteria. No further nominations were received, other than from Mr Humphreys. In accordance with Rule 13.3 (and Rule A5-4 of Appendix 5) of the Constitution as there were no other candidates for a vacant position, the resolution for the re-election of Mr Humphreys is being put to members as an ordinary resolution rather than as a Director ballot.

For an ordinary resolution to be passed, at least 50% of the votes cast by members entitled to vote must be in favour of the proposed resolution.

Ms Humphreys has served as a Director of the Company since 2019, and as a Director of one of its antecedent organisations since 2018. He was last re-elected at the 2020 AGM of the Company. With his current term as a Director ending at the conclusion of the 2023 AGM of the Company, Mr Humphreys is now eligible and has been nominated for re-election as a Director.

Mr Humphreys has been considered and interviewed by the Nominations Committee which has determined that he is an appropriate candidate to stand for election as a Member Elected Director.

The Board considers the skills and abilities of Mr Humphreys, an existing Director of the Board, to be an asset to the Board's overall skill set. Mr Humphreys has satisfied all policies required in order to stand for re-election as a Director of the Company. The Board (Mr Humphreys abstaining) believes that it is in the best interests of the Company for Mr Humphreys to be re-elected as a Director of the Company and recommends that members vote in favour of this resolution.

Mr Humphreys provided the following statement in support of his re-election:

"I am currently a director of Police & Nurses Limited (PNL) and also hold the roles as Chair, Board Audit Committee and Member, Board Risk Committee.

I am a full time non-executive director and hold numerous board positions in sectors including retail, government, health and not-for-profit. I have passion for member owned organisations which have the fundamental purpose to deliver value to their members and the communities in which they live. I'm therefore very proud to be a director on three separate member-based organisations, including PNL, Hastings Cooperative Ltd and Garden Village.

Prior to my non-executive director career I had over 22 years' experience as a CEO, COO, and senior executive in large organisations in the energy sector. During this time, I gained extensive experience in areas such as corporate governance, strategic planning, financial management, regulation, business transformation and risk management. Prior to my executive career I spent 10 years in the retail banking sector.

PNL operates in a highly competitive banking sector and it's more important than ever that we continue to adapt to meet the changing market conditions and expectations of customers. In doing so though, we must respect the heritage of the organisation, always make decisions that are the best interests of our members while ensuring we are recognised as a community focussed and socially responsible leader. If re-elected I will ensure this focus is maintained.

Member representation is the cornerstone of the governance arrangements of PNL. With my deep understanding of PNL, my passion for member owned organisations, and proven track record as an experienced non-executive director, I believe I am well placed to represent members as a director on the PNL board. I am seeking your support to help continue to create an even stronger organisation for the benefit of our members."

3. Explanatory Note 3 – Directors' Remuneration: Increase of 4% to Director remuneration pool (Resolution 2)

With this resolution the Board is seeking member approval to increase the aggregate Director remuneration pool by 4%, from \$770,000 (per annum) to \$800,800 (per annum), inclusive of superannuation.

Background

Members may recall that in 2021, a modest increase to the Director remuneration pool was approved by members, following 3 years without change. That increase was supported by market data, and external advice that the pool was lagging those of our peers and that our Directors were remunerated below market. In 2022, a modest 3% increase (aligned to the EBA of the Company) to the Director remuneration pool was also approved by members. The Company now seeks to maintain reasonable market equivalence of this pool through modest annual reviews, with the aim of maintaining the pool at around the 50th percentile of the market.

It should be noted that the full remuneration pool may not be utilised by the Company at all times. During the year following the 2022 AGM, a portion of the pool was not utilised; in part to provide flexibility to add to the Board as is beneficial over time to support the needs of the Company.

As per last year, this proposed increase is aligned to remuneration settings for staff of the Company covered by the Enterprise Bargaining Agreement (EBA) currently in place. During the year, staff covered by the EBA were codified a 3% increase within the EBA. Relevant staff received an actual increase of 4%; which was slightly above the codified minimum - including as this was a year when higher inflation was experienced, as compared to some prior recent periods.

This resolution seeks an increase of 4% to the total Directors' remuneration pool approved by members in 2022, aligned to the actual staff outcomes under the EBA. For an ordinary resolution to be passed, at least 50% of the votes cast by members entitled to vote must be in favour of the proposed resolution.

Further context of the evolving role of the Board is presented as follows.

Role of the Board

The Board is responsible for acting in members' best interests at all times, and its functions include:

- maintaining appropriate capital levels and protecting depositors' balances;
- debating and approving the strategic direction of the Company;
- approving the Company's annual budget, targets and financial statements, and monitoring financial performance against budget and forecasts;
- establishing a framework for the effectiveness of risk management of the Company, with appropriate reporting, oversight and internal controls;
- monitoring the effectiveness of the governance framework to ensure that the Company conducts its affairs with the highest degree of integrity;
- ensuring that the Company complies with its obligations under applicable laws and regulatory guidelines, which are becoming more onerous; and
- overseeing and governing the Company's culture.

The nature of the Directors' role is growing steadily more complex and time consuming, the primary drivers being the national expansion of the business, customer preferences changing towards digital service delivery, the burgeoning regulatory and risk impacts in the financial services sector, economic conditions and the increasing level of personal accountability imposed on Directors.

To enable the Board to effectively fulfil its responsibilities and meet the expectations of members, regulators, employees and other stakeholders, each Director appointed to the Board must be able to demonstrate the relevant credentials and experience to enable them to maintain adequate oversight and understanding of the Company's strategies and performance. The Company must therefore be equipped, on terms acceptable within the market, to attract and retain Directors with the necessary level of skills and capability to support the Company's operations, development, growth and sustainability.

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