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Rules

of

DairyNZ Incorporated

This Rules of DairyNZ Incorporated were reviewed and adopted by the members of DairyNZ Incorporated at the Annual Meeting on 4 November 2026 and came into effect on the same date.

Rules
of
DairyNZ Incorporated

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PART I: INTERPRETATION

1. Definitions and Construction

In these Rules, the terms set out in Part A of Schedule 1 will have the meanings ascribed to them in that Schedule and the rules of construction set out in Part B of Schedule 1 will apply.

PART II: STRUCTURAL

2. Name of Society

The name of the Society is "DairyNZ Incorporated".

3. Guiding Principles

As a precursor to any activity being undertaken by DairyNZ Incorporated on behalf of its members the following guiding principle will be applied. To promote, or fund the provision of Industry Good activities being to provide net benefits to a dairy industry group or groups, as defined by the Board, and which would not be sufficiently provided by the market because:

(a) the benefits flowing to those prepared to pay voluntarily are not sufficient to cover the costs of the activity; and

(b) it is not practical to prevent others who do not contribute to the costs of the activity from benefiting.

4. Objects of Society

(A) Objects relating to the purpose of the Society:

4.1 To secure and enhance dairy farming in New Zealand.

4.2 To undertake and promote dairy farming research and development in the interests of the dairy industry in New Zealand, both domestic and export.

4.3 To capture the benefits of unique knowledge for dairy farmers, including independent information storage and transfer.

4.4 To support efficient and effective nation-wide methods of quality assurance, biosecurity, product safety and animal health status.

4.5 To benchmark industry standards to meet international and domestic demands.

4.6 To support and encourage positive perceptions of the industry as a major contributor to the economy.

4.7 To liaise and work with other relevant dairy industry organisations in New Zealand and overseas in furtherance of these objects.

4.8 To have the industry perceived as a good place to work and as a good corporate citizen.

4.9 To advocate on specific issues of interest to the industry on behalf of the whole industry.

4.10 To ensure there is adequate research and promotion of new farming practices that enhance environmental quality.

4.11 To ensure that the level of investment in "industry good" activities is appropriate for the size of the industry and its importance to the New Zealand economy.

4.12 To ensure that the industry has a sound infrastructure on which to build its future development.

4.13 To initiate, organise and publicise seminars, workshops, conferences and meetings for the education and development of participants in the dairy industry.

(B) Objects relating to the structure

4.14 To ensure that the structure of the Society is capable of completing the jobs required of it.

4.15 To do all things and make such arrangements whatsoever which are incidental or conducive to the objects of the Society and which in the opinion of the Society can advantageously be carried out, performed, done or executed for the benefit of the Society or the furtherance of its objects.

4.16 To purchase, take on lease or otherwise acquire, land, buildings and premises for the furtherance of the objects of the Society.

4.17 To erect, maintain, alter or repair any buildings and erection of other buildings or other property required for the purposes of the Society.

4.18 To purchase, hire or otherwise acquire chattels of all descriptions, books, papers, machines, apparatus and other things required for or of use in connection with the affairs of the Society.

4.19 To manage, let, sell, exchange, dispose of or otherwise deal with the property of the Society.

4.20 To invest funds from time to time.

4.21 To undertake any obligations that are required of the Society pursuant to the Commodity Levies Act 1990.

4.22 To ensure that staff numbers and administrative expenses are limited to those reasonably necessary to ensure that the objects of the Society can be met in accordance with the Guiding Principle and where necessary having regard to exceptional circumstances, as determined by the Board, for the provision of additional staff or added administration expenses.

4.23 To have proper disclosure to members as to the employment, administration and operational costs of the Society expressed as a percentage of the total annual Levy and where possible providing benchmarking with other comparable organisations collecting compulsory levies on behalf of Members.

5. Powers of Society

Subject to these Rules the Society has all powers necessary for, or ancillary or incidental to, fulfilling its objects including, without limiting or affecting the generality of the foregoing, the rights, powers and privileges of a natural person, the power to raise a Levy under the Commodity Levies Act 1990 from time to time and the power to borrow on such terms and conditions as the Board may decide.

6. Society's powers are restricted

The Society's powers are restricted:

6.1. to those reasonably necessary to enable it to carry out its objects; and

6.2. so that the Society may hold an interest in another entity only if that entity's objects are limited to the objects of the Society.

7. Amendment of Rules

These Rules may be amended:

7.1. except as provided by Rule 21, by an Ordinary Resolution at a general meeting of the Society called for that purpose and in respect of which not less than 30 days' notice of the meeting and such alteration, revision or other amendment has been given;

7.2. by the Board if and to the extent it considers reasonably necessary:

(a) to correct a manifest error in the Rules;

(b) for reasons of administrative efficiency but only if the Board reasonably considers such amendments to be in the best interests of Members taken as a whole; and

(c) where legislation so requires;

and immediately following the making of such amendments the Board is required to give notice to Members.

Part III: Membership of the society and participation rights

8. Admission to Membership

8.1 Subject to Rule 12, the Members will comprise:

(a) every person who is a Member as at the date of adoption of these Rules; and

(b) every person who pays a Levy and consents by notice in writing to the Society to being a Member.

8.2 Each person who is a Member under Rule 8.1 shall be entitled to have his or her name and address entered into the Members' Register.

8.3 The Society shall take all reasonable steps to ensure that any person who becomes a payer of a Levy after the date of adoption of these Rules is informed of their right to become a Member of the Society and is encouraged to become a Member.

9. Rights of Members and Benefits Provided by the Society

9.1. Each Member has the right:

(a) to receive notice of, attend and vote at any meeting of Members;

(b) to receive at the discretion of the Board a copy of each Annual Report and/or a copy of each Summary of the Annual Report; and

(c) to be notified of the availability of each Annual Report and, if they request a copy of an Annual Report, to receive a copy of that Annual Report.

9.2 The Society will provide services to both its Members and to non-Members who pay the Levy.

10. Rights attached to Participation Rights

Each Participation Right confers on the Member who holds that Participation Right one vote in any poll under these Rules or on any matter in respect of which a Member is entitled to vote.

11. Duty to maintain Members' Register

The Board is to establish, and use its best endeavours to maintain, a register which records each Member's membership of the Society and, the Participation Rights issued to each Member. The provisions set out in Schedule 2 will apply to the Members' Register.

12. Cessation of Membership and removal from Members' Register

A person shall cease to be a Member or shall not become a Member (as the case may be) and the Board may remove the Member's name from the Members' Register if:

12.1. he or she fails to make any Levy payment when due;

12.2. he or she ceases to be liable to pay the Levy;

12.3. he or she disclaims his or her Membership by written notice to the Society; or

12.4. he or she fails to provide evidence of Milksolids supply, within 20 business days of being given notice to do so by the Society, pursuant to paragraph 5(b) of Schedule 2.

12.5. Notwithstanding the above-mentioned provisions, nothing in this Rule shall abrogate a dairy farmer's responsibility for payment of a levy fixed in accordance with the Commodity Levies Act 1990.

13. Evidence of cancellation

Entry into the Members' Register of cancellation of Membership pursuant to Rule 12, or of Participation Rights under Rule 15 by a Director or any other person authorised by the Board is to be conclusive evidence of that matter, with effect from the date of entry.

14. Issue of Participation Rights

14.1 Within 30 days after the date on which each Year ends, the Board is to assign to each Member one Participation Right for each kilogram of Milksolids supplied by or on behalf of that Member/Milksolids Supplier in respect of the preceding Year.

14.2 If a Member did not supply any Milksolids in the preceding year the Board is to assign that Member for the first year of production Participation Rights based on the Average Member Individual Supply of Milksolids supplied in the preceding year. In subsequent years participation rights shall be determined in accordance with 14.1.

15. Cancellation of Participation Rights

15.1. The Society may from time to time cancel Participation Rights:

(a) if the Society is unable to obtain information on a Member's supply of Milksolids for the previous Year, and that Member, on written request from the Society, has failed to provide evidence of supply pursuant to paragraph 5(b) of Schedule 2; or

(b) otherwise in accordance with these Rules.

15.2. Any termination of Membership shall automatically cancel any Participation Rights held by that Member.

16. Participation rights not transferable

No Member may transfer his or her Participation Rights to any person.

17. Transmission of Participation Rights

17.1. Transmission on death of Member

If a Member dies, the survivor, if the deceased was a joint Member, or the Member's Personal Representative, is to be the only person recognised by the Society as having any title to, or interest in, the Participation Rights of the deceased Member, subject to that person qualifying as a Member in his or her own right.

17.2. Joint Personal Representatives

Where a Participation Right is subject to the control of two or more persons as Personal Representatives, they are, for the purposes of these Rules, deemed to be joint Members and joint holders of the Participation Right.

Part IV: Meetings of and Exercise of Powers by Members

18. Methods of holding meetings

Unless otherwise specified in these Rules a meeting of Members may be held, as determined by the Board:

18.1. by a number of Members, who constitute a quorum (if applicable), being assembled together either:

18.1.1 at the place, date, and time appointed for the meeting; or

18.1.2 at such places, dates and times as the Board may determine so as to facilitate attendance by as large a number of Members as possible. A meeting held under this Rule 18.1.2 will be deemed to open at the date and time appointed by the Board for the first such assembly to be held and to close at the close of the last such assembly to be held.

18.2. by means of audio, or audio visual, communication by which all Members participating and constituting a quorum, can simultaneously hear each other throughout the meeting; or

18.3. by such other manner as the Board determines such as by Postal Ballot;

or by any combination of the above.

19. Exercise of power by meeting or written resolution

Unless otherwise specified in these Rules, a power reserved to the Members by the Act or by these Rules may be exercised either:

19.1. at a meeting of Members;

19.2. by a resolution in writing signed by Members holding Participation Rights carrying not less than the total number of voting rights which would be required to be cast in favour, to pass that resolution; or

19.3. by a resolution to which Members holding Participation Rights carrying not less than the total number of voting rights which would be required to be cast in favour to pass that resolution signify their assent by such electronic means and in such manner as the Board may determine.

20. Powers of Members

Unless otherwise specified in the Act or these Rules any power reserved to Members may be exercised, and any approval of Members may be given, by Ordinary Resolution.

21. Powers exercised by Special Resolution

When Members exercise a power under these Rules to alter or revoke Rule 3 and 4 inclusive, the power must be exercised by Special Resolution.

22. Annual meetings

The Society is to conduct an annual meeting of Members in each calendar year, in addition to any other meetings in that year. The annual meeting will:

22.1. be conducted not later than:

(a) six months after the balance date of the Society; and

(b) 15 months after the previous annual meeting.

22.2. be conducted in accordance with Rule 18; and

22.3. be conducted in accordance with the following provisions:

(a) No matter will be put to the vote at the assemblies of Members which constitute the meeting of Members and all matters to be decided at the annual meeting will be decided by postal or electronic vote.

(b) No quorum will be required to hold such an assembly.

(c) At least three Directors must be present at each such assembly, one of whom will present the information provided to Members under Rule 23.2, and receive comments and answer questions thereon and on the Summary of that Annual Report, from the Members present.

23. Notice of annual meeting

With each notice of an annual meeting of Members, the Board will deliver:

23.1. the Agenda for the General Meeting;

23.2. at the discretion of the Board, the Annual Report and/or the summary of the Annual Report and a summary of the audited accounts;

23.3. postal or electronic voting papers in relation to any resolution to be put to the annual meeting, together with any other notices or information required by these Rules to be sent with those papers;

23.4. notice of the date and time at which the postal or electronic vote in relation to any matter to be put to the meeting closes;

23.5. notice of the dates, times and places of the assemblies of Members (if any) which will constitute or form part of the annual meeting or;

23.6. attendance at the Annual General Meeting shall be open to all Members. Any notice relating to a rule change shall be forwarded to Members at least 30 days before the date of the meeting.

24. Annual Report

24.1 Each Annual Report is to specify the following information:

(a) A summary of the Society's financial statement for the previous financial year.

(b) The financial summary shall be broken down to include a summary of the administration and operating costs of DairyNZ Incorporated in the previous year including:

- all employment costs; and
- office/operational costs; and
- Board and governance costs.

(c) State, in respect of each person who was a Director during the previous financial year, the total of the remuneration and the value of other benefits received by those Directors from the Society during that year and state the number of employees or former employees of the Society who during the year received remuneration and any other benefits in their capacity as employees, the value of which exceeded $100,000 and state the number of such employees and former employees in brackets of $10,000.

(d) The name of any Director who was during the previous year appointed as a director, officer, or trustee of any entity which provides Industry Good Activities and which the Society promotes or funds.

(e) Statement of service performance.

(f) An assessment by the Board of the practical benefits which the research undertaken in the previous year has had or is likely to create for the dairy industry, whether the Board considers those benefits to be appropriate by reference to the expenditure made in relation to them and if not, why (if applicable) the Board has continued to fund such research.

(g) Activity plan for the following year.

(h) A summary of the budget for the following Year.

24.2 Nothing in Rules 24.1(d), (e), (f), (g) or (h) shall apply to information if and so long as that information has greater value to the Society if it is kept confidential than if it is disseminated to Members. In such circumstances, the Society must report:

(a) the existence of the research commissioned; and

(b) the fact that it cannot be published for confidentiality reasons.

The Board will report on that information as required by Rules 24.1 (d) (e) and (f) in the next Annual Report due after the information has no greater value if it is kept confidential than if it is disseminated to Members.

24.3 Each Annual Report is to be signed by two Directors or more.

24.4 The Board may include in or with each Annual Report a form whereby a Member can indicate his or her wish not to be a Member on request, and to be removed from the Members' Register.

24.5 The Annual Report will be published on the Society's website each year no later than the date on which voting for the Annual General Meeting opens to Members.

25. Business at Annual General Meetings

The Annual General Meeting shall:

25.1. Consider the Chair's Annual Report and audited accounts and any executive summaries of the performance of the Society in the previous year, and any propositions for the following year.

25.2. Appoint the auditor (Rule 50), except where the provisions of Rule 50.3 apply.

25.3. Consider any other business of the Society.

26. Special meetings

26.1 All meetings of Members other than annual meetings are special meetings.

27. Consulting on Spending Levy Money

The Board will consult with members on spending of Levy Money using methods to be determined by the Board, which may include at the Annual General Meeting and Special Meetings.

28. Calling of special meetings

A special meeting of Members:

28.1 may be called by the Board at any time; and

28.2 is to be called by the Board within 2 months following a written request by not less than 100 Members or by Members holding Participation Rights carrying not less than five per cent of the voting rights entitled to be cast on any of the resolutions to be put to the meeting.

29. Conduct of meetings of Members

The provisions set out in Schedule 3 will apply to the convening and conduct of meetings of Members as follows:

Notice required ..... Part A
Chairperson ..... Part B
Quorum ..... Part C
Voting ..... Part D
Proxy and Corporate Representatives ..... Part E
Minutes ..... Part F
Member Proposals ..... Part G

Part V: Directors

30. Number

The minimum number of Directors will be six and the maximum number of Directors will be eight of which:

30.1 not less than four and up to five will be appointed by Members in accordance with Rule 30; and

30.2 not less than two and up to three will be appointed in accordance with Rule 31.

31. Appointment of Member appointed Directors

The Directors to be appointed by Members in accordance with this Rule 30 will be appointed in accordance with Schedule 4, Part A, Paragraph 9 and in accordance with the following provisions:

31.1 Any person is eligible for election as a Director under this Rule 30 if he or she is:

(a) a Member;

(b) not disqualified under the Companies Act 1993 from being a director of a company established under that Act;

(c) not disqualified under the Act from being an officer of an incorporated society established under that Act; and

(d qualified, in the opinion of the Members nominating him or her, by virtue of his or her knowledge of or experience in the dairy industry, science or research skills, or commercial experience or qualifications.

31.2 The provisions set out in Schedule 4, Part A will apply to the appointment of Directors under this Rule.

32. Appointment by Board of non-Member appointed Directors and Casual Vacancies

32.1 The Board may appoint up to three Directors to the Board. In appointing each such Director, the Board will have regard, amongst other things, to the need to provide the Board with a balanced range of skills and experience including knowledge of and experience in the dairy industry, science and research skills and commercial and governance experience or qualifications.

32.2 The Board may appoint a Director to fill a casual vacancy on the Board. Any Director appointed to fill a casual vacancy on the Board shall only hold office until the next ballot appointing Directors.

32.3 At each annual meeting Members will be requested by the Board to ratify, by way of Ordinary Resolution, the appointment of any Director under Rule 31.1.

32.4 If the appointment of such a Director is not ratified, then that Director will be deemed to have retired from office at the conclusion of the annual meeting.

32.5 If the appointment of such a Director is ratified, then the Director will continue in office until he or she ceases to hold office in accordance with these Rules.

33. Term

33.1 Subject to Rule 32.4 each Director appointed by the Members under Rule 30 or by the Board under Rule 31 will be appointed for a Term of 3 years.

33.2 Subject to Rule 32.4 a person may only serve as a Director for a maximum of 3 terms (whether sequential or non-sequential).

33.3 Each Director shall retire at the end of their three year Term, and:

(a) is to cease to hold office, from the later of the conclusion of the Annual General Meeting or the appointment of his or her successor under Rule 30 or Rule 31 as applicable; and

(b) may be reappointed subject to Rule 32.2.

33.4 Where the Board resolves that special circumstances apply (including but not limited to a Director not completing their three year term) a Director may be appointed under Rule 30 or Rule 31 for a fourth term of no more than two years with the prior approval of the Board.

34. Vacation of office

A Director is to cease to hold office as a Director if the Director:

(a) becomes bankrupt or makes an arrangement or compromise with his or her creditors generally;

(b) is disqualified from being a director of a company pursuant to section 151 of the Companies Act 1993;

(c) is disqualified from being an officer of a society pursuant to section 50 of the Act;

(d) resigns from office by notice in writing to the Society;

(e) is removed from office by Ordinary Resolution of Members or otherwise pursuant to these Rules; or

(f) in the case of a Director appointed under Rule 31, is removed from office by the Board.

35. Management of Society

Except as provided in these Rules, the business and affairs of the Society are to be managed by, or under the direction or supervision of, the Board.

36. Exercise of powers by Board

Subject to these Rules, the Board may exercise all the powers of the Society which are not required, by these Rules, to be exercised by the Members.

37. Delegation of powers

The Board may delegate to a committee of Directors, a Director, an employee of the Society, or to any other person or class of persons, any one or more of its powers.

38. Appointment of attorney

The Board may appoint a person as the Society's attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

39. Proceedings of the Board

The proceedings of the Board will be conducted in accordance with the provisions set out in Schedule 4, Part B.

40. Directors' duties

In addition to any other duty which applies at law, Directors owe to the Society (but not to its Members) the duties set out in Schedule 4, Part C.

41. Directors' Interests

41.1 In relation to any transaction in which a Director is interested, he or she owes to the Society (but not to its Members) the duties set out in Schedule 4, Part D.

41.2 If a Director is appointed as a director, officer, or trustee of an entity which provides Industry Good Activities and which the Society promotes or funds (not being any entity which is wholly owned by the Society), that Director must promptly give written notice of his or her appointment to the Society.

42. Directors' remuneration and benefits

The Board is to recommend payments and other benefits to the Directors for each Year for approval by Members at the annual meeting held after the beginning of that Year.

43. Directors' expenses

Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Society's business.

44. Employees

The Society shall appoint such staff members as may from time to time be required. Such appointments shall be on such terms and conditions in all matters as may from time to time be appropriate.

45. Indemnity and insurance for Directors and employees

The Society hereby indemnifies each Director, and may indemnify and/or effect insurance for a Director or employee, in accordance with the provisions set out in Schedule 4, Part E.

Part VI: Miscellaneous

46. Written notice

46.1 Any Notice, including Notice of Meetings of Members, is to be sent in writing to the Member's postal address, or if the Board so determines, by electronic means to every Member entitled to receive notice of the meeting and to every Director and the auditor of the Society. For this purpose, a Postal Ballot conducted under Rule 18.3 is deemed to take place on the date specified in the notice of meeting as being the date by which notice of voting must reach the person authorised to receive and count them.

46.2 In the case of a Notice of Meeting the Notice shall:

(a) be sent not less than 30 days before the meeting; and

(b) specify the time and place of a meeting of members.

46.3 Where there are joint holders the Notice shall be sent to the holder whose name first appears on the Members' Register.

47. Contents of notice

Each Notice of a Meeting of Members is to state, or have attached to it:

(a) the nature of the business to be transacted at the meeting in sufficient detail to enable a Member to form a reasoned judgment in relation to it;

(b) the text of any Special Resolution to be submitted to the meeting;

(c) in the case of each notice of a meeting of Members conducted under Rule 18.3 the date by which notice of Members' votes must reach the person authorised to receive and count them; and

(d) in the case of each annual meeting, the information required under Rule 9.1, ballot papers and the notices set out in Rule 23.

48. Inspection of records

Unless the Board determines otherwise in any particular case, no Member is entitled to:

48.1 inspect any records, books, papers, correspondence or documents of the Society; or

48.2 require or receive any information concerning the Society's business, trading or customers, or any intellectual property, trade secret or secret process of or used by the Society.

49. Method of contracting

49.1 Deeds

A deed which is to be entered into by the Society is to be entered into by two authorised persons appointed by the Board for that purpose.

49.2 Other written contracts

An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Society, may be signed on behalf of the Society by a person acting under the express or implied authority of the Society.

49.3 Other obligations

Any other obligation or contract may be entered into on behalf of the Society in writing or orally by a person acting under the express or implied authority of the Society.

50. Accounting records

The Board must cause accounting records to be kept that:

50.1 correctly record and explain the transactions of the Society;

50.2 will, at any time, enable the financial position of the Society to be determined with reasonable accuracy;

50.3 will enable the Directors to ensure that the financial statements of the Society have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and that the Financial Statements comply with Public Benefit International Public Sector Accounting Standards ("PBE IPSAS") and the Financial Reporting Act 2013, as appropriate for Tier 1 not-for-profit public benefit entities;

50.4 will enable the financial statements of the Society to be readily and properly audited; and

50.5 must be kept in written form and in English.

51. Auditor

51.1 Except where the provisions of Rule 50.3 apply, there shall be an auditor appointed each year at the Annual General Meeting of the Society and the appointee shall be a member of the Chartered Accountants College and hold a Certificate of Public Practice of Chartered Accountants of Australia and New Zealand.

51.2 It shall be the duty of the auditor to examine and check the books of the Society and see they are properly kept in balance and also to audit the annual balance sheet of the Society.

51.3 Any auditor who has previously been appointed by resolution of Members shall be automatically reappointed each year at the annual meeting unless that auditor resigns or is removed and replaced with another auditor pursuant to an ordinary resolution by Members.

52. Contact Person

52.1 The Board must appoint at least one person to be the Society's Contact Person, subject to such person(s) meeting the eligibility criteria set out in the Act. The Board must advise the Registrar of any change in the Contact Person or that person's Contact Details.

Part VII: Liquidation

53. Distribution of surplus

In the event of the liquidation of the Society, any surplus funds are to be transferred to another charitable organisation which has similar aims and objects or for some other charitable purpose.

Part VIII: Dispute Resolution Process

54. Dispute Resolution Process

54.1 The Society may consider, resolve, and/or decide disputes between any one or more Members acting in their capacity as Members and any one or more Directors acting in their capacity as Directors and the Society, that relate to an allegation that:

(a) a Member or a Director has engaged in misconduct; or

(b) a Member or a Director has breached, or is likely to breach, a duty under these Rules or the Act; or

(c) the Society has breached, or is likely to breach, a duty under this Constitution or the Act; or

(d) a Member's rights or interests as a member have been damaged or Members' rights or interests generally have been damaged.

How a complaint is made

54.2 A Member or a Director may make a complaint by giving notice to the Board, or any subcommittee established for this purpose, that:

(a) states that the Member or Director is starting a procedure for resolving a dispute under these Rules;

(b) sets out the allegation to which the dispute relates and who the allegation is against; and

(c) sets out any other information reasonably required by the Society.

54.3 The Society may make a complaint involving an allegation against a Member or an Officer by giving Notice to the person concerned that:

(a) states that the Society is starting a procedure for resolving a dispute under these Rules; and

(b) sets out the allegation to which the dispute relates

Person who makes complaint has a right to be heard

54.4 Unless the Society decides not to proceed, the Member has a right to be heard before the complaint is resolved or any outcome is determined. A Member must be taken to have been given the right if:

(a) the Member has a reasonable opportunity to be heard in writing or at an oral hearing, if one is held; and

(b) an oral hearing is held if the Decision Maker considers that an oral hearing is needed to ensure an adequate hearing; and

(c) an oral hearing, if any, is held before the Decision Maker; and

(d) the Member's written statement or submissions, if any, are considered by the Decision Maker.

54.5 If the Society makes a complaint, it has a right to be heard before the complaint is resolved or any outcome is determined, and a Director may exercise that right on behalf of the Society. The Society must be taken to have been given the right if:

(a) they have a reasonable opportunity to be heard in writing or at an oral hearing, if one is held; and

(b) an oral hearing is held if the Decision Maker considers that an oral hearing is needed to ensure an adequate hearing; and

(c) an oral hearing, if any, is held before the Decision Maker; and

(d) its written statement or submissions, if any, are considered by the Decision Maker.

Respondent has a right to be heard

54.6 The Member or Director who, or the Society which, is the subject of the complaint (**Respondent**) has a right to be heard before the complaint is resolved or any outcome is determined. If the Respondent is the Society, a Director may exercise the right on behalf of the Society.

54.7 A Respondent must be taken to have been given the right if:

(a) the Respondent is fairly advised of all allegations concerning the Respondent, with sufficient details and time given to enable the Respondent to prepare a response; and

(b) the Respondent has a reasonable opportunity to be heard in writing or at an oral hearing, if one is to be held; and

(c) an oral hearing is held if the Decision Maker considers that an oral hearing is needed to ensure an adequate hearing; and

(d) an oral hearing, if any, is held before the Decision Maker; and

(e) the Respondent's written statement or submissions, if any, are considered by the Decision Maker.

Investigating and determining disputes

54.8 The Society must as soon as is reasonably practicable after receiving a complaint or grievance, investigate and determine the complaint or grievance in a fair, efficient, and effective manner.

Circumstances in which a process may not proceed

54.9 Despite the content of this Rule 53 and any other Rule in these Rules or in the Regulations, the Society may decide not to proceed with a matter if:

(a) the complaint is trivial: or

(b) the complaint does not appear to disclose or involve any allegation of the following kind:

(i) any material misconduct; or

(ii) any material breach or likelihood of material breach of a duty under these Rules or the Act; or

(iii) any material damage to a Member's rights or interests or Members' rights or interests generally.

(c) the complaint appears to be without foundation or there is no apparent evidence to support it; or

(d) the person who makes the complaint has an insignificant interest in the matter; or

(e) the conduct incident, event, or issue giving rise to the complaint has already been investigated and dealt with under these Rules; or

(f) there has been an undue delay in making the complaint.

Refer complaint

54.10 The Society may refer a complaint to:

(a) a subcommittee or an external person to investigate and report; or

(b) a subcommittee, an arbitral tribunal, or an external person to investigate and make a decision.

(c) with the consent of all parties to the complaint, to any type of consensual dispute resolution such as mediation or facilitation.

Decision Makers

54.11 The Decision Maker will be the Board or the other entity to whom the complaint is referred under Rule 53.10(b) provided that an individual may not act as a Decision Maker or member of the Decision Maker in relation to a complaint where there are reasonable grounds to believe that the individual may not be:

(a) impartial; or

(b) able to consider the matter without a predetermined view.

Communication

54.12 The board will communicate the decision of the Decision Maker to the complainant and the Respondent promptly after the issue of the Decision Makers determination.

SCHEDULE 1
Definitions and Construction

(Rule 1)

PART A: Definitions

Act means the Incorporated Societies Act 2022.

Annual Report means the report required to be available to Members each Year.

Board means Directors who number not fewer than the required quorum acting together as the board of Directors of the Society.

Balance Date means the 31st day of May in each year or such other balance date as the Board may determine from time to time.

Contact Details means an electronic address and a telephone number.

Contact Person means a person holding the position of a contact person for the Society being the person whom the Registrar can contact when needed.

Days means calendar days including weekends, public holidays.

Decision Maker has the meaning set out in Rule 53.11.

Director means each person appointed as a Director of the Society.

Industry Good Activity means an activity which is expected to provide net benefits to a dairy industry group or groups, as defined by the Board, and which would not be sufficiently provided by the market because:

(a) the benefits flowing to those prepared to pay voluntarily are not sufficient to cover the costs of the activity; and

(b) it is not practical to prevent others who do not contribute to the cost of the activity, from benefiting.

Interest in relation to a Director, has the meaning provided in paragraph 28 of Schedule 4, Part D and *Interested* has a corresponding meaning.

Interests Register means the register kept by the Society recording each Director's Interests.

Levy means a levy or levies payable to the Society under the Commodity Levies Act 1990.

Member means each person who is a Member in accordance with Rule 8 unless he or she indicates, in accordance with Rule 12.3 that he or she does not wish to be a Member and Membership shall be construed accordingly.

Members' Register means the register of Members maintained by the Society pursuant to Rule 11.

Milksolids means in relation to any Member, such kilograms of milkfat and protein as are determined by the Board as the amount of Milksolids supplied by that Member to a person who processes milk and in determining the quantity of Milksolids supplied the Board may:

(a) where the Society receives data on kilograms of Milksolids supplied by a Member to that milk processor, rely on that data without further enquiry; and

(b) where the Society receives data on liquid milk supplied by a Member to that milk processor, convert that data to Milksolids at such conversion rate as the Board may, in any case, determine.

Milksolids Supplier means a person supplying Milksolids or liquid milk to a dairy processing company.

Average Member Individual Supply of Milksolids means total milksolids supplied by Members divided by the number of Members.

Ordinary Resolution means a resolution passed by more than 50 per cent of the votes of Members entitled to vote and voting on which either 100 Members or Members holding 5 per cent or more of the Participation Rights then in issue, vote.

Participation Right means a right issued, or to be issued, by the Society in accordance with Rule 14 and evidenced by the Members' Register and having attached to it the rights conferred by Rule 10.

Personal Representative means

(a) in relation to a deceased individual Member, the executor, administrator or trustee of the estate of that Member;

(b) in relation to a bankrupt individual Member, the assignee in bankruptcy of that Member; and

(c) in relation to any other individual Member, a person appointed or deemed to have been appointed to administer property under the Protection of Personal and Property Rights Act 1988, a manager appointed or deemed to have been appointed thereunder, and a donee of an enduring power of attorney complying with that Act.

Postal Ballot means a vote on any matter in respect of which a Member is entitled to vote, under these Rules, and includes a vote submitted by post or via an online, electronic ballot system.

Pseudo-random means the same random order of candidates for every ballot paper with the random order determined prior to printing the ballot papers and is the same for all Members.

Representative means each person appointed as a proxy or representative of a Member under Schedule 3, Part E or a Personal Representative.

Rules means these Rules, as altered from time to time.

Society means DairyNZ Incorporated.

Special Resolution means a resolution passed by 75 per cent or more of the votes of Members entitled to vote and voting on an issue on which Members holding 50% or more of the Participation Rights then in issue, vote.

Summary of the Annual Report means a report prepared by the Board:

a. which summarises the Annual Report to which it relates; and

b. the content of which will be determined by the Board in its sole discretion.

Year means the period of 12 months ending on the expiration of the 31st day of May in each year or such other period as the Board may determine from time to time.

PART B: Construction

Any reference to:

(a) The headings appear as a matter of convenience and are not to affect the construction of these Rules.

(b) References to these or the Rules include the Schedules to the Rules.

(c) In the absence of an express indication to the contrary, references to Rules or paragraphs are to Rules and paragraphs of these Rules.

(d) A reference to any statute, statutory regulations or other statutory instrument includes the statute, statutory regulations or instrument as from time to time amended or re-enacted or substituted.

(e) The singular includes the plural and *vice versa* and one gender includes the other genders.

(f) The words “written” and “writing” include electronic communications and any other means of communication resulting in permanent visible reproduction.

(g) The word “person” includes any association of persons whether corporate or unincorporate, and any state or government or department or agency thereof, whether or not having separate legal personality.

(h) Words or expressions defined in the Act have the same meaning where they are used in these Rules.

SCHEDULE 2
Members' Registration

(Rule 11)

1. Required Information

The Members' Register is, to the extent reasonably practicable, to state, in relation to Members:

1.1 The names, alphabetically arranged, and the latest known address of each person who is a Member.

1.2 The number of Participation Rights held by each Member.

1.3 The date of any:

(a) issue of Participation Rights to and cancellation of Participation Rights of, any Member; and

(b) the date of cancellation of any person's Membership of the Society.

2. Place of Members' Register

The Members' Register must be kept at the Society's principal place of business.

3. Members' Register as evidence of legal title

The entry of the name of a person in the Members' Register as a Member and as a holder of a Participation Right is *prima facie* evidence that the person is a Member and that legal title to the Participation Rights recorded as being held by the Member vests in that person.

4. Consequences for Society

The Society may treat each Member as the only person entitled:

4.1 to receive notice of, and attend, a meeting of Members;

4.2 to receive a copy of information pursuant to Rule 9.1;

4.3 to receive a copy of the Annual Report if they request a copy;

4.4 to exercise the right to vote attaching to the Participation Right issued to that Member; and

4.5 to exercise any other rights and powers attaching to the Participation Right.

5. Correction of Members' Register

The Board may, from time to time, at its discretion:

(a) verify any information provided to the Society by a Member;

(b) require a Member to provide evidence satisfactory to the Board to support any correction or allocation of Membership and Participation Rights to his or her details recorded on the Members' Register;

(c) request information from any dairy company as to the amount of Milksolids supplied by any Member to it in any period; and

(d) direct the correction of any detail recorded on the Members' Register.

No person is to be liable for any correction of any information recorded on the Members' Register which is made in good faith under this Rule.

6. Members' right to inspect Members' Register

Each Member is entitled to request in writing a copy of his or her details as recorded on the Members' Register. The information will be provided by the Society to the Member within five (5) days of the request by electronic means or such other means requested by the Member.

SCHEUDLE 3
Meetings of Members

(Rule 28)

PART A:
Notices of Meetings of Members

1. Contents of notice

Each notice of a meeting of Members is to state, or have attached to it:

(a) The nature of the business to be transacted at the meeting in sufficient detail to enable a Member to form a reasoned judgment in relation to it.

(b) The text of any Special Resolution to be submitted to the meeting.

(c) In the case of each notice of a meeting of Members conducted under Rule 18.3 the date by which notice of Members votes must reach the person authorised to receive and count them.

(d) In the case of each annual meeting, the information in Rule 9.1, ballot papers and the notices set out in Rule 23.

2. Irregularity in notice

An irregularity in a notice of a meeting is waived if all the Members entitled to attend (if applicable) and vote at the meeting do so without protest as to the irregularity, or if a majority of the Members in attendance at the meeting agree to the waiver. The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person will not invalidate the proceedings at the meeting.

3. Adjourned meetings

If a meeting of Members is adjourned for less than 30 days, it is not necessary to give notice of the time and place of the adjourned meeting other than by announcement at the meeting which is adjourned.

PART B:
Chairperson of meeting of Members

4. Chairperson of the Board to act as chairperson of meeting of Members

If the Board has elected one of its number as chairperson of the Board:

4.1 If that Director is present at a meeting of Members held under Rule 18.1 or 18.2, that Director must chair that meeting; and

4.2 That Director will act as chair for the purposes of a meeting of Members conducted under Rule 18.3.

5. Other chairperson

If no chairperson of the Board has been elected or if at any meeting of Members held under Rule 18.1 or 18.2 the chairperson of the Board is not present within 15 minutes of the time appointed for the commencement of the meeting or if in any case, the chairperson is unwilling or unable to act, the Directors present, if any, may elect one of their number to be chairperson of the meeting. If no Director is willing to act as chairperson or if no Director is present within 15 minutes of the time appointed for the commencement of the meeting, the Members present may choose one of their number to be chairperson.

6. Adjourned meetings

The chairperson may, and if directed by a meeting of Members must, adjourn the meeting to a new time and place. No business can be transacted at any adjourned meeting other than unfinished business at the original meeting.

7. Regulation of procedure

Except as otherwise provided in these Rules, the chairperson is to regulate the proceedings at meetings of Members.

PART C:
Quorum of Meetings of Members

8. Quorum required for meeting of Members

Subject to paragraph 10 of the Schedule, no business may be transacted at a meeting of Members if a quorum is not present.

9. Size of quorum

A quorum is present at a meeting of Members if sufficient numbers are present or participate (as the case may be) to pass any resolution to be put to that meeting.

10. Lack of quorum

If a quorum is not present within 30 minutes after the time appointed for the meeting:

(a) in the case of a meeting called by the Board on the written request of Members under Rule 27.2, the meeting is dissolved; or

(b) in the case of any other meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Directors may appoint and if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the commencement of the meeting, the Members or their Personal Representatives present will constitute a quorum.

PART D:
Voting of Meeting of Members

11. Meetings in one place

In the case of a meeting of Members held in one place under Rule 18.1.1, unless a poll is demanded, voting at the meeting is to be by whichever of the following methods is determined by the chairperson:

(a) Voting by voice; or

(b) Voting by show of hands.

12. Audiovisual meetings

In the case of a meeting of Members held under Rule 18.2, unless a poll is demanded, voting at the meeting is to be by the Members signifying individually their assent or dissent by voice.

13. Postal Ballot

In the case of a meeting of Members conducted under Rule 18.3 or of any matter to be decided under these Rules by a Postal Ballot the procedure in relation to a Postal Ballot is:

13.1 The notice of a meeting at which Members are entitled to cast a Postal Ballot is to state the name of the person authorised by the Board to receive and count postal votes at that meeting.

13.2 If no person has been authorised to receive and count a Postal Ballot, or if no person is named as being so authorised in the notice of the meeting, every Director is deemed to be so authorised.

13.3 A Member may cast a Postal Ballot on all or any of the matters to be voted on by sending a notice of the manner in which the voting rights attached to his or her Participation Rights are to be voted to a person authorised to receive and count Postal Ballots. In the case of a meeting conducted under Rule 18.3 the notice must reach that person not later than the date specified in the notice of meeting. In any other case the notice must reach that person not less than 48 hours before the start of the meeting.

13.4 It is the duty of a person authorised to receive and count Postal Ballots:

(a) to collect together all Postal Ballot received by him or her or by the Society; and

(b) in relation to each resolution to be voted on, to count:

(i) the number of Members voting in favour of the resolution and the number of votes attached to each such Member's Participation Rights cast by that Member in favour of the resolution; and

(ii) the number of Members voting against the resolution, and the number of votes attached to each such Member's Participation Rights cast by that Member against the resolution;

(c) to sign a certificate that he or she has carried out the duties set out in sub-paragraph (a) and (b) of this paragraph and which sets out the results of the counts required by sub-paragraph (b) of this paragraph; and

(d) to ensure that the certificate required by sub-paragraph (c) of this paragraph is presented to the chairperson of the meeting.

13.5 If a vote is taken at a meeting held under Rule 18.1 or 18.2 on a resolution on which Postal Ballots have been cast, the chairperson of the meeting must:

(a) on a vote by show of hands, count each Member who has submitted a postal vote for or against the resolution; and

(b) on a poll, count the votes cast attaching to Participation Rights held by each Member who has submitted a postal vote for or against the resolution.

13.6 The chairperson of a meeting held under Rule 18.1 or 18.2 must call for a poll on a resolution on which he or she holds sufficient postal ballots that he or she believes that if a poll is taken the result may differ from that obtained on a show of hands;

13.7 The chairperson of a meeting must ensure that a certificate of postal votes held by him or her is annexed to the minutes of the meeting.

13.8

14. Number of votes

Subject to any rights or restrictions attached to any Participation Right:

14.1 where voting is by voice or a show of hands, every Member present in person or by Representative has one vote; and

14.2 on a poll every Member present in person, proxy or by Representative or who has sent a postal vote has one vote for every Participation Right held by that Member.

15. Declaration of chairperson conclusive

A declaration by the chairperson that a resolution is carried by the requisite majority is conclusive evidence of that fact unless a poll is demanded in accordance with paragraph 16 of this Schedule.

16. Right to demand poll

At a meeting of Members held under Rule 18.1 or 18.2 a poll may be demanded by:

16.1 no fewer than five Members having the right to vote at the meeting; or

16.2 a Member or Members representing not less than five per cent of the total voting rights of all Members having the right to vote at the meeting; or

16.3 a Member or Members holding Participation Rights carrying together not less than five per cent of the voting rights entitled to be cast on any of the resolutions to be put to the meeting; or

16.4 the chairperson:

For the purposes of this Rule, the instrument appointing a proxy to vote at a meeting of the Society confers authority to demand or join in demanding a poll and a demand by a person as proxy for a Member has the same effect as a demand by the Member.

17. Time of demand for poll

A poll may be demanded at a meeting of Members held under Rule 18.1 or 18.2 either before or after the vote is taken on a resolution. The demand for a poll may be withdrawn.

18. Timing of poll

The chairperson may determine the time and manner in which a poll is to be taken at a meeting of Members and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

19. Counting of votes on poll

If a poll is taken at a meeting of Members, votes are to be counted according to the votes attached to the Participation Rights of each Member that are cast on the relevant resolution.

20. Votes of joint Members

Where two or more persons are registered as the holder of a Participation Right, the vote of the person named first in the Members' Register, or the Personal Representative of that person and voting on a matter, is to be accepted to the exclusion of the votes of the other joint holders.

21. Validity of votes

In the case of any dispute as to the admission or rejection of a vote the chairperson is to determine the same and such determination made in good faith is to be conclusive.

PART E:
Proxies and Corporate Representatives

22. Proxies permitted

A Member may exercise the right to vote attached to his or her Participation Rights at a meeting of Members held under Rule 18.1 either by being present in person or by proxy. A proxy for a Member is to be entitled to attend, be counted for the purposes of the quorum, be heard and vote at a meeting of Members as if the proxy were the Member.

23. Form of proxy

A proxy is to be appointed by notice in writing signed by the Member and the notice is to state whether the appointment is for a particular meeting.

24. Lodging proxy

No proxy is effective in relation to a meeting of Members unless the duly completed proxy form is produced by the proxy before the start of the meeting to a person appointed by the Board for verifying proxy forms.

25. Validity of proxy vote

A vote given in accordance with the terms of an instrument of proxy is to be valid notwithstanding the previous death or mental disorder of the Member or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Participation Right in respect of which the proxy is given, if no written notice of such death, mental disorder, revocation, or transfer has been received by the Society at its registered office before the commencement of the meeting of Members or adjourned meeting at which the proxy is used.

26. Corporate Representatives

A body corporate which is a Member may appoint a Representative to attend a meeting of Members held under Rule 18.1 or 18.2 on its behalf in the same manner as that in which it could appoint a proxy. A Representative of a body corporate is to have the same rights and powers as if the Representative were a proxy.

PART F:
Minutes of Meetings of Members

27. Minutes

The Board must ensure that minutes are kept of all proceedings at each meeting of Members. Minutes of a meeting of Members which have been signed correct by the chairperson are *prima facie* evidence of the proceedings at that meeting.

PART G:
Members Proposals

28. Notice to the Board

A Member may give written notice to the Board of a remit the Member proposes to raise for consideration at the next meeting of Members at which the Member is entitled to vote.

29. Notice to Members at Society's expense

If notice of a Member's proposal under paragraph 28 of this Schedule is received by the Board not less than twenty one days before the last day on which notice of the relevant

meeting of Members is required to be given by the Board, the Board is, at the expense of the Society, to give notice of the Member's proposal and the text of any proposed remit to all Members entitled to receive notice of the meeting.

30. Notice to Members at proposing Member's expense

If notice of a Member's proposal under Part G paragraph 28 of this Schedule is received by the Board no fewer than five days and not more than twenty one days before the last day on which notice of the relevant meeting of Members is required to be given by the Board, the Board must, at the expense of the Member, give notice of the Member's proposal and the text of any proposed remit to all Members entitled to receive notice of the meeting.

31. Late notice

If notice of a Member's proposal under paragraph 28 of this Schedule is received by the Board no fewer than five days before the last day on which notice of the relevant meeting of Members is required to be given by the Board, the Board may if practicable, and at the expense of the Member, give notice of the Member's proposal and the text of any proposed remit to all Members entitled to receive notice of the meeting.

32. Proposing Member's right to give a written statement

If the Board intends that Members may vote on a Member's proposal, it is to give the proposing Member the right to include in or with the notice given by the Board, a statement of not more than 300 words prepared by the proposing Member in support of his or her proposal, together with the name and address of the proposing Member.

33. Defamatory, frivolous or vexatious statements

The Board is not required to include in or with the notice given by the Board a statement prepared by a Member which the Directors consider to be defamatory, frivolous or vexatious.

34. Deposit of costs by proposing Member

Where the costs of giving notice of the Member's proposal and the text of any proposed remit are required to be met by the proposing Member, the proposing Member is, on giving notice to the Board, to deposit with the Society or tender to the Society a sum sufficient to meet those costs.

SCHEDULE 4
The Board of Directors

PART A:
Appointment of Member Appointed Directors

(Rule 30)

1. Call for nominations

The Society is to call for nominations for Members to stand as the candidate for appointment as Director no fewer than fifty-six days before the date on which the postal ballot paper is sent to Members.

2. Process to Elect

Each nomination of a Member as a candidate for appointment as Director is to:

(a) be in writing and signed by a nominator who is to be a Member other than the candidate;

(b) state why (in the opinion of the person nominating him or her) the candidate is qualified under Rule 30.1(d) for appointment as a Director;

(c) be signed by a Member as a seconder to indicate his or her support of the nomination;

(d) declare the separate supplier numbers respectively for the candidate, nominator and seconder.

(e) be delivered to the Society no fewer than 40 days before the postal ballot paper is sent to Members; and

(f) state the name of any entity which provides Industry Good Activities and which the Society promotes or funds of which the candidate is a director, officer or trustee and the candidate's status in relation to that entity.

3. Ballot

The Society is to be responsible for conducting the postal ballot to appoint a Director or Directors and for supervising the conduct of each such postal ballot.

4. Ballot Paper

The ballot paper for a postal ballot conducted under this Part of this Schedule is to be in the form determined by the Board from time to time, but must, in each case:

(a) identify each candidate's name clearly;

(b) arrange candidates' names pseudo-randomly;

(c) subject to the foregoing, give no greater prominence to any candidate over another; and

(d) state the time and date on which the postal ballot closes and the date from which the appointed director will take office.

5. Board Statement

The Board will include with the ballot paper a statement containing:

(a) the name of any candidate who is a director, officer or trustee of any entity which provides Industry Good Activities and which the Society promotes or funds;

(b) the name of the entity of which that candidate is a director, officer or trustee; and

(c) the status of the candidate in relation to that entity.

6. Candidate Statement

If requested by the candidate the Board will include with the ballot paper, a statement prepared by the candidate in support of his or her candidacy in compliance with the conduct of the ballot as resolved by the Board. The Board is not required to include with the notice given by the Board a statement by a candidate which the Directors consider to be frivolous or vexatious.

7. Public Notice

The Society is to give public notice of the result of each postal ballot conducted under this Part of this Schedule by publishing those results in such manner as the Board considers appropriate.

Where the number of valid member candidates is less than the number of Directors vacancies for which an election must be held, no ballot is required and the nominated candidates will be declared elected (or re-elected) unopposed.

8. Taking Office

A Director who is appointed under Rule 30 and this Part of this Schedule is to take office as Director from the date specified in the ballot paper until:

(a) in the case of a Director who is removed from office under Rule 33, the date on which the Society advises him or her in writing that he or she ceases to be a Director; and

(b) in all other cases, the date specified in the ballot paper to appoint his or her successor.

9. Postal Ballot

For the purposes of this Part of this Schedule, "postal ballot" may include a ballot held by electronic means and the above provisions will apply with such modifications and additions as are necessary or desirable in order to facilitate an electronic ballot.

PART B:
Proceedings of the Board

(Rule 38)

10. Methods of holding meetings

A meeting of the Board may be held either:

10.1 by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

10.2 by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

11. Notice of meeting

A Director or, if requested by a Director to do so, an employee of the Society approved by the Board for this purpose, may convene a meeting of the Board. Notice of a meeting of the Board is to be given to every Director who is in New Zealand

12. Waiver of irregularity

An irregularity in a notice of meeting of the Board is waived if all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity, or if all Directors entitled to receive notice of the meeting agree to the waiver.

13. Quorum

The Quorum for a meeting of the Board necessary for the transaction of business is not less than 50% of the Directors.

14. Insufficient number of Directors

The Board may act notwithstanding any vacancy in their body, but if and for so long as the number of Directors is reduced below the minimum number fixed by Rule 29, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a meeting of Members, but for no other purpose.

15. Chairperson

The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office. If no chairperson is elected, or if any meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairperson of the meeting.

16. Votes

Each Director is to have one vote. In the case of an equality of votes, the chairperson is to have a casting vote. A resolution of the Board is passed if it is agreed to by all Directors present without dissent, or if a majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board is presumed to have agreed to, and have voted in favour of, a resolution of the Board unless that Director expressly dissents or expressly abstains from voting on, or voting against, the resolution.

17. Resolutions in writing

A resolution in writing, signed or assented to by all Directors entitled to receive notice of a meeting of the Board is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents (including electronic or other similar means of communication) in like form, each signed or assented to by one or more Directors. A copy of any such resolution must be entered in or kept with the records of Board proceedings.

18. Minutes

The Board is to ensure that minutes are kept of all proceedings at meetings of the Board.

19. Validity of acts

All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director are valid notwithstanding:

19.1 any defect in the appointment of any Director or person acting as a Director; or

19.2 that they or any of them were disqualified; or

19.3 any irregularity in a notice of meeting.

20. Other procedures

Except as set out in this Part of this Schedule, the Board may regulate its own procedure.

PART C:
Directors' Duties

(Rule 39)

21. Duty of Directors to act in good faith to best attain objects of Society

A Director, when exercising powers or performing duties, must act in good faith and in the manner which he or she believes will best attain the objects of the Society.

22. Powers to be exercised for proper purpose

A Director must exercise a power for a proper purpose.

23. Directors to comply with Act and the Rules

A Director may not act, or agree to the Society acting, in a manner that contravenes the Act or these Rules.

24. Duty in relation to obligation

A Director may not agree to the Society incurring an obligation unless the Director believes at that time on reasonable grounds that the Society will be able to perform the obligation when it is required to do so.

25. Director's duty of care

A Director, when exercising powers or performing duties as a Director, is to exercise the care, diligence and skill that a reasonable Director would exercise in the same circumstances taking into account, but without limitation:

25.1 the nature of the Society;

25.2 the nature of the decision; and

25.3 the position of the Director and the nature of the responsibilities undertaken by him or her.

26. Use of information and advice

Subject to sub-paragraph (b) of this paragraph, a Director, when exercising powers or performing duties as a Director, may rely on reports, statements and financial data and other information prepared or supplied, and on professional or expert advice given by any of the following persons:

(a) An employee of the Society whom the Director believes on reasonable grounds to be reliable and competent in relation to matters concerned.

(b) A professional adviser or expert in relation to matters which the Director believes on reasonable grounds to be within the person's professional or expert competence.

(c) Any other Director, or committee of persons established by the Society (upon which the Director did not serve), in relation to matters within the Director's or committee's designated authority.

27. Paragraph 26 of this Schedule is to apply to a Director only if the Director:

(a) acts in good faith;

(b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and

(c) has no knowledge that such reliance is unwarranted.

PART D:
Directors' Interests

(Rule 40)

28. Interpretation

Subject to sub-paragraph (b) of this paragraph, for the purposes of these Rules, a Director is Interested in a transaction to which the Society is a party if, and only if, the Director:

(a) is a party to, or will or may derive a material financial benefit from, the transaction; or

(b) has a material financial interest in another party to the transaction; or

(c) is a director, officer, or trustee of another party to, or person who will or may derive a material financial benefit from, the transaction, not being an entity that is wholly-owned by the Society; or

(d) is the parent, child, or spouse of another party to, or person who will or may derive a material financial benefit from, the transaction; or

(e) is otherwise directly or indirectly materially interested in the transaction.

For the purposes of these Rules, a Director is not Interested in a transaction to which the Society is a party if:

(a) the transaction comprises only the giving by the Society of security to a third party which has no connection with the Director, at the request of the third party,

in respect of a debt or obligation of the Society for which the Director or another person has personally assumed responsibility in whole or part under a guarantee, indemnity, or by the deposit of a security; or

(b) by reason only of the Director being a supplier of Milksolids.

29. Disclosure of Interest

A Director:

29.1 is, as soon as practicable after he or she becomes aware of the fact that he or she is Interested in a transaction or proposed transaction with the Society, cause to be entered in the Interests Register, and disclose to the Board:

(a) if the monetary value of the Director's Interest is able to be quantified, the nature and monetary value of that Interest; or

(b) If the monetary value of the Director's Interest is unable to be quantified, the nature and extent of that Interest.

29.2 need not comply with sub-paragraph 29.1 of this paragraph if:

(a) the transaction or proposed transaction is between the Director and the Society; and

(b) the transaction or proposed transaction is, or is to be, entered into the ordinary course of the Society's business and on usual terms and conditions.

30. General notice of Interest

For the purposes of paragraph 29 of this Schedule, a general notice entered in the Interests Register or disclosed to the Board to the effect that a Director is a shareholder, director, officer or trustee of a named company or other person and is to be regarded as Interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person is a sufficient disclosure of Interest in relation to that transaction.

31. Failure to give notice of Interest

The failure by a Director to comply with paragraph 29 of this Schedule is not to affect the validity of a transaction entered into by the Society.

32. Personal involvement of Directors

Notwithstanding any rule of law or equity to the contrary but subject to the provisions of these Rules, a Director may:

32.1 contract with the Society in any capacity;

32.2 be a party to any transaction with the Society;

32.3 have any direct or indirect personal involvement or Interest in any transaction or arrangement to which the Society is a party or in which it is otherwise directly or indirectly interested or involved;

32.4 become a director, officer or trustee of, or otherwise Interested in, any entity promoted or funded by the Society or in which the Society may be directly or indirectly Interested as a Member or otherwise; and

32.5 retain any remuneration, profit or benefits in relation to any of the foregoing,

And no contract or arrangement of any kind referred to in this paragraph may be avoided by reason of a Director's Interest.

33. Interested Directors may vote

33.1 Subject to paragraph 33.2 below, a Director who is Interested in a transaction entered into, or to be entered into, by the Society may:

(a) vote on any matter relating to the transaction;

(b) attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;

(c) sign a document relating to the transaction on behalf of the Society; and

(d) do any other thing in his or her capacity as a Director in relation to the transaction,

As if the Director was not Interested in the transaction.

33.2 Notwithstanding paragraph 33.1 above, any Director who is Interested in a transaction as a result of his or her being a director, officer or trustee of an entity which provides Industry Good Activities and which the Society promotes or funds may attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum, but may not:

(a) Vote on any matter relating to the transaction; or

(b) Sign a document relating to the transaction on behalf of the Society.

PART E:
Indemnity/Insurance or Directors and Employees

(Rule 44)

34. Indemnity for Directors

Each Director from time to time is to be indemnified by the Society for:

34.1 any costs incurred by him or her in any proceeding that relates to liability for any act or omission in his or her capacity as a Director in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and

34.2 any liability to any person other than the Society or a subsidiary company for any act or omission in his or her capacity as a Director and costs incurred by that Director in defending or settling any claim or proceeding relating to any such liability, provided that such liability is not criminal liability or liability for a breach of any fiduciary duty owed to the Society.

35. Indemnities for employees and appointees

In addition to the indemnity set out in paragraph 34 of this Schedule, the Society may indemnify:

35.1 An employee of the Society or another entity which is wholly or partially owned or controlled by the Society for any costs referred to in paragraph 34 of this Schedule.

35.2 A director of another entity which is wholly or partially owned or controlled by the Society for any costs referred to in paragraph 34 of this Schedule.

36. Insurance for Directors or employees

The Society may effect insurance for a Director or employee of the Society or an entity, wholly owned or controlled by the Society for:

36.1 liability, not being criminal liability, for any act or omission in his or her capacity as a Director or employee; or

36.2 costs incurred by the Director or employee in defending or settling any claim or proceeding relating to any such liability; or

36.3 costs incurred by the Director or employee in defending any criminal proceedings in which he or she is acquitted.

37. Duty to certify

The Directors who vote in favour of authorising the effecting of insurance under paragraph 36 of this Schedule are to sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the Society.

38. Interests Register

The Board is to ensure that particulars of any indemnity given to, or insurance effected for, any Director or employee of the Society or a related company is entered in the Interests Register as soon as practicable.

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