

27 September 2024

Travellers Choice Limited  
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**Contact**  
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**For distribution to Members**

Dear Members of Travellers Choice Limited

**Constitutional Amendments 2024**

We have been instructed by the Board of Travellers Choice Limited (**the Company**) to advise on, and draft amendments to, the Company's Constitution. We have also been instructed to prepare a letter to you clarifying the reasons behind the proposed amendments to the Constitution.

The primary intentions behind the proposed amendments have been to first, ensure that the Constitution accurately reflects contemporary corporate governance, and secondly, to ensure the Company can use technology to call and hold meetings of members (including wholly virtual meetings).

**Enclosed** with the Notice of Annual General Meeting (which also encloses this letter) are two iterations of the Company's Constitution with the proposed amendments. One version is in tracked changes (to see all proposed changes), whereas the other is in 'clean copy' for ease of review.

We have set out below the key amendments to the Constitution.

**Term of Member Directors**

The most significant changes are the inclusion of clauses 16.2 to 16.4 (the term of Member Directors), the amendments to the qualifications for Member Directors (Clause 16.9) and the consequential amendments to clauses 16.5 to 16.8.

The existing Constitution allows for Member Directors to be elected for four year terms, with no maximum tenure.

Board composition should be treated as critical and deliberate decisions which align to the Company's short and long term strategy; a board should be structured to be effective and add value. Establishing a Board with unending tenure, can result in a risk impacting organisational performance. In general, many different boards can provide examples of directors who have overstayed their welcome and may be having a negative impact on both the board and the business. Many other boards can also provide good examples of directors who have reached their term limits and must leave the board despite being valuable contributors.

Setting a term limit aligns with the recommendations of the Australian Institute of Company Directors and the ASX Listing Rules and Corporate Governance Principles and Recommendations. These organisations are seen as establishing the "best practice" model in Australia to work from.

Under the proposed Constitution the term of Member Directors would be reduced to three years (not four) with a maximum of nine years to be served on the Board (whether in consecutive terms or not, and whether partial or full terms have been served). The exception to this regime is set out in clause 16.4 where the Board could approve that the maximum tenure be extended to 12 years in two specific circumstances:

1. Where there are no other suitable candidates nominating for a position – and we note it can be difficult to find volunteers to nominate for directorship given the time commitment; or

2. To allow for a smooth transition of the current Board. There are a number of Member Directors who would already exceed the proposed new time limit and while some will step down shortly, the Board wants to ensure there is enough corporate knowledge and so would make some exceptions

Despite the proposal that the Board could extent an individual Member Director's ability to serve to 12 years, the Member Director would still need to be elected by the Members in the ordinary course. As such, the power remains with the Members.

This final point is to ensure that the importance of refreshing the board is maintained but allowing for extraordinary instances where a board member's expertise in that role is needed (perhaps through a period of transition or where they remain a genuine and valuable contributor).

The final amendment to Member Directors is to introduce a new qualification before a Member can nominate to sit on the Board, namely that they must serve 12 months of membership with the Company before being eligible for election. The Board want to ensure members who are actively participating in the Company and committed to the Company are eligible for election. See amendments in clause 16.9. The remaining qualifications (trading and shareholding) remain the same.

### **Independent Directors**

We have amended the language from "Non-Member Nominee Director" to "Independent Directors" to reflect contemporary practice. The role of the independent directors, and their appointment process, has not been changed – this was purely to update the terminology to ensure it is "reader-friendly" and current. See amendments to clauses 16.15 to 16.22 and to the definitions.

### **Bolstering of the technology provisions**

We have amended the existing clauses and included additional interpretation clauses to clarify that any meeting of the Board or the Members can be held by using any technology which allows the participants (as a whole) a reasonable opportunity to participate.

The existing Constitution already allowed for the use of technology but did not allow for wholly virtual meetings of members. The *Corporations Act 2001* (Cth) requires this permission to be express in the Constitution and the existing drafting of clause 14.3 indicated a meeting had to occur at two or more places. While the Board have no intention to move to wholly virtual meetings, given the other proposed amendments to the Constitution it was prudent to make the change now. See amendment to clause 14.3 and new clauses 26.2.13 to 26.2.16 (inclusive).

We have also clarified in clause 14.7 that the form of technology is to be approved by the Board. Previously the drafting simply referred to "approved Technology", but the Constitution was ambiguous as to who was responsible for the approval.

### **Formatting**

Finally, there are minor amendments to a number of clauses to ensure the document is correctly formatted, uses gender neutral language and the internal referencing continues to work (noting the inclusion of additional clauses). For example, see clauses 4.2 and 13.1.1. The amendments should be self-explanatory.

We hope this satisfactorily provides guidance on the proposed amendments.

Please direct all correspondence to Christian Hunter, Managing Director, if you have any queries in relation to the above.

Yours sincerely  
BAL LAWYERS



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