

Explanatory Memorandum to Proposed Constitution Amendments

**83rd Annual General Meeting of The Royal Australasian College of Physicians
held Friday, 13 May 2022**

The College's current Constitution was last amended at the May 2017 annual general meeting. The College has undertaken a review of its Constitution, and as a result, it is proposed that amendments be made to the College's Constitution to remain up to date with market practice and provide flexibility for the College to efficiently and effectively manage its governance arrangements.

Below are proposed special resolutions to amend the Constitution of the College. Each resolution is separate and you will have the opportunity to vote in favour of some resolutions and not others. Only those resolutions that receive 75% or more votes by members in favour of the resolution will be passed and the Constitution amended accordingly.

1. SPECIAL RESOLUTION 1 - Increase the minimum number of members required to request the Board to call an Extraordinary General Meeting (EGM) from 100 to 250

It is proposed to vary clause 5.2.2(b) by replacing "100" with "250" so that, if the proposed amendment is approved, 250 members who are entitled to vote at a general meeting will be able to request the Board to call an Extraordinary General Meeting (EGM).

The RACP Constitution currently provides that at least 5% of members or at least 100 members who are entitled to vote at a general meeting are able to request the Board to call an EGM of members. Members can request the Board to call a general meeting of the College for various reasons, including amending the constitution or removal of directors.

The College currently has approximately 27,000 members. Accordingly:

- 5% of the College membership currently comprises approximately 1,350 members; and
- 1% of the College membership currently comprises approximately 270 members.

The Board considered that an increase to the minimum number of members to call an EGM from 100 members to 250 members is reasonable given the cost to the College. The Board determined that 5% of the College membership to call an EGM was too high and that just under 1% was more reasonable.

The number of members who have requested a particular EGM since 2015 have ranged between 109 and 400 members. The number of members that have voted at an EGM since 2015 ranged between 52 and 966.

The Reasons for Voting For this Special Resolution 1

The Board recommends you vote in favour of Special Resolution 1, for the following reasons:

- Conducting an EGM requires substantial time and resources to organise and conduct, in accordance with the requirements prescribed in the Constitution.
- To-date EGM's cost approximately \$120,000-\$150,000 in direct costs, such as venue hire, voting services, audio visual providers. In addition, there are indirect costs such as resourcing, Board review, development of documentation, any legal advice and issue of communications. Having regard to the recent experience in members requesting the Board call an EGM, a 250 member threshold would appear appropriate and achievable for members.

The Reasons for Voting Against this Special Resolution 1

While the Board recommends you vote in favour of Special Resolution 1, below are reasons why you may not wish to vote in favour of the resolution:

- that a minimum of 250 members to request the Board call an EGM is too high;
- the costs involved in calling and holding an EGM are not material enough to outweigh the ability of 100 members to request the Board call an EGM.

Consequences of Special Resolution 1 not being passed

If this Special Resolution 1 is not passed by the required majority of those eligible Members who vote (that is if less than 75% of those who vote, vote in favour of Special Resolution 1), then clause 5.2.2(b) of the Constitution will remain in place and at least 5% of members or at least 100 members who are entitled to vote at a general meeting may request the Board to call a general meeting.

2. SPECIAL RESOLUTION 2 – Permit general meetings to be conducted wholly or partly as virtual meetings

The College's current Constitution, while providing for participation and voting at a general meeting of Members using online technology, requires that a general meeting of Members must be conducted at a physical location. Further, in order for a general meeting to be validly constituted, there is currently a requirement that at least 20 members attend physically in person or by a proxy physically present. This requirement is outdated and uncommon for most organisations. It was challenging to comply with this requirement and the pandemic restrictions, such as the limited number of persons able to be in one location and travel restrictions.

The COVID-19 pandemic resulted in a series of restrictions that limited the ability of organisations to hold physical meetings. Given the impacts of COVID-19 on meetings, the gathering of people, the health risks this may entail and the general movement of companies to hold meetings virtually, the College believes it is prudent to give the College the option of being able to hold general meetings virtually. The proposed amendments will facilitate the College holding virtual meetings conducted entirely online and also clarify the procedures for holding hybrid meetings (where the meeting is conducted both in a physical location and online).

The Board fully supports that a general meeting may be held virtually.

The proposed amendments to the College Constitution include a number of changes to facilitate using technology to conduct the meeting. The key amendments to the meeting provisions are outlined below.

The relevant clause in the amended Constitution	Detail
Definitions	In order to cater for the changes to the Constitution to allow virtual meetings and further facilitate the

(Clause 24)	<p>conduct of hybrid meetings, the following definitions are inserted:</p> <p>“Virtual Meeting” means a meeting of members conducted using Virtual Meeting Technology</p> <p>“Virtual Meeting Technology” means any technology that allows members entitled to attend a meeting, as a whole, a reasonable opportunity to participate in the meeting without being physically present at the meeting.</p>
<p>Convening of general meetings (Clause 5.2.1)</p>	<p>The amendments provide that the Board may convene a general meeting at one or more physical venues, at one or more physical venues and as a Virtual Meeting or as a Virtual Meeting only.</p>
<p>Notice requirements (Clauses 5.1.3 and 5.3.2, 6.2.3 and 6.4.1)</p>	<p>Amendments are proposed to provide that if Virtual Meeting Technology is to be used to hold the general meeting, include sufficient information to allow the members to participate in the meeting by means of the technology. Also, a notice of general meeting will not need to specify a physical venue for the meeting to be held if the meeting is to be held wholly virtually.</p>
<p>Presence, Quorum and Voting at a general meeting (Clause, 6.2.5)</p>	<p>Amendments are proposed to provide the following provisions:</p> <ul style="list-style-type: none"> • (6.2.5) A member, proxy, attorney or representative who attends a meeting (whether at a physical venue or by using Virtual Meeting Technology) is taken for all purposes to be present in person at the meeting while so attending. These purposes include for the purpose of forming the quorum and voting.
<p>Conduct of a poll (Clause 6.5 and 6.6)</p>	<p>The amendments provide that if Virtual Meeting Technology is used in holding the meeting, any resolutions at that meeting must be conducted by a poll rather than a show of hands to ensure all members participating at the meeting can exercise their right to vote.</p>
<p>Proxies (Clause 6.7)</p>	<p>The College’s current Constitution requires that a proxy must be physically present at the meeting in which he or she is acting as a proxy.</p> <p>(6.7.2) The proposed amendment removes the “physically” present requirement so that, together with the changes to the voting provisions described above, a person appointed as proxy may also attend the meeting using Virtual Meeting Technology if such technology is available for the meeting.</p>

Consequential amendments are also proposed to be made to the Constitution to update cross referencing following the insertion of the new provisions and making certain current Constitution provisions subject to the provisions enabling Virtual Meeting Technology.

The Reasons for Voting For this Special Resolution 2

The Board recommends you vote in favour of Special Resolution 2 for the following reasons:

- Virtual general meetings provide an opportunity for improved shareholder engagement with a wider group of members who may not be able to attend physically, enabling members to join and participate remotely.
- The majority of the College members have competing priorities and time demands, at times making it difficult to travel and attend meetings physically. Virtual general meetings provide increased flexibility for members.
- Where a meeting is conducted as a hybrid meeting both at a physical location and using Virtual Meeting Technology, there will remain the opportunity for members to attend in person if they prefer.
- The College’s current physical attendance quorum requirement is unsuitable in a COVID-19 environment where physical attendance may be unsafe.

The Reasons for Voting Against this Special Resolution 2

The Board does not believe there are reasons to vote against this resolution as it provides flexibility in terms of conducting a general meeting to meet the challenges introduced by COVID-19. However, some members may consider that it is important the Board physically presents in front of the membership, or that different membership views are able to be expressed in a physical setting.

Consequences of Special Resolution 2 not being passed

If this Special Resolution 2 is not passed by the required 75% majority of those eligible Members who vote, the proposed amendments to the Constitution described above, will not be adopted. Whether or not technology is used to conduct a meeting, the meeting will still be required to be held at a physical place and the amendments to the provisions to further facilitate participation at meetings online will not be made. The current requirement to achieve a quorum at a general meeting will remain at 20 members in person or by proxy and entitled to vote at a general meeting being physically present at the place of the meeting.

3. SPECIAL RESOLUTION 3 – Removal of the 2018 transitional provisions

The transitional provisions included in the RACP Constitution were provided to support the change of the composition of the Board in 2018. The transition has now been completed and as a result the transitional provisions are now superfluous and are recommended to be removed from the RACP Constitution.

The key amendments proposed to be made to the College’s current Constitution are outlined below.

The relevant clause in the amended Constitution	Detail
<p>Composition of Board – up to the conclusion of the 2018 Annual General Meeting</p> <p>(Amended clause 8.1)</p>	<p>The transition of the College’s Board Composition occurred at the 2018 Annual General Meeting. Following the 2018 AGM, clause 8.1 became redundant and is now proposed to be removed.</p> <p>Clause 8.1A outlines the Board Composition going forward, thus would remain, but removing the references to the 2018 transition.</p>

<p>Commencement Provisions – 2018 Annual General Meeting (Amended clause 8.7B)</p>	<p>The current clause 8.7B of the College’s Constitution was established to inform and support the transition process of the College’s Board Composition at the 2018 Annual General Meeting.</p> <p>Following the 2018 AGM, clause 8.7B became redundant and is proposed to be removed.</p>
<p>Consequential amendments</p>	
<p>Consequential amendments are also proposed to update clause references and definitions in the Constitution having regard to the deleted provisions, including renumbering of continuing clauses and adjustments to clause cross references</p>	

The Reasons for Voting For this Special Resolution 3

The Board recommends you vote in favour of Special Resolution 3, for the following reasons:

- The transition of the Board composition has been completed and in place since 2018. As a result, the transition clauses are redundant.
- Removal of the transition clauses and renumbering of the clauses that continue to apply will provide a clear sequence of current clauses that apply in the Constitution.

The Reasons for Voting Against this Special Resolution 3

- The Board does not believe there are reasons to vote against this resolution as it simplifies the Constitution and removes clauses that are no longer in use.

Consequences of Special Resolution 3 not being passed

- If this Special Resolution 3 is not passed by the required majority of those eligible Members who vote (that is if less than 75% of those who vote, vote in favour of Special Resolution 3), redundant clauses will remain in the Constitution and the proposed amendments to the Constitution described above, will not be adopted.