

Explanatory Notes – Proposed Amendment to Constitution, Clause 12.3 (Retirement of Directors by Rotation)

The Board is proposing an amendment to Clause 12.3 of the Constitution to simplify and modernise the process for director retirement and re-election.

Currently, Clause 12.3 provides that one-third of the elected directors must retire at each election. This “rotation” clause has been replaced with a clearer and more consistent model that sets fixed three-year terms for all elected directors.

Under the proposed amendments:

- All directors elected under Clause 12.3 will serve a fixed **three-year term** commencing from a date determined by the Board, consistent with Clause 12.3(e).
- Directors appointed by the Board to fill a casual vacancy will continue to serve only until the conclusion of the next election following their appointment.
- The “one-third to retire” rotational model has been **removed**.

Application of New Clause 12.3(b)(1):

This new clause will apply to all directors who are elected and remain in office at the conclusion of the 2025 Annual General Meeting. Going forward, the retirement of directors will occur as follows:

- **2026 AGM:** Directors elected in 2023 and any directors appointed to casual vacancies since the last election will retire.
- **2027 AGM:** Directors elected in 2024 and any directors appointed to casual vacancies since the last election will retire.
- **2028 AGM:** Directors elected in 2025 and any directors appointed to casual vacancies since the last election will retire.

This change enhances governance clarity and consistency, and better aligns Philanthropy Australia’s board practices with contemporary governance standards.