

CONSTITUTION AND RULES OF ASSOCIATION OF THE PAPUA NEW GUINEA INSTITUTE OF DIRECTORS Inc.

As amended by a motion carried at a
Special General Meeting held on 5 July 2006
(Clauses 8.2, 9.1 and 9.2)

And at a
Special General Meeting held on 29 October 2008
(Clause 11.2)

As amended by a motion carried at a
Special General Meeting held 29 April 2011
(Clauses 2.0, 3.0, 6.1, 6.6.1, 6.8.1, 6.8.2, (v), 6.9.2, 8.3, 8.4, 8.6 and 17.6)

CONSTITUTION AND RULES OF ASSOCIATION OF THE
PAPUA NEW GUINEA INSTITUTE OF DIRECTORS Inc.

INDEX

0. DEFINITIONS
1. NAME
2. LOCATION
3. OBJECTS
4. ORGANISATION
5. POWERS
6. MEMBERSHIP
7. ENTRANCE FEES AND SUBSCRIPTIONS
8. BOARD OF DIRECTORS
9. ELECTION OF DIRECTORS
10. POWERS AND DUTIES OF DIRECTORS
11. PROCEEDINGS AT BOARD OF DIRECTORS MEETINGS
12. DUTIES OF SECRETARY
13. DUTIES OF TREASURER
14. PUBLIC OFFICER
15. COMMITTEES
16. BRANCHES OF THE INSTITUTE
17. GENERAL MEETINGS
18. PROCEEDINGS AT GENERAL MEETINGS
19. APPLICATION OF INCOME AND PROPERTY
20. ACCOUNTS
21. AUDIT
22. INDEMNITY OF OFFICERS
23. LIABILITY OF MEMBERS
24. TRANSFER OF RIGHTS
25. PRIVILEGED COMMUNICATION
26. COMPLIANCE WITH LAWS OF PAPUA NEW GUINEA
27. COMMON SEAL
28. DISSOLUTION
29. DISTRIBUTION OF SURPLUS
30. INTERPRETATION OF RULES
31. AMENDMENT OF RULES
32. FIRST COMMITTEE MEMBERS

**CONSTITUTION AND RULES OF ASSOCIATION OF THE
PAPUA NEW GUINEA INSTITUTE OF DIRECTORS Inc.**

The model rules, if any, for associations prescribed by the Associations Incorporation Act are hereby excluded.

DEFINITIONS

In these Rules unless inconsistent with the context of the subject matter-

- a) "The Institute" means the Papua New Guinea Institute of Directors Inc.
- b) "Board of Directors" of the Institute means the Board comprising the President, the Vice President, the Immediate Past President and Institute Directors.
- c) "The President" means the duly elected President of the Institute.
- d) "Vice President" means a duly elected Vice President of the Institute.
- e) "The Immediate Past President" means the President who was in office immediately prior to the election of the current President.
- f) "Institute Director" means a Director of the Institute duly elected as such.
- g) "The Secretary" means the person appointed by the Board of Directors to carry out duties of the Secretary.
- h) "The Treasurer" means the person appointed by the Board of Directors to carry out the duties of the Treasurer.
- i) "Director" means any person who is a Director of a Company registered under the Papua New Guinea Company Act 1997 or a person elected or appointed to a governing Board or Council of an association or organisation within Papua New Guinea that has been established by legislative or statutory process. Such people may be eligible to be Members of the Institute.
- j) "Member" means a member of the Institute under Rule 6 of these Rules classed as an Honorary Fellow, Fellow, Member or Associate Member.
- k) "Professional Member" means and includes Honorary Fellows, Fellows and Members.
- l) "Membership" means membership of the Institute singularly or in the plural.
- m) "General Meeting" means an Annual General Meeting or a Special General Meeting.
- n) "Natural Body" means a body envisaged by Rule 4.1.
- o) "PNG" means Papua New Guinea.
- p) "Financial Year" means the calendar year commencing on 1 January and ending on 31 December of each year.
- q) Words importing the singular include the plural and vice versa.
- r) Words importing one gender shall include the other.

- s) A reference to an Act includes a reference to any sub-ordinate enactment made under the Act.
- t) A reference to an Act or law of Papua New Guinea, or to a provision of any such Act or law, is a reference to that Act, law or provision as in force for the time being and, where that Act, law or provision is amended, modified or replaced includes a reference to that Act, law or provision as so amended or modified or to any Act, law or provision replacing it, as the case may be.

1. NAME

The name of the association is the “Papua New Guinea Institute of Directors Inc”.

2. LOCATION

The registered office of the Institute shall be C/- Section 58 Allotment 07, National Superannuation Fund Building, Boroko along Hubert Murray Highway in the National Capital District of Papua New Guinea.

3. OBJECTS

The Objects of the Institute are –

- 3.1 To set appropriate professional and ethical standards of practice and behavior for Directors and Members.
- 3.2 To encourage Directors to become Members of the Institute and to adopt and abide by such standards of professional and ethical practice and behavior as are set by the Institute.
- 3.3 To generate confidence and respect of the community for Directors who satisfy the requirements and the standards set by the Institute for professional membership.
- 3.4 To promote and improve the education, knowledge and skills of Directors towards enhancing the standards of governance of corporate, statutory and other legally constituted organisations.
- 3.5 To provide consultancy and advisory services to individuals and organizations to assist them to meet and maintain established standards of corporate and/or organisational governance.
- 3.6 To bring together persons and organisations involved in the various aspects of corporate and/or organisational governance and provide forums for discussion and debate of general and specific matters of interest and/or benefit to Directors.
- 3.7 To research, collect, compile and broadcast information relative to any aspect of corporate and/or organizational governance.
- 3.8 To protect the rights of members in the lawful pursuit and performance of their responsibilities as Directors of Companies and to do all things practicable to enhance their status and gain recognition for the major contribution that they make and the responsibility that they individually and jointly accept in the achievement of National goals.

4. ORGANISATION

The Institute shall be structured such that –

- 4.1 There shall be a single National body headed by a Board of Directors and comprising members normally resident in Papua New Guinea;
- 4.2 The Institute Directors, members and employees of the Institute shall be bound by these Rules and shall pursue the Objects and conduct the business of the Institute in accordance with the Rules and such by-laws and regulations that the Board of Directors may make;
- 4.3 The Board of Directors may appoint, employ or contract with such individuals or agencies as it deems necessary for the effective management and/or administration of the Institute.
- 4.4 Branches of the Institute may be formed in other centres throughout Papua New Guinea and such Branches shall operate within these Rules and abide by such by-laws and regulations as may be set by the Board of Directors.
- 4.5 Committees may be established by the Board of Directors in accordance with Rule 15 of these Rules.

5. POWERS

In addressing the Objects of the Institute, the Board of Directors shall have powers in compliance with these Rules –

- 5.1 To do all such lawful things as are necessary, incidental and/or conducive to the pursuit and achievement of all or any of the Objects or any other thing, deed or act which may benefit the Institute and/or its members.
- 5.2 Without limiting the generality of the foregoing the Institute may,
 - 5.2.1 admit persons and organisations to membership of the Institute upon such terms expressed by these Rules and such by-laws, regulations and standards set by the Board of Directors and to confer on them such rights, privileges and grading for which they are considered eligible; to suspend, expel or remove from membership any who fail to maintain the Institute's professional and ethical standards and to set and collect fees and subscriptions for membership.
 - 5.2.2 set and conduct examinations for admission to the professional grades of membership;
 - 5.2.3 liaise, affiliate and/or amalgamate with bodies having similar or associated objects to those of the Institute and seek or accept representation to or on such bodies;
 - 5.2.4 purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property that may be deemed necessary or convenient for any of the purposes of the Institute;
 - 5.2.5 construct, maintain or alter any houses, buildings or works necessary or convenient for the purposes of the Institute;
 - 5.2.6 sell, manage, improve, lease, mortgage, dispose of or otherwise deal with all or any part of the property of the Institute;

- 5.2.7 borrow, raise or secure the payment of money; issue bonds, bills of exchange, promissory notes, securities, mortgages or debentures charged upon all or any part of the Institute's property and to purchase, redeem or pay off any such securities;
- 5.2.8 take such steps as are necessary to legitimately procure funds for the Institute in the form of donations, grants, bequests and the like;
- 5.2.9 invest any monies of the Institute that are not immediately required in the achievement of any Object;
- 5.2.10 recruit, appoint, employ and/or contract with such people and/or agencies as may be required to cost effectively carry out the activities of the Institute at any particular time and to pay to them and to other persons in return for services rendered to the Institute such fees, salaries, wages, bonuses, commissions, gratuities, allowances and pensions as accord with contemporary business and remuneration practices and market levels;
- 5.2.11 promote and/or arrange training courses, meetings, seminars, workshops, conferences or the like;
- 5.2.12 provide advisory and consultancy services for members and others on a cost-effective commercial basis;
- 5.2.13 undertake and execute any trusts or agency business that may seem conducive to the achievement of any of the Objects;
- 5.2.14 publish journals, books, papers, articles, pamphlets, reports and make submissions;
- 5.2.15 initiate and execute surveys, reviews and research to provide information required by members and/or that is relevant to corporate and/or organisational governance.
- 5.2.16 provide offices, conference rooms, libraries, reading rooms and such other facilities as may be necessary for the achievement of any of the Objects; furnish, equip, maintain and manage such facilities and permit them and other property of the Institute to be used by members and others either gratuitously or for payment;
- 5.2.17 establish, maintain or cease relations with governments and their departments or agencies and seek or accept representation on bodies established by such governments, departments or agencies;
- 5.2.18 instigate and promote improvements to the law relative to the Objects, support or oppose alterations thereto and seek to effect improvement in the administrative and legislative processes by petitioning governments or other authority or legislative body, promoting deputation and/or by taking such other action as may be deemed appropriate;
- 5.2.19 provide advice and advocacy to members in matters concerning their professional standing and rights under law and/or contract;
- 5.2.20 make such by laws and regulations as are necessary to order the affairs for the Institute.

6. MEMBERSHIP

6.1 The Institute shall consist of grades of members who shall be designated Honorary Fellows, Fellows, Members, Associates and Cadets Members. Honorary Fellows, Fellows, and Members shall be Professional Members.

6.2 Only Professional Members shall be entitled to vote and hold office. Associate Members shall be extended all the privileges of membership except the right to vote or hold office. Notwithstanding the foregoing the Board of Directors may on occasion grant a special right for Associates to vote on specific matters.

6.3 The Board of Directors shall make, repeal and amend by-laws regulating applications for admission to the various grades of membership and all matters in relation thereto.

6.4 The Board of Directors may at its discretion form a Committee to evaluate applications and recommend grading but all members of such a committee shall hold the grade of Fellow or Member and all recommendations of the committee shall be submitted to the Board of Directors for ratification.

6.5 No person shall be admitted to membership to the Institute in any grade without the approval of the Board of Directors and the Board of Directors shall have total power of discretion as to who is admitted to membership and in what grade and shall be under no obligation to state the reasons for decisions taken in this regard.

6.6 Any person who wishes to seek membership of the Institute shall complete, sign and deliver to the Institute an application for admission framed in such terms as the Board of Directors may require and such application must be accompanied by the entrance fee which shall be non refundable decided by the Board of Directors. In applying for membership persons must signify that they are prepared to be bound by and work to the Institute's code of standards and ethical practice.

6.7 A register of members shall be kept containing such particulars as the Board of Directors may from time to time prescribe. To ensure that the register is accurate, all members shall be required to provide and update information on their status as a Director and/or as a Member of any board or council that has responsibility for the governance of a Company or a statutory and/or legally constituted organisation. No name shall be entered or removed from the Register without the duly minuted approval of the Board of Directors. Names shall only be recorded in the Register of members who have paid all due entrance fees and subscriptions.

6.8 Grades of membership – Professional.

6.8.1 Honorary Fellows.

Honorary Fellow of the Institute shall comprise all those members who have been admitted into the grade of Honorary Fellow as long as their names are in the Register as such but notwithstanding the above the no new Honorary member shall be considered at anytime where the number of Honorary members exceed 5% of the Members .

The Board of Directors may admit as an Honorary Fellow:

- (i) a Fellow of the Institute, on his/her retirement from being an active Director;
- (ii) a person of special distinction or eminence, who may not necessarily be or have been a Director, but who holds or has held a position or positions of considerable responsibility in commerce, industry or government.

The number of Honorary Fellows shall not at any time exceed five percent of the total number of Fellows and Members.

6.8.2 Fellow.

Fellows of the Institute shall comprise all those members who have been admitted into the grade of Fellow as long as their names are in the Register as such.

The Board of Directors may admit as a Fellow a person of distinction who has continuously been a Director of a Company and/or a member of a board or council of a statutory or legally constituted organisation.

6.8.3 Members.

Members of the Institute shall comprise all those members who have been admitted into the grade of Members as long as their names are in the Register as such.

The Board of Directors may admit as a Member a person who

- (i) is a Director of a Company registered under the Companies Act 1997 or
- (ii) is a duly appointed Member of the Board of a Papua New Guinea government statutory authority or council or
- (iii) is a duly admitted Member of a governing board or council of a legally constituted association or organisation registered under the laws of PNG or
- (iv) is a Partner within a formal Partnership Agreement established within Papua New Guinea or
- (v) is a duly appointed Secretary, Executive Director and/or Public Officer to such a Company, Board, Council or Partnership referred to in Rules 6.8.2 and 6.8.3(i), (ii) or (iv).
- (vi) and has completed the Directors Courses run by the Institute or a equivalent course recognized by the Board of Directors.

6.9 Grade of membership – Non-Professional:

6.9.1 Associate Member

Associate Members of the Institute shall comprise all those members who have been admitted into the grade of Associate Members as long as their names are in the Register as such. The Board of Directors may admit as Associate Members persons who do not qualify for any other grade of membership but who have an interest in corporate governance and/or who may be sole traders or members of boards, councils or partnerships that do not fall within the classifications of Rules 6.8.2

In determining membership under this category, the Board shall give special attention by providing appropriate training and

education to individuals who may show potential to be full professional members in future

6.9.2

Cadets

Cadets of the Institute shall comprise all those members who have been admitted into the grade of Cadet Members as long as their names are in the Register as such. The Board of Directors may admit as Cadet Members persons who do not qualify for any other grade of membership and are tertiary students who have an interest in corporate governance.

In determining membership under this category, the Board shall give special attention by providing appropriate training and education to individuals who may show potential to be full professional members in future

6.10 Professional Members who wish to designate themselves as belonging to the Institute may state their status according to the following abbreviated forms:-

Honorary Fellow	-	Hon. FPNGID
Fellow	-	FPNGID
Member	-	MPNGI D

6.11 Every Professional Member of the Institute shall receive a Certificate of Membership showing the grade to which the member has been elected.

All Certificates shall remain the property of the Institute and must be returned by members who resign or whose names for any reason have been removed from the Register upon notice requiring them to do so.

6.12 The Board of Directors shall by 30 April of each year publicise the names and grades of all Professional Members.

6.13 Members in any grade may resign from the Institute by written communication to the Board of Directors who shall if all dues have been paid accept the resignation and remove the member's name from the Register.

6.14 The Board of Directors shall have the right by a majority of seventy five percent of those present at a Board meeting, at which at least seventy five percent of Institute Directors are present, voting in favor, adopt a motion to expel from the Institute any member in any grade who –

6.14.1 has been convicted by a court of law or competent tribunal of felony, embezzlement, larceny, misdemeanor or other criminal offence or

6.14.2 blatantly fails to observe any of the Rules, by-laws, regulations or the professional code of ethics of the Institute or

6.14.3 is guilty of conduct which in the option of the Board of Directors is unacceptable for a member of the Institute.

6.14.4 any Institute Director, or ten or more Professional Members by signed petition, may propose the expulsion of a member on any of the grounds set down in 6.14.1, 6.14.2 or 6.14.3. of these Rules. The Board of Directors shall make such enquiry as it deems adequate and shall give at least seven days notice of such an enquiry to the member and provide adequate opportunity for the member to make written or personal submission to the Board of Directors in defence of any such proposal for expulsion.

7. ENTRANCE FEES AND SUBSCRIPTION

- 7.1 The entrance fee and annual subscriptions shall be such sums as the Board of Directors may from time to time decide upon.
- 7.2 The entrance fee shall be deposited with the application for membership and in the event of the applicant not being admitted shall be refunded.
- 7.3 Applications for advancement to a higher grade of membership shall be accompanied by a fee of such sum as the Board of Directors may from time to time decide upon. In the event of the application not being successful the fee shall be refunded.
- 7.4 Annual subscriptions shall become due and payable on the first day of January in each year. In the case of members whose subscriptions remain unpaid as at the first of March, the Secretary shall notify them by letter that unless the overdue subscription is paid by no later than the first of April, membership shall cease.
- 7.5 In cases of admission to membership occurring on or after the first of April in any year the amount of annual subscription shall be pro-rated on a monthly basis for the first year.
- 7.6 Should membership have been rescinded due to non-payment of a subscription, the Board of Directors may reinstate the member on payment of the subscription where satisfactory grounds are shown for the earlier failure to pay.

8. BOARD OF DIRECTORS

- 8.1 The business and general affairs of the Institute shall be under the direction and control of a Board of Directors elected by the Professional Members of the Institute at an Annual General Meeting or a Special General Meeting convened for the purpose.
- 8.2 There shall be a maximum of seven (7) Institute Directors, including the President, a Vice President and a Treasurer elected to the Board at any one time. As far as is practicable the Board of Directors shall demonstrate a fair gender balance and be representative of all sectors of business, industry and professions.
- 8.3 The President shall hold office for (3) years but is eligible to stand for re-election for a further one (1) term. Where a President is not re-elected, the former President shall continue on the Board of Directors for one (1) year as Immediate Past President. An Immediate Past President may subsequently seek re-election as an Institute Director.
- 8.4 The term of office for an Institute Director shall normally be for one (1) year. At the conclusion of a term of office, Institute Directors may stand for re-election, so long as he/she does not serve any more than five (5) consecutive terms. Notwithstanding this, Institute Directors who are elected as President and Vice President may serve as President or Vice President up to two (2) consecutive terms only. In the case of a Vice President being elected President and subsequently Immediate Past President, the total term of office as an Institute Director shall be five (5) years.
- 8.5 The Board of Directors shall appoint a Secretary who may or may not be an elected Institute Director. At the discretion of the Board of Directors, a Secretary who is not an elected Institute Director may take part in the deliberations of Board Meetings but shall not have the right to vote.

- 8.6 The Treasurer elected pursuant to Clause 9.1 shall be a person who holds an accountancy qualification and experience. The Treasurer shall hold office for five (5) years and is eligible for re-election as long as the total consecutive term served as Treasurer does not exceed five (5) years.

9. ELECTION OF DIRECTORS

- 9.1 The President, Vice President, Treasurer and Directors shall be elected by the Professional Members of the Institute at the Annual General Meeting. Should a vacancy be created during the term and before an Annual General Meeting, the Board shall appoint a Professional Member to fill the vacancy.
- 9.2 There shall be no more than seven (7) elected Institute Directors which shall include the President, the Vice President and the Treasurer.
- 9.3 Only members who are Fellows or Members of the Institute may be elected as Institute Directors.
- 9.4 At any one time not more than one employee, partner or director of any one organisation shall be an Institute Director.
- 9.5 Directors, other than those who have been elected as President and Vice President shall stand down and may seek re-election if they so wish.
- 9.6 Nominations for election as President, Vice President, Treasurer and Institute Directors shall be lodged with the Secretary prior to the commencement of an Annual General Meeting or a Special General Meeting called for the purpose. Each nomination shall be proposed and seconded by Professional Members of the Institute.
- 9.7 In the event of there being no greater number of nominations than vacancies for President, Vice President, Treasurer and Institute Directors, the Chairman of the Meeting shall declare such candidates as duly elected person.
- 9.8 In the event of there being an insufficient number of nominations received for existing vacancies, after electing those persons nominated prior to the Meeting, the Chairman may then call for additional nominations from the floor.
- 9.9 In the event of there being more nominated candidates than vacancies, an election by ballot of Professional Members present at the Meeting shall take place. The required number of candidates with the highest number of votes shall be elected as Institute Directors. In the event of a tie for a final place or places, a further ballot will take place for the intending candidates.

10. POWERS AND DUTIES OF DIRECTORS

- 10.1 The Institute Directors, acting as a Board of Directors, shall direct the business of the Institute in pursuit of the Objects set down in Clause 3 and in accordance with the Powers set down in Rule 5 of these Rules.
- 10.2 The Board of Directors may only exercise such Powers as are not specified under these Rules through a vote taken by Members at a General Meeting.
- 10.3 The Board of Directors shall prepare, adopt and promulgate such by-laws and regulations as are required for the proper and effective running of the Institute and at any time may annul or amend such by-laws or regulations.

- 10.4 The Board of Directors shall ensure that adequate arrangements are established and maintained for the effective management and administration of the Institute's affairs.
- 10.5 Each Institute Director shall be expected to contribute to the business of the Board of Directors to the best of his/her ability and to make every reasonable effort to attend and participate in duly convened Board Meetings.
- 10.6 An Institute Directors shall be expected to resign from the Board should he/she:-
- 10.6.1 cease for any reason to be a Professional Member of the Institute; or
 - 10.6.2 is declared bankrupt; or
 - 10.6.3 is absent from three consecutive Board Meetings without presenting due apology and just cause for the absence or
 - 10.6.4 for any reason find that he/she is unable to conscientiously and/or effectively carry out the duties of being an Institute Director.
- 10.7 Notwithstanding an Institute Director's obligation to resign under the circumstances set down in Rule 10.6, the Board of Directors may terminate the services of an Institute Director who is clearly subject to the circumstances therein described.
- 10.8 If the Board of Directors decides that it is necessary in the best interests of the Institute for a vacancy or vacancies for Institute Directors to be filled before the next Annual General Meeting, a Special General Meeting shall be convened for the purpose.

11. PROCEEDINGS AT BOARD OF DIRECTORS MEETINGS

- 11.1 A Board of Directors meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion, vested in it.
- 11.2 Four (4) Directors, of whom one must be the President or the Vice President, shall form a quorum.
- 11.3 The Board of Directors shall meet at least quarterly and at such other time as may be necessary for the orderly conduct of the Institute's affairs.
- 11.4 The President, or in his/her absence the Vice President may at any time request that a meeting be convened or summon a meeting.
- 11.5 The President or in his/her absence the Vice President shall take the chair at all Board Meetings.
- 11.6 Proposals at any Board Meeting shall be decided by a majority of votes and in the case of equality of votes the Chairman shall have an additional casting vote.
- 11.7 Subject to these Rules, the Board of Directors may make regulations as to the summoning and holding of meetings and for the manner in which business of meetings is conducted.
- 11.8 In accordance with the provisions of Rule 11.7, one or more or all Institute Directors may be deemed to be present at a Board Meeting via an adequate telephonic or video conference facility.

- 11.9 The Secretary shall ensure that an accurate record of attendance at, and proceedings of, all meetings is maintained.

12. DUTIES OF SECRETARY

The Secretary shall:

- 12.1 Maintain a Register of all members and the grades to which members have been elected.
- 12.2 Maintain a Register of elected Institute Directors.
- 12.3 Ensure that accurate Minutes are taken and kept of all Board and General Meetings.

13. DUTIES OF TREASURER

The Treasurer shall:

- 13.1 Ensure that all fees, subscriptions and revenue due to the Institute are collected, received and taken into account.
- 13.2 Ensure that all payments for which the Institute is liable and that have been duly authorised by the Board of Directors are made.
- 13.3 Ensure that correct books of account are maintained in order that the financial situation of the Institute can be clearly ascertained at any point in time.
- 13.4 Develop financial budget for each forthcoming year.

14. PUBLIC OFFICER

The Board of Directors shall appoint as the Public Officer of the Institute a natural person who ordinarily resides within Papua New Guinea.

15. COMMITTEES

- 15.1 The Board of Directors may appoint Committees and delegate to them such powers, as it thinks appropriate to the achievement of the Committee's objectives.
- 15.2 The Board of Directors shall set down the terms of reference of each Committee which shall:-
- 15.2.1 describe the purpose of the Committee and set its objectives;
 - 15.2.2 specify the powers of the Committee and its levels of authority if any;
 - 15.2.3 prescribe the method and frequency of reporting to the Board of Directors;
 - 15.2.4 prescribe the number and qualification of members of the Committee;
 - 15.2.5 prescribe the quorum for meetings of the Committee.
- 15.3 The Chairman of a Committee shall normally be an Institute Director but this may be waived in special cases if an Institute Director is not available to act in the capacity.

15.4 The President shall be an ex-officio member of all Committees and he may delegate to the Vice President to attend meetings of a Committee on his/her behalf.

16. BRANCHES OF THE INSTITUTE

16.1 The Board of Directors may establish a Branch of the Institute in any centre it considers suitable.

16.2 In forming the Branch the geographical area of activity shall be defined.

16.3 The Board of Directors shall set by-laws for the operation and activities of Branches.

17. GENERAL MEETINGS

17.1 A General Meeting shall mean a Meeting to which all members are formally summoned and may be an Annual General Meeting or a Special General Meeting.

17.2 The Board of Directors shall call an Annual General Meeting by no later than the end of April each year and at such Meetings the following business shall be conducted.

17.2.1 Minutes of the previous Annual General Meeting and any intervening Special General Meetings.

17.2.2 Matters arising from, or outstanding from, those Meetings, if not covered in the Annual Reports.

17.2.3 The President's Annual Report.

17.2.4 The Secretary's Annual Report.

17.2.5 The Annual Financial Report.

17.2.6 The election of Institute Directors.

17.2.7 The election of an Auditor.

17.2.8 General Business.

17.3 A Special General Meeting may be called at the direction of the Board of Directors or at the request of twenty or more Professional Members of the Institute.

17.4 Notices of General Meetings shall be duly promulgated by press advertisement and by posting a notice of the meeting to all members not less than fourteen days prior to the date set for the meeting.

17.5 Notices of meetings shall specify the time, date, place and business to be conducted and shall be posted to the address of members recorded in the Register.

17.6 Members wishing to place on the Agenda items of General Business for Annual or Special Meetings shall submit such items to the Secretary by no later than seven (7) days prior to the date of the meeting.

18. PROCEEDINGS AT GENERAL MEETINGS

- 18.1 The President or in his/her absence the Vice President shall chair a General Meeting. In the absence of the President or a Vice President, a Chairman from amongst those Institute Directors present shall be elected by the members present.
- 18.2 A quorum for a General Meeting shall be twenty Professional Members.
- 18.3 If a quorum for a General Meeting is not attained half an hour after the time set down for the meeting, the meeting shall be postponed to the same time and place one week hence and members shall be advised by public advertisement of the rescheduling of the meeting. At such a subsequent meeting the Professional Members present shall constitute a quorum.
- 18.4 Those attending a General Meeting shall be required to enter their name and grade in a register.
- 18.5 Only Professional Members are entitled to vote at General Meetings.
- 18.6 Voting shall be by show of hands unless five or more voting members present request a secret ballot and a motion shall be carried by a simple majority. In the case of an equality of votes the Chairman shall have an additional casting vote.
- 18.7 Proxy votes shall not be permitted.
- 18.8 When all items of General Business on the Agenda have been raised the Chairman may at his discretion call for ad-hoc items of general business or close the Meeting when all Agenda items have been addressed.

19. APPLICATION OF INCOME AND PROPERTY

The income and property of the Institute shall be applied solely towards the promotion and achievement of the Objects of the Institute as set forth in these Rules and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit to members of the Institute. Provided that nothing herein contained shall prevent the payment in good faith of remuneration to any managers or employees of the Institute or other persons, whether or not members of the Institute, in return for services rendered to the Institute, the carrying out or giving effect to any of the Objects set down in Rule 3 of these Rules, or the payment of fares to members or persons attending Board or Committee meetings, or the payment in good faith of the out-of pocket expenses of delegates appointed by the Board of Directors to attend conferences, meetings or the like of other institutions or bodies as representatives of the Institute.

20. ACCOUNTS

- 20.1 The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Institute and of matters in respect of which the receipt of revenue by cash, cheque, bank transfer or otherwise and expenditure of funds takes place and of all property, credits and liabilities of the Institute.
- 20.2 All entrance and transfer fees, annual subscriptions, contributions and other money received by each Branch on behalf of the Board of Directors shall be forwarded to the Treasurer of the Institute as directed by the Board of Directors.
- 20.3 All monies belonging to the Institute received at the registered office shall be deposited in bank accounts opened in the name of the Institute as approved by the Board of Directors and payment of all accounts that are certified as correct and due

for payment by the Board of Directors or by a Finance Committee duly appointed by the Board of Directors or by the Treasurer within his/her level of authority shall be made therefrom by cheques signed by two of the signatories to the bank accounts authorised by the Board of Directors.

- 20.4 Any proportion of fees or subscriptions retained by Branches shall be devoted to the work and development of the Branches in accordance with the Objects of the Institute and the by-laws approved by the Board of Directors.
- 20.5 Branch accounts are to be kept by an appointed Branch Treasurer of all monies received and expended by the Branch and such accounts must be approved at meetings of the Branch Committees and certified by the Branch Chairman. A statement of receipts and payments and reconciliation with relevant bank accounts shall be submitted to the Treasurer every three months or at such other frequency as the Board of Directors may require.
- 20.6 The Board of Directors shall at every Annual General Meeting present to the Institute a statement of income and expenditure for the preceding year and a balance sheet as at the end of the same period together with a report from the Board of Directors as to the state and progress of the Institute in the achievement of the Objects.

21. AUDIT

- 21.1 At least once every financial year the accounts of the Institute shall be audited by a professionally qualified Auditor or Auditors appointed by the Institute in the following manner, provided that the first Auditor or Auditors may be appointed by the Board of Directors.
- 21.2 A nomination for the office of Auditor shall be submitted by the Board of Directors to the Annual General Meeting, when members, if they so desire, may make a further nomination or nominations. The election of the Auditor shall proceed in the normal manner of voting.
- 21.3 Auditors shall retire at the Annual General Meeting, having been a year in office but shall be eligible for re-election and appointment.
- 21.4 In the event of there being no election of Auditors at an Annual General Meeting, the Board of Directors shall appoint a professionally qualified Auditor.
- 21.5 In the event of an elected and/or appointed Auditor not being able to act, the Board of Directors shall appoint a replacement Auditor.
- 21.6 An Institute Director shall not be eligible for appointment as Auditor to the Institute.
- 21.7 Auditors shall be provided with details of all books of account kept by the Institute and the previous year's balance sheet and statements and shall at all reasonable times be permitted access to the books of accounts of the Institute.
- 21.8 Auditors shall make a report on the balance sheet and the accounts of the Institute in which they shall state whether in their opinion the balance sheet is a full and fair statement of the Institute's financial standing and whether in their opinion that the accounts of the Institute have been properly and accurately maintained and assets and finances managed in accordance with these Rules and in the case of having called for information and/or explanations from the Board of Directors or appointed officers of the Institute in connection with any financial matter whether such information and/or explanations have been satisfactorily provided to the Auditors.

22. INDEMNITY OF OFFICERS

No Institute Director, Auditor, manager or other employee of the Institute or member of the Institute shall be liable for the acts, receipts, neglects or defaults of any other Institute Director, Auditor, manager, employee, member or committee or for joining in any receipts or other act for conformity or for any other loss or expenses happening to the Institute through the insufficiency or deficiency of title to any property acquired by or on behalf of the institute or for the Institute or insufficiency or deficiency of any surety in or upon which any moneys of the Institute shall be invested or for any loss or damage arising from the bankruptcy, insolvency or atrocious act of any person with whom any moneys, securities or effects shall be deposited or for any loss or error of judgement, omission, default or oversight on his own part or any other loss, damage, misfortune or whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same happen through his own willful default or neglect.

23. LIABILITY

- 23.1 On being admitted to membership by the Board of Directors members are liable for the payment of annual subscriptions to the Institute to the extent set by the Board of Directors from time to time and such subscriptions shall be payable on 1 January of each year.
- 23.2 The resignation or expulsion of a member or where a member has ceased to be a member under Rule 7.4. of these Rules, does not relieve the member of liability to pay all due fees and subscriptions payable before and up to the date of resignation, expulsion or cessation of membership.
- 23.3 The liability of a member on the winding up of the Institute is limited to the amount of any fees or subscriptions due and unpaid and of any other amount due by the member to the Institute.

24. TRANSFER OF RIGHTS

The rights of members of the Institute are not transferable or transmissible.

25. PRIVILEGED COMMUNICATION

All communications, correspondence, reports, minutes and other papers documents relative to the admission or advancement of members, including any report of a Membership Committee, or any submission on suspension or forfeiture of membership of any member shall be privileged and confidential and shall not be passed out of the custody of the Secretary or properly authorised officer nor shall any of the contents be disclosed to anybody other than to those who require such information in attending to the proper affairs of the Institute.

26. COMPLIANCE WITH LAWS OF PAPUA NEW GUINEA

Notwithstanding anything in these Rules, the Institute, the Institute Directors, appointed officers, managers and employees and the members of the Institute shall comply with the provisions of the Associations Incorporation Act and subsequent amendments and all other laws of Papua New Guinea as they affect the Institute and the Board of Company Directors shall take all such action whether authorised by these Rules or not as may be necessary or desirable to comply with or to ensure compliance with all such laws.

27. COMMON SEAL

- 27.1 There shall be a common seal of the Institute which shall be a rubber stamp, circular in shape, with the words "Papua New Guinea Institute of Company Directors Inc." appearing around the edge and the words "common seal" in the centre.
- 27.2 The Board of Directors shall provide for the safekeeping of the seal, which shall only be used on the authority of the Board of Directors.
- 27.3 Every document to which the seal is affixed shall be signed by two Directors.

28. DISSOLUTION

The Institute may be dissolved or wound up by a resolution passed by a seventy five percent majority of Professional Members voting at a Special General Meeting of members specifically and properly convened for that purpose.

29. DISTRIBUTION OF SURPLUS

29.1 If upon the dissolution or winding up of the Institute there remains after the satisfaction of all its debts and liabilities any property or funds whatsoever, such surplus shall not be paid or distributed amongst members of the Institute but shall be given or transferred to some other institution which has objects similar to those of the Institute and which prohibits the distribution of its income and property amongst its members.

29.2 The institution shall be determined by the members of Institute at or before the time of dissolution.

29.3 If, and so far as, the surplus property cannot be paid or distributed in accordance with the preceding provisions of this clause, it shall be devoted to some charitable object determined by the members of the Institute.

29.4 For the avoidance of any doubt, it is hereby declared that nothing in this clause derogates the operation of Section 34 of the Associations Incorporation Act.

30. INTERPRETATION OF RULES

The Board of Directors is the sole authority for the interpretation of these Rules and the decision of the Board of Directors upon any matter affecting the Institute and not provided for by these Rules is final and binding upon the members, providing that it is a lawful decision within the legislation of Papua New Guinea.

31. AMENDMENT OF RULES

A resolution passed by a seventy five percent majority of Professional Members voting at a Special General Meeting called for the purpose is required to alter, rescind or make additions to these Rules of the Institute.