

Directors and the Board



What is a director?

A director is an officer of a company incorporated under the *Corporations Act 2001* (Cth). A director may be a shareholder of the company (member director) or a non-shareholder (independent director or managing director). However, once appointed, the origin of the director is immaterial as all directors are subject to the same overarching duties, which include a duty to act in good faith in the best interests of the company.

A director, other than a managing director, is not an employee of the company.

What duties do directors have?

Directors are in a position of trust as they are responsible for managing the company on behalf of the shareholders. For this reason, the law imposes duties on directors and sanctions for breach of the duties. Sanctions can include criminal and civil penalties, even jail time for offences involving dishonesty.

The key duties of a director are:

- Acting with due care, skill and diligence
- Loyalty, and acting in good faith in the best interests of the company and for proper purposes.

Directors must not misuse their position or any information obtained through their position, and must disclose material personal interests and avoid conflicts of interest.

The directors collectively are known as a Board of Directors. The Board is responsible for managing the business of the company and exercising all powers of the company, except any powers that the law or the company's Constitution require the shareholders to exercise in general meeting.

What directors does MI have?

Murrumbidgee Irrigation (MI) has a maximum of 8 directors, but there can be a lower number in certain circumstances.

This is how the Board is made up:

- 4 member directors, directly elected by shareholders. Terms are for four years.

- Up to 3 independent directors, appointed by the Board and ratified by shareholders. Terms of appointment can be up to four years but may be shorter.
- 1 managing director, if one is appointed by the Board at its discretion

How are member directors elected?

A and B class shareholders elect the member directors, with two elected from each class.

To be eligible for election as member directors, shareholders must either:

1. Personally hold either A or B class shares and own a Landholding registered in the same name as the shares, or
2. Be the sole body corporate representative of, and a shareholder of, an MI shareholder, and that MI shareholder:
 - a. holds voting A or B class shares,
 - b. is a Landholder, and
 - c. is a company or co-operative.

Shareholders can nominate to be the sole body corporate representative by completing this form.

How are independent directors appointed?

Independent directors are appointed by the Board, and subsequently ratified by shareholders at the next AGM.

To qualify as independents, persons cannot be shareholders or employees of MI, and should have no material interests or relationships which could conflict with the interests of, or duties owed to, MI.

Independent directors generally have professional qualifications and experience in commercial businesses and fields relevant to MI's activities.

The Board seeks suitable independent director candidates after assessing the skills and experience needed for the business and its future endeavours.

Recruitment may involve advertising for the position, directly approaching suitable persons to apply, or engaging a headhunter agency. The applicants are vetted by a panel, and the best candidate is appointed for a set term, subject to ratification by shareholders.

At the end of that term, the Board will again review its future needs and decide whether to offer other term or to seek new candidates.

How does MI's Board operate?

The Board meets a minimum of seven times a year, normally on site in Hanwood, but some meetings are held by telephone or a videoconference if considered to be the most cost-effective and efficient option.

The Board also has three permanent sub-committees with responsibilities in relation to specialist areas that are technical or financial in nature. These committees generally meet three or four times a year.

The Board and its sub-committees focus on all the priority areas of the business. These include MI's strategy for the future, customers and service offerings, infrastructure and asset management, financial strength, safety and people management, network management and operations, and policy and advocacy.

How are directors remunerated?

The remuneration of the Board is set by shareholders periodically at MI's AGM. Shareholders have approved that the Board's remuneration is to increase annually by CPI in the intervening years.

Where can I get more information?

Refer to MI's Constitution. You can download it from our website or obtain a printed copy from MI's offices.

- www.mirrigation.com.au/customers/shareholders