



Shareholder resolutions

What is a resolution?

A resolution or motion is a proposal for shareholders to vote on at a meeting of shareholders, which is called a general meeting. Resolutions must relate to matters within the power of shareholders to determine (more information on this is provided below).

Resolutions may be proposed by shareholders or by the Board of Directors.

What is a shareholder resolution?

Any shareholder has the right to propose a valid resolution for voting on at a meeting of shareholders, called a general meeting. If a valid resolution were passed by the requisite majority, the resolution would bind the company, the directors, the company secretary and all shareholders.

The *Corporations Act 2001* and the Constitution specify what types of resolutions shareholders can propose, and procedures for how they are to be put forward and voted on.

Are there different types of resolutions?

Yes, either special or ordinary resolutions.

Special resolutions: Important matters, such as amending the company's Constitution, are effected by means of 'special resolutions'. A special resolution must be passed by at least 75% of the votes cast by shareholders voting on the special resolution.

Ordinary resolutions: Most matters can be passed by 'ordinary resolutions', which require only a simple majority (at least 50% + 1 vote) of the votes cast by shareholders voting on the ordinary resolution in order to be passed. Examples are ratifying the appointment of independent directors or appointing external auditors.

What resolutions can shareholders put forward?

The power to make decisions in relation to Murrumbidgee Irrigation (MI) is exercised by the Board of Directors and the shareholders in general meetings.

The division of power between the directors and the shareholders in general meeting is ruled by the *Corporations Act 2001* and MI's Constitution, which require that certain matters be decided by the shareholders in general meeting.

They include:

- Altering MI's Constitution
- Consolidating, subdividing or cancelling shares in MI
- Altering rights attached to shares
- Altering MI's company type (eg to a proprietary company)
- Electing member directors and ratifying the appointment of non-member directors
- Removing a director
- Determining the directors' remuneration
- Appointing an external auditor
- Authorising inspection of documents
- Electing the chair of a general meeting when the appointed chair and deputy chair are unavailable
- Consenting to the adjournment of a general meeting, and
- Any other powers that the law or MI's Constitution require the shareholders to exercise in general meeting.

All other matters are to be decided by the Board of Directors. Specifically, MI's business is to be managed by or under the direction of the Board of Directors.

Accordingly, shareholder resolutions which interfere with operational management of MI's business are invalid.

For the same reason, shareholder resolutions which relate to customer matters, such as amendments to the commercial terms of MI's supply contracts with its customers, are also invalid.

Shareholders should be aware that a vote of 'no confidence' is a parliamentary concept, not a legitimate action under corporations law. Accordingly, 'no confidence' resolutions are invalid. If shareholders were to have significant concerns about MI's performance or directors' actions, the proper course for shareholders would be to use their power to remove directors.

What procedures must be followed?

If you wish to propose a shareholder resolution, you must ensure that it relates to one of the items in the bullet point list set out above. Otherwise, the resolution will be invalid and it will be rejected.

MI's Constitution and corporations law state that shareholders wishing to move a resolution at a general meeting must submit the proposed resolution to MI, in writing, at least two months beforehand.

This allows enough time for the resolution to be included in the printed material to be distributed to all shareholders, and for shareholders to consider the contents and decide whether to attend the general meeting and which way to vote (whether voting in person or by proxy).

The wording of the written resolution submitted should be exact, concise and clear. It may be supported by a short statement explaining the reason for proposing it.

Valid resolutions and explanatory statements will be included in the AGM Notice of Meeting.

Where can I get more information?

Refer to MI's Constitution and Constitution Fact Sheet.

You can download them from our website or obtain a printed copy from MI's offices.

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

You can also obtain a form from MI's offices to assist you with submission of a resolution.

You can obtain further information on resolutions through consultation with the Company Secretary by phoning our reception on 02 6962 0200.

Reference: *Corporations Act 2001*