

What is a Constitution?

A Constitution is a collection of governance rules approved by the shareholders of a company. The rules must be consistent with mandatory requirements of the *Corporations Act 2001* (Cth) or general law.

A Constitution is a statutory contract between the company, its shareholders, its directors and its company secretary. All of those parties are bound by it and must adhere to the rules it contains.

A Constitution typically covers three main topics:

- **Shares** – classes of shares, who they can be issued and transferred to
- **Directors** – number and qualifications of directors, how they are appointed, how they are remunerated, their powers, and how the Board of Directors operates, and
- **Shareholders** – their rights and powers, and meeting and voting procedures.

What rights do shareholders have?

Shareholders' rights and powers include:

- Appointing and removing directors
- Setting directors' pay, appointing the company's auditors
- Attending and voting (except if a shareholder has non-voting shares) at general meetings and class meetings
- Asking questions about or making comments on the management of the company at general meetings, and
- Receiving an annual report including audited financial statements.

Shareholders cannot direct how the business is to be managed because this is the responsibility of the Board of Directors.

Shareholders can amend the Constitution by passing a special resolution, which must be supported by at least 75% of the votes cast by shareholders voting on it.

Why does MI have a Constitution?

MI is an unlisted public company limited by shares and is principally governed by the *Corporations Act 2001* (Cth) and its Constitution. The Constitution was first created on privatisation of MI in 1999 in order to establish rules about the representation of different classes of shareholders and other internal management rules.

How has MI's Constitution changed?

MI's Constitution has been modified on a number of occasions since 1999 by shareholders passing special resolutions at general meetings.

MI strives to keep the Constitution contemporary and has a policy of proposing minor improvements regularly.

The most significant changes were voted on in 2009 and came into effect in 2011. Those amendments came about in response to changes in water legislation and regulations. Originally, the Constitution included an annexure called the Member Contract. This document covered the water supply relationship between MI and its customers, who at that time were all shareholders.

As a consequence of the *Water Act 2007* (Cth), MI can be required to deliver water to customers with water allocation but no water entitlements. Since a person with no water entitlements cannot hold shares in MI, it follows that MI can be required to deliver water to non-shareholders.

As non-shareholders are not bound by the Constitution, the Member Contracts (which could only bind shareholders) were terminated in 2011 and replaced with Water Entitlements Contracts and the Water Delivery Contracts which apply to shareholders and non-shareholders alike. Accordingly, the Constitution no longer governs the water supply relationship between MI and its customers.

Where can I get a copy?

Every shareholder is entitled to a copy of MI's Constitution. You can download it from our website or obtain a printed copy from MI's offices.

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