

Lighterra Company Constitution

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Version 2.2, May 2012

Based in part on the ASIC Replaceable Rules for Companies,
which this constitution replaces in their entirety.

1 – Mission Statement

1.1 Mission statement Lighterra's mission is **to write great software which changes the world.**

In keeping with this mission, Lighterra aspires to be a company which enables intelligent, creative computer programmers to work in a flexible, unhindered, largely independent way, giving them respect, trust and freedom, and thereby enabling them to produce their best, most ambitious, most original and innovative work, free from short term commercial pressures as much as possible.

The company will conduct all of its activities in a manor consistent with its mission statement at all times.

2 – Core Principles

2.1 Be original, don't copy The company will endeavor to honor the following general principle at all times...

Be original, don't copy.

Today we live in a world of copying, especially in the field of computing. Many successful software packages today are really just shameless copies of earlier products by other companies, where their success has been achieved primarily through marketing, bundling or other similar means. I believe that's wrong. It's unfair to the original inventors and risks killing the incentive to innovate in the first place.

As a matter of principle, Lighterra will not work on projects which are essentially just a copy of other people's work or ideas. Lighterra will only work in areas where the company's projects have something genuinely innovative or original to contribute.

2.2 Be ethical, do the right thing The company will endeavor to honor the following general principle at all times...

Be ethical, do the right thing.

Much of the modern business world operates at the very edge of what's legal, let alone what's ethical behavior. Today, many major companies in the computing industry routinely cross the line of what's "right", abusing their product's size or position in the market via "dirty tactics" such as bundling, silently changing user settings or file associations, using closed, undocumented file formats to force lock-in on end users, excluding or refusing to interoperate with competing products, using might to influence the pricing suppliers charge to competitors and so on, all in the name of corporate interest, market positioning, "the reality of business" etc. I believe that's wrong, and it's clearly harmful to end users.

As a matter of principle, Lighterra will always act in an ethical manor, and will never abuse its products' market position to wrongly harm or disable a competitor's product or to force lock-in on end users. Lighterra will always compete in a way which is fair and above board, supporting open standards where possible and documenting proprietary file formats and network protocols to allow interoperability.

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| 2.3 | Be reliable, don't release buggy software | <p>The company will endeavor to honor the following general principle at all times...</p> <p>Be reliable, don't release buggy software.</p> <p>A lot of modern software is released at a very poor, barely adequate level of reliability. End users are routinely expected to tolerate bugs, crashes and incorrect behavior from released, commercially purchased software. This is something which would not be tolerated in other engineering industries such as aviation, automobiles or household appliances. I believe that's unacceptable. Released software should be just as reliable as released cars, planes or dishwashers, and end users should be able to trust it to be that way. Software should not be released until, and unless, it reaches that level of reliability. The same goes for security, since security bugs are ultimately just another kind of bug.</p> <p>As a matter of principle, Lighterra will not release products prematurely in order to meet deadlines or commercial pressures, or just to "get it out there". Lighterra's released products will be reliable and worthy of users' trust.</p> |
| 2.4 | Be efficient, performance matters | <p>The company will endeavor to honor the following general principle at all times...</p> <p>Be efficient, performance matters.</p> <p>Today, nothing is as valuable as people's time, yet a lot of modern software is bloated and grossly inefficient, wasting countless millions of man hours worldwide. Many successful modern software packages use an order of magnitude more memory than they really should, and are so inefficiently written that they make even blazingly fast modern computers feel slow. I believe that's a terrible waste of human time, on a worldwide scale.</p> <p>As a matter of principle, Lighterra will not release products which are grossly inefficient or bloated, and will focus on performance and efficient use of resources as a priority in all of its product development efforts.</p> |
| 2.5 | Be international-friendly, treat all customers equally | <p>The company will endeavor to honor the following general principle at all times...</p> <p>Be international-friendly, treat all customers equally.</p> <p>Being a non-American in the America-centric computing industry means products often cost more and become available to you later than they should. In many cases you can't even buy directly from the manufacturer, and must buy through a local reseller at an additional cost. Foreign customers are treated as second class citizens. That's wrong, and there's no justifiable reason for it. Pricing, product availability and ease of doing business should be equal for everyone, especially in computing where the nature of the technology makes it easy to do so.</p> <p>As a matter of principle, Lighterra will treat all customers equally regardless of country or geographic location. Products will be released at approximately the same price and time for all users, globally. Lighterra will not apply region-specific pricing or limit product availability, will not force customers to deal with local resellers, and will attempt to make doing business with the company equally easy no matter where the customer is located.</p> |
| 2.6 | General moral & ethical principles | <p>The company will maintain the very highest level of moral and ethical standards, and will endeavor to honor the following principles at all times...</p> <p>(a) Be open and honest, tell it like it is. Never knowingly lie, deceive, mislead or employ "spin" to misrepresent a product or situation. Always be truthful and accurate in advertising and promotion. Be open and transparent about mistakes, and communicate mistakes and problems early. Never knowingly hide, omit or fail to reveal a problem. Record all financial transactions truthfully and accurately. Be open about conflicts of interest.</p> |

- (b) **Be accountable for actions and their consequences.** Acknowledge mistakes, and where possible put them right. If they cannot be put right, offer reasonable compensation in line with what the customer paid for the product or service. Take responsibility for people's experience of the company and its products.
- (c) **Be trustworthy, respect people's privacy.** Treat private customer and supplier information with care and sensitivity. Never access or disclose private information without reasonable need or grounds. Only use private information for the reason it was given to the company. Only share private information on a need-to-know basis, and with the owner's permission. Employ all reasonable methods to protect private information from unauthorized access. Do not store private customer or supplier information without need. Make it possible for people to trust the company.
- (d) **Be dependable, do what we say we will do.** Promote a "can do" attitude but don't promise what can't be delivered, or promise it sooner than is realistic. Be conservative with respect to deadlines and commitments. Aim to ensure there are no letdowns. Act with professional integrity. Make it possible for people to rely on the company.
- (e) **Be fair and consistent.** Make all decisions in a manner which is fair, reasonable, unbiased, impartial, and as consistent as possible. Be open to reviewing and revising decisions wherever possible.
- (f) **Be respectful and polite.** Treat all people with dignity and respect. Never insult or demean others. Never support prejudiced or racist attitudes. Be friendly and polite. Take the time to listen and be open to other points of view. Be responsive to questions and comments. Don't get personal – keep disputes focused on the problem, not the person. Avoid an escalation of negative comments in disputes. Stay positive and constructive, focusing on finding an acceptable solution or resolution.
- (g) **Be anti-discriminatory and equal opportunity.** Treat all people equally in all business activities, including employment decisions, selection of suppliers and interaction with customers. Never discriminate based on race, religion, gender, age, marital status, parental status or potential pregnancy, sexual orientation, political beliefs, political party membership, professional association or trade union membership, or physical or mental disability.
- (h) **Be flexible and proactive on work/life balance.** Actively encourage a healthy balance between work and personal life. Be flexible about work time commitments wherever possible. Focus on work results, not time spent working. Don't place unreasonable work-related demands on the personal time of employees. Compensate employees reasonably for overtime or "after hours" work.
- (i) **Be moral, support human rights.** Be an advocate of basic, fundamental human rights such as freedom, equality, justice, dignity and respect. Refuse to work with entities that don't honor those rights. Don't outsource to workers being exploited, underpaid or working in unacceptably poor conditions. Don't support or work with politically oppressive regimes. Don't support or work with entities who apply political or religious censorship. Don't support or work with entities who promote politically, religiously or racially extremist views.
- (j) **Be a good global citizen, think of the big picture.** Always consider the wider social, community, economic and environmental impacts of the company's actions. Ensure the company's actions, projects and products are working towards a better world, not harming it.

3 – Management Structure

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| 3.1 | Director(s) & CEO | <p>The company shall use a conventional management structure where the business of the company is to be managed primarily by a chief executive officer (CEO), appointed by and operating under the direction of the company's director(s), who in turn are appointed by the company's shareholders.</p> <p>The role of the director(s) is to monitor and oversee the CEO's management of the company and to represent the best interests of the company's shareholders in an impartial and unbiased manner. The role of the director(s) also includes taking an active part in setting the company's strategic direction and strategy, ensuring ethical standards are being maintained, and monitoring the company's finances.</p> <p>The role of the CEO is to manage the company's business activities, including taking a leadership role in setting the company's strategic direction and strategy, appointing senior staff, delegating responsibilities and authority as necessary, and generally managing and monitoring the company's operations and finances.</p> <p>In essence, the director(s) represent the owners of the company, while the CEO is the manager and most senior employee of the company. Although not strictly required, the CEO will normally also be a director (also known as an executive director or managing director).</p> |
| 3.2 | Powers of director(s) | <p>Although the CEO is generally expected to make most business decisions, the director(s) have authority over the CEO and may exercise all of the powers of the company, except any powers that this constitution requires the company to exercise in a shareholders' general meeting. For example, the director(s) may issue shares, borrow money, appoint or terminate staff, and make most other business decisions within the company.</p> |
| 3.3 | Powers of CEO | <p>The director(s) may confer on the CEO any of the powers that the director(s) can exercise, and will normally confer most such powers, up to and including all of the powers of the company, except any powers that this constitution requires the company to exercise in a shareholders' general meeting. The director(s) may revoke or vary the powers of the CEO at any time.</p> |
| 3.4 | Appointment of director(s) by shareholders | <p>The company's shareholders may appoint any individual as a director by a resolution passed in a shareholders' general meeting. The director need not be a shareholder, although it would be normal for the director to be a shareholder since one of the primary roles of a director is to represent the interests of shareholders.</p> |
| 3.5 | Appointment of director(s) by director(s) | <p>In exceptional circumstances, the director(s) may appoint any individual as a director. The appointment must then be confirmed by the company's shareholders by a resolution passed in a general meeting as soon as is practical.</p> |
| 3.6 | Alternate director(s) | <p>In exceptional circumstances, a director may appoint an alternate individual to exercise some or all of the director's powers in their place. This provision is only to be used as a temporary measure (eg: due to illness). A director must resign if they are unable to fulfill their responsibilities as a director on an ongoing basis.</p> |
| 3.7 | Director resignation | <p>A director may resign from being a director at any time by giving written notice of resignation to the company.</p> |
| 3.8 | Removal of director(s) | <p>The company's shareholders may remove a director from office by a resolution passed in a shareholders' general meeting.</p> |

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| 3.9 | Appointment of CEO | The director(s) shall appoint an individual to the position of CEO. Any individual may be appointed as CEO, including a director, on terms as the director(s) see fit. The CEO need not be a director, nor a shareholder, although it would be normal for the CEO to be both. |
| 3.10 | Termination of CEO | The director(s) may terminate or vary the appointment of the CEO at any time. |
| 3.11 | Remuneration of director(s) | The company's shareholders shall determine the remuneration the director(s) are to be paid by a resolution passed in a shareholders' general meeting. The company may also pay the director(s) for traveling and other expenses incurred in conjunction with the company's business. |
| 3.12 | Remuneration of CEO | The director(s) shall determine the remuneration the CEO is to be paid. The company may also pay the CEO for traveling and other expenses incurred in conjunction with the company's business. |
| 3.13 | Director & CEO remuneration linked to company performance | The remuneration paid to the director(s) and CEO shall be proportional to the company's overall performance, structured as a minimal base payment of \$1 for the CEO and nothing for the director(s), with the bulk of the remuneration paid as bonuses in proportion to the company's performance. |

4 – Shares

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| 4.1 | Share issues | The director(s) may issue shares or grant options for unissued shares in the company as they see fit, subject to the provisions below and relevant law. |
| 4.2 | Shareholder register | The company shall maintain a Shareholder Register which lists the current shareholders in the company and the number and class of shares held by each. |
| 4.3 | Controlling interest | The director(s) may not issue shares or grant options where the action could have the effect of transferring a controlling interest in the company without first obtaining approval by a resolution passed in a shareholders' general meeting. |
| 4.4 | Share issue priority for existing shareholders | When issuing new shares of any class, the director(s) must first offer them to the existing holders of shares of that class, and then to all other existing shareholders. As far as practicable, the number of shares offered to each shareholder must be proportional to the number of shares of that class that they already hold. The director(s) may issue any shares not taken up by existing shareholders under the offer as they see fit. |
| 4.5 | Share transfers | A shareholder transferring shares to another entity remains the holder of the shares until the transfer is registered with the company and the name of the entity to whom the shares are being transferred is entered into the Shareholder Register in respect of the shares being transferred. |
| 4.6 | Transfer of shares on death | If a shareholder who does not own shares jointly dies, the company will recognize only the personal representative of the deceased shareholder as being entitled to the deceased shareholder's interest in the shares. |
| 4.7 | Transfer of shares on mental incapacity | If an entity entitled to shares because of the mental incapacity of a shareholder gives the director(s) the information they reasonably require to establish the entity's entitlement to be registered as the holder of the shares, the entity may, by giving written notice to the company, elect to be registered as the holder of the |

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| | | shares; or by giving a completed transfer form to the company, transfer the shares to another entity. |
| 4.8 | Transfer of shares on bankruptcy | If an entity entitled to shares because of the bankruptcy of a shareholder gives the director(s) the information they reasonably require to establish the entity's entitlement to be registered as the holder of the shares, the entity may, by giving written notice to the company, elect to be registered as the holder of the shares; or by giving a completed transfer form to the company, transfer the shares to another entity. |
| 4.9 | General discretion to refuse transfers | The director(s) may refuse to register a transfer of shares in the company on any grounds the director(s) deem reasonable. |
| 4.10 | Dividends | The director(s) shall determine if a dividend is to be paid in order to distribute company profits to current shareholders, and shall decide the amount, the time for payment, and the method of payment. The method of payment may include cash, the issue of shares, or the grant of options. |

5 – Shareholders' General Meetings

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| 5.1 | Meetings not required for single shareholder | If the company has only a single shareholder, then shareholders' general meetings are not required to pass a shareholders' resolution, and the remainder of this section does not apply. |
| 5.2 | Calling shareholders' general meetings | A director may call a general meeting of the company's shareholders at any time, giving reasonable notice to all shareholders. |
| 5.3 | Notice required | Notice of a shareholders' general meeting sent by post shall be taken to be given ten business days after it is posted. Notice of a meeting sent by email or other electronic means shall be taken to be given on the business day after it is sent. |
| 5.4 | Notice to joint shareholders | Notice to joint shareholders of a shareholders' general meeting shall be given to the joint member named first in the Shareholder Register. |
| 5.5 | Adjourned meetings | When a shareholders' general meeting is adjourned, new notice of the resumed meeting must be given if the meeting is adjourned for one month or more. |
| 5.6 | Quorum | The quorum for a general meeting of the company's shareholders is two members and the quorum must be present at all times during the meeting. |
| 5.7 | Chairing shareholders' general meetings | The director(s) shall hold a vote of the company's shareholders to elect an individual present to chair the general meeting. The chair need not be a shareholder, nor a director, although it would be normal for the chair to be both. |
| 5.8 | Voting by notice (direct vote) | A shareholder who is entitled to attend and cast a vote at a shareholders' general meeting may give their vote by giving the company notice of their voting intention in advance of the meeting (also known as a direct vote). Valid forms of notice include a vote delivered by post, email or any other means approved by the director(s). |
| 5.9 | Voting by proxy | A shareholder who is entitled to attend and cast a vote at a shareholders' general meeting may appoint any individual as a proxy to attend and vote in their place. |

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| 5.10 | Proxy vote valid even if member transfers shares, revokes proxy, dies etc | <p>Unless the company has received written notice of the matter before the vote occurs, a vote cast by a proxy will be valid even if, before the proxy votes:</p> <ul style="list-style-type: none"> (a) the shareholder sells or transfers the shares to which the proxy relates, or (b) the shareholder revokes the proxy's appointment or revokes the authority under which the proxy was appointed by a third party, or (c) the shareholder dies, becomes mentally incapacitated or enters bankruptcy. |
| 5.11 | Proxy authority suspended | A proxy's authority to vote is automatically suspended while the proxy's appointing shareholder is present at the general meeting. |
| 5.12 | Challenge to right to vote | Any challenge to a right to vote at a shareholders' general meeting must be made at the time of the meeting and shall be decided by the chair. |
| 5.13 | Number of votes | Subject to any rights or restrictions attached to specific classes of shares, at a vote in a general meeting of shareholders each member has exactly one vote for each share they hold in a full poll, and in a "show of hands" vote each member has just one vote. |
| 5.14 | Votes for jointly held shares | If a share is held jointly and more than one shareholder votes in respect of that share, only the vote of the member whose name appears first in the Shareholder Register shall be counted. |
| 5.15 | Show of hands vote | A resolution put to a vote at a general meeting of shareholders shall be decided by a "show of hands" vote unless a full poll is demanded. Before the vote is taken, the chair must inform the meeting of whether any vote-by-notice votes (direct votes) have been received and how those votes will be cast. Upon a show of hands, a declaration by the chair is considered conclusive evidence of the result, provided the declaration reflects the show of hands and the vote-by-notice votes. Neither the chair nor the minutes need to record the precise number or proportion of votes in favor or against in a show of hands vote. |
| 5.16 | Poll vote | A poll demanded on a matter other than the election of a chair or the question of an adjournment shall be taken when, and in the manner, the chair directs. A poll on the election of a chair or on the question of an adjournment shall be taken immediately. |
| 5.17 | Passing of shareholders' resolutions | A resolution of the shareholders must be passed by a majority of the votes cast by shareholders entitled to vote on the resolution. The chair has the casting vote, if necessary, in addition to any votes they may have as a shareholder. |

6 – Directors' Meetings

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| 6.1 | Meetings not required for single director | If the company has only a single director, then directors' meetings are not required to pass a director's resolution, and the remainder of this section does not apply. |
| 6.2 | Circulating resolutions | The directors may pass a resolution without a directors' meeting being held if all of the directors entitled to vote on the resolution sign a document stating they are in favor of the resolution. Separate copies of a document may be used for signing by directors as long as the wording of the resolution and statement is identical in all copies. The resolution is passed when the last director signs. |

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| 6.3 | Calling directors' meetings | A directors' meeting may be called by any director at any time, giving reasonable notice to all other directors. |
| 6.4 | Quorum | The quorum for a directors' meeting is two directors and the quorum must be present at all times during the meeting. |
| 6.5 | Chairing directors' meetings | The directors shall elect a director present to chair the meeting. The directors may determine the period for which the elected director is to be the chair. |
| 6.6 | Directors must disclose self interests & conflicts of interest prior to vote | If a director has a material personal self interest or conflict of interest in a matter that relates to the affairs of the company, the director must fully disclose the nature and extent of that self interest prior to any vote relating to the self interest. Once disclosed, the director may still vote on the matter related to the self interest, any resolution(s) and/or transaction(s) that relate to the self interest may proceed, and the director may benefit from those even though the director has the self interest. |
| 6.7 | Passing of directors' resolutions | A resolution of the directors must be passed by a majority of the votes cast by directors entitled to vote on the resolution. The chair has the casting vote, if necessary, in addition to any vote they have in their capacity as a director. |

7 – Indemnity

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| 7.1 | Indemnity | <p>To the maximum extent permitted by law, the company will indemnify any current or former director or officer of the company, out of the property of the company, against:</p> <ul style="list-style-type: none"> (a) any liability incurred by the individual acting in that capacity (except a liability for legal costs), (b) any legal costs incurred by the individual in defending or otherwise in connection with proceedings in which the individual becomes involved because of that capacity, and (c) any legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their duties as an officer of the company, <p>except to the extent that the individual is otherwise entitled to be indemnified, or is actually indemnified, by another entity, including without limitation a subsidiary or an insurer under any insurance policy.</p> |
| 7.2 | Insurance | The company may pay, either directly or through an interposed entity, a premium for a contract insuring an individual who is or has been a director or officer of the company against liability incurred by the individual acting in that capacity. |

Document Version History

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| 1.0 | Jan 1998 | Jason R. C. Patterson | Initial version of company charter. |
| 2.0 | Jul 2009 | Jason R. C. Patterson | Converted from company charter to full company constitution, adding legal structure and policy. |
| 2.1 | Jan 2011 | Jason R. C. Patterson | Minor revisions, no changes of substance or meaning. |
| 2.2 | May 2012 | Jason R. C. Patterson | Minor revisions, no changes of substance or meaning. |