Company Number: 12372413

# THE COMPANIES ACT 2006

A COMMUNITY INTEREST COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

## MEMORANDUM AND ARTICLES OF ASSOCIATION

of

Esports Wales CIC.

Incorporated the 19th of December 2019

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THE COMPANIES ACT 2006

A COMMUNITY INTEREST COMPANY LIMITED
BY GUARANTEE AND NOT **HAVING A**
**SHARE CAPITAL**

ARTICLES OF ASSOCIATION OF

# Esports Wales CIC

## 1. PRELIMINARY

1.1. The Company shall be bound by the regulations contained in the Companies (Model Articles) Regulations 2008 schedule 2 except were modified by these Articles. In the case of any variation or inconsistency between these Articles and the Model Articles, these Articles shall prevail.

## 2. INTERPRETATION

2.1. In these Articles: -

2.1.1. "**The Act**" means the Companies Act 2006 including any statutory amendments or re-enactment thereof for the time in force;

2.1.2. "**The Area**" means Wales;

2.1.3. "**Asset Locked Body**" means (i) a community interest company, a charity or a Permitted Industrial & Provident Society, or (ii) a body established outside the United Kingdom that is equivalent to any of those;

2.1.4. "**Community**" is to be construed in accordance with section 35(5) of the Company's (Audit) Investigations and Community Enterprise) Act 2004;"

2.1.5. "**Charity**" (except in the phrase, "Scottish Charity") the meaning given by Section 96 of the Charities Act 1993;

2.1.6. "**Scottish Charity**" has the meaning given by Section 1(7) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990;

2.1.7. "**Regulations**" mean the Community Interest Company Regulations 2005;

2.1.8. "**Regulator**" means The Regulator of Community Interest Companies;

2.1.9. "**Transfer**" includes every description of disposition, payment, release or distribution and the creation or extinction of an estate or interest in, or right over, any property, or, in Scotland, a right, title or interest in or over any property;

2.1.10. "**Clear days**" in relation to the period of a notice means that period excluding the day when the notice is given, or deemed to be given and the day on which it is to take effect;

2.1.11. "**Employee**" means a person who is employed by the Company (whether full or part time) including a director of the Company;

2.1.12. "**Executed**" includes any mode of execution;

2.1.13. "**The Secretary**" means the secretary of the Company (if any) or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

2.1.14. "**Player**" a player of an esports game;

2.1.15. "**Club**" a Welsh esports club or organisation or, with agreement of the Board which can be varied or revoked at any time and subject to such conditions as the Board may specify from time to time, a group of Welsh esports clubs or organistions;

2.1.16. "**Board Member**" appointed individual to sit on the board of the Company.

2.1.17. Unless the context otherwise requires, words or expressions defined in the Act, the 2004 Act or the Regulations have the same meaning in these Articles and all reference to legislative provisions are to legislation concerned as amended, repealed, enacted or replaced, and in force from time to time.

## 3. COMMUNITY INTEREST COMPANY

3.1. The Company is to be a Community Interest Company.

## 4. NAME AND REGISTERED OFFICE

4.1.1. The name of the company is Esports Wales CIC, hereinafter called "the company".

4.1.2. The registered office of the Company will be situated in Wales.

## 5. OBJECTS

5.1. The Company's object is to carry on activities which benefit the community and in particular (without limitation) to: -

5.1.1. to act as the governing body for esports;

5.1.2. to act as the representative member for Wales in international affairs and to affiliate to and carry out functions delegated to it by the International Esports Federation and European Esports Federation.

5.1.3. promote, administer, and encourage the development of, and participation in esports.

5.1.4. to develop and implement a strategy for the development of esports including strategies for each of performance at international and national level; national competition; and increasing participation.

5.1.5. to make and vary all such rules and regulations and to formulate and issue code of

conduct for persons participating in esports.

5.1.6. to develop a commercial, marketing and public relations programme for esports

5.1.7. to develop a competition programme and co-ordinate competition fixtures across Wales;

5.1.8. to select the representative teams to represent Wales in international events;

5.1.9. to consult and co-operate with other organisations operating in esports in all matters relating to the administration, promotion and playing of esports.

5.1.10. to develop and nurture relationships between the company and Sports Wales, other sporting bodies, the relevant commonwealth games council and relevant government departments.

5.1.11. to take such action from time to time as the Board may consider desirable for the benefit of esports and its participants, the members of the company.

5.1.12. to undertake and execute charitable trusts for the benefit of esports; and

5.1.13. to do all such other things as shall be thought fit to further the interests of the company or to be incidental or conducive to the attainment of all or any of objects stated in this article 5.

## 6. POWERS

6.1. To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

6.2. Powers of the General Assembly

6.2.1. To approve the minutes of the last General Assembly Meeting;

6.2.2. To approve the agenda of the meeting; The General Assembly may decide to approve additional agenda items to be discussed if such a decision has the support of sixty (60) percent of the attending Full Members votes cast;

6.2.3. To approve statements or resolutions;

6.2.4. To examine and approve reports on the Company's activities;

6.2.5. To elect and revoke the Board members of the Company and to determine the conditions, as the case may be, the financial conditions, under which their mandate is conferred, exercised and terminated;

6.2.6. To elect and revoke the Committee members;

6.2.7. To appoint and remove external auditors, and to determine their remuneration, if allocated;

6.2.8. To hear and examine financial and activity reports of the Board, and to estimate the work of the Board of the preceding period;

6.2.9. To examine and approve annual financial and activity reports of the Board;

6.2.10. To vote on the discharge of the Board members and of the external, if any;

6.2.11. To admit or deny new Members, and to decide on expulsion of Members, if any;

6.2.12. To grant or revoke Honorary Memberships;

6.2.13. To amend these Articles; following Article **29** as outlined in this document.

6.2.14. To decide on the dissolution of the Company.

## 7. LIABILITY OF VOTING MEMBERS

7.1. The liability of the voting members is limited.

7.2. Every voting member of the Company promises to pay up to £1 towards the costs of dissolution and the liabilities incurred by the Company whilst they were a member, in the event of the same being wound up while they are a member or within one year after they cease to be a member.

## 8. ASSET LOCK

8.1. The Company shall not transfer any of its assets other than for full consideration unless, subject to the condition in Article 8.3 being satisfied:

8.1.1. The transfer of assets is to any Asset Locked Body specified in the Memorandum or the Articles or with the consent of the Community Regulator to any other Asset Locked Body; and

8.1.2. The transfer of assets is made for the community's benefit other than through a transfer of assets to an Asset Locked Body.

8.2. The condition is that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum or the Articles.

8.3. If the Company is wound up under the Insolvency Act 1986; and all its liabilities have been satisfied, then any residual assets shall not be distributed among the members of the Company but shall be given or transferred to the Asset Locked Body specified in Article 8.4 below.

8.4. The following Asset Locked Body is specified as a potential recipient of the Company's assets under Articles 11 and 13.

Name: **THE WELSH SPORTS FOUNDATION**

Registered Number: **1199523**

Registered Office /Principal/ office address: **Welsh Sports Association, Sophia Gardens, Cardiff, CF11 9SW**

The relevant details of any asset locked body to which the client may wish to transfer assets other than for full consideration and to which they would wish any residual assets of the Company to be transferred if it is wound up. Nominated organisation must be incorporated.

## 9. SOCIAL PROFIT

9.1. The Company is not formed or operated for private gain; instead, all profits and assets are primarily dedicated to benefiting the community.

## 10. MEMBERSHIP

10.1. The subscribers to the Memorandum are the first members of the Company.

10.2. Such other persons as are admitted to membership in accordance with the Articles shall be members of the Company.

10.3. No person shall be admitted a member of the Company unless he/she/they is approved by the directors.

10.4. Every person who wishes to become a member shall deliver to the company an application for membership in such form (and containing such information) as the Directors require and executed by him or her.

10.5. The Federation is composed of Full Members, Associate Members, Observer Members and Honorary Members (hereinafter all referred to as "Members")

10.6. Only legal entities that are duly constituted in accordance with the laws of The Area and are committed to promoting and supporting the purpose of the Federation are eligible for membership.

10.7. Each Member shall appoint a natural person as its permanent representative within the Federation (the 'Member Representative'). The Member may change its Member Representative at any time by providing written notice to the Secretariat.

## 11. MEMBERSHIP APPLICATION AND ADMISSION

11.1. A Club or legal entity that wishes to become a Member of Esports Wales (hereinafter: the "Applicant") shall submit a written application for admission to the Board and pay an admission fee (hereinafter: the "Admission Fee"). The Admission Fee amount shall be determined by the Annual General Meeting and is non-refundable.

11.2. The Applicant's formal membership application for Full Membership must be submitted at least forty-five (45) calendar days ahead of the Annual General Meeting for it to be included in such meeting's agenda.

11.3. The Board shall review the Applicant's Full Membership application and may ask for

additional information and/or documents to be included in the application, at its own discretion. The Board shall present its recommendation to accept or deny the membership application in the Annual General Meeting. The Annual General Meeting shall decide whether to accept or deny the Applicant's Full Membership application by simple majority vote, based on the criteria prescribed in these Articles. The Applicant shall become a Full Member immediately upon acceptance of their membership application by the Annual General Meeting. In such a case, the Applicant shall immediately bear the rights and obligations of Full Membership according to these Statutes.

11.4. The Applicant's formal membership application for Associate Membership or for Observer Membership must be submitted to the Board. The Board shall review the Applicant's Membership application and may ask for additional information and/or documents to be included in the application at its own discretion. The Board shall decide to accept or deny the Applicant's Associate Membership or Observer Membership application by simple majority vote, based on the criteria prescribed in these Articles. It may deny Associate Membership or Observer Membership to any Club or legal entity that doesn't align with or contradict the purpose of the Company. The Applicant shall become Associate Member or Observer Member immediately upon acceptance of their membership application by the Board. In such a case, the Applicant shall immediately bear the rights and obligations of Associate Membership or Observer Membership according to these Statutes.

11.5. Each club can only be represented in the Company by one (**1**) Full Member or Associate Member.

11.6. Invitations, notices, or other communications from the Company to Members shall be sent via Electronic Mail ('Email') to the Email address registered in the membership records of the Company. Upon written request by the Member to the Secretary, such Email address may be changed.

## 12. CATEGORIES OF MEMBERSHIP

### 12.1. Full Membership

12.1.1. Any club or legal entity fulfilling the following criteria may become a Full Member:

12.1.1.1. Continue to be engaged in the playing and administration of Esports;

12.1.1.2. Conform with the provisions of these articles and regulations and resolutions of the Board;

12.1.1.3. Be administered by an appointed committee or Board.

12.1.1.4. Conduct its affairs to the satisfaction of the Board.

12.1.1.5. Legally registered office on Company House with a registered location for the Club;

12.1.2. A Full Member may participate and speak in the Annual General Meeting and shall have one (**1**) vote exercised on its behalf by its Member Representative.

12.1.3. **Full Membership also includes the following rights**:

12.1.3.1. To propose candidates for a position in the Board or any other body of the Company;

12.1.3.2. To propose motions for vote to the General Assembly;

12.1.3.3. To propose amendments to these Articles;

12.1.3.4. To participate and vote in roundtables, workshops, expert groups, working groups or in the other activities of The Company and enjoy its services;

12.1.4. **Full Members have the following duties**:

12.1.4.1. To nominate and notify in writing the name of one (**1**) Full Member Representative to the Company;

12.1.4.2. To comply with the Articles, Internal Rules, the policies of The Company;

12.1.4.3. To act in the interests of the Company to the best of their abilities and possibilities and to actively participate and contribute to the Company's activities;

12.1.4.4. To fulfill the financial obligations, including the Membership Subscription;

12.1.4.5. To not act against or in contradiction with The Company's interests, and activities as well as against sport principles and traditions such as integrity, non-discrimination, fairness, and others, willfully or casually.

12.1.4.6. Should a Full Member stop fulfilling one (**1**) or more of the criteria for Full Membership according to these Articles, the Board may recommend the General Assembly to demote such Full Member into Associate Membership. The Board shall not make such recommendations to the General Assembly before officially warning the Full Member and allowing it a proper time to restore its compliance with the Full Membership criteria.

**12.2. Associate Membership**

12.3. Any Club or legal entity which aims to fulfill the role of a Full Member but does not satisfy the criteria and requirements for Full Membership laid down in **12.1** of these Articles, may apply for Associate Membership.

12.4. Should an Associate Member become fully compliant with the Full Membership criteria as determined by these Articles, such Associate Member may apply for Full Membership. The process of such application shall be identical to the Full Membership admission process described in these Articles under Article **11**.

12.5. Associate Membership shall be granted for a period of one (**1**) year from the date of acceptance. Associate Membership may be renewed by a decision of the Board.

12.6. An Associate Member may attend and speak, but not propose motions or cast a vote in the General Assembly meetings.

12.7. **Associate Membership also includes the following rights**:

12.7.1. to participate, but not vote, in, roundtables, workshops, expert groups, working groups or in the other activities of the Company and enjoy its services;

12.7.2. to use the Company as a source of information and platform of contact with other Members;

12.8. **Associate Members have the following duties**:

12.8.1. to nominate and notify in writing the name of one (1) Associate Member Representative to the Club;

12.8.2. to comply with the Articles, Internal Rules, the policies of the Company and the decisions of its governing bodies;

12.8.3. to act in the interests of the Federation to the best of their abilities and possibilities and to actively participate and contribute to the Federation's activities;

12.8.4. to pay the Membership Subscription;

12.8.5. to not act against or in contradiction with the Company interests, and activities as well as against sport principles and traditions such as integrity, nondiscrimination, fairness, and others, willfully or casually;

**12.9. Observer Membership**

12.9.1. Any organization or legal entity related to the Esports ecosystem that cannot be accepted into Full or Associate Membership may become an Observer Member.

12.9.2. An Observer Member may attend, but not cast a vote in the Annual General meetings. The Observer Member may speak, if it is asked to do so by the Annual General meetings by a simple majority of votes of the Full Members present.

12.9.3. **Observer Membership also includes the following rights**:

12.9.3.1. to participate, but not vote, in roundtables, workshops, expert groups, working groups or in the other activities of the Company and enjoy its services;

12.9.4. **Observer Members have the following duties**:

12.9.4.1. to nominate and notify in writing the name of one (**1**) Observer Member Representative to the Company;

12.9.4.2. to comply with the Articles, Internal Rules, the policies of Company;

12.9.4.3. to act in the interests of the Company to the best of their abilities and possibilities and to actively participate and contribute to the Company's activities;

12.9.4.4. to pay the Membership Subscription.

12.9.4.5. to not act against or in contradiction with Company interests, and activities as well as against sport principles and traditions such as integrity, nondiscrimination, fairness, and others, willfully or casually

**12.10. Honorary Membership**

12.10.1. The Annual General Meeting may decide to bestow the title of "Honorary

Member" to an individual who significantly contributed to the Company or to the advancement of Welsh Esports. Honorary Members are exempt from paying Membership Subscription. They may attend, but will not cast a vote in the Annual General Meeting and shall not take any official position in the Company.

12.10.2. **Membership Subscription**

12.10.3. The Board may decide to set an annual Membership Subscription fee which shall be paid annually by each Member other than an Honorary Member. If no new Membership Subscription is adopted by the Annual General Meeting, the Membership Subscription of the previous year shall apply accordingly to each membership category.

## 13. END OF MEMBERSHIP

13.1. In accordance with article **11** of these Articles.

13.1.1. With immediate effect, upon occurrence of such event, by merger without any clear legal successor, splitting, nullity, opening of bankruptcy, insolvency, judicial reorganisation, liquidation proceeding, final dissolution or by a similar event putting a stop to the activities of the concerned Member.

13.1.2. With immediate effect, by dissolution of the Club. Additionally, Associate Membership ends by expiration of the term in accordance with Article **12.5**.

13.2. The termination of membership during the course of the Company's financial year, including but not limited to dissolution, withdrawal, or expiration of the term, shall not affect the Members' obligation to pay the respective Membership Subscription or any other outstanding fees or sums due on the date of the end of membership.

13.3. A Member may withdraw its membership by delivering a written notice of withdrawal of membership by official letter at least two (**2**) months in advance to the Board.

13.4. The Annual General Meeting may, by recommendation from the Board, expel a Member from the Company, based on one of the following reasons:

13.4.1. If the Member does not pay or provide a suitable payment plan for its duly owed Membership Subscription amounts in spite of a second final payment notification sent by registered letter or by email by the Secretary giving an additional delay of thirty (30) calendar days to execute the 10 payment.

13.4.2. The Member had violated a provision of these Articles or a decision of the Annual General Meeting;

13.4.3. The Member had enacted an action which, due to its essence, severity or circumstances, renders it unfit to serve as a Member of the Company;

13.4.4. The Member had acted against the company's purpose;

13.5. Membership is not transferable to anyone else, and all such rights and privileges associated with membership shall cease upon the member ceasing to be a member.

13.5.1. Membership is terminated if:

13.5.1.1. The member dies or ceases to exist;

13.5.1.2. Revoked by the Annual General Meeting.

13.6. The Board may not recommend the Annual General Meeting to expel a Member before giving such Member a proper and adequate chance to present its defense on the envisaged expulsion, either by oral or written statement. Additionally, the Board may not recommend expelling a Member before warning such Member and allowing it reasonable time to demonstrate it had corrected any wrongs.

## 14. GENERAL MEETINGS

14.1. The Company shall hold an Annual General Meeting in each calendar year, specifying the meeting as such in the notices calling it, provided that every Annual General Meeting except the first shall be held not more than fifteen months after the holding of the last preceding Annual General Meeting.

14.2. The agenda, date, time, and place for the General Assembly meetings shall be determined by the Board.

14.3. The business of an Annual General Meeting shall include:

14.3.1. Receipt of the reports of the Chairperson and Board of Directors of the Company.

14.3.2. Consideration of audited accounts (if any) presented by the Board.

14.3.3. Election of the Board of Directors.

14.3.4. Decision on the application of any profits.

14.3.5. Appointment and the fixing of the remuneration of the Auditors (if any);

14.3.6. All other business transacted at an Annual General Meeting shall be deemed Special.

14.4. A Member wishing to add an agenda item for an Ordinary General Assembly Meeting must submit such an item in writing to the Board within fourteen (**14**) calendar days of receiving the agenda. The proposal must be clearly formulated and contain brief reasons for the proposal.

14.5. The schedule, venue, final agenda, including committee's recommendations, the list of attendees, and the supporting documents shall be sent to the Members no later than seven (**7**) calendar days before the Ordinary Annual General Meeting by the Board.

## 15. Extraordinary General Meeting

15.1. The Extraordinary General Assembly Meeting may be convened:

15.1.1. By decision of the Board of Directors whenever they deem it necessary.

15.1.2. Upon receipt of a written request to do so by at least sixty (**60**) percent of the Full Members.

15.2. Notice of the Extraordinary General Meeting, including the agenda, location, and date, shall be sent out by the Chairperson, providing at least fourteen clear days' notice (**14** calendar days) before it is due to take place.

## 16. PROCEEDINGS AT GENERAL MEETINGS

16.1. Every member and any other persons who have received notice shall be entitled to attend and speak at a General Meeting.

16.2. A person who is not a Member of the Company shall not have the right to vote at a general meeting of the Company. This is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the company's debentures.

16.3. No business shall be transacted at a General Meeting unless a quorum of Full Members is present in person or by proxy. A quorum shall consist of **50%** of the membership entitled to vote.

16.4. The secretary shall produce the minutes of the Annual General Meeting. If the general secretary is not present, the Chairperson may appoint another member of the secretariat staff or of the Board to serve as the secretary. The minutes of the General Assembly shall be signed by the Chairperson of the General Assembly meeting.

16.5. The Chairperson, or in their absence, another Board member nominated by the board, shall preside as Chair of the meeting. If neither the Chairperson nor such other Board member (if any) is present within thirty (**30**) minutes after the time appointed for holding the meeting and willing to act, the members present shall elect one of their number to be Chairperson.

16.6. The Chairperson may, with the consent of the meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and place to place. However, no business shall be transacted at an adjourned meeting other than business that might have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice shall be given as in the case of the original meeting, specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise, it shall not be necessary to give any such notice.

16.7. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or other suitable signal unless a poll is demanded by:

16.7.1. The Chairperson; or

16.7.2. A member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

16.7.3. Unless a poll is demanded, a declaration by the Chairperson that a resolution has

been carried or lost, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favor of or against the resolution. The demand for a poll may be withdrawn.

16.8. All votes shall be conducted as an open ballot unless requested a different voting procedure for the proposal to pass. On the request of a Full Member or the Chairperson of the General Assembly, any vote may be conducted by secret ballot.

16.9. If a poll is duly demanded, it shall be taken in such a manner as the Chairperson of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting that is demanded. In any other case, at least seven (**7**) days notice shall be given, specifying the time and place at which the poll is to be taken. A poll may be organised by way of a ballot or postal ballot by the Board of Directors, who shall send out notice of the ballot with the Notice of the General Meeting.

16.10. Each member or proxy shall have one vote. A Full member proxy has a right to speak at a General Meeting.

## 17. BOARD

17.1. The business of the Company shall be managed by a Board accountable to the members.

17.2. Nomination

17.2.1. Invitations for Board member nominations will be sent to all Full Members with the notice of the Annual General Meeting. Completed nominations will be accepted up to fourteen days (**14**) before the meeting. Nominations require the signature of the nominated person, a proposer, and a seconder, all of whom must be members of the Company.

17.2.2. Any person meeting the following criteria may be nominated as a Board Member candidate:

17.2.2.1. Must have had their 18th birthday or later in the appointment year.

17.2.2.2. Must not have been convicted of a crime punishable by a minimum of one-year imprisonment or actively act against the objectives of the Company.

17.3. The number of Board members shall not be less than six (**6**) and subject to a maximum of fourteen (**14**).

17.4. The Board, responsible for managing the company, shall consist of:

17.4.1. One (**1**) appointed chief executive board member which must be independent from Full Members will be appointed by panels following open competition and appointment panel vetting.

17.4.2. Up to five (**5**) appointed non-exec board members, independent from Full Members, appointed by panels following open competition and vetting, covering areas such as Chairperson, Finance, Industry, Inclusivity, and Education.

17.4.3. up to six (**6**) non exec board members are elected by voting members in accordance with **20.3** following open competition and appointment panel vetting. These must be an active member of one of Companies Full Members.

17.4.4. up to two (**2**) other board members co-opted by the board open competition and appointment panel vetting.

17.4.5. The board shall appoint one (**1**) of their numbers to be vice chair, and one (**1**) of the members to be Secretary.

17.5. Each Full Member shall have as many votes as there are Board positions to be elected. Votes cannot be cast multiple times for the same candidate, but votes may remain uncast. Candidates with the highest number of votes shall be elected as Board Members.

17.6. The Board may at any time co-opt any person whether or not they are a member of the Company, provided that the maximum number prescribed in **17.3** is not exceeded and that no more than two (**2**) such co-options shall be made between one Annual General Meeting and the next. All persons co-opted shall retire at the Annual General Meeting following their co-option but shall be eligible to be re-appointed thereafter.

## 18. PROCEEDINGS OF THE BOARD OF DIRECTORS

18.1. The Board of Directors may meet for business, adjourn and otherwise regulate their meetings as they think fit.

18.2. Decisions at a board meeting shall be determined by a majority vote; in case of a tie, the chairperson shall have a second or casting vote.

18.3. Except as provided by Articles **21** and **18.2** in all proceedings of Board Members, each director must not have more than one vote.

18.4. A Board Member or the Secretary, on the instruction of the Board of Directors, may summon a meeting at any reasonable time. Meetings may be held in person or by suitable electronic means agreed upon by the Board, enabling all Board Members to communicate with each other. The quorum necessary for conducting Board business shall be at least **50**% appointed board members and at least **50**% elected board members.

18.5. If the Board is reduced to less than the minimum prescribed in Article **17.3**, it may act as the Board for filling up vacancies or summoning a General Meeting but for no other purpose.

18.6. The Chairperson or in their absence some other board member will be nominated by the Board shall preside as Chairperson of the meeting, but if neither the Chairperson nor such other Board Member (if any) be present within fifteen minutes after the time appointed for holding the meeting, the Board shall elect one of their number to be Chairperson.

18.7. The Board shall cause proper minutes to be made of the proceedings of all meetings of the Company, of the Board and any sub-committees and of all business transacted at such meetings. All such minutes shall be open to inspection by any member of the Company during the Company's normal working hours and by any other person authorised by the Company at a General Meeting.

18.8. A resolution in writing signed by all Board Members entitled to vote shall be valid and have the same effect as if passed at a meeting. It may consist of several documents in a similar form signed by one or more Directors.

## 19. POWERS OF THE BOARD OF DIRECTORS

19.1. The business of the Company shall be managed by the Board, which may exercise all powers of the Company that can be exercised and executed by the Company and are not, by the Act or these Articles, required to be exercised or done in a General Meeting.

19.2. No regulation made by the Company in the General Meeting shall invalidate any prior act of the Board which would have been valid had that regulation not been made.

19.3. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

19.4. The Board may delegate any of its powers to sub-committees consisting of such members of the Company as it thinks fit. Any sub-committed so formed shall conform to any regulations that may be imposed on it by the Board.

19.5. The Board of the Company will appoint two named Directors and the Secretary to sign on behalf of the Company any legal documents including leases where signatures are required in the execution of the Company's powers.

## 20. APPOINTMENT OF BOARD

20.1. **Chief Executive Officer**:

20.1.1. Must be independent from Full Members.

20.1.2. Will sit on the board as an executive director.

20.1.3. Will be appointed by panels following open competition, interviews and appointment panel vetting.

20.2. **Independent Appointed Board Members**:

20.2.1. Must be independent from Full Members.

20.2.2. Will sit on the board as a non-exec director.

20.2.3. Will be appointed by panels following open competition, interviews and appointment panel vetting.

20.2.4. Independent Appointed Board Members will serve a term of four (**4**) years and will step down after the next Annual General Meeting unless reappointed.

20.3. **Elected Board Members**:

20.3.1. No powers to Board Members of the Company may be given to persons who are not Full Members of the Company which immediately after their exercise could result in most of the directors of the company having been appointed by persons who are not members of the Company.

20.3.2. Subject to the Articles, any Full Member may nominate an induvial member to be an Elected board member. Any nomination must be made in the form prescribed from time to time by the Board and signed by the nominee. Any nomination must be seconded by another Full Member.

20.3.3. Full Member may only nominate or second one candidate for each post and the form must be completed and returned to the Secretary not later than such date as the board shall prescribe.

20.3.4. Based on the board's assessment of specific skills or other relevant legislative requirements the board may delegate the receipt of competency-board director nominations to an appointment panel formed in accordance with Article that will subsequently make representations to the board or annual General Meeting.

20.3.5. Should there be more than two candidates nominated for the same post. The nomination attracting the lowest votes is withdrawn and subsequent votes held with the lowest voted candidate being withdrawn at each vote until the over fifty (**50%**) majority is archived by one (**1**) candidate.

20.3.6. If there shall be more candidates for election than positions available, the vote must be conducted by secret ballot.

20.3.7. Elected Board Members will serve a term of one (**1**) year and will step down immediately after the next Annual General Meeting unless reelected.

21. **Co-opted Board Members**:

21.1. Invited to a board meeting by a board member, the individual will be required to give a presentation on the specific expertise or experience in an area. Co-opted members do not have voting rights and serve in a purely advisory capacity. They provide valuable insights and recommendations to the board based on their expertise but do not participate in the formal voting process on board decisions.

## 22. REMOVAL OF DIRECTORS

22.1. No powers to remove directors of the Company may be given to persons who are not members of the Company which immediately after their exercise could result in either.

22.1.1. the majority of the remaining board members of the Company having been appointed by persons who are not members of the Company; or

22.1.2. the number of board members removed during the current financial year of the Company by persons who are not members of the Company exceeding the number of the remaining board members of the Company.

22.2. However, Article 19.5 and 22.3 shall not prevent a director from appointing, or subsequently removing, an alternate director, if permitted to do so by the articles.

22.3. The office of a director shall be immediately vacated if he/she/they:

22.3.1. ceases to be a Board Member by virtue of any provision of the Act or become prohibited by law from being a Board Member; or

22.3.2. becomes bankrupt or make any arrangement or composition with their creditors generally; or

22.3.3. is, or may be, suffering from mental disorder and either;

22.3.3.1. is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983; or

22.3.3.2. an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for their detention or for the appointment

of a receiver, curator bonus or other person to exercise powers with respect to their property or affairs;

22.3.4. resigns their office by notice to the Company

22.3.5. If a Director is absent without permission from the Board of Directors for three or more consecutive meetings of the Directors during a specific period, and the Directors pass a resolution to that effect, the Director's office shall be deemed vacated.

22.3.6. is removed from office by resolution of the Company in General Meeting in accordance with Articles **14.3.3** and **15.**

## 23. REMUNERATION OF DIRECTORS

23.1. The income and property of the Company shall be applied solely towards the promotion of the objects, and no part shall be paid or transferred, directly or indirectly, by way of dividend, bonus, or otherwise by way of profit, to members of the Company. However, certain remuneration may be provided under specific circumstances:

23.1.1. **Chief Executive Officer (CEO):** The CEO, being an executive director, may receive compensation for their services, as determined and approved by the Board. Such remuneration shall be in accordance with the Community Interest Test.

23.1.2. **Professional Charges:** Directors who are solicitors, accountants, or engaged in a profession may receive usual professional charges for business done when instructed by the Company, provided that a majority of directors do not benefit, and the concerned director withdraws from discussions about their appointment or remuneration.

23.1.3. **Services Rendered:** Reasonable and proper remuneration may be provided for services rendered to the Company by any member, officer, or servant who is not a director.

23.1.4. **Interest on Loans:** Directors or members of the Company may receive interest on money lent at a reasonable rate per annum, necessary for obtaining and retaining capital.

23.1.5. **Fees to Companies:** Fees, remuneration, or other benefits may be provided to a company of which a director may be a member, holding not more than 1% of the issued capital.

23.1.6. **Rent for Premises:** Reasonable and proper rent may be paid for premises let by any member of the Company or a director.

23.1.7. **Out-of-Pocket Expenses:** Directors may be reimbursed for reasonable out-of-pocket expenses.

23.1.8. **Indemnity Insurance:** Premiums for indemnity insurance may be provided.

All payments must be made in good faith and satisfy the Community Interest Test. The specific remuneration for the CEO shall be determined and approved by the Board.

## 24. SECRETARY AND OTHER EXECUTIVE OFFICERS

Subject to the provisions of the Act, the appointment and roles of the secretary and other executive officers shall be governed by the following:

24.1. **Appointment**: The secretary and other executive officers shall be appointed by the Board of Directors. The appointment process will consider the qualifications, experience, and suitability of the candidates.

24.2. **Term**: The term of appointment for the secretary and other executive officers shall

be determined by the Board. Appointed officers may serve for such term as the Board deems appropriate, subject to any legal requirements.

24.3. **Remuneration**: The remuneration for the secretary and other executive officers will be determined by the Board. The compensation package will be commensurate with industry standards, the responsibilities of the role, and the financial health of the Company.

24.4. **Conditions of Appointment:** The conditions of appointment, including but not limited to working hours, leave entitlements, and any other terms, shall be decided by the Board and communicated to the appointed officers.

24.5. **Removal**: The Board reserves the right to remove the secretary or any executive officer from their position if deemed necessary. Removal may be due to reasons such as non-performance, breach of duties, or other justifiable causes.

24.6. **Compliance with the Act**: All appointments and actions related to the secretary and other executive officers shall comply with the relevant provisions of the Act governing such appointments.

## 25. ACCOUNTS

25.1. The Board of Directors shall use proper books of account to be kept with respect to:

25.1.1. All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place,

25.1.2. All sales and purchases of goods and/or services by the Company, and

25.1.3. The assets and liabilities of the Company.

25.2. Proper books shall be deemed to be kept if they give a true and fair record of the state of the Company's affairs and explain its transactions.

25.3. The books of accounts shall be kept at the registered office of the Company or at such other places as the Board of Directors deems fit. These records shall always be open to inspection by all members of the Company, subject to the approval of the Board of Directors. Inspection can take place during normal working hours and by individuals authorised by the Company in a General Meeting.

25.4. The Board of Directors shall fulfill their statutory obligations by periodically preparing and presenting, in General Meetings, income and expenditure accounts, balance sheets, and reports as mandated by relevant statutes.

## 26. APPLICATION OF SURPLUS

26.1. The surplus funds of the Company shall be applied in the following ways, in such proportions and in such a manner as may be recommended by the Board of Directors and approved at the Annual General Meeting:

to create a general reserve for the continuation and development of the company.

## 27. RULES OR BYE LAWS

27.1. The Board of Directors may from time to time make such Rules or Bye Laws as they may deem necessary for the proper conduct and management of the Company. The Company in General Meeting shall have power to alter or repeal the Rules or Bye Laws and to make additions thereto and the Board of Directors shall adopt such means as they deem sufficient to bring to the notice of members of the Company all such Rules or Bye Laws, which so long as they shall be in force, shall be binding on all members of the Company. Provided, nevertheless, that no Rule or Bye Law shall be inconsistent with or shall affect or repeal anything contained in the Memorandum or Articles of the Company.

## 28. INDEMNITY

28.1. Every member, Director, Company Secretary, auditor (if any) and other officer for the time being of the Company may be indemnified out of the assets of the Company against any losses or liabilities incurred by him/her in or about the execution or discharge of the duties of her/his office subject to the provisions of the Act, except to the extent that such losses or liabilities shall be attributable to:

28.1.1. fraud or other matters in respect of which the member concerned shall be convicted of a criminal offence; or

28.1.2. negligence; or

28.1.3. actions knowingly beyond the scope of a specific authority or limit thereon on the part of the person in question.

## 29. AMENDMENT OF ARTICLES

29.1. The provisions of these Articles of Association may only be amended by a Special Resolution. All amendments shall be registered with the Registrar of Companies and the Community Interest Company Regulator.

29.2. Any amendments to the articles require approval from all active board members.

## 30. SOCIAL AUDIT

30.1. The Company may, through a resolution passed in the General Meeting, conduct an annual Social Audit of its activities, in addition to any financial audit required by law. The purpose of the social audit is to identify the social costs and benefits associated with the Company's work, providing a holistic assessment of its overall performance beyond financial considerations.

30.2. **Conducting the Social Audit:** The social audit may be executed by an independent assessor appointed by the Company in a General Meeting. Alternatively, the Board of Directors may undertake the audit and submit their report for verification or comments to an independent assessor.

30.3. **Scope of the Social Audit:** Assessment of the internal collective working environment, including employees' perspectives, internal democracy and decision-making processes, wages, health and safety measures, skill-sharing initiatives, and educational opportunities.

30.4. Evaluation of the Company's external impact, considering its effects on individuals engaged in similar trades, customers, suppliers, and residents in areas where the Company operates.

30.5. **Purpose of the Social Audit:** The social audit aims to provide a comprehensive understanding of the Company's societal contributions and challenges, facilitating a more nuanced evaluation than financial accounts alone. The findings contribute to informed decision-making and continuous improvement aligned with the Company's objectives.

30.6. **Independent Assessor:** If an independent assessor is involved, their appointment and role shall be determined by the Company in a General Meeting. The independent assessor may validate the Board's report or conduct an impartial evaluation, ensuring transparency and credibility in the social audit process.

30.7. This revised section maintains the essence of the original while providing a more structured and detailed description of the Social Audit process and its objectives.