

Community Interest Company Limited by Guarantee

Articles of Association

of

SCOTO Community Tourism Network CIC

1 Interpretations

1.1 In these Articles:

“Address” means a postal address or, for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages;

“Articles” means the Company’s articles of association;

“Asset-Locked Body” means (i) a community interest company, a charity or a Permitted Industrial and Provident Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;

“Board of Directors” or “Board” means all those persons appointed to perform the duties of directors of the Co-operative;

“Companies Acts” or “the Act” means the Companies Acts (as defined in section 2 of the Companies Act 2006) in so far as they apply to the company;

“Community” has the meaning given in Section 35(5) of the Companies (Audit Investigations and Community Enterprise) Act 2004;

“The Co-operative” means the above-named company;

“Co-operative Principles” are the principles defined in the International Co-operative Alliance Statement of Co-operative Identity. The principles are those of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community;

“Co-operative Values” are the values of self-help, self-responsibility, democracy, equality, equity and solidarity defined in the International Co-operative Alliance Statement of Co-operative Identity;

“Director” means a director of the Co-operative and includes any person occupying the position of Director, by whatever name called;

“Document” includes, unless otherwise stated, any document sent or supplied in electronic form;

“Electronic Means” has the meaning given in section 1168 of the Companies Act 2006;

“Entrenched” has the meaning given by section 22 of the Companies Act 2006 and as detailed under the heading ‘Resolutions’ in these Articles;

“Member” has the meaning given in section 112 of the Companies Act 2006 and as detailed under ‘Membership’ in these Articles;

“Permitted Industrial and Provident Society” means an industrial and provident society which has a

restriction on the use of its assets in accordance with Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 or Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006;

"Person" means, unless the context requires otherwise, a natural person;

"Regulations" has the meaning as detailed under 'Regulations' in these Articles;

"The Regulator" means the Regulator of Community Interest Companies;

"Secretary" means any person appointed to perform the duties of the Secretary of the Co-operative;

"Specified" means specified in the Memorandum or Articles of Association of the company for the purposes of this paragraph;

"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;

"User" means those Persons admitted into membership under these Articles that wish to use the services of the Co-operative and have agreed to pay any subscription or other sum due in respect of membership for the use of the Co-operative's services;

"Writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2** Unless the context requires otherwise, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Co-operative. Schedule 1 to the Companies (Model Articles) Regulations 2008 shall apply to the Co-operative, save where amended or replaced by these Articles. In the case of any variation or inconsistency between these Articles and the model articles, these Articles shall prevail

2 Community Interest Company

- 2.1** The Company is to be a community interest company and shall be known as "the Co-operative" in these Articles.

3 Objects

- 3.1** The objects of the Co-operative are to carry on activities which benefit communities across Scotland and in particular (without limitation) to:
- 3.1.1** provide a forum for networking, collaboration and learning about the work of other Community Tourism organisations and enterprises and the wider tourism sector.
 - 3.1.2** provide an online Community Tourism learning and development resource.
 - 3.1.3** provide programmes of Community Tourism support including and not restricted to small grants, mentoring and capacity building.
 - 3.1.4** provide advisory and facilitation services to support the growth and development of Community Tourism across Scotland.
 - 3.1.5** provide leadership and representation for Community Tourism organisations and enterprises across Scotland.
 - 3.1.6** market and raise awareness of Community Tourism in general and products and experiences provided by associate members.
 - 3.1.7** gather data and intelligence about Community Tourism.

4 Purpose

- 4.1** The purpose of the Co-operative is to carry out its function as a co-operative and to abide by the internationally recognised Co-operative Values and Co-operative Principles as defined by the International Co-operative Alliance. This article is entrenched in accordance with section 22 of the Act; any alteration to this article requires the approval of 100% of the Members.

5 Powers

- 5.1** To further its objects the Co-operative may do all such lawful things as may further the Co-operative'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 Application of profit

- 6.1** The profit of the Co-operative shall be applied in the following ways, in such proportions and in such manner as the general meeting shall decide from time to time:

6.1.1 To create a general reserve for the continuation and development of the Co-operative;

6.1.2 In accordance with the Co-operative Principle of concern for community, to make payment for social, co-operative and community purposes which would further the community benefit.

7 Asset lock

- 7.1** The Co-operative, being a community interest company, shall not transfer any of its assets other than for full consideration. Provided the condition specified in the Article immediately below is satisfied, this Article shall not apply to:

7.1.1 The transfer of assets to any specified Asset Locked Body or (with the consent of the Regulator) to any other Asset Locked Body; and

7.1.2 The transfer of assets made for the benefit of the community other than by way of a transfer of assets to an Asset Locked Body.

- 7.2** The conditions are 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 Articles of the Co-operative.

- 7.3** If the Co-operative is wound up under the Insolvency Act 1986 and all its liabilities have been satisfied, then any residual assets shall be given or transferred to any Asset Locked Body which has similar objects to that of the Co-operative as the directors shall determine with the consent of the Regulator.

MEMBERS

8 Liability of members

- 8.1** The liability of Members is limited to £1. Every Member of the Co-operative undertakes to contribute to the assets of the Co-operative in the event of it being wound up while s/he is a Member or within one year of her/him ceasing to be a Member. The contribution shall be for payment of the debts and liabilities of the Co-operative contracted while s/he was a Member and of the costs, charges or expenses of winding up and for the adjustments of the rights of the contributories amongst themselves. Each Member's contribution shall not exceed £1.

9 Eligibility

9.1 The subscribers to the Memorandum of Association are the first Members of the Co-operative.

9.2 Membership is open to individuals/organisations who are involved, or have an interest in, Community Led Tourism. Members will primarily be based in Scotland but may be located across the world and have a specific link to Scotland. No application for membership will be refused on other than reasonable grounds. There will be no discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex; sexual orientation, political or other opinion.

9.3 There are two tiers of membership:

9.4 SCOTO Networkers are individuals from across Scotland who are involved, or have an interest in, Community Led Tourism. Networker members have voting rights in our co-operative.

9.5 SCOTO Associates are:

9.5.1 organisations which provide community tourism services.

9.5.2 organisations or individuals who are supportive of CLT, but not currently providing community tourism services.

9.6 Associate Members are not able to vote on co-operative matters.

9.7 In accordance with the Co-operative Principle of voluntary and open membership, whilst the Co-operative shall undertake to encourage those Persons meeting the membership criteria to become Members, membership must be voluntary.

9.8 Membership is not transferable to anyone else.

10 Applications for Membership

10.1 Every Person wishing to become a Member must support the aims of the Co-operative and shall deliver to the Co-operative an application for Membership in such form (and containing such information) as the Directors require and executed by him/her. The Directors shall approve each application for membership.

10.2 Members (from both tiers) apply by adhering to the co-operative's 'pledge' which is clearly displayed on the co-operative's website. If access is unavailable, the co-operative will provide the pledge in a way that is agreeable for both the applicant/co-operative.

11 Member Commitment

11.1 All Members agree to attend general meetings and take an active interest in the operation and development of the Co-operative and its business. Members have a duty to respect the confidential nature of the business decisions of the Co-operative.

11.2 In accordance with the Co-operative Principle of education, training and information, the Co-operative shall provide potential Members with information about what the role of a Member is within the Co-operative and will provide training in the skills required to be a Member and to participate in the operation of the Co-operative.

11.3 The Co-operative shall provide ongoing education and training in co-operative values and Co-operative Principles and associated topics. The Co-operative shall support its Members by ensuring that meetings

are accessible and encourage participation.

- 11.4** Members are required to 're-pledge' their membership each year on the individual/organisational anniversary.

12 Termination of Membership

- 12.1** Membership is not transferable to anyone else.

- 12.2** Membership is terminated if the Member:

12.2.1 dies, or in the opinion of the Board is unable to carry out their duties; or

12.2.2 ceases to meet the Co-operative's criteria for membership; or

12.2.3 fails unreasonably to pay any fee or other monies due to the Co-operative; or

12.2.4 resigns in writing as a Member of the Co-operative; or

12.2.5 is expelled from membership in accordance with these Articles.

13 Removal of a Member

- 13.1** A Member may be expelled from membership by a resolution of the Co-operative stating that it is in the best interests of the Co-operative that her/his membership is terminated. A resolution to remove a Member from membership may only be passed if:

13.1.1 The Member has been given at least 21 days' notice in Writing of the general meeting at which the resolution to expel them will be proposed and the reasons why it is to be proposed; and

13.1.2 The Member or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Co-operative) has been allowed to make representations to the general meeting.

GENERAL MEETINGS

14 Meetings of Members

- 14.1** The Co-operative shall in each calendar year hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notices calling it.

- 14.2** The first annual general meeting shall be held within 18 months of incorporation.

- 14.3** Every annual general meeting except the first shall be held not more than 15 months after the previous annual general meeting.

- 14.4** The business of an annual general meeting shall comprise, where appropriate:

14.4.1 Consideration of accounts and balance sheets;

14.4.2 Consideration of Directors' and auditor's reports;

14.4.3 Elections to replace retiring Directors;

14.4.4 Appointment and remuneration of the auditor (or their equivalent).

- 14.5** In accordance with the Co-operative Principle of democratic member control, the Co-operative shall ensure that, in addition to the annual general meeting, at least one other general meeting is held annually. The purpose of these meetings is to ensure that Members are given the opportunity to participate in the decision-making process of the Co-operative, review the business planning and management processes and to ensure the Co-operative manages itself in accordance with the Co-operative Values and Co-operative Principles.

15 **Calling a General Meeting**

- 15.1** The Board of Directors may convene a general meeting or, in accordance with the Companies Acts, 10% of the membership may, in Writing, require the Directors to call a general meeting.

16 **Notices**

- 16.1** The Directors shall call the Annual General Meeting giving 14 clear days' notice to all Members. All other general meetings shall be convened with at least 14 clear days' notice but may be held at shorter notice if so agreed in Writing by a majority of Members together holding not less than 90% of the total voting rights of the Co-operative.

- 16.2** All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions. The notice must also contain a statement setting out the right of each Member to appoint a proxy.

- 16.3** Notice of every general meeting shall be given:

16.3.1 in hard copy form; or

16.3.2 in writing in electronic form (where the individual to whom notice is given has notified the company of an address to be used for the purpose of electronic communication); or

16.3.3 by means of a website (subject to the company notifying members of the presence of the notice on its website, and complying with the other requirements of section 309 of the Act).

- 16.4** The accidental omission to give notice of a meeting to or non-receipt of notice of a meeting by any Person entitled to receive notice shall not invalidate proceedings at that meeting.

17 **Proxies**

- 17.1** A Member who is absent from a general meeting may appoint any Person to act as their proxy, provided that no Person shall hold a proxy for more than five Members at any one time in any general meeting.

- 17.2** Proxies may only validly be appointed by a notice in Writing which:

17.2.1 States the name and Address of the Member appointing the proxy;

17.2.2 Identifies the Person appointed to be that Member's proxy and the general meeting in relation to which that Person is appointed;

17.2.3 Is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Directors may determine; and

17.2.4 Is delivered to the Co-operative in accordance with the Articles and any instructions contained

in the notice of the general meeting to which they relate.

- 17.3** The Co-operative may require proxy notices to be delivered in a particular form and may specify different forms for different purposes.
- 17.4** Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more of the resolutions, otherwise the proxy notice shall be treated as allowing the Person appointed the discretion as how to vote on any matter.
- 17.5** A Person who is entitled to attend, speak or vote (either on a show of hands or a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of the general meeting to which it relates.
- 17.6** An appointment using a proxy notice may be revoked by delivering to the Co-operative a notice in Writing given by or on behalf of the Person by whom or on whose behalf the proxy notice was given. A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or the adjourned meeting to which it relates.
- 17.7** If a proxy notice is not signed by the Person appointing the proxy, it must be accompanied by evidence in Writing that the Person signing it has the authority to execute it on the appointer's behalf.

18 Quorum

- 18.1** No business shall be transacted at a general meeting unless a quorum of Members is present, either in person or represented by proxy. Unless amended by special resolution of the Co-operative, a quorum shall be eight Members or one-third of the membership, whichever is the lesser.

19 Chairing General Meetings

- 19.1** The current Chairperson of the Board is the sitting Chair for general meetings. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Members present shall choose one of their number to be the chairperson for that meeting. In this circumstance, the appointment of a chairperson shall be the first item of business at the general meeting.

20 Attendance and Speaking at General Meetings

- 20.1** A Member is able to exercise the right to speak at a general meeting and is deemed to be in attendance when that Person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a general meeting, it is immaterial whether any two or more Members attending are in the same place as each other.
- 20.2** The chairperson of the meeting may permit other Persons who are not Members of the Co-operative to attend and speak at general meetings, without granting any voting rights.
- 20.3** A Person who is not a Networker Member of the Co-operative shall not have any right to vote at a general meeting of the Co-operative; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Co-operative's debentures.
- 20.4** Article 20.3 shall not prevent a Person who is a proxy for a member from voting at a general meeting of the Company.

21 Adjournment

- 21.1** If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chairperson must adjourn the meeting. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum.
- 21.2** The chairperson of a general meeting may adjourn the meeting whilst a quorum is present if:
- 21.2.1** The meeting consents to that adjournment; or
 - 21.2.2** It appears to the chairperson that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
- 21.3** The chairperson must adjourn the meeting if directed to do so by the meeting.
- 21.4** When adjourning a meeting the chairperson must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.
- 21.5** If the meeting is adjourned for 14 days or more, at least 7 clear days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
- 21.6** No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

22 Voting

- 22.1** In accordance with the Co-operative Principle of democratic member control, each Networker Member shall have one vote on any question to be decided in general meeting. This article is entrenched in accordance with section 22 of the Act; any alteration to this article requires the approval of 100% of the Members.
- 22.2** A resolution put to the vote at a general meeting shall be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- 22.3** In the case of an equality of votes, whether on a show of hands or a poll, the chairperson shall not have a second or casting vote and the resolution shall be deemed to have been lost.

23 Poll Votes

- 23.1** A poll on a resolution may be demanded:
- 23.1.1** In advance of the general meeting where the matter is to be put to the vote; or
 - 23.1.2** At a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 23.2** A poll may be demanded by:
- 23.2.1** The chairperson of the meeting;
 - 23.2.2** The Directors;
 - 23.2.3** Two or more Persons having the right to vote on a resolution.

23.3 A demand for a poll may be withdrawn if the poll has not yet been taken and the chairperson consents to the withdrawal.

23.4 Polls must be taken immediately and in such manner as the chairperson of the meeting directs, provided that each Member shall have only one vote.

24 Resolutions

24.1 Decisions at general meetings shall be made by passing resolutions:

24.1.1 Decisions involving an alteration to articles that have been entrenched in accordance with section 22 of the Act require the approval of 100% of the Members.

24.1.2 The following decisions must be made by special resolution:

24.1.2.1 Decisions involving an alteration to the Articles of the Co-operative, except where an article is Entrenched as detailed above;

24.1.2.2 Decisions to expel Members;

24.1.2.3 A decision to wind up the Co-operative;

24.1.2.4 Other decisions which are required so by statute.

24.1.3 All other decisions shall be made by ordinary resolution.

24.2 A special resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority (51%) of votes cast.

24.3 Resolutions may be passed at general meetings or by written resolution.

24.4 A written resolution passed by Members shall be effective if it has been passed in accordance with the requirements of the Act, which includes sending a copy of the proposed resolution to every Member. Written resolutions may comprise several copies to which one or more Members have signified their agreement.

24.5 A written resolution shall be deemed to have been passed if, within 28 days of the written resolution's circulation date:

24.5.1 Written approval has been received from at least 75% of the Members where the resolution is a special resolution;

24.5.2 Written approval has been received from at least 51% of the Members where the resolution is an ordinary resolution.

24.6 In accordance with the Companies Acts, resolutions to remove a Director or auditor (or their equivalent) of the Co-operative before the end of his/her period of office shall not be passed by written resolution.

DIRECTORS

25 Eligibility

25.1 Those Persons notified to the Registrar of Companies on incorporation and such others as they may determine in writing shall be the initial Board of Directors of the Co-operative from incorporation until

the first annual general meeting.

25.2 Only Persons who are aged 16 years or more may serve on the Board of Directors.

26 Elected Board of Directors

26.1 The Board of Directors shall be elected by and from the Co-operative's Networker Members. The maximum number of Directors serving on the Board shall be determined by a general meeting of the Co-operative from time to time.

27 Retirement Cycle

27.1 At the first annual general meeting all Directors shall stand down.

27.2 At every subsequent general meeting one-third of the Board of Directors, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office.

27.3 The Directors to retire shall be the Directors who have been longest in office since their last election.

27.4 Where Directors have held office for the same amount of time the Director to retire shall be decided by lot.

27.5 A retiring Director shall be eligible for re-election.

27.6 No member can serve more than 9 years without at least one year out of office before being elected again

28 Co-option of Directors

28.1 In addition the Board of Directors may co-opt up to two external independent Directors who need not be Members and are selected for their particular skills and/or experience.

28.2 Such external independent Directors shall serve a fixed period determined by the Board of Directors at the time of the co-option, subject to a review at least every 12 months.

28.3 External independent Directors may be removed from office at any time by a resolution of the Board of Directors.

28.4 The Board of Directors may at any time fill a casual vacancy on the Board by co-option. Such co-opted individuals must be Members of the Co-operative and will hold office as Director only until the next annual general meeting.

29 Board Education and Training

29.1 In accordance with the Co-operative Principle of education, training and information, before accepting a position as Director an individual must agree to undertake training during their first year of office as deemed appropriate by the Co-operative. Such training to include that which provides information on the roles and responsibilities of being a Director of a company which is also a co-operative.

30 Powers and Duties of the Board of Directors

30.1 The Directors are responsible for the management of the Co-operative's business and, subject to these Articles and directions given by special resolution, they may exercise all the powers of a company for this purpose. No such special resolution invalidates anything which the Directors have done before the passing of the special resolution.

30.2 The Board of Directors along with the Members shall have the power to determine policies and procedures associated with membership including setting subscription levels.

30.3 All decisions made by a meeting of the Board of Directors or by any Person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director.

31 Delegation

31.1 Subject to these Articles, the Directors may delegate any of the powers which are conferred on them under these Articles to any Person or committee consisting of Members of the Co-operative, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.

31.2 The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.

31.3 The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

32 Sub-Committees

32.1 A sub-committee to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by Directors.

32.2 The Directors may make Regulations for all or any sub-committees, provided that such Regulations are not inconsistent with these Articles.

32.3 All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.

PROCEEDINGS OF THE BOARD OF DIRECTORS

33 Calling a Meeting of the Board of Directors

33.1 Any Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must indicate the date, time and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with each other.

34 Proceedings of a Meeting of the Board of Directors

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

34.2 A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that Person is in a position to communicate to all those attending the meeting.

34.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

34.4 Questions arising at a Directors' meeting shall be decided by a majority of votes.

- 34.5** In all proceedings of Directors each Director must not have more than one vote.
- 34.6** In the case of an equality of votes the status quo shall be maintained and the Board of Directors may choose to refer the matter to a general meeting of the Co-operative.
- 34.7** A written resolution, circulated to all Directors and signed by a simple majority (51%) of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.
- 34.8** The Board of Directors may, at its discretion, invite other Persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum.
- 34.9** The Directors must ensure that the Co-operative keeps a record, in Writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

35 Quorum

- 35.1** The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors +1.
- 35.2** If at any time the total number of Directors in office is less than the quorum required, the Directors must not take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

36 Chairperson

- 36.1** Directors shall appoint one of their number as the chairperson to facilitate meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairperson for that meeting. The appointment of a chairperson shall be the first item of business at the meeting.

37 Declaration of Interest

- 37.1** Whenever a Director has a personal, financial or material interest, whether directly or indirectly, in a matter to be discussed at a meeting, and whenever a Director has an interest in another unincorporated body, firm, partnership or corporate body whose interests are reasonably likely to conflict with those of the Co-operative in relation to a matter to be discussed at a meeting, notwithstanding matters relating to the terms of business of the Co-operative, s/he must:

37.1.1 Declare the nature and extent of the interest before the discussion begins on the matter;

37.1.2 Withdraw from that part of the meeting unless expressly invited by the chairperson of the meeting to remain;

37.1.3 Not be counted in the quorum for that part of the meeting;

37.1.4 Withdraw during the vote and have no vote on the matter.

- 37.2** Subject to anything to the contrary in these Articles:

37.2.1 In accordance with (but subject to) the Companies Acts, the Board of Directors may give authorisation in respect of a situation in which a Director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Co-operative; and

37.2.2 In authorising a situation the Board of Directors may decide, whether at the time of giving the authorisation or subsequently, that if the conflicted Director has obtained any information through her/his involvement in the situation otherwise than as a Director and in respect of which s/he owes a duty of confidentiality to another Person, the Director is under no obligation to:

37.2.2.1 Disclose that information to the Co-operative; and/or

37.2.2.2 Use that information for the benefit of the Co-operative;

where to do so would amount to a breach of confidence.

38 Remuneration and Expenses

38.1 Directors are not entitled to remuneration for their services to the Co-operative as Directors, but may be remunerated for any other service that they provide as agreed by the Co-operative.

38.2 The Co-operative may pay any reasonable expenses which the Directors properly incur in connection with their attendance at meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Co-operative.

39 Termination of a Director's Appointment

39.1 A Person ceases to be a Director of the Co-operative as soon as:

39.1.1 That Person ceases to be a Member of the Co-operative (unless they are a co-opted external independent Director);

39.1.2 That Person resigns from office in Writing to the Secretary of the Co-operative, and such resignation has taken effect in accordance with its terms;

39.1.3 That Person is removed from office by a resolution of the Co-operative in general meeting in accordance with these Articles and the Companies Acts;

39.1.4 That Person is absent from three meetings of the Board of Directors during a continuous period of 12 months without special leave of absence granted by the Board of Directors and the Directors pass a resolution that s/he has by reason of such absence vacated office;

39.1.5 That Person ceases to be a Director by virtue of any provision of the Companies Acts or is prohibited from being a Director by law;

39.1.6 A bankruptcy order is made against that Person.

40 Removal of a Director

40.1 A Director may be expelled from office by a resolution of the Co-operative stating that it is in the best interests of the Co-operative that her/his office is terminated. A resolution to remove a Director from office may only be passed if:

40.1.1 The Director has been given at least 21 days' notice in Writing of the general meeting at which the resolution to remove them from office will be proposed and the reasons why it is to be proposed; and

40.1.2 The Director or, at the option of the Director, the Director's representative (who need not be a

Member of the Co-operative) has been allowed to make representations to the general meeting.

41 Secretary

- 41.1** The Board of Directors shall appoint a Secretary of the Co-operative for such term and upon such conditions as they think fit. Any Secretary so appointed may also be removed by them.
- 41.2** A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same Person acting in both capacities.

42 Regulations

- 42.1** The Co-operative in a general meeting or the Board of Directors may from time to time make, adopt and amend such Regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they think fit for the management, conduct and regulation of the affairs of the Co-operative and the proceedings and powers of the Board of Directors and sub-committees. No regulation shall be made which is inconsistent with these Articles or the Companies Acts. All members of the Co-operative and the Board of Directors shall be bound by such Regulations whether or not they have received a copy of them.

ADMINISTRATIVE ARRANGEMENTS

43 Means of Communication

- 43.1** A Member may provide their consent to receive communications from the Co-operative by Electronic Means.
- 43.2** Subject to these Articles, anything sent or supplied by or to the Co-operative under the Articles may be sent or supplied in any way in which the Companies Acts provide. Any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being. A Director may agree with the Co-operative that notices or Documents sent to her/him in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

44 Registers

- 44.1** The Board of Directors shall ensure accurate registers are maintained which shall include a register of Members, a register of Directors and such other registers as are required by the Acts.
- 44.2** The register of Members shall record their name, Address, and the dates on which s/he became a Member and ceased to be a Member. A Member shall notify the Secretary of the Co-operative as soon as possible of any change to her/his name or Address.
- 44.3** An entry on the register relating to a former Member of the Co-operative may be removed from the register after the expiration of 10 years from the date on which s/he ceased to be a Member.
- 44.4** The register of Directors shall include the following particulars:
- 44.4.1** Name of the Director and any former names used by her/him for business purposes;
 - 44.4.2** Service address;

44.4.3 Country of residence;

44.4.4 Nationality;

44.4.5 Business occupation, if any;

44.4.6 Date of birth;

44.4.7 Contact details.

44.5 The register of Directors shall be open for inspection to any Member of the Co-operative without charge and to any other Person on payment of such fee as may be prescribed.

44.6 The Co-operative shall also maintain a register of Directors' residential addresses which is not available for inspection.

45 Minutes

45.1 The Co-operative shall ensure that minutes are kept of all:

45.1.1 Proceedings at general meetings of the Co-operative; and

45.1.2 Proceedings at meetings of the Board of Directors and its sub-committees which include names of the Directors and any other Person present, decisions made and the reasons for those decisions.

46 Accounts

46.1 The Board of Directors shall cause proper accounts to be kept and circulated in accordance with the Companies Acts with respect to:

46.1.1 All sums of money received and expended by the Co-operative and the matters in which the receipt and expenditure takes place;

46.1.2 All sales and purchases of goods by the Co-operative;

46.1.3 The assets and liabilities of the Co-operative.

46.2 Proper accounts shall be deemed to have been kept if they give a true and fair record of the state of the Co-operative's affairs and explain its transactions.

46.3 The accounts shall be kept at the registered office of the Co-operative or, subject to the Acts, at such other place or places as the Board of Directors thinks fit, and shall always be open to the inspection of all Members and other Persons authorised by the Co-operative in a general meeting.

46.4 The Board of Directors shall prepare and present to the Members such regular financial reports, results and cash flow predictions showing the current financial position of the Co-operative as the Members in a general meeting shall require to be laid before them.

47 Audit

47.1 The Co-operative may decide if it meets the qualifying criteria to apply the small company audit exemptions. If not, at least once in every year the accounts of the Co-operative shall be examined and the correctness of the income and expenditure account and balance sheet ascertained by one or more

properly qualified auditors (or their equivalents).

- 47.2** Auditors (or their equivalents) shall be appointed and their duties regulated in accordance with the Companies Acts.

48 Borrowing from Member

- 48.1** In accordance with the Co-operative Principle of member economic participation the interest paid by the Co-operative on money borrowed from Members shall not exceed such rate as is necessary to attract and retain the capital required to further the Co-operative's objects and purpose.

49 Social Accounting and Reporting

- 49.1** In addition to any financial accounts required by the Companies Acts, the Members may resolve to undertake an account of the activities of the Co-operative which will endeavour to measure its co-operative, social and environmental performance using whatever methodology the Members deem appropriate. Following the completion of such an account the Co-operative shall report any findings to its Members and other stakeholders.

50 Indemnity and Insurance

- 50.1** Subject to the following article, any Director or former Director of the Co-operative may be indemnified out of the Co-operative's assets against:

50.1.1 Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Co-operative;

50.1.2 Any liability incurred by that Director in connection with the activities of the Co-operative in its capacity as a trustee of an occupational pension scheme (as per the Act);

50.1.3 Any other liability incurred by that Director as an officer of the Co-operative.

- 50.2** The above article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or any other provision of law.

- 50.3** The Directors may decide to purchase and maintain insurance, at the expense of the Co-operative, for the benefit of any Director or former Director of the Co-operative in respect of any loss or liability which has been or may be incurred by such a Director in connection with their duties or powers in relation to the Co-operative or any pension fund of the Co-operative.