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## Companies Act 2006 Company Limited by Shares

### Articles of Association of Peer Mindset Limited 12<sup>th</sup> August 2020

Clause	Article Text
<b>DEFINITIONS</b>	
1	<p><b>Definitions.</b> In these Articles:-</p> <p>LEGAL TERMS</p> <p>“<b>the Act</b>” means the <b>Companies Act 2006</b> and any amendments in force.</p> <p>FINANCIAL TERMS</p> <p>“<b>Cash</b>” includes cheques, electronic fund transfers, IOUs, promissory notes and money orders.</p> <p>“<b>Reserves</b>” exclude the current year's profit and loss account.</p> <p>MEMBER TYPES</p> <p>“<b>Member</b>” means a holder of a Stewardship, Labour, Peer or Supporter (Type A) Share.</p> <p>“<b>Active Member Class</b>” means a class of members where there are still members holding one or more shares in that class.</p> <p>“<b>Stewardship Member</b>” and “<b>Stewardship Shareholder</b>” refers to a member who holds one or more <b>Stewardship Shares</b>.</p> <p>“<b>Labour Member</b>” and “<b>Labour Shareholder</b>” refers to a member who holds one or more <b>Labour Shares</b>.</p> <p>“<b>Peer Member</b>” and “<b>Peer Shareholder</b>” refers to a member who holds one or more <b>Peer Shares</b>.</p> <p>“<b>Supporter Member</b>” and “<b>Supporter Shareholder</b>” refers to a member who holds one or more <b>Supporter (Type A) Shares</b>.</p> <p>“<b>Beneficiary</b>” a member holding only Supporter (Type A) Shares, or an organisation listed in Clause 57 as a beneficiary of the community dividend.</p> <p>“<b>Qualifying Contribution</b>” means a commitment to trade with the Company in a way that meets the criteria for membership. Qualifying contributions are set for <b>Labour</b> and <b>Peer</b> Shareholders only.</p> <p>SHARE TYPES</p> <p>“<b>Stewardship Shares</b>” are shares owned initially by a <u>stewardship member</u>, entitling them to govern the company.</p> <p>“<b>Labour Shares</b>” are shares owned by a <u>labour member</u> who makes qualifying labour contributions in the Company, entitling her or him to participate in Company governance and receive a share of surplus. For the purposes of clarity, any person recognised as an ‘employee’ or ‘worker’ under the employment laws of the territory in which the member works will qualify for <b>Labour</b> Shares if they make a qualifying contribution.</p> <p>“<b>Peer Shares</b>” are shares owned by a <u>peer member</u> who makes a qualifying contribution through their trading or usage of the Company's products / services, entitling her or him to participate in Company governance and receive a</p>

share of surplus. For the purposes of clarity, any person recognised as a beneficiary or a customer of the organisation will qualify for **Peer Shares** if they make a qualifying contribution.

**“Supporter (Type A) Shares”** are shares owned by an supporter member who has participated as a Stewardship, Labour or Peer member. They are issued in return for unremunerated labour or investments of equity capital entitling him or her to a share of the Company's assets and surplus.

**“Supporter (Type B) Shares”** are shares owned by non-participating members who have purchased them through a stock exchange or investment-based crowdfunding.

**Member Shares** is the name given to shares that will be distributed to **Labour** and **Peer** Shareholders as **Supporter Shares** after an increase in the value of the Cooperative. Member Shares are distributed as **Supporter Shares** following the process outlined in Clause 15.

#### GOVERNANCE TERMS

**“Quorum”** a meeting in which a sufficient number of people are present to take decisions.

**“Written Resolution”** means a proposal accepted and passed in writing by a majority of votes cast on a one-shareholder, one-vote basis.

**“Ordinary Resolution”** means a proposal accepted by a majority of votes cast on a one-shareholder, one-vote basis, irrespective of shareholder class, subject to any adjustments provided for in Clause 23 and 24 of these rules.

**“Class Resolution”** means a proposal accepted by a majority of votes cast in one shareholder class on a one-shareholder, one-vote basis.

**“Special Resolution”** means a proposal accepted by a majority of votes cast in each shareholder class separately, on a one-shareholder one-vote basis, plus at least **75% (three-quarters)** of all members irrespective of shareholder class on a one-shareholder, one-vote basis.

2 Regulations in **Companies Act 2006** do not apply unless they are referenced directly in these rules.

3 The name of the Company is **Peer Mindset Limited**.

4 The registered office of the Company is in **England and Wales**.

5 **Objects:** The Company's primary object is: **A multi-stakeholder digital solidarity co-operative enterprise that supports and benefits those with mental illness, autism and learning disabilities in the United Kingdom of Great Britain.**

To assist achievement of this primary object, the Company will pursue secondary objects:

- To build and maintain a modern platform where all stakeholders can network, participate democratically and in solidarity to work towards meeting our primary object.
- To work co-operatively to exchange ideas, learn, share decision making and in a spirit of co-operation attempt to focus on our primary object.
- To change public attitudes and understanding of the mind through education, campaigning, and inspiring change through our approach of inclusion.

- a. to engage in commerce and social activities that spreads wealth and power amongst the Company's primary stakeholders (**Stewardship, Labour** and **Peer** members);
- b. to pursue trading activities that are economically, socially and environmentally sustainable, and which improve the well-being of the Company's primary stakeholders;
- c. to promote the development of social entrepreneurship;
- d. to advance Cooperative Values and Principles that create social capital through participatory management and democratic governance processes;
- e. to abide by the internationally recognised values and principles of cooperative identity as defined by the International Cooperative Alliance (ICA), in particular the values of self-help, self-responsibility, democracy, equality, equity and solidarity and the ethical values of honesty, openness, social responsibility and caring for others;
- f. to abide by principles of equality of opportunity and oppose forms of discrimination on the grounds of social class, race, ethnic origin, gender, sexual preference, age, disability and religion;

6 The liability of members is limited in accordance with the Act.

7 The Company has the power to do anything which is conducive to the furtherance of its objects subject to constraints specified in these **Articles of Association**.

8 The Company's initial ORDINARY SHARE capital is **£ 10.00**.

All existing 1000 ORDINARY SHARES before the date of these articles are renamed to Stewardship Shares and their class rights varied in accordance to those described in clause 10(a)(i).

1000 **Stewardship** Share(s) of nominal value **£ 0.01** each are assigned ownership to Dev Mindset Community Interest Company.

- 9 These rules may be altered only by **Special Resolution** of all shareholder classes, i.e. passed by a majority of votes cast in each shareholder class separately and an overall **75% (three-quarters)** of members in favour, on a one-shareholder, one-vote basis.

## MEMBERSHIP and CAPITAL

10 **Membership and Share Capital:** The Company is open to applications for membership to anyone **who lives in the United Kingdom of Great Britain** in the appropriate class without discrimination, subject to making a qualifying contribution agreed by members in General Meeting. A list of qualifying contributions will be made available to current and prospective members, and will specify: the conditions under which a **Labour** and/or **Peer** share will be issued; the transactions with the Company that qualify an applicant for membership in each class; transferable by the holder

a. The rights and conditions attaching to shares are:

- i. **Stewardship** Shares: issued at a **£ 0.01** par value to natural or legal persons at one vote per shareholder at General Meetings (except as defined in Clauses 23 and 24); cancelled without payment on winding up; transferable to an **asset-locked body** which is defined as a community interest company or charity under The Community Interest Company Regulations 2005.
- ii. **Labour** Shares: issued at a **£ 0.01** par value to natural or legal persons who make at least one qualifying contribution in respect of labour provided to the Company; issued in proportion to their labour contribution; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon cessation of contracts pertaining to their labour contribution; cancelled without payment on winding up.
- iii. **Peer** Shares: issued at a **£ 0.01** par value to natural or legal persons who make a qualifying contribution in the use of the Company's products and services; non-transferable; one vote per shareholder at General Meetings; forfeited on holder's death, bankruptcy or insolvency; cancelled upon the cessation of all trading relationships and service agreements; cancelled without payment on winding up.
- iv. **Supporter (Type A)** Shares: issued to any natural or legal person; issued at the Fair Price (see Clause 15) to investors of equity capital upon payment; issued as 'Member Shares' to providers of labour in proportion to the Capital Gain created by their work; issued as 'Member Shares' to customers/service users in proportion to the Capital Gain created by their trading activity; one vote per shareholder in General Meeting; transferable at the Fair Price to any of the following:
  1. A cooperative or mutual society which has accepted these rules in writing established or has been selected for the purpose of buying and selling (redeeming) Supporter (Type A) Shares and managing them for the benefit of the Company's workforce;
  2. A community interest company, charity, charitable association, trust or foundation which has accepted these rules in writing established or has been selected to purchase (redeem) members' Supporter (Type A) Shares and manage them for public or community benefit;
  3. A social investment fund which has accepted these rules in writing, which has been proposed by the Directors and approved by members in General Meeting as a suitable partner for making social investments.
- v. **Supporter (Type B)** Shares: issued at the Market Price to investors of equity capital via a stock exchange or investment-based crowdfunding agreed by members in General Meeting; non-voting at General Meetings; transferable (tradable) at the Market Price.
  1. Subject to the agreement of the Board of Directors, the Company shall have the power to convert Supporter (Type A) Shares to Supporter (Type B) shares so that they can be listed on the chosen stock exchange or investment-based crowdfunding.
- vi. For the avoidance of doubt, upon death, a member's Peer and Labour shares are cancelled without payment, and the member's Supporter (Type A) Shares will be transferred to other members or an organisation established in accordance with Clause 10(a)(iv) with compensation at the Fair Price, then paid into the member's estate for the benefit of their next of kin. A member's next of kin may not inherit Supporter (Type A) Shares.

- vii. For the avoidance of doubt, each member has only one vote at General Meetings, irrespective of the number of shares and number of share classes held.
  - b. **Alteration of Share Capital.** The Company may issue only new Labour, Peer, Supporter (Type A) and Supporter (Type B) Shares. No Share Certificates shall be issued to any members unless required by the Act.
11. **Transfer of Supporter Shares.**
- a. **Supporter (Type A)** Shares may be transferred with compensation at the Fair Price to organisations established in accordance with Clause 10(a)(iv), providing the member is not in debt to the Company.
  - b. The 5 members who have transferred the most Supporter (Type A) Shares over the last 5 years should be listed, together with their contact details, at the start of the register of members.
  - c. Nothing in these articles requires title to securities to be evidenced or transferred by a written instrument if the Act permits otherwise.
12. **Equity Capital Stakes.**
- a. Every natural and legal person (director, employee, supplier or self-employed contractor) who makes a qualifying labour contribution will be offered **Labour** Shares proportionate to their qualifying contributions at the conclusion of any probationary period agreed by the Company. They will also be offered a chance to purchase **Supporter (Type A)** Shares to the value of **25%** of their initial labour contract (i.e. a person's annual salary, or projected annual value of a contract for services) after 366 days (1 year + 1 day) of continuous service;
  - b. Every natural and legal person (user, customer) who makes a qualifying user contribution will be offered **Peer** Shares in proportion to their qualifying contributions. They will also be offered a chance to purchase **Supporter (Type A)** Shares to the value of **25%** of their product and service purchases from the Company over the previous 12 months;
  - c. The Company may organise a third-party loan or grant of money for an existing member for the purpose of establishing their Supporter (Type A) Shareholding;
  - d. A contract for labour (director, employee or contractor) may specify that part of the remuneration will be made in the form of Supporter (Type A) Shares;
  - e. After the anniversary of a contract to supply labour (12 months), Supporter (Type A) Shares offered by the Directors can be purchased at the then current Fair Price as defined in 15(b) and 15(c);
  - f. Subject to special resolution, the provisions in clauses 12 (a) to (d) can be applied to other legal entities (companies, cooperatives, associations, foundations, charities etc.) who support the work of the Company.
  - g. The Directors shall not be entitled to withhold share offers or prevent share transfers, or reject applications for membership, on the grounds of social class, age, politics, race, creed, religion, culture, ethnic origin, sex or sexual orientation, marital status or disability.
13. **Valuation.**
- a. Pre-emption rights are excluded.
  - b. The Company is valued at the start of every financial year, and this is the "Reference Value".
  - c. On adoption of these articles the Reference Value of the Company is **£ 10**.
  - d. Thereafter, the Reference Value shall be calculated as the book value of fixed assets plus 20 (twenty) times the **Supporter** Share for the previous accounting period (see Clause 47).
  - e. A Class Resolution can require revaluation of the Company or any of its assets.
  - f. The Market Price for Supporter (Type B) Shares (if applicable) shall be determined by the exchange on which the Company's Supporter (Type B) Shares are listed in accordance with Clause 10(a)(v).
  - g. The Fair Price for Supporter (Type A) Shares (where applicable) is established by the process described in Clause 15.
  - h. Supporter (Type A) Shares are traded at the Fair Price when trading is required to satisfy the requirements of Clause 15.

- i. Supporter (Type B) Shares are traded at the Market Price through an exchange.

14 **Share Issues.**

- a. Excluding issues of Member Shares, a “Major Issue” of **Supporter (Type A)** Shares (increasing issued **Supporter** Shares by more than 50% within 6 months or before the end of the first accounting period) must be at a share price agreed by ordinary resolution.
- b. Any other issue of **Supporter (Type A)** Shares should be at the Fair Price (see 15 (b) and 15 (c)).

15 **Capital Gains, Member Shares and the Fair Price.**

- a. The “**Capital Gain Fraction**” is 0.5, and may be changed only by special resolution.
- b. If the Company’s value at the end of an accounting period (the “**New Value**”) is greater than its Reference Value, then **Capital Gain** = (New Value – Reference Value) x [Capital Gain Fraction] and:

the “Workers’ Gain” is Capital Gain / 2;

the “Users’ Gain” is Capital Gain / 2;

the New Fair Price is (New Value – Capital Gain) / (Supporter (Type A) Shares Issued);

the # of Member Shares is (Capital Gain) / (New Fair Price);

This number of Member Shares shall be issued as **Supporter (Type A)** to **Labour** and **Peer** Shareholders by any of the following means:

- i. Issuing **Supporter (Type A)** Shares to the value of Workers’ Gain credited as fully paid to those holding **Labour** Shares in proportion to the number of **Labour** Shares held at the commencement of the accounting period;
  - ii. Issuing **Supporter (Type A)** Shares to the value of Users’ Gain credited as fully paid to those holding **Peer** Shares in proportion to the number of **Peer** Shares held at the commencement of the accounting period;
  - iii. Purchasing **Supporter (Type A)** (at the New Fair Price) from existing **Supporter (Type A)** Shareholders to the value of Workers’ Gain and then issuing them to **Labour** Shareholders in proportion to the number of **Labour** Shares held at the commencement of the accounting period, capped at the Workers’ Gain;
  - iv. Purchasing **Supporter (Type A)** Shares (at the New Fair Price) from existing **Supporter (Type A)** Shareholders to the value of Users’ Gain and then issuing them to **Peer** Shareholders in proportion to the number of **Peer** Shares held at the commencement of the accounting period, capped at the Users’ Gain;
  - v. Any combination of 15 i) to iv) that has the effect of acquiring for **Labour** and **Peer** Shareholders the number of ‘Member Shares’ to which they are entitled.
- c. Otherwise, the new Fair Price is (New Value) / (number of **Supporter (Type A)** Shares in issue).

16 **Borrowing and Investment.**

- a. **Borrowing:** the Board of Directors may exercise all the powers of the Company to borrow money at commercial rates, and to mortgage or charge its undertaking, property and assets (present or future) and to issue debentures provided that:
  - i. No borrowing is authorised that exceeds the value of the Reserves unless:
    - 1. the lender does not take a charge over the assets of the Company;
    - 2. the loan amount or credit agreement is unsecured (i.e. does not require the Company to offer security);
    - 3. the borrowing secures for the Company an asset or contract with a value greater than the amount borrowed.
  - ii. The borrowing is authorised by an Ordinary Resolution.
- b. **Commercial Investments:** the Board may exercise all the powers of the Company to make commercial investments, provided that the sum invested does not exceed one half of Reserves.

	<ul style="list-style-type: none"> <li>i. The balance of Reserves must be held in current or deposit accounts, low-risk stocks, bonds or accessible savings accounts.</li> <li>c. <b>Social investments</b> may be made each year in accordance with Clause 10(iv) providing they total no more than one half of the opening balance of the Redemption Fund for that year.</li> </ul>
<b>17</b>	<b>Donations</b>
	<ul style="list-style-type: none"> <li>a. All monetary donations received will be <b>restricted funds</b> after tax that can only be spent under our “Empowering Growth Mindset Fund”.</li> <li>b. The “Empowering Growth Mindset Fund” must be spent for the purposes as follows: <ul style="list-style-type: none"> <li>i. For the benefit of individuals with experience of mental distress, mental illness, autism spectrum disorder, learning disabilities or related conditions in the United Kingdom of Great Britain.</li> <li>ii. To empower the individuals to develop a growth mindset which we define as a mindset that intelligence can be developed, one can embrace challenges in spite of setbacks to grow, learn from criticism to improve and inspirations in the success from others.</li> <li>iii. These funds are spent for the purpose of (i) and (ii) and <u>not</u> intended to support the caring or caretaking of a passive recipient.</li> </ul> </li> <li>c. The “Empowering Growth Mindset Fund” will require a minimum balance of £1000 before the balance can be spent in one financial year: <ul style="list-style-type: none"> <li>a. If the minimum balance is reached proposals for spending the “Empowering Growth Mindset Fund” must be presented by Directors at the next Annual General Meeting (AGM).</li> <li>b. <b>Peer</b> Members will accept the proposal by a “<b>Class Resolution</b>”: a majority of votes cast on a one-shareholder, one-vote basis by Peer shareholders only.</li> <li>c. Members who hold Stewardship Shares, Labour Shares or Supporter (Type A) shares cannot vote under Clause 17(c) unless they hold Peer Shares as well.</li> <li>d. This clause is entrenched in accordance with section 22 of the Act and any alteration to the article requires the approval of 100% of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis.</li> </ul> </li> </ul>
<b>18</b>	<b>Peer Mindset Pounds (PMP)</b>
	The company has a starting balance of 1,000,000,000,000,000 (one quadrillion) of Peer Mindset Pounds (PMP). Peer Mindset Pounds are Cryptoassets (or ‘cryptocurrency’ as they are also known).
	<ul style="list-style-type: none"> <li>a. One (1) Peer Mindset Pound will be offered free to a Donor for each £1.00 they donate as a thank you <ul style="list-style-type: none"> <li>i. If they donate less than £50 they can receive Peer Mindset Pounds to their online wallet if requested.</li> <li>ii. If they donate £50 or more, they can receive Peer Mindset Pounds online or via a paper wallet minus postage costs deducted from donations if requested (UK only).</li> </ul> </li> <li>b. Further guidance on the use of Peer Mindset Pounds (PMP) by the company must be approved by “<b>Ordinary resolution</b>” at a General Meeting.</li> </ul>
<b>GOVERNANCE</b>	
<b>19</b>	The Directors may call General Meetings and, on the requisition of members holding a tenth or more of the shares in any class, must convene a General Meeting for a date not later than 4 weeks after receipt of the requisition. General Meetings can take place through an online collaborative decision-making platform using technology agreed by members. General Meetings may be held in public, broadcast live, recorded and the records of such meetings can be made available to the public.
<b>20</b>	<p>After each financial year an Annual General Meeting (AGM) will be held. The rules for General Meetings are as follows:</p> <ul style="list-style-type: none"> <li>a. No business shall be transacted at a General Meeting unless a quorum of members is present. Unless and until otherwise decided by General Meeting, <b>10%</b> of the membership shall be the quorum, subject to the number of members being <b>twenty (20)</b> or more.</li> <li>b. In the event of the membership exceeding <b>two hundred fifty (250)</b> the quorum shall be 5% of the membership.</li> </ul>

- c. In the event of the membership being **less than 10**, the quorum shall be **two (2)** unless the company has only one (1) member then it shall be one (1).
  - d. An invitation to all members to join an online collaborative decision-making platform before a General Meeting shall be sufficient to satisfy the rules regarding a quorum providing all resolutions on which a vote is required are posted to the online collaborative decision-making platform before the meeting.
  - e. No business shall be transacted at an off-line General Meeting until the meeting has agreed a chairperson. Online General Meetings do not require a chairperson. Whenever a Managing Director (or Chief Executive) is in post, the Managing Director (or Chief Executive) will chair an off-line General Meeting. If a Managing Director (or Chief Executive) is not in post, or the Managing Director (or Chief Executive) is not present, the meeting will elect one of the Directors to chair the meeting. If no Director is present, the meeting may elect a chairperson from those present.
21. The General Meeting can set corporate policy, approve/reject social enterprise plans, and take decisions about acquisition and disposal of property, and partnership arrangements with other organisations.
- a. A proposal to acquire another organisation may be taken by Ordinary Resolution.
  - b. A proposal to merge or sell the Company must be put as a Special Resolution.
  - c. A proposal to wind up or dissolve the Company must be put as a Special Resolution.
22. Corporate policy and social enterprise plans are implemented by a Managing Director (or Chief Executive) or by Board Members. The Board will stipulate their authority whenever appointed.
- a. When no Managing Director (or Chief Executive Officer) is in post, the Board member elected by the **Stewardship** Shareholders will assume the responsibilities of Managing Director (or Chief Executive Officer) until a new Chief Executive Officer can be appointed.
  - b. If the situation in 22(a) arises, and two or more directors have the same number of **Stewardship** Shares, the longest serving member will assume the responsibilities of the Managing Director (or Chief Executive Officer) until a new Managing Director (or Chief Executive Officer) is appointed.
  - c. Managing Director (or Chief Executive) is responsible to the General Meeting and Board for the organisation and management of the Company and the implementation of the Company's social enterprise plans.
23. Every **Stewardship, Labour, Peer and Supporter (Type A)** shareholder can attend, speak and propose resolutions at a General Meeting, can stand (subject to clauses 31 and 33) for election as a Director and can cast one vote at General Meetings (as provided for in clauses 25 and 26).
24. Any person can act as a proxy for a member at General Meeting. An instrument appointing a proxy must be written in a usual form, or a form approved by the Directors.
- a. A proxy may act for a maximum of **five (5)** other member(s) at General Meetings (i.e. can cast a maximum of **five** vote(s) in addition to their own).
25. Decisions at off-line General Meetings are made by passing resolutions with a show of hands, unless a poll is demanded by at least **2** members. At online General Meetings, decisions are made by approving a member proposal using the collaborative decision-making tools adopted by members.
- a. For Ordinary Resolutions taken by a show of hands (or online vote), **Stewardship, Labour, Peer and Supporter (Type A)** shareholders have one vote each, irrespective of the number of shares held and irrespective of the class(s) of share held.
  - b. For Ordinary Resolutions involving a poll, and Special Resolutions, each member votes once, irrespective of the number of memberships held. Their vote counts toward the lowest numbered member class in which they hold membership (from the following list of member classes):
    - 1 - **Stewardship** members
    - 2 - **Labour** members
    - 3 - **Peer** members
    - 4 - **Supporter (Type A)** members
 (For example, if a person is both a **Stewardship** and **Labour** member, their vote would only be counted once in the **Stewardship** member class.)
  - c. If a poll is requested by at least **two (2)** members, the chairperson must offer each shareholder class a chance to pass a Class Resolution in accordance with the provisions of Clause 25 before proceeding with the poll.
26. On a show of hands, online vote, or poll, every member who is present in person or by proxy, has one vote.

- a. In the event of a poll, the total number of **Stewardship, Labour, Peer** and **Supporter (Type A)** votes for and against the resolution will be recalculated using the following formulae (see clause 47 for [**Supporter Share Fraction**]; see clause 42 [**Labour Share Fraction**] and [**Peer Share Fraction**]; see clause 43 for [**Stewardship Share Fraction**])
    - i. [**Supporter (Type A) Votes For**] / [**Supporter (Type A) Votes Cast**] \* [**Supporter Share Fraction**]
    - ii. [**Supporter (Type A) Votes Against**] / [**Supporter (Type A) Votes Cast**] \* [**Supporter Share Fraction**]
    - iii. [**Labour Votes For**] / [**Labour Votes Cast**] \* [**Labour Share Fraction**]
    - iv. [**Labour Votes Against**] / [**Labour Votes Cast**] \* [**Labour Share Fraction**]
    - v. [**Peer Votes For**] / [**Peer Votes Cast**] \* [**Peer Share Fraction**]
    - vi. [**Peer Votes Against**] / [**Peer Votes Cast**] \* [**Peer Share Fraction**]
    - vii. [**Stewardship Votes For**] / [**Stewardship Votes Cast**] \* [**Stewardship Share Fraction**]
    - viii. [**Stewardship Votes Against**] / [**Stewardship Votes Cast**] \* [**Stewardship Share Fraction**]
  - b. If there is no qualifying contribution for Labour members or all Labour member votes do not count due to holding membership in a lower numbered share class (see Clause 25(b)) Labour members will not participate in voting.
  - c. If there is no qualifying contribution for Peer members or all Peer member votes do not count due to holding membership in a lower numbered share class (see Clause 25(b)) Peer members will not participate in voting.
  - d. The total vote for the resolution is the aggregate of i), iii), v) and vii)
  - e. The total vote against the resolution is the aggregate of ii), iv), vi) and viii)
  - f. For an Ordinary Resolution to pass, the aggregate of i), iii), v) and vii) must be greater than 0.5, otherwise the resolution is not passed.
27. **Special resolutions** may only be proposed by the Board or by Class Resolution.
- A Special Resolution is passed if:
- accepted by a majority of eligible votes cast in each shareholder class separately, on a one-shareholder one-vote basis, plus at least **75% (three-quarters)** of all members irrespective of shareholder class on a one-shareholder, one-vote basis.
28. Unless a poll is demanded, a declaration by the chairperson at the meeting that a resolution has, on a show of hands, been carried or lost and an entry to that effect in the book containing the minutes of the proceedings (or equivalent record in an online collaborative decision-making forum) shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against a resolution.
29. A written resolution signed by all members, or approved using designated technology, is valid as if properly passed at a General Meeting.
30. The proceedings of a meeting are not invalidated by the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive notice. Notice shall be deemed to have been given if sent to the email address, user account or other technological place of transmission, nominated or accepted by the party entitled to receive such notice.
31. **Directors.** The Company shall have a Board of between **one** and **five (5)** directors except in the circumstances described in clauses 31(a) and (b). A sole director shall have authority to exercise all the powers and authorities vested in the Directors unless:
- a. The company is in receipt of grant or loan funding from a public authority, charitable body or other asset-locked organisation (e.g. a credit union, community-owned cooperative or company), in which case the minimum number of Directors shall be **three (3)** representing at least **two (2) shareholder classes**,
  - b. The company has **250** or less members, in which case the minimum number of directors shall be **one (1)** elected by **Stewardship** shareholders.
  - c. The company has **250** or more members, in which case the minimum number of directors shall be **two (2)** with:
    - i. **One (1)** elected by a majority of eligible votes cast by **Stewardship** shareholders by **Written Resolution** or **Class Resolution**.

- ii. **One (1)** holding **Peer, Labour** or **Supporter (Type A)** shares elected by at the next Annual General Meeting (AGM) by **Ordinary Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
  - d. The company has **500** or more members, in which case the minimum number of directors shall be **three (3)** with
    - i. **One (1)** elected by a majority of eligible votes cast by **Stewardship** shareholders by **Written Resolution** or **Class Resolution**.
    - ii. **One (1)** holding **Peer** shares elected by **Peer** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
    - iii. **One (1)** holding **Labour** or **Supporter (Type A)** shares elected by at the next Annual General Meeting (AGM) by **Ordinary Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
  - e. The company has **750** or more members, in which case the minimum number of directors shall be **four (4)** with
    - i. **One (1)** elected by a majority of eligible votes cast by **Stewardship** shareholders by **Written Resolution** or **Class Resolution**.
    - ii. **One (1)** holding **Peer** shares elected by **Peer** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to re-election by rotation every year), following the **Companies Act 2006**.
    - iii. **One (1)** holding **Supporter** shares elected by **Supporter (Type A)** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
    - iv. **One (1)** holding **Labour** shares elected by **Labour** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
32. If the Company has fewer than **1000** members, the Managing Director (or **Chief Executive Officer**) will be elected by a majority of eligible votes cast by **Stewardship** Shareholders in a **Written Resolution** or **Class Resolution**.
- a. A Director may be removed from office at any **General Meeting** by an **Ordinary Resolution** as follows:
    - i. From a poll as in Clause 25 and 26.
    - ii. The **Stewardship** Share Fraction in Clause 26(a)(vii.) and (viii.) is 0.51 for the purposes of this vote only.
    - iii. This clause is entrenched in accordance with section 22 of the Act and any alteration to the article requires the approval of 100% of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis.
33. If the Company has **1000** or more members, directors and a Managing director (or Chief executive) will be elected as follows.
- a. **One (1)** elected by a majority of eligible votes cast by **Stewardship** shareholders by **Written Resolution** or **Class Resolution**.
  - b. **One (1)** holding **Peer** shares elected by **Peer** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
  - c. **One (1)** holding **Supporter (Type A)** shares elected by **Supporter (Type A)** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
  - d. **One (1)** holding **Labour** shares elected by **Labour** shareholders only at the next Annual General Meeting (AGM) by **Class Resolution** (one will be subject to **re-election by rotation every year**), following the **Companies Act 2006**.
  - e. A Managing Director (or **Chief Executive Officer**) will be elected by a majority of eligible votes cast in each shareholder class (**Labour** Shareholders, **Peer** Shareholders, **Supporter** Shareholders and **Stewardship** Shareholders) or at least 50% (fifty percent) of all member votes cast irrespective of shareholder class on a one-shareholder, one-vote basis (**subject to re-election by rotation every two years**).
  - f. A Director may be removed from office at any General Meeting by **Ordinary Resolution**.
  - g. A Managing Director (or **Chief Executive**) may be removed from office at any General Meeting by **Ordinary Resolution**.

- h. A Managing Director (or **Chief Executive**) has a casting vote at board and General Meetings but is not required to use it.
  - i. In the absence of a Managing Director (or **Chief Executive**) or if a Managing Director is not elected, a majority of eligible votes cast by **Stewardship** shareholders by **Written Resolution** or **Class Resolution** will elect a Managing Director to fulfil this role (as set out in 33(h)).
  - j. A Director cannot be removed by other Directors except at General Meeting (as set out in 33 (f)).
  - k. The Board of Directors may freely negotiate contracts to the value of 50% of the Company's annual turnover (as reported in the previous year's filed accounts). Contracts in excess of this amount require General Meeting approval.
34. Directors' meetings may be held between General Meetings by any means defined within the Act, and through an online collaborative decision-making platform.
- a. All acts done by any meeting of the Directors or by any person acting as a member of the Board shall, even if it be afterwards discovered that there was some defect in the appointment of any Board members or person acting as such, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Board member.

#### EXPENSES, BENEFITS AND PAY

35. Providers of labour (directors, employees, self-employed contractors) shall be paid reasonable expenses wholly incurred in relation to furthering the business of the Company.
- a. A schedule of acceptable benefits and expenses may be agreed by Ordinary Resolution. Any expenses paid, or benefits provided, outside the scope of an agreed schedule must be itemised in the annual accounts.
  - b. Benefits and expenses must be itemised and recorded in such a way that they can be inspected by any member during normal office hours.
36. **Remuneration** has three components: Basic Wages ("Pay"), **Labour** Share dividends and **Supporter** Share dividends.
- a. Each provider of labour is subject to one or more contracts (employment contract, contract for services or company membership) which controls the manner in which they are remunerated for their labour. These articles, including subsequent modifications, are part of any contract between the Company and those providing labour (directors, shareholders, employees, self-employed contractors). All members of the company shall be provided with a copy of these rules upon agreement or variation of a contract to supply labour.
  - b. Labour may be recognised solely through Company membership and remunerated solely through **Labour** Share dividends. A formal contract of employment will be issued if, in the view of the Directors, 'employee status' tests used in employment tribunals have been, or are expected to be, satisfied (i.e. a person works regular hours, receives regular pay, has agreed holiday entitlements and is subject to regular supervision etc.).
  - c. If the Company issues contracts of employment to members of staff, **the maximum ratio between the hourly rate of the highest and lowest paid member of staff shall be 3:1** This ratio can only be amended by a **Class Resolution** in a meeting of **Labour** Shareholders upto a maximum ratio between the hourly rate of the highest and lowest paid member of staff of **5:1**. A maximum ratio between the hourly rate of the highest and lowest paid member of staff of **6:1** or higher may only be made by **Special Resolution** only.
  - f. Directors' pay and conditions follow the same principles as other Company members and employees.
37. a. **"Total Revenue"** means sales plus earnings from services provided plus any other income, but excludes proceeds of new issues of securities or loans obtained
- b. **"Profit"** is equal to Total Revenue less the cost of materials and services, less depreciation, less rents, less interest.
38. **"Associated Costs"** means the costs directly associated with a given amount of Pay, including employee's and employer's contributions to insurance schemes, superannuation, healthcare plan, childcare, staff club and any other benefits deducted from pay, together with sickness, maternity, paternity or other statutory pay, and Pay-As-You-Earn income tax.
39. **"Surplus"** is equal to Profit, less Pay including their Associated Costs, less Corporation Tax.
- a. The first **£ 2,500** of Surplus or 30% of Profits (whichever is greater) will be allocated to Reserves as working capital. This amount will be deducted from Surplus before calculating **Stewardship** Share Dividends, **Peer** Share Dividends, **Labour** Share Dividends and **Supporter** Share Dividends

- b. 10% of the Surplus transferred to reserves will be held in a “**Redemption Fund**”, set aside to fund the creation of organisations defined in Clause 10(a)(iv) that enable members to sell their **Supporter Shares**.
- c. 5% of Surplus earned above £2,500 will be transferred to Restricted Funds for use in the “Empowering Growth Mindset Fund” under Clause 17.
40. Additional Capital Expenditure, Extraordinary and Research and Development Costs in excess of £ **10,000** not financed by **Supporter Share Issue** must either:
- be deducted from Surplus in exchange for new **Supporter (Type A) Shares** credited as fully paid, or
  - be paid for from Reserves,
- or as determined by **Special resolution**.
41. “**Stewardship Share**”, “**Labour Share**” and “**Peer Share**”
- The Stewardship, Labour and Peer Share of Surplus, distributed in dividends, is calculated by multiplying [Surplus] (if greater than zero) for the relevant period by the [Stewardship Share Fraction], [Labour Share Fraction] and [Peer Share Fraction]. If [Surplus] is less than or equal to zero, no Stewardship Share or Labour Share or Peer Share dividends are paid.
- In the event that there are no **Labour** Shareholders to pay dividends, the Company shall add the Labour Share to the Peer Share and pay the dividends to Peer Shareholders following the procedures set out in Clause 42.
  - In the event that there are no **Peer** Shareholders to pay dividends, the Company shall add the Peer Share to the Labour Share and pay the dividends to Labour Shareholders following the procedures set out in Clause 42.
  - In the event that there are no Peer and Labour Shareholders to pay dividends, the dividends shall be transferred to Reserves.
42. “**Labour Share Fraction**” and “**Peer Share Fraction**”
- The **Labour Share Fraction** is **0.30** and **Peer Share Fraction** is **0.30**  
These may be changed only by **Special Resolution**.
  - No **Labour** or **Peer** Shareholder may receive a dividend of more than [Surplus] x [Labour Share Fraction].
43. “**Stewardship Share Fraction**”
- Stewardship Share Fraction** is **0.15** except in the case of the removal of directors under Clause 32(a).  
This clause is entrenched in accordance with section 22 of the Act and any alteration to the article requires the approval of 100% of all members cast their vote in favour of the resolution, irrespective of shareholder class, on a one-shareholder one-vote basis.
44. “**Stewardship Share Dividends**”, “**Labour Share Dividends**” and “**Peer Share Dividends**”
- At the end of an accounting period, the **Stewardship, Labour** and **Peer Share** are distributed as dividends to each **Stewardship, Labour** and **Peer** shareholder using the following formulae:
- $$\begin{aligned}
 & [\text{Stewardship Share}] \times (\text{Member's Stewardship Shareholding} / \text{All Issued Stewardship Shares}) \\
 & + \\
 & [\text{Labour Share}] \times (\text{Member's Labour Shareholding} / \text{All Issued Labour Shares}). \\
 & + \\
 & [\text{Peer Share}] \times (\text{Member's Peer Shareholding} / \text{All Issued Peer Shares})
 \end{aligned}$$
45. At the discretion of the Board, all members and employees may be advanced a proportion of their projected **Labour Share** dividends on a regular basis in addition to monthly Pay. Advances must be listed in the Annual Accounts and deducted from the **Labour Share** before calculating **Labour Share Dividends**.
46. Providers of labour (directors, employees, self-employed contractors) may, subject to mutual consent, be part-paid in **Supporter (Type A) Shares**, credited as fully paid.
47. **Supporter Share Dividends** are paid after **Stewardship, Labour** and **Peer Share** dividends.
- The “**Supporter Share Fraction**” is **0.25** and the “**Supporter Share**” is [Surplus] x [**Supporter Share Fraction**]. This may be changed only by **Special Resolution**.
  - The **Supporter Share Dividend** paid in any accounting period is the lowest of the following:
    - that which may be paid by law;
    - the [**Supporter Share**] x (1 – [Capital Gain Fraction]); and

- iii. the balance of the profit and loss account, if greater than zero;
- c. otherwise it is zero.
- d. The dividend is divided equally between all **Supporter (Type A)** and **Supporter (Type B)** Shares (i.e. each member receives a dividend proportional to their shareholding).
- e. Dividends, if payable, must be paid within **12** calendar months of the end of the accounting period. Interest at the Company's bank account is to accumulate on unpaid dividends after this time.

48. **Shares instead of dividends.**

- a. The directors must offer **Stewardship** shareholders the choice of receiving additional **Supporter (Type A)** Shares credited as fully paid in exchange for reinvestment of some or part of any dividend they are issued.
- b. The directors must offer **Peer** shareholders the choice of receiving additional **Supporter (Type A)** Shares credited as fully paid in exchange for reinvestment of some or part of any dividend they are issued.
- c. The directors must offer **Labour** shareholders the choice of receiving additional **Supporter (Type A)** Shares credited as fully paid in exchange for reinvestment of some or part of any dividend they are issued.
- d. The directors must offer **Supporter (Type A)** shareholders the choice of receiving additional **Supporter (Type A)** Shares credited as fully paid in exchange for reinvestment of some or part of any dividend they are issued.
- e. The directors must offer **Supporter (Type B)** shareholders the choice of receiving additional **Supporter (Type B)** Shares credited as fully paid in exchange for reinvestment of some or part of any dividend they are issued.

49. No additional sum may be transferred from the profit and loss account to Reserves unless it represents new **Supporter (Type A)** credited as fully-paid, or is approved by special resolution, or is required by law.

#### ACCOUNTING AND AUDITING

50. Financial and social accounts will be prepared for Board and General Meetings by a person with appropriate bookkeeping and accounting skills or qualifications. They will use accounting conventions agreed by the Board, or as required by the Act.

- a. If the Company has fewer than **5000** members and qualifies for exemption from audit under **the Act** the Board does not require the financial accounts to be audited unless an **Ordinary Resolution** is passed requesting an audit of the financial accounts.
- b. If the Company has **5000** or more members:
  - i. The Board shall recommend a choice of financial auditors and an audit committee for approval in General Meeting.
  - ii. The selected financial auditor shall audit the company's financial accounts prior to their approval in General Meeting for filing with the relevant regulatory authority.
  - iii. An audit committee of up to four people (comprising non-Board members from at least two shareholder classes) will be elected at each AGM.
  - iv. The purpose of the audit committee is:
    - 1. to assist and check the preparation of financial records presented to General Meetings so that they are accurate, authentic and meet the needs of members;
    - 2. to organise elections in accordance with Clause 33;
    - 3. to record, check and authenticate that the procedures in clauses 19 to 30 are being followed when voting takes place in a General Meeting.

51. Accountants, Auditors and Independent Experts.

- a. The financial auditor (if appointed) shall be from a Recognised Qualifying Body (RQB).
- b. Accountants, Auditors and Independent Experts shall require the accounts to record Members Capital and Cooperative Capital separately.
  - i. "**Members' Capital**" is defined as the sum of the value of members' **Supporter (Type A)** Shareholdings.
  - ii. "**Cooperative Capital**" is defined as the sum of grants and donations received from public authorities, charitable bodies and other asset-locked social enterprises (e.g. community benefit societies or community interest companies), plus any capital that members' are required by the Act to convert, or have voluntarily converted, to Cooperative Capital.

## DISPUTE RESOLUTION AND INTELLECTUAL PROPERTY

52. **Labour Contract Revaluations.** In the event of a dispute, the escalation procedure is:
- Valuation by a recruitment agency or recruitment consultant agreeable to all parties.
  - Appeal (with resolution) subject to a vote at General Meeting;
  - Advisory, Conciliation and Arbitration Service (ACAS)**
- In the event that a labour contract revaluation leads to a breach of the ratio between the highest and lowest paid member of staff (as set in clause 36(c)) the revaluation will only be applied if **Labour** Shareholders pass a Class Resolution adjusting the ratio to permit the new level of pay. Until such time as a Class Resolution is passed, the maximum pay permissible is capped in accordance with the current ratio (e.g. if the ratio is 3:1, the maximum pay is 3x the lowest paid).
53. **Relationship Disputes.** In the event of a dispute between two or more members, the escalation procedure is:
- Mediation by the Managing Director, or a Director, a management consultant, trade union official; FairShares Association Founder, Regional Social Enterprise Network official or other third-party agreeable to all parties;
  - Appeal (with resolution) subject to a vote at General Meeting;
  - Co-operatives UK**
54. Except in the case of resignation or voluntary termination by both parties, a member's employment, supplier contract (or company membership) may be terminated only after an Ordinary Resolution proposing the termination of the contract has been passed in General Meeting.
- Termination is subject to the satisfaction of all lawful terms contained in the member's employment and/or trading contract(s). A resolution to terminate an employment or supplier contract, or company membership, cannot be modified by Class Resolution to become a Special Resolution (clause 27 does not apply).
55. The Company may pay for Directors' and officers' indemnity insurance against liabilities related to Company business, excluding negligence and/or fraud.
56. **Intellectual Property (IP).** With the exception of trademarks, the Company shall record which members have created and contributed intellectual property (IP) to further company objects, and ensure that ownership of all IP remains vested in its creator(s). For the avoidance of doubt, the Company shall not own IP created by members before, during or after their period of membership unless ownership is freely and voluntarily transferred by those members to the Company, or is modified by the provisions below.
- All IP created by members while working for the Company will be vested in them individually and/or collectively.
  - As a condition of membership and/or employment, all IP created by members during their work for the Company shall be licensed to the Company under a Creative Commons Licence for both noncommercial and commercial trading, with permission to adapt, share and re-use the IP in product and service development. Any product or service offered will use the same Creative Commons licence unless a variation of this is negotiated with the creator(s) of the IP.
    - Where a member creates (or members create) IP for the Company during their period of membership, the Company shall have an exclusive right to use and commercialise the IP while they remain a member. If the member leaves the Company, upon termination of their membership, the Company shall be granted joint copyright in IP it contracted the member to create and retain a non-exclusive right to continue using and adapting that IP in both non-commercial and commercial ventures, including a unilateral right to enforce applicable Creative Commons licences.
    - Members who leave the Company retain a non-exclusive right to use IP they created for the Company in both non-commercial and commercial ventures, including a unilateral right to enforce applicable Creative Commons licences.
  - IP transferred to the Company by members, and IP bought by the Company from third parties, shall be owned collectively by all members and made freely available to them for non-commercial use and private study.
  - The Company shall use its best endeavours to manage IP as if it were an 'intellectual commons' for the benefit of Company members.
  - Members may wish to offer the Company joint copyright in IP they have created before or during their period of membership so that the Company can take legal proceedings on their behalf to enforce the terms of the applicable Creative Commons Licence.

## DISSOLUTION

57. Upon dissolution, a qualified accountant or auditor will calculate the value of “**residual assets**” ([shareholder funds] + [accumulated profit and loss account] + [assets – liabilities]). After satisfaction of all creditors, **residual assets** will be distributed to **Supporter** Shareholders in proportion to their shareholding after satisfying the following requirement:

- a. If the Company has received grant funding from a public authority, charitable body or other asset-locked social enterprise (e.g. a community benefit society or community interest company), a qualified accountant or auditor will verify the amount of Cooperative Capital, and calculate a “**community dividend fraction**” and “**community dividend**”. The **community dividend fraction** will be calculated using the formula shown in 57 (a) (i). The **community dividend** will be calculated using the formula shown in 57 (a) (ii):
  - i. 
$$\frac{[\text{Cooperative Capital}]}{([\text{Cooperative Capital}] + [\text{Members' Capital}] )}$$
  - ii. 
$$([\text{Members' Capital}] + [\text{profit and loss account}] + [\text{other assets}]) * [\text{community dividend fraction}]$$
- b. If the total value of **residual assets** is greater than **£ 2,500**, not less than [**community dividend**] will be divided equally between the following bodies:

**Organisation Name:** (or as decided in General Meeting) **National Schizophrenia Fellowship**  
Charity No: 271028

**Organisation Name:** (or as decided in General Meeting) **National Autistic Society**  
Charity No: 269425

**Organisation Name:** (or as decided in General Meeting) **Mencap**  
Charity No: 222377

- b. Any remaining assets will be divided equally between **Supporter** Shareholders in proportion to the number of **Supporter** Shares reported in the company’s most recent Annual Return, or as set out in the registration document at Companies House (if no Annual Return has been filed). For the avoidance of doubt, changes in shareholdings since registration (if not filed in an Annual Return), or since the most recent Annual Return, will be ignored for the purposes of calculating the share of residual assets paid out when the Company is dissolved.
- c. In finalising the dissolution of the company, and subject to the requirements of Insolvency Law, debts and payments to creditors and shareholders will be satisfied in the following order:
  - i. Outstanding debts to **employees, workers and contractors** (e.g. wages/fees)
  - ii. Outstanding debts to other **priority creditors** (e.g. VAT and taxes)
  - iii. Outstanding debts to **suppliers** (e.g. unpaid supplier invoices)
  - iv. Outstanding debts to **other creditors** (e.g. loan balances)
  - v. Payment of the community dividend
  - vi. Division of remaining **residual assets** to **Supporter** Shareholders.