

Constitution



SBUK (Wollaston, UK)



SBDoo (Croatia)



SBPty (South Africa)



SBSA (France)



SBME (Dubai)



SB ATC (Canada)

A promise was made to review the new governance structure and processes, agreed in 2010, after 3 years. Subsequently, a small group comprised of members of the Group Governance Bodies recommended minor changes to the Group Governance documents and these were approved by members in general meeting at the AGM on 20th May 2014.

Below is a photo of some of the people involved in the detailed governance changes approved in 2010.



Chairmen of UK Board, Commonwealth Board and Group Board signing the approved revised Articles of Association on 26.4.2010

Seated left to right Philip Bruce, Heather Puddephatt, Richard Stillwell

**Standing left to right some of the Members of the Governance Review Project Team
Anne Atkinson-Clark; Graeme Nuttall (external Legal Adviser);
Sue Carter; Chuck Scott; Hilary Pinder; Tim Phillips; Godric Bader; Sam Bell; Les Norwood**

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Introduction to The Scott Bader Commonwealth Limited

The Scott Bader Company Limited was established in 1923 by Ernest Bader, a Swiss émigré who set up a merchandising venture in London in 1920, with the sole UK agency for Swiss celluloid. By 1932, Scott Bader had moved into manufacturing in the East End of London. In 1940, the company relocated to the head office site in Wollaston, Northamptonshire.

The Commonwealth – a unique vision

The Scott Bader Commonwealth was “founded on the belief that a socially responsible undertaking cannot exist merely in its own interests. It is part of the whole national and international community, and, as such, has responsibilities which extend far beyond its factory walls.”

Scott Bader Company Limited is the means to fulfil this vision. Giving money to charity is excellent, but it is not why Ernest Bader gifted the company to us. He wanted to create a radical company; whose well-being was entrusted to those who work within it; a company that was not based on the capitalist model; a company with high levels of democratic involvement, which could exist in perpetuity. The way the company is structured, and the way shares are held, is based on the mechanisms available at the time.

The Commonwealth becomes reality

When the shares were gifted in 1951, the founders wanted to give a new name to this new entity. The name they chose was ‘Commonwealth’ – deriving from the words ‘common weal’ meaning ‘sharing of wealth’. People would share in the financial success of the new company, but would also be part of an organisation that conducted business in a different way. Working at Scott Bader would be more than simply turning up, doing a job and being paid.

Our Life President, Godric Bader, stated that the fundamental purpose of the Commonwealth is to generate social change - by creating work in a different way and by encouraging people to manage themselves, ethically and responsibly. The goal is to create an industrial society that delivers social benefits to the world, as opposed to what we have at present – an economy based on private profit.

Ernest Bader’s highly generous and imaginative act established a common trusteeship business. All the shares are held in trust, so we are totally independent. This allows us to improve our lives as individuals, and show that there is a better way of doing things. So, by our example, we can help improve society at large.

Guiding Principles

When the Commonwealth was formed, Ernest also gave us a set of Principles by which to operate. Everyone who joins Scott Bader is provided with information about the company and the Commonwealth. We expect people to become Commonwealth Members, make a commitment to uphold the Commonwealth Principles and play their part in maintaining Scott Bader's unique position.

When we talk about 'the Commonwealth' and 'Commonwealth Membership' we are really talking about the culture of Scott Bader and how we do things.

An expanding company

When Scott Bader became a Commonwealth Trustee Company, it only operated in the UK.

Over the last 50 years, the company has successfully expanded, and now has manufacturing companies in France, South Africa, Dubai, Croatia and Canada, along with distribution outlets in the Czech Republic, France, Sweden, Spain, USA, China and Ireland. Over 600 people are employed worldwide, and there are more than 500 Commonwealth Members across the globe.

Strengthening our democracy

This global expansion has seen us move from a participative to a representative democracy. Our governance structure now reflects the international status of the company, and to strengthen and add clarity to our industrial democracy.

Group companies' involvement

Group companies are integral to the Commonwealth; interdependent bodies working in an atmosphere of collaboration and co-operation within a set of formal checks and balances to ensure the continuing development of the Commonwealth.

Governance

A number of separate bodies are involved in the governance process. The people within these bodies are all part of Scott Bader, but, at times, they have different responsibilities and play different roles to help realise the Principles.

Commonwealth Members' involvement

Commonwealth Members have additional opportunities for involvement in the formal governance of Scott Bader, and can become:

- Members of the Board of the holding company - Scott Bader Commonwealth Limited
- Directors of the operating company - Scott Bader Company Limited
- Elected Representatives on the international democratic forum - the Members' Assembly
- Elected Representative on the Local Councils

Documentation

The formal documents for the Group give legal status to the governance structure of Scott Bader and are included in this constitutional booklet. These documents are particularly important to people involved in the governance of the organisation.

There are two important documents which should be read by all Commonwealth Members:

- The Preamble to the 2010 Revised Constitution – which restates the vision
- The Code of Practice for Members – which states how we will work together

Group Governing Bodies

There are three Group Governing Bodies:

- The Commonwealth Board
- The Group Board
- The Members' Assembly

The Commonwealth Board – the Board of The Scott Bader Commonwealth Limited

The Commonwealth Board is the holding company and a registered charity. All Members of the Board are Directors and Charity Trustees, and, as such, have to ensure that the charity is run in accordance with charity law.

The Commonwealth Board is not involved in the day-to-day running of the business, but has responsibility for ensuring the company adheres to the Commonwealth Principles. So, the Board is consulted on topics such as future business strategies, acquisitions and the distribution of profits. The Board also monitors the development of industrial democracy within Scott Bader.

The nine Board Members of the Scott Bader Commonwealth Ltd include:

- Five externally appointed Guardian Trustees *
- Three internally elected Members
- The Chairman of Scott Bader Company Ltd

** Guardian Trustees have additional responsibilities to safeguard the Constitution, of both the Commonwealth and the Company. They ensure that the Commonwealth stays true to its founding purpose and guiding Principles. They have the power to veto changes to the Constitution and any measure taken or proposed by the Group Board, the Members' Assembly or the Members in General Meeting that contravenes Commonwealth Principles or Charity Law. They do this by exercising their special voting rights in relation to the Trustee Shares in Scott Bader Company Limited.*

The Group Board – the Board of Scott Bader Company Limited

The Group Board deals with business and makes similar decisions to boards in traditional companies. These include financial, legal, policy and strategic decisions, but with the additional requirement to help promote the Charitable Objects, adhere to Commonwealth Principles and ensure the business is run in accordance with the Guiding Principles.

The Group Board is made up of external and internal Directors.

There will be up to nine Directors in total.

- Three internally appointed Executive Directors, including the Group Managing Director
- Three externally elected Non-Executive Directors, including the Chairman
- Three internally elected Community Directors. These are elected from three constituencies – the UK and Eire, Continental Europe and the Rest of World. Commonwealth Members in each constituency vote to elect the Community Director for their constituency.

The Members' Assembly

The Members' Assembly represents Commonwealth Members, and, as the most recently formed body within our Governance Structure, provides a democratic forum for the Scott Bader group of companies. The Group Board is accountable to the Members' Assembly for the exercise of its responsibilities and for the health and success of Scott Bader businesses. The Assembly also monitors adherence to the Commonwealth Principles and may discuss any issue. However, it cannot displace the overriding authority of Commonwealth Members in General Meeting, to whom it is, ultimately, subordinate.

The Rules for the Members' Assembly define its responsibilities. These responsibilities along with the composition of the Members' Assembly are outlined in the Rules for the Members' Assembly.

The Members' Assembly does not become involved in local issues, unless there are disagreements between a Local Council and the local Scott Bader Management that need resolving.

Preamble to the 2010 Revised Constitution

Introduction

Nearly 60 years after the founding of the Scott Bader Commonwealth a major systematic revision of the Articles and Memoranda of both the Scott Bader Commonwealth and the Company has been undertaken.

Changes in law and changes in the environment in which we work have made revision imperative. The extensive international organisation of the Company and the Commonwealth, built up in recent years, means that the machinery of Corporate Governance broadly established in 1951 needs updating.

A major change in the democratic process within Scott Bader took place in 2005. After an experimental period of operation the Members' Assembly was ratified as the international democratic forum for the Scott Bader Commonwealth. Its role in Scott Bader's Corporate Governance processes is now enshrined in the Articles. The other major change of creating a new Commonwealth Board which includes the externally appointed Guardian Trustees is also defined within the revised Articles.

Representatives of all of the Governance bodies (the Commonwealth Board, The Members' Assembly, the Group Board and the Trustees) worked together for

more than 2 years to work out the appropriate changes. Throughout the process there was a determination to ensure that neither the Founder's intentions nor the constitutional safeguards were compromised.

There was extensive consultation throughout the process with all of the Governance bodies. Ultimately all those involved agreed that the changes were in the best interests of the Company and the Commonwealth and they were unanimously recommended to the Commonwealth membership.

Continuity

When Ernest Bader established the Commonwealth in 1951 he set out the fundamental values and principles which he believed should form the cornerstone for the way in which the Commonwealth and the Company operated. The original preamble to the Constitution (reprinted here for reference together with the 1963 amended version) traced many of the values back to Christian, and particularly Quaker, beliefs. It also reflected the prevailing issues of the day.

The present changes to the Constitution of Scott Bader reinforce those fundamental values and principles. Indeed, the Founder's hopes and visions are as relevant in 2010 as they were in 1951. There is a constancy of purpose. The covenant that the Founders and the Commonwealth entered into bound both parties to a cause beyond themselves.

Their aim was to create a viable alternative form of wealth creation to the traditional share owning/profit distributing joint stock company. The common trusteeship values of the organisation articulated in 1951 remain largely the same although the way in which they are expressed may be different. The Commonwealth now extends well beyond the UK and embraces many people of different cultures and religions. The articulation of the values and principles needs to be as relevant to them today as it was to the exclusively UK members in 1951.

The post-war struggle of capitalism and communism which was a feature of the 1950s and 1960s is now largely a part of 20th century history. In contrast there is a growing emergence and strengthening of environmental awareness which Ernest Bader had made a feature of the original Preamble. That powerfully expressed concern about living within the earth's resources is even more relevant in the 21st century as the competing demands of the developing world and conservation try to find some sort of sustainable equilibrium. The developed world too is faced with the stark reality that perpetual consumer-led growth today appears to be incompatible with a sustainable environment.

When the Commonwealth was formed and given ownership of the Company, the ravages of the Second World War were still fresh in the minds of those involved. The strongly held Scott Bader value that our corporate and individual lives should reinforce peaceful co-existence remains as strong as

ever and shapes the way in which the Company and the Commonwealth function and helps define the products which we choose to make and the business that we will enter into. The rejection of industrial strife, warfare and rearmament – stated boldly in the original preamble – are here re-affirmed in this revised Constitution.

At the heart of Scott Bader remains the belief that common ownership is a major contributor to social order and that everyone in the Commonwealth and Company can contribute to and be involved in the business activities and the disposition of the wealth created. The essence of the original Preamble that "leadership is founded on approval" and "employees accept their full share of responsibility for the policy, efficiency and general welfare of the undertaking" is re-affirmed. The challenge remains today, as it did in 1951, to make this common trusteeship a living reality. There is a mutual responsibility shared among all those involved to bring those words to life.

Each generation of Commonwealth members has responsibility to contribute to the maintenance of the values of Scott Bader. Perhaps even more important, is a responsibility to ensure that core principles, which are central to this updating of the Constitution, are passed on to future generations. This includes the legal recognition that the Commonwealth has a social purpose, as expressed in the charitable objects as set out in the Articles of the Commonwealth.

It has also been a vital consideration in the development of the new corporate governance framework to ensure that the democratic trusteeship structure is protected for future generations. Mechanisms remain in place to safeguard the Company from takeover.

Behaviour and Operating Values

The Articles of the Company and the Commonwealth are a necessary part of the Corporate Governance process. However, the guiding principles contained in the Articles are only relevant if they guide the behaviours of all those engaged in the Company and the Commonwealth. The guiding principles are often articulated as values which reflect day to day realities.

Values provide a compass for an organisation. They define boundaries within which the organisation operates. They shape behaviour. They provide a litmus test for decisions. As with many things, values can create potential conflicts when difficult decisions have to be reached. Pragmatism has a place and, as with Human Rights, some values need to be tested to see whether they represent a long term aspiration or whether they should be regarded as sacrosanct come what may.

The Code of Practice is an attempt to articulate what behaviours should characterise Scott Bader in its day to day activities.

Although tensions may exist, the values and behaviours must underpin the operation of a successful and thriving business, remembering that “to base an economic system on self-interest is fundamentally contrary to the teachings of all the great spiritual leaders of the world”¹. Without that, the vision of Ernest Bader will be no more than an academic exercise. Together the members hold the Commonwealth in trust to help build a better future for coming generations.

1. Marilyn Manser, CFSC, 1993. Quoted by Godric Bader, Scott Bader Life President, on page 169 of his essay Trusteeship : the Transforming Ethic in Gandhi and the Contemporary World by Antony Copley and George Paxton (eds), 1997, Indo-British Historical Society.



Ernest Bader and Dora Bader (née Scott)

Articles of Association of The Scott Bader Commonwealth Limited

Registered charity number 206391
Company number 00496082
(Adopted by special resolution on 20 May 2014)
(Originally adopted by special resolution passed on 26 April 2010)

Name and registered office

1. The name of the company is The Scott Bader Commonwealth Limited.
2. The registered office of the Commonwealth is situated in England.

Definitions

3. In these Articles (if not inconsistent with the subject or context):

“Act” means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;

“Charities Act 2011” means the Charities Act 2011 including any statutory modification or re-enactment thereof for the time being in force;

“Code of Practice” means the Code of Practice for Commonwealth Members adopted by special resolution of the Commonwealth on 26 April 2010 as may be amended from time to time in accordance with these Articles;

“Commonwealth” means The Scott Bader Commonwealth Limited;

“Commonwealth Board”	means the board of directors of the Commonwealth or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;
“Commonwealth Member”	means a member of the Commonwealth;
“Commonwealth Membership”	means membership of the Commonwealth;
“Commonwealth Principles”	means the aims and principles on and for which the Commonwealth and Scott Bader Company Limited are founded as expressed in the Constitution;
“Commonwealth Shares”	means the 90,000 Ordinary Shares of 50p each in the share capital of Scott Bader Company Limited;
“Community Director”	means a director of Scott Bader Company Limited appointed by Commonwealth Members in accordance with the articles of association of Scott Bader Company Limited and the Community Directors’ Guidelines;
“Community Directors’ Guidelines”	means the guidelines for the appointment of the Community Directors to the Group Board adopted by special resolution of Scott Bader Company Limited on 26 April 2010 as may be amended from time to time in accordance with such guidelines;
“Constitution”	means: <ul style="list-style-type: none"> (a) these Articles; (b) the articles of association of Scott Bader Company Limited; (c) the Code of Practice; and (d) the Preamble to the Constitution;
“Founders”	means the subscribers to the Memorandum of Association of the Commonwealth;
“Group Board”	means the board of directors of Scott Bader Company Limited or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;
“Group Managing Board”	means the managing director of Scott Bader Company Limited or, in the absence of a managing director, the individual with overall responsibility for the management of Scott Bader Company Limited;
“Guardian Trustees”	means those persons described in these Articles under the heading “Composition of the Guardian Trustees”;

“Guardian Trustee Guidelines”	means the guidelines for Guardian Trustees adopted by special resolution of the Commonwealth on 26 April 2010 as may be amended from time to time in accordance with such guidelines;
“Guardian Trustee Shares”	means the 10,000 Trustee Shares of 50p each in the share capital of Scott Bader Company Limited;
“Guiding Principles”	means the purposes, measures and principles set out in these Articles under the heading “Guiding Principles”;
“Members’ Assembly”	means the international democratic forum established on 4 July 2007;
“Preamble to the Constitution”	means the preamble to the Constitution adopted by special resolution of the Commonwealth on 26 April 2010;
“Rules”	means the rules for the Members’ Assembly adopted by special resolution of the Commonwealth on 26 April 2010, as may be amended from time to time in accordance with the Rules or these Articles;
“Scott Bader Company Limited”	means Scott Bader Company Limited, a company incorporated in England on 10 April 1923 under company number 00189141;
“Scott Bader Group”	means: (a) Scott Bader Company Limited; and (b) every Subsidiary;
“Seal”	means the common seal of the Commonwealth;
“Secretary”	includes a temporary or assistant secretary and any person appointed by the Commonwealth Board to perform any of the duties of the secretary;
“Shares”	includes shares, debentures or other securities or interests in the relevant company (and interests therein);
“Staff”	means employees, unless otherwise stated, of the Scott Bader Group, whether or not they are Commonwealth Members;
“Subsidiary”	means a subsidiary or subsidiary undertaking for the time being of Scott Bader Company Limited;

- “These Articles”** means these articles of association, as altered from time to time;
- “United Kingdom”** means Great Britain and Northern Ireland;
- “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 by electronic communication or otherwise;

and save as aforesaid any words or expression defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

Objects and powers of the Commonwealth

4. The objects for which the Commonwealth is established (the **“Objects”**) are the promotion of such purposes being exclusively charitable according to the law of England and Wales as the Commonwealth Board may from time to time determine and, in particular, but without limitation to the foregoing:
- (a) the promotion of ethical and religious principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate; and
 - (b) the promotion of **“sustainable development”** for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration and for the purposes of this sub-clause **“sustainable development”** shall mean development that meets the needs of the present without compromising the abilities of future generations to meet their own needs.
5. In furtherance of the Objects (but not otherwise) the Commonwealth has and may exercise all or any of the following powers:
- (a) to acquire or retain holdings of shares in companies, the social purposes of which fall within the charitable purposes of the Commonwealth, in particular shares in Scott Bader Company Limited;
 - (b) to make grants and to provide other forms of financial assistance or assistance in kind, including loans (with or without interest);

- (c) to assist distressed and needy persons of all nationalities;
- (d) to establish and support institutions whose objects (being wholly charitable) include the advancement of education and to assist in the further education of persons engaged in or who have been engaged in industry;
- (e) to act as trustee of any charitable trust whether for remuneration or not;
- (f) to apply or transfer any part of the assets or income of the Commonwealth towards any charitable objects or to be held on any charitable trust consistent with the Objects;
- (g) to establish or support any charitable body formed for all or any of the Objects;
- (h) to reserve funds for special purposes or against future expenditure;
- (i) to invite and accept (or disclaim) gifts or loans of money and any other property whatsoever real or personal and subject or not to any special charitable trust or any condition;
- (j) to draw, make, accept, endorse, discount, execute, issue and deal with promissory notes, bills of exchange and other instruments of any kind, whether or not negotiable or transferable, and to operate bank accounts in the name of the Commonwealth;
- (k) to conduct or promote the conduct of research and to publish knowledge acquired as a result of such research;
- (l) to promote and carry out or assist in promoting and carrying out surveys and investigations;
- (m) to provide or assist in providing exhibitions, lectures, meetings, conferences, seminars, classes and workshops;
- (n) to write, make, commission, print and publish or distribute (gratuitously or otherwise) written materials, films, audio or visual tapes or other materials or assist in such activities;
- (o) to co-operate or enter into arrangements or agreements with any government department, local authority, university, college or professional commercial or other body or person;
- (p) to purchase, take on lease or in exchange hire or otherwise acquire property of any kind;

- (q) to construct, alter and maintain any buildings;
- (r) subject to such consents as may be required by law including the requirements of the Charities Act 2011, to sell, lease or otherwise dispose of property of any kind;
- (s) subject to such consents as may be required by law including the requirements of the Charities Act 2011, to borrow money and obtain any form of credit or finance on such terms and on such security as may be thought fit;
- (t) to lend or deposit money or give credit on such terms and conditions and on such security as may be thought fit;
- (u) to invest in its own name moneys of the Commonwealth not immediately required for its purposes in or upon such investments, securities or property as the Commonwealth Board may determine;
- (v) to appoint on such reasonable terms as to remuneration and other matters as the Commonwealth Board determines, employees, independent contractors and voluntary workers;
- (w) to insure the property of the Commonwealth against any foreseeable risks and take out other insurance policies to protect the Commonwealth as required;
- (x) to provide indemnity insurance to cover the liability of any member of the Commonwealth Board, employee or agent, independent contractor or voluntary worker of the Commonwealth in accordance with these Articles ;
- (y) to undertake and carry out any charitable trusts or agencies;
- (z) to secure the discharge of any of the Commonwealth's liabilities and obligations in any lawful manner;
- (aa) to amalgamate or affiliate with or to acquire or take over all or part of the undertaking or assets of any charitable body having objects altogether or mainly similar to those of the Commonwealth;
- (bb) to pay all expenses arising in connection with the formation and registration or recognition of the Commonwealth in any part of the world; and
- (cc) to do any other lawful thing in furtherance of the Objects.

Provided that the Commonwealth shall not support with its funds or otherwise endeavour to impose on or procure to be observed by its members or others any regulation or restriction which if an object of the Commonwealth would make it a trade union.

Provided also that in case the Commonwealth shall take or hold any property subject to the jurisdiction of the Charity Commissioners for England and Wales the Commonwealth shall not sell, mortgage or charge or lease the same without such authority or approval or consent as may be required by law. In case the Commonwealth shall take or hold any property which may be subject to any trusts, the Commonwealth shall only deal with the same in such manner as allowed by law, having regard to such trusts.

6. The income and property of the Commonwealth, however, derived, shall be applied solely towards the promotion of the Objects, and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus, or otherwise howsoever by way of profit, to the members of the Commonwealth:

Provided that nothing herein contained shall prevent the payment in good faith of:

- (a) reasonable premiums in respect of indemnity insurance effected in relation to the Commonwealth Board under these Articles;
- (b) remuneration to any officer or servant of the Commonwealth, or to any member of the Commonwealth in return for services actually rendered to the Commonwealth; or
- (c) reasonable or proper rent for premises demised or let by any member of the Commonwealth to the Commonwealth,

but so that no member of the Commonwealth Board shall be appointed to any salaried office of the Commonwealth or any office of the Commonwealth paid by fees, and that no remuneration or other benefit in money or money's worth shall be given by the Commonwealth to any member of the Commonwealth Board except repayment of out-of-pocket expenses or reasonable and proper rent for premises demised or let to the Commonwealth.

Provided that the provision last aforesaid shall not apply to any payment to any railway, gas, electric lighting, water, cable, or telephone company of which a member of the Commonwealth Board may be a member or any other company in which such member shall not hold more than one hundredth part of the capital, and such member shall not be bound to account for any share of profits she/he may receive in respect of such payment.

7. The Commonwealth shall be the registered holder of the Commonwealth Shares and the Guardian Trustee Shares.

8. The power of the Commonwealth:

- (a) to exercise the voting rights attached to the Commonwealth Shares or any other voting rights attached to any shares held by the Commonwealth in any company shall be exercised in accordance with the following rules and not otherwise:
 - (i) upon any resolution relating to an alteration of the share capital of the company concerned (or any rights attaching thereto) or to a change in the articles of association of such company, the votes exercisable by the Commonwealth shall be cast against the resolution unless the Commonwealth shall by special resolution otherwise direct; and
 - (ii) upon any other resolution of the company concerned the votes exercisable by the Commonwealth shall be cast as directed by an ordinary resolution of the Commonwealth.

Notwithstanding the foregoing, if before any meeting of the company concerned, no relevant resolution as to the method of casting any votes shall have been submitted to the Commonwealth, the votes exercisable by the Commonwealth shall be cast in favour of the adjournment of the meeting;

(b) to:

- (i) dispose of shares in Scott Bader Company Limited or any other shares held by the Commonwealth in any company; or
- (ii) institute any proceedings for, or the passing of any resolution, for the winding up or administration of Scott Bader Company Limited,

may only be exercised if its exercise shall have been approved by a special resolution of the Commonwealth Members in general meeting;

- (c) to change the Constitution (except as otherwise expressly stated in the Constitution) by resolution in general meeting shall only be exercised (or its exercise considered) with the prior approval in writing of the Guardian Trustees.

9. All provisions in these Articles are for the furtherance of the Objects (but not otherwise).

Liability of Commonwealth Members

10. The liability of the Commonwealth Members is limited. Every Commonwealth Member undertakes to contribute to the assets of the Commonwealth in the event of the same being wound up during the time that she/he is a member, or within one year afterwards, for payment of the debts and liabilities of the Commonwealth contracted before the time when she/he ceases to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding five pence.

Organisation

11. Governance within the Commonwealth is organised so as to involve the following:
 - (a) the Commonwealth Board;
 - (b) the Guardian Trustees; and
 - (c) the Commonwealth Members.

Each shall have the responsibilities provided in these Articles.

12. In addition, the Members' Assembly has responsibilities in relation to the Commonwealth as provided for in these Articles.
13. As a communal expression of acceptance of ethical and religious principles inherent in the Commonwealth all general meetings of Commonwealth Members and meetings of the Commonwealth Board shall start with a short period of silence.

Commonwealth Board

14. Each member of the Commonwealth Board is a charity trustee under the Charities Act 2011.
15. The business of the Commonwealth shall be managed by the Commonwealth Board who may exercise all the powers of the Commonwealth except insofar as they are subject to any restrictions imposed by the Act, these Articles, or otherwise by special resolution of the Commonwealth Members in general meeting, to whom the Commonwealth Board is ultimately subordinate.
16. The Commonwealth Board **shall have no power to dispose** of any shares in Scott Bader Company Limited or to exercise or direct the exercise of the votes and carry out any other responsibilities attached to any such shares.

17. The Commonwealth Board shall:

- (a) manage the charitable giving of the Commonwealth;
- (b) at all times oversee adherence to the Commonwealth Principles;
- (c) act to ensure the adherence of Scott Bader Company Limited and each Subsidiary to the Guiding Principles;
- (d) ensure, so far as possible, that there are at all times three persons serving as Community Directors;
- (e) periodically review the Code of Practice and amend it as necessary, involving the Group Board and the Member's Assembly in each review, and report the outcome of each such review to the Commonwealth Members;
- (f) ensure that the Rules are reviewed periodically by the Members' Assembly and that the outcome of each such review is reported to the Commonwealth Members in general meeting;
- (g) promote the development of the Scott Bader community as a whole in accordance with the Constitution;
- (h) call a meeting of Commonwealth Members on receipt of any notice of meeting of any company at which the Commonwealth is entitled to be present by reason of its holding of any shares in the company concerned for the purpose of considering the mode of exercise of any votes exercisable by the Commonwealth; and
- (i) review periodically the effectiveness of the governance structures in (and referred to in) the Constitution including, in particular, voting arrangements and constituencies for Community Directors, members of the Members' Assembly and Guardian Trustees.

18. The Commonwealth Board may:

- (a) report to and consult with Commonwealth Members in general meeting as it thinks fit; and
- (b) appoint a Life President of the Commonwealth and prescribe her/his respective privileges and duties.

19. The Commonwealth Board may not do anything that would prejudice the Commonwealth's charitable status.

Guardian Trustees

20. The Guardian Trustees acting unanimously shall:
 - (a) exercise or direct the exercise of the votes and carry out any other responsibilities attached to the Guardian Trustee Shares;
 - (b) carry out such other responsibilities and exercise such powers as set out in the articles of association of Scott Bader Company Limited;
 - (c) decide whether or not to provide any approval in writing or confirmation required under these Articles;
 - (d) exercise such additional votes as Commonwealth Members as they have under these Articles; and
 - (e) give to Scott Bader Company Limited an address for service on the Commonwealth, as the holder of such Guardian Trustee Shares, of notices of meetings of Scott Bader Company Limited and of meetings of the holders of the Guardian Trustee Shares.

21. The Guardian Trustees acting individually shall:
 - (a) be members of the Commonwealth Board, and
 - (b) exercise such ordinary votes as Commonwealth Members as they have under these Articles.

22. The Guardian Trustee Guidelines shall apply to the Guardian Trustees.

23. The Guardian Trustees act unanimously if either they all make a unanimous decision or at least four are present and they make a unanimous decision.

Commonwealth Members

24. The Commonwealth Members shall:
 - (a) ensure that at all times there are three persons appointed as Community Directors;
 - (b) if requested by the Commonwealth Board, in general meeting:
 - (i) determine the charitable purposes to which the income of the Commonwealth shall be applied **provided that** the Commonwealth Board shall be entitled to apply such income for charitable purposes, without prior reference to the Commonwealth Members in general meeting, within such limits (if any) as the Commonwealth Members in general meeting may from time to time determine;

- (ii) make any amendments to the Code of Practice and issue any other statements on values and behaviour for the regulation of the conduct of Commonwealth Members and modify them from time to time in consultation with the Group Board and the Members' Assembly.
- 25. Any amendment to the Rules shall require the prior approval of the Commonwealth Members in general meeting by ordinary resolution except to the extent the Rules provide an alternative method of amendment.
- 26. The Commonwealth Members may by ordinary resolution of which special notice has been given in accordance with the Act remove any internally elected member of the Commonwealth Board before the end of her/his period of office. Any vacancy so caused may be filled by the Commonwealth Board.
- 27. A general meeting of Commonwealth Members **may not** be convened or a resolution in writing proposed to pass:
 - (a) any special resolution; or
 - (b) any resolution to:
 - (i) alter these Articles; or
 - (ii) the articles of association of Scott Bader Company Limited; or
 - (iii) to dispose of or direct the disposal of any shares in Scott Bader Company Limited held or owned by the Commonwealth,

unless prior approval in writing of such resolution has been provided by the Guardian Trustees together with confirmation in writing that the Guardian Trustees shall exercise such additional votes as Commonwealth Members, as they have under these Articles, in favour of such resolution and such approval and confirmation has been noted at a meeting of the Commonwealth Board.

Guiding Principles

- 28. The Group Board and the Members' Assembly shall have regard at all times to the fact that the basic purpose of Scott Bader is to provide the best possible service as a corporate body to humankind. Towards this end the Scott Bader Group shall strive particularly:

Sustainability

- (a) to develop the overall strength of the Scott Bader Group, and to act as stewards of its resources in order to ensure its long-term sustainability and prosperity through effective, accountable management and efficiency to ensure those working in the company can be economically secure and will not need to strive for personal advancement at the cost of others;

Fair trading

- (b) to produce goods not only beneficial to customers of the Scott Bader Group at a fair price and of as high a quality as possible, but also for the general good of society; as far as possible to source raw materials and supplies ethically;

Environment

- (c) to ensure that the Scott Bader Group's activities have the minimum possible adverse impact on the natural environment and that it always strives for increasingly efficient, prudent use of natural resources;

Innovation

- (d) to conduct research directly and through long-term partnerships and to provide technical education in fields relevant to the Scott Bader Group both now and in the future;

Developing partnerships

- (e) to develop mutually beneficial long-term partnerships with customers, suppliers and collaborators based on fairness, honesty, integrity and openness;

International presence

- (f) to contribute towards the general welfare of society in the Scott Bader Group's immediate neighbourhoods as well as nationally and internationally;

Ethical business

- (g) at all times to be a role model for the ethical approach to successful business; so that Scott Bader Group's approach to wealth creation and use is clearly seen to be sustained by its guiding principles, values and common trusteeship nature.

29. In order to achieve the purposes set out above the Group Board and the Members' Assembly shall take such measures as they think fit, and in particular shall:

- (a) limit as far as possible the products of the Scott Bader Group to those beneficial to human beings, and exclude products for the specific purposes of manufacturing weapons of war;
- (b) ensure that Commonwealth Members are given adequate information, training, support and opportunities to participate fully in the Scott Bader Group's activities, so as to provide the best service possible;

- (c) present the Scott Bader Group's accounts and balance sheet within the requirements of all relevant laws and accounting standards in the jurisdictions where the company operates, whilst conforming with Commonwealth Principles, by sharing profit with staff of the Scott Bader Group and with those less fortunate than ourselves through charitable giving;
- (d) encourage the desirable principle that decision making in all meetings is by unity rather than by a formal vote, thus carrying the goodwill of all and leading to a better understanding and better implementation;
- (e) provide facilities for the study of technical, industrial and community affairs thus encouraging Commonwealth Members to grow and fulfil their potential;
- (f) take every possible measure to ensure continued customer satisfaction and to fulfil the Scott Bader Group's responsibilities to all stakeholders;
- (g) promote understanding and friendship with other workers, and arrange suitable opportunities for staff to assist in community ventures and to work with other trusteeship companies pursuing ethical business;
- (h) ensure that the salary of the Group Managing Director is not disproportionate in the view of the Members' Assembly when compared to an appropriate comparator group of Staff (such appropriate comparator group to be determined by the Members' Assembly); and
- (i) nurture common trusteeship and industrial democracy in the spirit intended by the Founders.

30. In order to ensure the Group Board and the Members' Assembly nurture common trusteeship and industrial democracy in the spirit intended by the Founders it is important to recognise that when over 350 people strong, Scott Bader Company Limited is too large for direct democracy and must develop a representative democracy, which is of benefit to the Scott Bader Group and to Commonwealth Members. The Group Board and the Members' Assembly shall ensure that:

- (a) an effective body exists in the Scott Bader Group to present the opinions of all Commonwealth Members;
- (b) all Subsidiaries and locations have suitable democratic processes at local level;
- (c) sufficient funding, support and training is made available to ensure that effective democracy flourishes across the Scott Bader Group;
- (d) recognising management is by consent, change will be introduced through direct consultation with those affected;
- (e) careful consideration is given to the way new sites or business entities are integrated into the Scott Bader Group's representative democracy including the development of appropriate local democratic processes

Composition of Commonwealth Board

31. Only Commonwealth Members may be Members of the Commonwealth Board. Subject to this, and unless and until otherwise determined by the Commonwealth Members in general meeting, the members of the Commonwealth Board shall be nine in number, of whom:
 - (a) three shall be elected by the Commonwealth Members or otherwise appointed as provided in these Articles (the “**internally elected members**”);
 - (b) one shall be the chairman of Scott Bader Company Limited (the “**Company member**”); and
 - (c) five shall be the Guardian Trustees.

32. In relation to internally elected members:
 - (a) vacancies shall be filled by election by secret ballot;
 - (b) the result of such ballot shall be formally noted at the next occurring annual general meeting; and
 - (c) each internally elected member shall serve for a term of three years and, at the end of such term, shall be eligible for re-election for one further term of three years. Thereafter, they shall not be eligible for re-election until one year after retirement from office.

33. The Commonwealth Board shall have power at any time to appoint any person to be an internally elected member of the Commonwealth Board to fill a casual vacancy.

34. The Commonwealth Board:
 - (a) shall elect a chairman (who shall normally be a Guardian Trustee and who may not be the Company member) and a vice-chairman of their meetings; and
 - (b) may replace the chairman and vice-chairman at any time.

The chairman, or failing her/him, the vice-chairman shall take the chair at all meetings of the Commonwealth Board. If neither the chairman nor vice-chairman is present at a meeting of the Commonwealth Board within ten minutes of the time at which it was to start, the meeting shall be postponed and shall be re-arranged in accordance with Article 38.

35. A person ceases to be a member of the Commonwealth Board:
- (a) if she/he ceases to hold office pursuant to these Articles;
 - (b) if she/he is disqualified under the Charities Act 2011 from acting as a charity trustee or is otherwise disqualified from being a member of the Commonwealth Board by law;
 - (c) if she/he is adjudged bankrupt (including under insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy) or compounds with her/his creditors;
 - (d) if she/he becomes incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
 - (e) if she/he resigns her/his office by writing under her/his hand left at the Commonwealth's registered office or to the chairman of the Commonwealth Board;
 - (f) in the case of the Company member she/he ceases to be the chairman of Scott Bader Company Limited;
 - (g) in the case of a Guardian Trustee she/he ceases to be a Guardian Trustee;
 - (h) if she/he be absent from two consecutive meetings of the Commonwealth Board without authorisation from the chairman of the Commonwealth Board;
 - (i) upon the Commonwealth Board resolving that in the opinion of the Commonwealth Board she/he has not abided by the Commonwealth Principles and that her/his office be vacated; and
 - (j) if she/he ceases to be a Commonwealth Member.

Proceedings of the Commonwealth Board

36. The Commonwealth Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit **provided that:**
- (a) not more than four months shall elapse between any two meetings of the Commonwealth Board;
 - (b) decision making at any meeting of the Commonwealth Board should be by unity rather than by a formal vote. In the event that unity cannot be reached issues arising shall be determined by a majority of votes; and
 - (c) any member of the Commonwealth Board may participate in a meeting of the Commonwealth Board by means of conference telephone or any other communications equipment whereby all persons participating in the meeting can communicate with one another. Participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and any person so participating shall be entitled to vote and be counted in a quorum accordingly.

37. A member of the Commonwealth Board may, and the Secretary on the requisition of a member of the Commonwealth Board shall, at any time summon a meeting of the Commonwealth Board **provided that**:
- (a) not less than seven clear days' notice shall be given;
 - (b) every notice shall state the general nature of the business to be transacted; and
 - (c) notice of every meeting of the Commonwealth Board shall be given to each member of the Commonwealth Board including any member of the Commonwealth Board who may for the time being be absent from the United Kingdom **provided that** she/he shall have given her/his address outside the United Kingdom.
38. The transaction of business by the Commonwealth Board requires a quorum of five members of the Commonwealth Board including:
- (a) the chairman or the vice-chairman of the Commonwealth Board;
 - (b) at least one internally elected member; and
 - (c) if not otherwise present, one Guardian Trustee,
- except that if at any meeting of the Commonwealth Board a quorum is not present the meeting shall be adjourned to such time and place not more than a month nor less than a week later as the members present shall direct and due notice of such adjourned meeting shall be given to all members of the Commonwealth Board and at such an adjourned meeting the member or members of the Commonwealth Board present shall (whatever their number) be a quorum.
39. A meeting of the Commonwealth Board for the time being, at which a quorum is present, shall be competent to exercise all powers and discretions for the time being exercisable by the Commonwealth Board.
40. The continuing members, or a sole continuing member, of the Commonwealth Board may act notwithstanding any vacancies in the Commonwealth Board, but, if and so long as the number of members of the Commonwealth Board is reduced below the minimum number fixed for a quorum the continuing member or members of the Commonwealth Board may act for the purpose of:

- (a) filling vacancies in the Commonwealth Board to make up a quorum; or
 - (b) summoning general meetings of the Commonwealth,
- but not for any other purpose.

41. A member of the Commonwealth Board shall not vote at a meeting of the Commonwealth Board or committee of the Commonwealth Board on any resolution concerning a matter in which she/he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Commonwealth unless her/his interest or duty arises only because she/he is a director of a company in the Scott Bader Group or a member of staff or a Guardian Trustee.
42. As an alternative to making a decision in a meeting, the Commonwealth Board may take a decision in accordance with this Article. A decision of the Commonwealth Board is taken in accordance with this Article when all eligible members indicate to each other by any means whereby each such indication is capable of being readily reproduced in hard copy form that they share a common view on a matter. Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible member or to which each eligible member has otherwise indicated agreement in writing. A decision may not be taken in accordance with this Article if the eligible members would not have formed a quorum at such a meeting.

In this Article “**eligible members**” are members of the Commonwealth Board who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Commonwealth Board.

43. The Commonwealth Board may:
- (a) establish any local boards or agencies for managing any of the affairs of the Commonwealth, either in the United Kingdom or elsewhere, and may:
 - (i) appoint any persons to be members of such local boards, or any managers or agents and may fix their remuneration,
 - (ii) delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Commonwealth Board, with power to sub-delegate,
 - (iii) authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies,

and any such appointment, delegation or authorisation may be made upon such terms and subject to such conditions as the Commonwealth Board may think fit, and the Commonwealth Board may remove any person so appointed, and may annul or vary any such delegation or authorisation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby;

- (b) delegate any of their powers to such member of the Commonwealth Board or committees consisting of at least two and at all times a majority of members of the Commonwealth Board as they think fit **provided that:**
 - (i) all members of any committee so formed are Commonwealth Members;
 - (ii) any such committee shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Commonwealth Board; and
 - (iii) the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Commonwealth Board, so far as the same are applicable and are not superseded by any regulations made by the Commonwealth Board;
- (c) by power of attorney under the Seal appoint any person, or any fluctuating body of persons, whether nominated directly or indirectly by the Commonwealth Board to be the attorney or attorneys of the Commonwealth for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Commonwealth Board under these Articles), and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Commonwealth Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

44. All acts done by any meeting of the Commonwealth Board, or of a committee of the Commonwealth Board, or by any person acting as a member of the Commonwealth Board, shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such member of the Commonwealth Board, or person acting as such, or that they or any of them were disqualified, or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a member of the Commonwealth Board.

45. The Commonwealth Board shall:
- (a) from time to time by resolution determine the manner in which all cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, and all receipts for moneys paid to the Commonwealth, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be;
 - (b) cause minutes to be made in books provided for the purpose of recording all:
 - (i) appointments of officers made by the Commonwealth Board;
 - (ii) the names of the members of the Commonwealth Board present at each meeting of the Commonwealth Board and of any committee of the Commonwealth Board;
 - (iii) resolutions and proceedings at all meetings of the Commonwealth and of the Commonwealth Board and of committees of the Commonwealth Board; and
 - (c) ensure that the Commonwealth 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 Commonwealth Board.

Composition of the Guardian Trustees

46. The Guardian Trustees shall be five in number.
47. A Guardian Trustee must not be a member of staff of either the Commonwealth or any company in the Scott Bader Group.
48. The Guardian Trustees shall be appointed or removed by joint resolution of the Group Board and the Commonwealth Board subject to approval by the Members' Assembly. Any appointments or removals shall be made so as to ensure so far as possible that such interests and experience are represented in the composition of the Guardian Trustees as are agreed from time to time by the Group Board and the Commonwealth Board and reflected in the Guardian Trustee Guidelines.
49. Each Guardian Trustee shall hold office, unless she/he sooner retires, for three years but shall be eligible for immediate renomination once or, in some circumstances (as determined by the Members' Assembly), twice.

Membership of the Commonwealth

50. The responsibilities and powers of the Commonwealth Board regarding Commonwealth membership under the following Articles (the “Membership Functions”) may be delegated in whole or in part by the Commonwealth Board to the Members’ Assembly provided that:
- (a) the decision of the Commonwealth Board on any dispute relating to the Membership Functions shall be final and binding;
 - (b) the terms of any delegation must be recorded in writing;
 - (c) the Commonwealth Board may impose conditions when delegating and may revoke or alter a delegation;
 - (d) all acts and proceedings of the Members’ Assembly regarding the Membership Functions must be fully and promptly reported to the Commonwealth Board; and
 - (e) the Members’ Assembly shall be at all times subject to the overriding authority of the Commonwealth Members in general meeting, to whom it is ultimately subordinate.
51. The Commonwealth Board shall:
- (a) ensure that anyone being considered for employment within the Scott Bader Group is fully informed about the Commonwealth and demonstrates an understanding, commitment and desire to adhere to Commonwealth Principles;
 - (b) exercise great care in the education and training of new Commonwealth Members ensuring that each fully understands the responsibility of Commonwealth Membership;
 - (c) take all measures possible to ensure that the potential of the Commonwealth is fully developed;
 - (d) set standards as guidelines for membership conditions and publish and maintain a membership policy; and
 - (e) promote learning about the experience of Commonwealth Membership.

52. Subject to these Articles, the members of the Commonwealth shall be:

- (a) every Guardian Trustee and any Life President of the Commonwealth;
- (b) every member of the Group Board, who shall be accepted as a member of the Commonwealth upon appointment provided that the Commonwealth Board is able, through involvement in the selection process, to confirm her/his commitment to the Commonwealth Principles;
- (c) any member of staff who is a member of the Commonwealth at the date of the adoption of these Articles; and
- (d) any member of staff who demonstrates commitment to the Commonwealth Principles in accordance with the criteria set out in the membership policy.

The name of each such person shall be entered in the register of members as a Commonwealth Member.

53. A person shall cease to be a Commonwealth Member:

- (a) on her/his death;
- (b) if she/he is a Commonwealth Member only because she/he is a Guardian Trustee and she/he ceases to be a Guardian Trustee;
- (c) if she/he is a Commonwealth Member only because she/he is a member of the Group Board and she/he ceases to be a member of the Group Board;
- (d) if being a Commonwealth Member by virtue of being a member of staff, she/he ceases to be a member of staff;
- (e) upon her/his resignation as a Commonwealth Member; or
- (f) upon the Commonwealth Board resolving that, in the opinion of the Commonwealth Board, she/he has not abided by the Commonwealth Principles and that her/his Commonwealth Membership shall cease accordingly.

The cessation of Commonwealth Membership will make a person ineligible as a member of the Group Board and may affect eligibility to hold other offices.

54. If a Commonwealth Member who is a member of Staff is subject to disciplinary action which results in a final written warning, all rights and benefits of being a Commonwealth Member (set out in these Articles or otherwise) shall be suspended for such person (the “**suspended person**”). After the expiry of the period of the disciplinary sanction set out in the final written warning or, if no such period is specified, at any time:

- (a) the suspended person may request that the Commonwealth Board removes such suspension of their rights and benefits; and
- (b) the Commonwealth Board may resolve to remove the suspension of any rights and benefits of a suspended person.

Proceedings of Commonwealth Members

- 55. In every year the Commonwealth shall hold a general meeting as its annual general meeting, at such time within a period of not more than fifteen months after the holding of the last preceding annual general meeting and place as may be determined by the Commonwealth Board.
- 56. Constituencies of Commonwealth Members shall also vote as required under the Community Directors' Guidelines.
- 57. The transaction of business at any general meeting requires a quorum of twenty Commonwealth Members present in person when the meeting proceeds to business. If after half-an-hour from the time appointed for the meeting a quorum is not present, the meeting:
 - (a) if convened on the requisition of Commonwealth Members shall be dissolved; or
 - (b) in any other case it shall stand adjourned to the same day in the next week, at the same time and place or such other place as the Commonwealth Board may by not less than two days' notice to the Commonwealth Members appoint, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Commonwealth Members present shall be a quorum.
- 58. The Commonwealth Board or the Member's Assembly may call a general meeting of Commonwealth Members whenever they think fit, and the Commonwealth Board shall convene such a general meeting on the requisition of Commonwealth Members in accordance with section 303 of the Act.
- 59. The requirements regarding notice of general meetings of Commonwealth Members are:
 - (a) fourteen clear days' notice at the least (that is, exclusive of the day on which the notice is served or deemed to be served and the day for which the notice is given) including for a meeting convened to pass a special resolution or, in the case of an annual general meeting, twenty-one clear days' notice at the least shall be given to such Commonwealth Members as are, entitled to receive notices from the Commonwealth and also to the auditors of the Commonwealth;

- (b) a meeting shall, notwithstanding that it is called by shorter notice than that specified in these Articles, be deemed to have been duly called if it is so agreed:
 - (i) in the case of a meeting called as the annual general meeting, by 95% of the Commonwealth Members having the right to attend and vote at the meeting; and
 - (ii) in the case of any other meeting, by a majority in number of the Commonwealth Members having that right being a majority together representing not less than 90% of the total voting rights at that meeting of all the Commonwealth Members;
- (c) every notice of meeting shall specify the place, the day and hour of the meeting and, in the case of special business, the general nature of such business;
- (d) the notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution, as the case may be; and
- (e) the accidental omission to give notice of any meeting to or by any person shall not invalidate the proceedings at the meeting

For the purpose of this Article all business shall be deemed special business that is transacted at a general meeting other than an annual general meeting, and also all business that is transacted at an annual general meeting, other than the consideration of the accounts and balance sheet, the ordinary reports of the Commonwealth Board and auditors of the Commonwealth and any other documents annexed to the balance sheet, the announcement of the result of the election of members of the Commonwealth Board, the appointment of the auditors of the Commonwealth and other officers in the place of those retiring and the fixing of the remuneration of the auditors of the Commonwealth.

60. The chairman (if any) of the Commonwealth Board shall preside as chairman at every general meeting of the Commonwealth Members. If the chairman of the Commonwealth Board is not present within ten minutes after the time appointed for holding of the meeting or is unwilling to act as chairman, the Commonwealth Members present shall choose some member of the Commonwealth Board, or if none is present, or if all the members of the Commonwealth Board present decline to take the chair, they shall choose some Commonwealth Member present to be chairman of the general meeting.

61. The chairman of a general meeting may:
- (a) with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but:
 - (i) no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place; and
 - (ii) when a meeting is adjourned for ten days or more, seven days' notice of the adjourned meeting shall be given in like manner as in the case of an original meeting (otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting); and
 - (b) permit other persons who are not Commonwealth Members or otherwise entitled to exercise the rights of members in relation to general meetings to attend and speak at a general meeting.
62. A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
63. In relation to amendments to resolutions at a general meeting:
- (a) an ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
 - (i) notice of the proposed amendment is given to the Commonwealth in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
 - (ii) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution;
 - (b) a special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (i) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (ii) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution; and
- (c) if the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.
64. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
- (a) by the chairman of the general meeting; or
 - (b) by at least three Commonwealth Members present in person and entitled to vote; or
 - (c) by any Commonwealth Members present in person and representing not less than one-tenth of the total voting rights of all the Commonwealth Members having the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the general meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such a resolution.

65. A poll demanded on the election of a chairman of the general meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman of the general meeting directs. The result of a poll shall be deemed to be the resolution of the matter on which the poll was demanded.
66. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the matter on which the poll has been demanded, and may be withdrawn at any time.
67. No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chairman of the meeting, whose decision is final.

68. On a show of hands or on a poll every Commonwealth Member who is present in person or by proxy shall have one vote. Except that on any:
- (a) special resolution; or
 - (b) resolution to:
 - (i) alter these Articles; or
 - (ii) the articles of association of Scott Bader Company Limited; or
 - (iii) to dispose of or direct the disposal of any shares in Scott Bader Company Limited held or owned by the Commonwealth,

the Commonwealth Members who are also Guardian Trustees shall have in addition to their ordinary votes such a total number of votes as shall be equal to the total number of votes cast by the other Commonwealth Members, such additional votes to be exercised by the Guardian Trustees acting unanimously in accordance with the prior confirmation in writing as required under Article 27 and who shall each appoint either one of their number or the Secretary as their proxy to exercise such votes.

69. A proxy must be a Commonwealth Member. The instrument appointing a proxy:
- (a) shall be signed by the appointor or her/his attorney duly authorised in writing or authenticated in such manner as the Commonwealth Board may determine;
 - (b) shall be delivered (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such authority) at the Commonwealth's registered office or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be valid; and
 - (c) shall be in a form which identifies:
 - (i) the Commonwealth Member appointing the proxy; and
 - (ii) the person appointed to be that Commonwealth Member's proxy and the general meeting in relation to which that person is appointed;

- (d) may specify how the proxy appointed under it is to vote (or that the proxy is to abstain from voting) on one or more resolutions;
- (e) shall (unless the instrument indicates otherwise) be deemed to confer authority to:
 - (i) demand or join in demanding a poll;
 - (ii) allow the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - (iii) appoint that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself; and
- (f) may, if required by the Commonwealth Board, be delivered in a particular form, and may be in different forms for different purposes.

70. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the Commonwealth at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Secretary and Treasurer

71. The Commonwealth Board shall appoint a Secretary and a Treasurer of the Commonwealth and, as necessary, determine their respective duties.

The Seal

72. Any common seal may only be used by the authority of the Commonwealth Board. The Commonwealth Board may decide by what means and in what form any common seal is to be used. Unless otherwise decided by the Commonwealth Board, if the Commonwealth has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

For the purposes of this Article, an **“authorised person”** is:

- (a) any member of the Commonwealth Board;
- (b) the Secretary; or
- (c) any person authorised by the Commonwealth Board for the purpose of signing documents to which the common seal is applied.

Notices

73. Anything sent or supplied by or to the Commonwealth under these Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Commonwealth.
74. Any notice or document to be sent or supplied to a member of the Commonwealth Board in connection with the taking of decisions by the Commonwealth Board may also be sent or supplied by the means by which that member of the Commonwealth Board has asked to be sent or supplied with such notices or documents for the time being.
75. A member of the Commonwealth Board may agree with the Commonwealth that notices or documents sent to that member in a particular way are to be deemed to have been received within a specific time of their being sent, and for the specified time to be less than 48 hours.

Indemnity

76. This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of law. Subject to this, and without prejudice to any indemnity to which a relevant member of the Commonwealth Board may otherwise be entitled, a relevant member of the Commonwealth Board may be indemnified out of the Commonwealth's assets against:
 - (a) any liability incurred by that relevant member of the Commonwealth Board in connection with any negligence, default, breach of duty or breach of trust in relation to the Commonwealth;
 - (b) any other liability incurred by that relevant member of the Commonwealth Board as an officer of the Commonwealth.

In this Article, a “**relevant member of the Commonwealth Board**” means any director, Secretary or other officer or former director, Secretary or other officer of the Commonwealth.

Dissolution

77. If upon the winding up or dissolution of the Commonwealth there remains after satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the members of the Commonwealth, but shall be given or transferred to some other institution or institutions having charitable objects similar to the objects of the Commonwealth, and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Commonwealth under or by virtue of Article 6 hereof, subject institution or institutions to be determined by members of the Commonwealth at or before the time of dissolution, or in default thereof by such judge of the High Court as may have or acquire jurisdiction in the matter, and if and so far as effect cannot be given to the aforesaid provisions then to some other charitable object.

Table A and Model Articles

78. The regulations in Table A in the First Schedule to the Companies Act 1948 shall not apply to the Commonwealth.
79. The model articles for private companies limited by guarantee as set out at Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall not apply to the Commonwealth.

Code of Practice for Commonwealth Members

A We are a business community and it is our basic attitude and approach to our work and fellow workers that gives life and purpose to the Commonwealth.

B As a worldwide community we realise the long term health of the Scott Bader Group requires attention to four aspects of the business

- (i) active democratic involvement;
- (ii) social cohesion;
- (iii) strong research and development; and
- (iv) financial growth.

The practical working out of a balance between the four tasks is a continuing responsibility for the membership as a whole.

C It is our common responsibility to work together, locally and internationally in such a way that:

- we show respect and dignity to each other; and
- working for the Scott Bader Group has meaning and is fulfilling and we feel valued for our contribution.

D Being in a position of authority, must:

- Manage and be accountable to members for their actions;
- Manage in a style that is participative and consultative;
- Facilitate change and improvement and encourage others to do the same.

E Our company operates through mutual collaboration, therefore as members, we must accept responsibility for our actions through:

- A willingness to learn, develop and grow as individuals;
- Improved communication between each other and between groups and departments;
- Being understanding and patient towards problems encountered;
- Recognising and encouraging contributions made by others, both locally and internationally; and
- A willingness to attend meetings and to participate in the affairs of our local and international community.

- F We must:
- Be open, honest and frank in our relationships with each other;
 - Face difficulties directly rather than avoid them; and
 - Solve problems by discussion and agreement rather than through a mediator.
- G (i) In the event of a downturn in trade we will consider whether circumstances make it desirable or practical to share all remaining work rather than expect any of our fellow members to be deprived of employment, even if this requires a reduction in earnings.
- (ii) However, should a study of our business reveal that it would be in its best interest to reduce or eliminate certain jobs, we will do this in the fairest and most objective way. In particular we will wherever possible offer alternative work.
- H We have agreed not to hold second jobs without having first sought the approval from the Commonwealth.
- I The foundation/creation of the Commonwealth abolished the existence of share holders in the Scott Bader Company Limited and with it the power of share ownership. For this reason we will not acquire other companies, without offering their staff Commonwealth membership as quickly as possible.
- J We have a responsibility to the society in which we live and believe that should we have a special talent or interest, it would be right to offer this to the wider community. Members are encouraged to engage in some to form of social or public service, however small.
- K Our social responsibility also extends to:
1. Limiting the use of our products to applications beneficial to the community, in particular excluding specific applications used in manufacturing weapons of war;
 2. Reducing any harmful effects our work has on the natural environment, e.g. by rigorously avoiding the negligent discharge of pollutants;
 3. Constantly working towards reducing activities that waste the earth's natural resources.
- L As Commonwealth Members we support and commit to the Commonwealth Principles and will do our best to live these out in both our working and private lives

Adopted at an Extraordinary General Meeting on
26th April 2010

Guardian Trustee Guidelines

(Adopted by special resolution on 20 May 2014)
(Originally adopted by special resolution passed on 26 April 2010)

These guidelines can only be changed with the agreement of the Commonwealth Board and Group Board, followed by a special resolution for approval by Members in General Meeting.

There shall be five Guardian Trustees in accordance with **Article 46** of the Articles of Scott Bader Commonwealth Limited (SBCW). The Guardian Trustees shall be appointed or removed by joint resolution of the Group Board and the Commonwealth Board subject to approval by the Members' Assembly. Any appointments or removals shall be made so as to ensure so far as possible that such interests and experience are represented in the composition of the Guardian Trustees as are agreed from time to time by the Group Board and the Commonwealth Board (**Article 48 of SBCW**).

Eligibility

All Guardian Trustees must be able to demonstrate that they are fully in sympathy with the Commonwealth's founding purpose, principles and values.

At least one of the Guardian Trustees shall be a former employee of one of the Scott Bader Group of Companies and a former Scott Bader Commonwealth Member.

At least one of the Guardian Trustees shall be nominated by the Bader family. However, if the Bader family fails to nominate a Guardian Trustee within three months of a vacancy arising, then the Bader family's right to nominate a Guardian Trustee shall be relinquished until the next vacancy arises.

In the event that the Bader family's right to nominate a Guardian Trustee is relinquished, a Guardian Trustee shall be selected, from nominations of former employees of the Scott Bader Group of Companies who were also former Commonwealth Members in order to fill the vacancy.

As far as possible we must ensure that the experience skills and qualities listed in the attached Role and Person Specification are present amongst the Guardian Trustees so that between them they can bring these to bear in the exercise of both the Guardian Trustee and the Charity Trustee roles in the Scott Bader Commonwealth.

Recruitment and Selection

Activity	Who is responsible/when
<p>1 The Commonwealth Board is notified of the necessity to replace a Guardian Trustee either because:</p> <ul style="list-style-type: none"> (a) the Trustee resigns; (b) the end of Term of office is approaching. 	<p>The Commonwealth Secretary</p> <p>When it happens.</p> <p>12 months before end of term.</p>
<p>2 Joint Nomination Committee (JNC) is formed comprising:</p> <ul style="list-style-type: none"> ● 2 members from the Commonwealth Board one of which must be a Guardian Trustee; ● 2 members from the Group Board; ● 1 member from the MA; ● another who from time to time the JNC think is appropriate. 	<p>The Chair of the Commonwealth Board</p>
<p>3 JNC decides:</p> <ul style="list-style-type: none"> ● experience needed to bring skill base of Guardian Trustees up to full strength; ● recruitment methods e.g. nominations, advertising; ● timetable; ● selection process e.g. interviews which may include: <ul style="list-style-type: none"> ● presentation by candidates, if felt necessary, to Commonwealth Board and Group Board with recommendation by JNC; <p style="text-align: center;">or</p> ● recommendation to Commonwealth Board and Group Board by JNC to enable them to make joint resolution to Members' Assembly. 	<p>The Commonwealth Secretary provides the admin support to the JNC and ensures process/ actions are completed.</p>
<p>4 Joint Resolution to the Members' Assembly.</p>	<p>The Chairs of the Commonwealth Board and the Group Board with the Commonwealth Secretary.</p>

Role and Person Specification for Guardian Trustees

BACKGROUND

The Scott Bader Commonwealth is a Company Limited by Guarantee and a charity regulated by the Charity Commission for England and Wales. It is the holding company of Scott Bader Company Limited (SBCL). All the shares in SBCL are held in common in perpetuity by the charity for the benefit of current and future generations of staff. Thus it is often described as a “common trusteeship” company.

Staff of SBCL, by becoming Members of Scott Bader Commonwealth Limited, participate and are represented internationally by a democratic forum known as the Members’ Assembly and locally by Local Councils where they are able to exercise collective stewardship of the wellbeing and sustainability of the working community. They agree to be bound by a common Code of Practice. See www.scottbader.com

The founding purpose of the Commonwealth is given legal form by our charitable objects. These are legally binding on the Commonwealth, the Scott Bader Group and all its subsidiary companies. They are:

- (i) the promotion of ethical and religious principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate, and
- (ii) the promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of natural resources, and the promotion of sustainable means of achieving economic growth and regeneration.

‘sustainable development’ means development that meets the needs of the present without compromising the abilities of future generations to meet their own needs

Directors and Charity Trustees

The Board of Scott Bader Commonwealth Ltd has 9 directors who are the trustees of the charity. 4 of these are internal appointments and 5 are external independent appointments. The 5 external appointees are known as the Guardian Trustees. The role of the 9 Charity Trustees is:

1. to ensure that the SBCL’s strategic business and organisational development is aligned with the founding purpose and charitable objects of the Commonwealth;
2. to ensure that the Commonwealth and Guiding Principles are lived out in the working community that is the Scott Bader Group. This duty includes ensuring that company practice progressively moves closer to our stated ethical principles and that we continue to give to charity the same as or more than we pay to ourselves in terms of profit distribution; and

3. to ensure the Commonwealth's founding intention of being an example to the world of a different way of doing business is acted upon, evaluated, researched and promoted.

GUARDIAN TRUSTEES

The Role

The five external independent directors also perform an extra role in their capacity as Commonwealth Members, that of Guardian Trustees. The role of the Guardian Trustees is to safeguard the Constitution and to ensure that the Commonwealth stays true to its founding purpose and guiding principles. They do this by exercising special voting rights in relation to the Trustee Shares in Scott Bader Company Limited.

In particular the Guardian Trustees preserve the status quo. They have the power to:

1. veto changes to the Scott Bader Constitution;
2. veto any measure taken or proposed by either the Group Board or the Members' Assembly that contravenes Commonwealth Principles; and
3. arbitrate in any disagreement between the Group Board and the Members' Assembly on matters of fundamental policy.

Guardian Trustees will unanimously agree all special resolutions before they are put to Commonwealth Members for voting. (Article 20 of SBCW and Article 21 of SBCL).

The Person Specification

Essential qualities

All Guardian Trustees must be able to demonstrate that they are fully in sympathy with the Commonwealth's founding purpose, principles and values.

We want a group of 5 Guardian Trustees who between them can bring the following experience, skills and qualities to bear in the exercise of both the Guardian Trustee and the Charity Trustee roles in the Scott Bader Commonwealth:

(a) Experience

- business acumen;
- international organisational experience ideally in a similar sized organisation;
- experience of cross-cultural working;
- previous experience as Charity Trustee;
- former Commonwealth Member with experience of governance or management roles in Scott Bader Group;
- academic expertise in alternative ownership models/ business structures;
- chemical industry technology especially its more sustainable development;
- employee ownership, common trusteeship and/or co-operative working.

(b) **Skills and qualities**

- clear sightedness and a willingness to challenge;
- strong personal ethics and integrity that match our founding principles and values;
- the ability to promote alternative ideas and practices to a conservative/cautious organisation and to a sometimes sceptical external environment;
- visionary – inspiring those with whom they work;
- high level co-operative skills – listening; consensus building; conflict resolution etc.

Tenure, Appointment, Time and Reward

Guardian Trustees will serve for a renewable term of 3 years. There may be two renewals i.e. up to nine years in total. Appointments will be staggered for continuity.

The Guardian Trustees shall be appointed or removed by joint resolution of the Commonwealth Board and Group Board subject to approval by the Members' Assembly. Commonwealth Membership is awarded on appointment.

Duties are expected to take about 10 days per year, including attending Commonwealth Board meetings, the AGM and Members' Assembly meetings, as observers. Guardian Trustees must be willing and able to commit more time to fulfil the obligations

of the safeguarding role if required. The Chair of the Commonwealth Board will normally be a Guardian Trustee. Therefore the time commitment for that person will be greater than for any other Guardian Trustee (Article 34 of SBCW).

Expenses are reimbursed, but the roles of charity trustee and guardian trustee are voluntary. Guardian Trustees will be included in the Charity Nomination Scheme that operates in the UK.

General

Full details of the provisions, powers and responsibilities of the Guardian Trustees are contained in the articles of association of The Scott Bader Commonwealth Limited and Scott Bader Company Limited and in the Rules for the Members' Assembly. Full details will be provided upon appointment. Terms defined in the articles of association of The Scott Bader Commonwealth Limited (or otherwise in the Constitution) shall have the same meaning in these guidelines. If there are conflicts between these guidelines and the Constitution, the Constitution shall prevail.

Rules for the Members' Assembly

(Adopted by ordinary resolution on 20 May 2014)
(Originally adopted by special resolution passed on 26 April 2010)

The provisions for the Members' Assembly (MA) are provided for in the articles of association of The Scott Bader Commonwealth Limited (SBCW), Scott Bader Company Limited (SBCL) and Scott Bader UK Limited (SBUK)

1. INTRODUCTION

1.1 The Members' Assembly is the democratic forum for the Scott Bader Group by whom the Group Board can be held accountable for the exercise of its responsibilities for the health and success of the Scott Bader businesses. It represents Commonwealth Members and may discuss any issue, but it cannot displace the overriding authority of Commonwealth Members in general meeting, to whom it is ultimately subordinate (**Articles 18a, 18b and 19 of SBCL**);

1.2 While the Members' Assembly asks questions and makes recommendations, responsibility for the management of Scott Bader Company Limited remains with the Group Board. Any challenge to the actions or authority of the Group Board is ultimately open only to Commonwealth Members in general meeting and the Guardian Trustees. In their interaction, the Members' Assembly and the Group Board should strive to render such a final sanction unnecessary (**Article 19 of SBCL**);

1.3 Terms defined in the Articles of Association of The Scott Bader Commonwealth Limited (or otherwise in the Constitution) shall have the same meaning in these Rules. If there are conflicts between these Rules and the Constitution, the Constitution shall prevail;

1.4 A disagreement between the Group Board and the Members' Assembly on an issue of fundamental policy will be determined by the Guardian Trustees (**Article 21c of SBCL**);

1.5 In the event of a disagreement between the Scott Bader UK Board and the Community Council on an issue of fundamental policy, the agreement of the chairman of the Group Board **and the chairman of the Members' Assembly** (as referred to in the articles of association of Scott Bader Company Limited) shall determine the matter (**Article 9.2 of SBUK**).

2. APPROVALS

2.1 To approve (**Articles 18d and 18e of SBCL**):

(a) the appointment, terms and conditions of office and removal of all the Directors of the Group Board with the exception of the three Community (internally elected) Directors;

(b) the reappointment of the Non-Executive Directors (which includes the Chairman of the Group Board).

- 2.2 To approve (**Article 34 of SBCL**):
- (a) the remuneration (including increases) of:
 - (i) the Non-Executive Directors (which includes the Chairman of the Group Board);
 - (ii) the Group Managing Director;
 - (iii) any other Group Board Director whose proposed remuneration is not within any existing graded pay structure of SBCL;
 - (b) bonuses to any Board Director.
- 2.3 To approve the appointment and removal of the Guardian Trustees, on the basis of a joint proposal of the Commonwealth and Group Boards (**Article 18f of SBCL and Article 48 of SBCW**);
- 2.4 (a) To approve proposals to increase the borrowings of the Scott Bader Group, where the increase would result in the Scott Bader Group borrowing facility¹ exceeding 66% of the Scott Bader Group's consolidated share capital and reserves². (**Article 18i of SBCL**)
- (b) The MA will be informed about the Scott Bader Group's financial status on a regular basis to enable it to monitor the level of Scott Bader Group borrowings (**Article 17b of SBCL**);
- 2.5 To discuss and approve proposals for major investments, the cost of which exceeds 15% of the Scott Bader Group's consolidated share capital and reserves² (**Article 18j of SBCL**); and
- 2.6 To approve the decisions and the process for the disposal of businesses and assets that employ people who cannot be re-deployed or who would be made redundant, in accordance with Scott Bader Group policies and in particular to be satisfied with the intended arrangements for individuals (**Article 16 of SBCL**).
- ### 3. CONSULTATION
- 3.1 To be consulted about and to discuss proposals relating to investments or decisions that require capital expenditure in excess of 5% of the Scott Bader Group's consolidated share capital and reserves² (**Article 18k SBCL**);
- 3.2 To be consulted about, discuss and agree any proposal in relation to acquisitions or joint ventures (**Article 18l SBCL**);
- 3.3 To check on an annual basis that the salary of the Group Managing Director is not disproportionate in the view of the Members' Assembly, when compared to an appropriate comparator group of Staff (such appropriate comparator group to be determined by the Members' Assembly) (**Article 27h of SBCL**).

1 & 2 - As defined in SBCLs articles of association

4. MEMBERSHIP and LOCAL DEMOCRACY

- 4.1 **To drive the development of local democracy through member education and training (Article 28 of SBCL and Articles 50 and 51 of SBCW);**
- 4.2 To put in place and monitor procedures relating to the granting and suspension of Commonwealth Membership in line with criteria set and powers delegated to it by the Commonwealth Board **(Articles 50 and 54 of SBCW);**
- 4.3 To receive such reports as it requires from the Commonwealth Office and HR to enable it to monitor member education and training and the development of local democracy.

5. RESPONSIBILITIES

- 5.1 To decide the basis for allocating a Group Staff Bonus, subject to the agreement of Commonwealth Members in General Meeting **(Articles 18g and 56 of SBCL);**
- 5.2 To call general meetings of The Scott Bader Commonwealth Limited in accordance with normal procedures **(Articles 58 and 59 of SBCW);**
- 5.3 To review these Rules periodically and report the outcome of each such review to the Commonwealth Board and subsequently Commonwealth Members **(Article 18c of SBCL and Article 17f of SBCW);**
- 5.4 To involve itself with the Commonwealth Board's periodic review of the Code of Practice **(Article 18h of SBCL and Article 24bii of SBCW);**

5.5 To have regard at all times (together with the Group Board) to the fact that the basic purpose of Scott Bader is to provide the best possible service as a corporate body to humankind, as outlined in the Guiding Principles **(Articles 26-28 of SBCL);**

5.6 To discuss any matter that it chooses in relation to the business of the Scott Bader Group, or its relationship with the outside world, and make recommendations to the Group Board. The Members' Assembly will not, however, involve itself in matters relating solely to individual operating companies within the Scott Bader Group that are properly the province of the relevant local Council unless they are a matter of dispute between the relevant Council and local management.

6. FINANCE (Article 17 of SBCL)

The Group Managing Director shall make available to the Members' Assembly sufficient resources to enable it to fulfil its responsibilities contained within these Rules, in particular funds to provide:

- (a) travel, accommodation and training for elected members;
- (b) education and training for the development of Commonwealth Membership and local democracy;
- (c) secretarial support.

7. AMENDMENTS TO RULES

- 7.1 Amendments or additions to this Sub-Rule and all preceding Rules shall be authorised by the vote of Commonwealth Members in general meeting (**Article 25 SBCW**);
- 7.2 Amendments to this Sub-Rule and **all following** Rules may be authorised by the Members' Assembly preferably by consensus but by vote in accordance with the guidelines if required.

8. REPORTS

- 8.1 To receive reports from the Group Board via the Group Managing Director as requested on:
- (a) company strategy;
 - (b) business plan and capital plan and updates;
 - (c) financial performance – v – budget;
 - (d) demonstration of Commonwealth Principles via the management style within the business;
- 8.2 The reports of the Group Managing Director, and any reports requested from the Commonwealth Office and/or HR shall be circulated in advance with the agenda.

9. COMPOSITION AND PROCEEDINGS OF THE MEMBERS' ASSEMBLY (Articles 54 and 55 of SBCL)

- 9.1 Except for the Chairman of the Group Board, membership of the Members' Assembly is by election.
- 9.2 Election to the Members' Assembly is by direct election from single or multi-representative constituencies (based upon geographical locations). Initially there should be not less than 12 and not more than 14 elected members. The precise number and, therefore, the size and boundaries of constituencies should be set and periodically reviewed by the Guardian Trustees after receiving the recommendation of members of the Members' Assembly. They should seek to ensure that there is sufficient representation of all interests but that the numbers are not so high as to inhibit informed debate. The Members' Assembly Secretary should arrange for contested elections to be held by secret ballot;

(a) Eligibility

- (i) candidates must be Commonwealth Members;
- (ii) candidates must be employed on a permanent basis for at least 12 months;
- (iii) candidates must have the ability to understand written and spoken English;
- (iv) current members of the Local Councils may stand (excluding the Chairs of those bodies);

(b) Exclusions

- (i) no one who is a member of the Group Executive may stand;
- (ii) no current Commonwealth Board member may stand;
- (iii) no current Group Board member may stand;
- (iv) no one who, at the point of nomination, is subject to (I) a live disciplinary warning or sanction or (II) a Performance Improvement Plan or formal and documented procedure instigated to address significant concerns regarding performance;

9.3 While it is not a requirement that candidates for election should be employed in the relevant constituency, their nomination must be supported by a proposer and seconder from that constituency, both of whom must also be entitled to vote in the constituency. Elected Members are appointed for a three-year term, at the end of which they may seek re-election for one further term. Thereafter individuals may stand again for election after standing down for one year;

9.4 Elected Members of the Members' Assembly shall elect the Assembly Chairman (who may, but need not be, a member of the Assembly) and determine the term of office, which preferably should not be less than 3 years. Fulfilment of the determined term of office may require the individual to continue as a representative beyond the original term of office from when they were elected, but should not exceed two terms of office;

9.5 Elected Members at the Members' Assembly shall act as representatives, taking steps to inform themselves of the views of their constituents, but shall act, speak and vote in accordance with their own judgement in the best interests of Scott Bader as a whole;

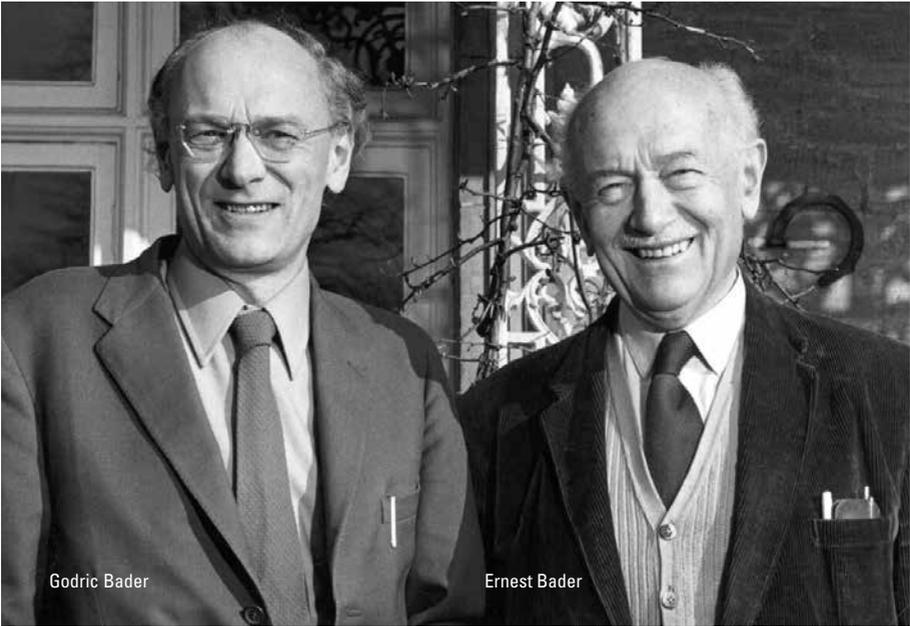
9.6 Elected Members at the Members' Assembly cease to be members :

- (a) at the expiry of the term for which they were elected;
- (b) by resignation from the Members' Assembly;
- (c) on ceasing to be a Commonwealth Member by reason of death or retirement or resignation of membership, termination of employment within the Scott Bader Group, or withdrawal of membership;
- (d) if they miss 2 Members' Assembly meetings in succession without authorisation from the Chairman of the Members' Assembly;

By-elections to fill resulting vacancies should be held as soon as possible;

- 9.7 The proceedings of the Members' Assembly will be conducted in English;
- 9.8 The Members' Assembly shall meet at least twice a year for at least a full day and more frequently if the members of the Members' Assembly agree the number of agenda items so require. In exceptional circumstances, the Chairman, or, by petition, at least 25% of elected members (to the nearest higher whole number) may call a special meeting of the Members' Assembly. Other than these formal meetings of the Members' Assembly, meetings of the Members' Assembly may be conducted by tele-conferencing or other electronic means;
- 9.9 The quorum for a meeting of the Members' Assembly is at least half the number of elected members with representation from at least three separate constituencies and the Group Chairman or his nominated representative;
- 9.10 Attendance at meetings :
- (a) the Group Managing Director shall attend Members' Assembly meetings;
 - (b) the Guardian Trustees and external Non-Executive Directors on the Group Board are encouraged to attend meetings and are entitled to participate in discussions (but not to vote);
 - (c) other senior executives may attend to assist the Members' Assembly on the invitation of the Chairman of the Members' Assembly as necessary provided advance notice has been given in the agenda;
- 9.11 In general it is expected that the business of, and the decisions taken by, the Members' Assembly will be reached by consensus. However should this not be possible and a vote is required then the voting will be conducted in accordance with the guidelines drawn up by the Members' Assembly and the majority view will prevail;
- 9.12 The Members' Assembly Chairman, after proper consultation with those concerned, shall have the power to put written proposals to members for resolution by postal ballot, or other electronic means. However postal ballots should be used only exceptionally or in uncontentious circumstances, because of the advantage of having oral explanation, questioning and debate;
- 9.13 The Chairman of the Members' Assembly in conjunction with the Chairman of the Commonwealth Board shall appoint the Secretary to the Members' Assembly. The Secretary shall attend meetings but is not entitled to vote;
- 9.14 Approaches to other Scott Bader governance bodies should not be made by individual members but by the Chairman or Members' Assembly Secretary, following agreement by the Members' Assembly;
- 9.15 It is desirable that Members' Assembly representatives attend the formal AGMs of both The Scott Bader Commonwealth Limited and SBCL;

- 9.16 The Members' Assembly Secretary, in conjunction with the Chairman of the Members' Assembly shall be responsible for arranging such training as is required to enable the members of the Members' Assembly to fulfil their responsibilities satisfactorily;
- 9.17 Subject to the agreement of the individual's manager to any cost of travel or time away from work, meetings of the Members' Assembly will be open to Commonwealth Members, as observers and, at the discretion of the Members' Assembly Chairman, to others who are not Commonwealth Members subject to the agreement of the chairman of the Members' Assembly.



Godric Bader

Ernest Bader

**Life President of Scott Bader and the Scott Bader Commonwealth receives
The Gandhi Foundation International Peace Award 2014**



Lord Bhikhu Parekh Chairman of the Gandhi Foundation presenting the Award
to Godric and his wife Anne at the House of Lords on 30th October 2014

Articles of Association of Scott Bader Company Limited

Company number 00189141

(Adopted by special resolution on 20 May 2014)
(Originally adopted by special resolution passed on 26 April 2010)

Name and registered office

1. The name of the company is **Scott Bader Company Limited**.
2. The registered office of Scott Bader Company Limited is situated in England.

Definitions

3. In these Articles (if not inconsistent with the subject or context):

“Act” means the Companies Act 2006 including any statutory re-enactment or modification thereof for the time being in force;

“Code of Practice” means the Code of Practice for Commonwealth Members adopted by special resolution of the Commonwealth on 26 April 2010 as may be amended from time to time in accordance with the articles of association of the Commonwealth;

“Commonwealth” means The Scott Bader Commonwealth Limited, a company incorporated in England on 1 June 1951 under company number 00496082 and registered as a charity with registration number 206391;

“Commonwealth Board” means the board of directors of the Commonwealth;

“Commonwealth Member”	means a member of the Commonwealth;
“Commonwealth Principles”	means the aims and principles on and for which the Commonwealth and Scott Bader Company Limited are founded as expressed in the Constitution;
“Commonwealth Shares”	means the 90,000 Ordinary Shares of 50p each in the share capital of Scott Bader Company Limited;
“Community Director”	means a director of Scott Bader Company Limited appointed by Commonwealth Members in accordance with these Articles and the Community Directors’ Guidelines;
“Community Directors’ Guidelines”	means the guidelines for the appointment of the Community Directors to the Group Board adopted by special resolution of Scott Bader Company Limited on 26 April 2010 as may be amended from time to time in accordance with such guidelines;
“Consolidated net profit of Scott Bader Company Limited”	means for any financial period the profit before taxation on ordinary activities appearing in the relevant audited group accounts of Scott Bader Company Limited adjusted (as necessary) by adding back any amount to be paid in Group Staff Bonus or committed to charitable purposes in respect of such period;
“Constitution”	means: <ul style="list-style-type: none"> (a) the articles of association of the Commonwealth; (b) these Articles; (c) the Code of Practice; and (d) the Preamble to the Constitution;
“Founders”	means the subscribers to the memorandum of association of the Commonwealth;
“Group Board”	means the board of directors of Scott Bader Company Limited or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;
“Group Executive”	means those staff of Scott Bader Company Limited appointed, from time to time, by the Group Managing Director to the team, known as the group executive, who collectively have responsibility for the day to day running of Scott Bader Company Limited;

“Group Managing Director”	means the managing director of Scott Bader Company Limited or, in the absence of a managing director, the individual with overall responsibility for the management of Scott Bader Company Limited;
“Group Staff Bonus”	the total amount payable to staff as a bonus from the consolidated net profit of Scott Bader Company Limited in respect of a financial period;
“Guardian Trustees”	means those persons described in the articles of association of the Commonwealth under the heading “Composition of the Guardian Trustees”;
“Guardian Trustee Guidelines”	means the guidelines for Guardian Trustees adopted by special resolution of the Commonwealth on 26 April 2010 as may be amended from time to time in accordance with such guidelines;
“Guardian Trustee Shares”	means the 10,000 Trustee Shares of 50p each in the share capital of Scott Bader Company Limited;
“Guiding Principles”	means the purposes, measures and principles set out in these Article under the heading “Guiding Principles”;
“Local Council”	means a council established by a Subsidiary in accordance with the requirements in these Articles;
“Members’ Assembly”	means the international democratic forum established on 4 July 2007;
“Member Country”	means any country in which a Subsidiary is incorporated and has its registered office;
“Model Articles”	means the model articles for private companies limited by shares as set out at Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229);
“Non-Executive Director”	means a director of Scott Bader Company Limited who is not a member of staff and who is appointed by the Group Board;
“Preamble to the Constitution”	means the Preamble to the Constitution adopted by special resolution of the Commonwealth on 26 April 2010;
“Remuneration Committee”	means the remuneration committee of the Group Board;
“Rules”	means the rules for the Members’ Assembly adopted by special resolution of the Commonwealth on 26 April 2010, as may be amended from time to time in accordance with the Rules or the articles of association of the Commonwealth;

- “Scott Bader Group”** means:
- (a) Scott Bader Company Limited; and
 - (b) every Subsidiary;
- “Scott Bader Group’s consolidated share capital and reserves”** means the number reported annually in the balance sheet in the relevant audited group accounts of Scott Bader Company Limited as Total Shareholders’ Funds (Equity);
- “Scott Bader Group borrowing facility”** means the aggregate of all borrowing facilities of the Scott Bader Group, whether short term, long term or related to leasing, converted into Pounds Sterling at the latest exchange rates, and as reported to the Members’ Assembly by the Finance Director, from time to time, of the Scott Bader Group;
- “Scott Bader Group Staff Salary Cost”** means the total amount of wages and salary costs included in the audited group accounts of Scott Bader Company Limited for a financial year which, for the avoidance of doubt, includes any variable element of pay but excludes the Group Staff Bonus;
- “Staff”** means employees, unless otherwise stated, of the Scott Bader Group, whether or not they are Commonwealth Members;
- “Subsidiary”** means a subsidiary or subsidiary undertaking for the time being of Scott Bader Company Limited;
- “these Articles”** means these articles of association, as altered from time to time;
- “United Kingdom”** means Great Britain and Northern Ireland;
- “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 by electronic communication or otherwise;

and save as aforesaid any words or expressions used or defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

Objects of Scott Bader Company Limited

4. Scott Bader Company Limited’s objects are unrestricted except that Scott Bader Company Limited may not do anything that the Commonwealth Board has by resolution decided would prejudice the status of Scott Bader Company Limited as a social investment of the Commonwealth.

Liability of the member of Scott Bader Company Limited

5. The liability of the Commonwealth, the sole member of Scott Bader Company Limited, is limited.

Capital

6. The share capital of Scott Bader Company Limited is £50,000 divided into the Commonwealth Shares and the Guardian Trustee Shares.
7. The Commonwealth is the registered holder of the Commonwealth Shares and the Guardian Trustee Shares.

8. The Guardian Trustee Shares shall, in a winding up, entitle the holder to repayment *pari passu* with the holder of the Commonwealth Shares of the capital credited as paid up thereon, but shall not entitle the holder to any dividends or to any other participation in the profits or assets of Scott Bader Company Limited.

Votes of the member of Scott Bader Company Limited

9. The Commonwealth shall have one vote for every share of which it is the holder except that on any resolution to alter these Articles the Commonwealth shall have one vote for every Commonwealth Share and ten votes for every Guardian Trustee Share of which it is the holder.
10. The Commonwealth Board **shall have no power to dispose** of any shares in Scott Bader Company Limited or to exercise or direct the exercise of the votes or carry out any other responsibilities attached to any such shares. The Commonwealth Members and the Guardian Trustees shall exercise such powers and any such other responsibilities in accordance with the articles of association of the Commonwealth and, in particular, the votes attached to the Commonwealth Shares shall only be exercised as directed by the Commonwealth Members in general meeting or otherwise as provided in the articles of association of the Commonwealth.
11. For so long as Scott Bader Company Limited has one member, shareholder resolutions shall be in written form proposed and passed in accordance with Chapter 2 of Part 13 of the Act.
12. The Commonwealth shall be entitled to give different addresses for service of notices on it as the holder of shares of different classes and whenever a meeting is to be convened of which holders of shares of such classes are entitled to receive notice the Commonwealth shall be entitled to receive a separate notice in respect of each such class of share held by it in respect of which it shall have given a separate address at the appropriate address and all notices of separate meetings of the members of Scott Bader Company Limited of each class shall be sent to the appropriate address. Any alteration of this Article shall be deemed to be a variation of the rights attached to the Guardian Trustee Shares.

Organisation

13. Governance within Scott Bader Company Limited is organised so as to involve the following:
 - (a) the Group Board;
 - (b) the Members' Assembly;
 - (c) the Guardian Trustees; and
 - (d) the Commonwealth Board.

Each shall have the responsibilities provided in these Articles.

14. Scott Bader Company Limited has responsibilities in relation to Local Councils as provided in these Articles.

Group Board

15. The business of Scott Bader Company Limited shall be managed by the Group Board who may exercise all the powers of Scott Bader Company Limited except insofar as they are subject to restrictions imposed by the Act, these Articles or otherwise by special resolution of the member of Scott Bader Company Limited, including powers expressly made exercisable subject to approval or other action by the Members' Assembly, the Guardian Trustees or the Commonwealth Board.
16. The Group Board may not carry out any of the following (and shall procure that each Subsidiary and its directors shall not do the equivalent), except with the prior approval of the Members' Assembly:
 - (a) the sale or transfer of:
 - (i) all or part of a shareholding in a Subsidiary; or
 - (ii) all or a substantial part of the business or assets of Scott Bader Company Limited;
 - (b) the institution of any proceedings for, or the passing of any resolution for the winding up or administration of Scott Bader Company Limited;
 - (c) the alteration of any provision in the articles of association of a Subsidiary;
 - (d) the creation or permitting to be created any mortgage, charge, lien or other security interest in respect of either a material amount or liability over all or a substantial part of its assets; and
 - (e) Scott Bader Company Limited incurring an obligation to do any of the foregoing.

The Commonwealth as the sole member of Scott Bader Company Limited may not alter this Article except after consulting with the Members' Assembly.

17. The Group Board shall:
 - (a) make available to the Members' Assembly sufficient resources and funds to enable it to fulfil its responsibilities and exercise its powers under these Articles and the Rules, including the cost of administration, travel, training and accommodation for its members and also for the education and training of Commonwealth Members, and the development of local democracy when it is delegated the responsibility for the Membership Functions by the Commonwealth Board; and
 - (b) inform the Members' Assembly about the financial status of the Scott Bader Group on a regular basis.

Members' Assembly

18. The Members' Assembly shall, in addition to any other duties delegated or otherwise given to it pursuant to these Articles and the Rules, have the following responsibilities:
 - (a) to ensure that the Group Board is held accountable for the exercise of their responsibilities and duties;
 - (b) to monitor and promote the prosperity and success of the Scott Bader Group;
 - (c) to review the Rules periodically and report the outcome of each such review to the Commonwealth Board;
 - (d) to approve in writing in advance such appointments and removals of directors to or from the Group Board as required under these Articles;
 - (e) to approve the remuneration and terms and conditions of directors of Scott Bader Company Limited in accordance with the Rules;
 - (f) to approve the appointment and removal of Guardian Trustees in accordance with the articles of association of the Commonwealth;
 - (g) to decide on the manner of allocation of the Group Staff Bonus in accordance with these Articles;
 - (h) to involve itself with the Commonwealth Board's periodic review of the Code of Practice;
 - (i) to approve proposals to increase the borrowings of the Scott Bader Group, where the increase would result in the Scott Bader Group borrowing facility exceeding 66% of the Scott Bader Group's consolidated share capital and reserves;
 - (j) to discuss and approve proposals for major investments, the cost of which exceeds 15% of the Scott Bader Group's consolidated share capital and reserves;
 - (k) to be consulted about and to discuss proposals relating to investments or decisions that require capital expenditure in excess of 5% of the Scott Bader Group's consolidated share capital and reserves; and
 - (l) to be consulted, discuss and agree any proposal in relation to acquisitions or joint ventures involving any company or companies in the Scott Bader Group.

19. The Members' Assembly is at all times subject to the overriding authority of the Commonwealth Members in general meeting, to whom it is ultimately subordinate.

Guardian Trustees

20. The Guardian Trustees shall exercise or direct the exercise of the votes and carry out any other responsibilities attached to the Guardian Trustee Shares.
21. The Guardian Trustees acting unanimously may do any of the following:
 - (a) require the Group Board or the Members' Assembly to seek the approval of the Guardian Trustees for any change in these Articles;
 - (b) veto any measure taken or proposed to be taken by the Group Board or the Members' Assembly if, in the opinion of the Guardian Trustees so acting, a breach of the Commonwealth Principles is or would be committed if such measure were taken; and
 - (c) determine any matter in the event of a disagreement between the Group Board and the Members' Assembly on an issue of fundamental policy.
22. The Guardian Trustee Guidelines shall apply to the Guardian Trustees.
23. The Guardian Trustees act unanimously if either they all make a unanimous decision or at least four are present and they make a unanimous decision.

Commonwealth Board

24. If at any time Scott Bader Company Limited is in a state of **financial distress** then the Commonwealth Board may require the Group Board to put in place a plan for recovery. The power under this Article shall continue until such time as the auditors of Scott Bader Company Limited shall certify that in their opinion the business of Scott Bader Company Limited is no longer in a state of financial distress.

In this Article, "**financial distress**" means the business cannot fund any activity outside its immediate operations and has difficulty meeting commitments to lenders and trade creditors, or has sustained operating losses.

Local Councils

25. Scott Bader Company Limited shall ensure each Subsidiary with more than 50 staff establishes a Local Council in its Member Country that shall:
 - (a) be elected, regulated and nominated either by the Commonwealth Members resident in the Member Country or by staff otherwise authorised to do so pursuant to local legislation in such Member Countries;
 - (b) represent the interests of the staff of that Subsidiary in that Member Country;
 - (c) be consulted about the manner of distribution of any local bonus; and
 - (d) in addition to any other duties delegated to it by the Subsidiary, monitor and make recommendations in respect of the management of the Subsidiary in that Member Country, and Scott Bader Company Limited may encourage Subsidiaries with 50 or less staff to establish such Local Councils.

Guiding Principles

26. The Group Board and the Members' Assembly shall have regard at all times to the fact that the basic purpose of Scott Bader is to provide the best possible service as a corporate body to humankind. Towards this end the Scott Bader Group shall strive particularly:

Sustainability

- (a) to develop the overall strength of the Scott Bader Group, and to act as stewards of its resources in order to ensure its long-term sustainability and prosperity through effective, accountable management and efficiency; thus ensuring that those working in the company can be economically secure and will not need to strive for personal advancement at the cost of others;

Fair trading

- (b) to produce goods not only beneficial to customers of the Scott Bader Group at a fair price and of as high a quality as possible, but also for the general good of society; as far as possible to source raw materials and supplies ethically;

Environment

- (c) to ensure that the Scott Bader Group's activities have the minimum possible adverse impact on the natural environment and that it always strives for increasingly efficient, prudent use of natural resources;

Innovation

- (d) to conduct research directly and through long-term partnerships and to provide technical education in fields relevant to the Scott Bader Group both now and in the future;

Developing partnerships

- (e) to develop mutually beneficial long-term partnerships with customers, suppliers and collaborators based on fairness, honesty, integrity and openness;

International presence

- (f) to contribute towards the general welfare of society in the Scott Bader Group's immediate neighbourhoods as well as nationally and internationally;

Ethical business

- (g) at all times to be a role model for the ethical approach to successful business; so that Scott Bader's approach to wealth creation and use is clearly seen to be sustained by its guiding principles, values and common trusteeship nature.

27. In order to achieve the purposes set out above the Group Board and the Members' Assembly shall take such measures as they think fit, and in particular shall:

- (a) limit as far as possible the products of the Scott Bader Group to those beneficial to human beings, and exclude products for the specific purposes of manufacturing weapons of war;

- (b) ensure that Commonwealth Members are given adequate information, training, support and opportunities to participate fully in the Scott Bader Group's activities, so as to provide the best service possible;
- (c) present the Scott Bader Group's accounts and balance sheet within the requirements of all relevant laws and accounting standards in the jurisdictions where the company operates, whilst conforming with Commonwealth Principles, by sharing profit with staff of the Scott Bader Group and with those less fortunate than ourselves through charitable giving;
- (d) encourage the desirable principle that decision making in all meetings is by unity rather than by a formal vote, thus carrying the goodwill of all and leading to a better understanding and better implementation;
- (e) provide facilities for the study of technical, industrial and community affairs thus encouraging Commonwealth Members to grow and fulfil their potential;
- (f) take every possible measure to ensure continued customer satisfaction and to fulfil Scott Bader's responsibilities to all stakeholders;
- (g) promote understanding and friendship with other workers, and arrange suitable opportunities for the staff of the Scott Bader Group to assist in community ventures and to work with other trusteeship companies pursuing ethical business;
- (h) ensure that the salary of the Group Managing Director is not disproportionate in the view of the Members' Assembly when compared to an appropriate comparator group of Staff (such appropriate comparator group to be determined by the Members' Assembly); and
- (i) nurture common trusteeship and industrial democracy in the spirit intended by the Founders.

28. In order to ensure the Group Board and the Members' Assembly nurture common trusteeship and industrial democracy in the spirit intended by the Founders it is important to recognise that when over 350 people strong, a company is too large for direct democracy and must develop a representative democracy, which is of benefit to the Scott Bader Group and to Commonwealth Members. The Group Board and the Members' Assembly shall ensure that:

- (a) an effective body exists in the Scott Bader Group to present the opinions of all Commonwealth Members;
- (b) all Subsidiaries and locations have suitable democratic processes at local level;
- (c) sufficient funding, support and training is made available to ensure that effective democracy flourishes across the Scott Bader Group;

- (d) recognising management is by consent, change will be introduced through direct consultation with those affected;
 - (e) careful consideration is given to the way new sites or business entities are integrated into the Scott Bader Group's representative democracy including the development of appropriate local democratic processes.
29. The Group Board shall ensure that the Guiding Principles shall apply to each Subsidiary as if references to the relevant Subsidiary are substituted for the references above to the Scott Bader Group.

Composition of Group Board

30. There shall not be more than nine directors of Scott Bader Company Limited of whom:
- (a) not more than three shall be executive directors of Scott Bader Company Limited (including the Group Managing Director);
 - (b) three shall be Non-Executive Directors; and
 - (c) three shall be Community Directors.
31. Every director of the Scott Bader Company Limited shall be a person who is a Commonwealth Member or who upon appointment will become a Commonwealth Member.
32. Except in relation to Community Directors:
- (a) the Group Board shall appoint and remove all directors of Scott Bader Company Limited; and
 - (b) the appointment and removal of any director of Scott Bader Company Limited requires the approval in writing in advance of the Members' Assembly,
- provided that** in respect of Non-Executive Directors their re-appointment shall also require such approval by the Members' Assembly.
33. The Group Board shall have a chairman. The chairman of the Group Board shall be formally appointed by the Group Board provided that the Members' Assembly and the Commonwealth Board shall be given the opportunity to be involved at all stages of the procedure (the manner of such opportunity to be decided by the Group Board) in order to ensure that: (i) the Members' Assembly can agree the appointment in writing; and (ii) the chairman can be accepted as a Commonwealth Member.

34. Subject to the approval of the Members' Assembly, so far as required by the Rules, the remuneration of the Group Board shall be determined as follows:
- (a) the remuneration of the Group Managing Director shall be determined by the Remuneration Committee;
 - (b) the remuneration of all executive directors that is based on standard Scott Bader Group terms and conditions and is calculated by reference to Scott Bader Company Limited's grading structure shall be determined by the Group Managing Director;
 - (c) the remuneration of all executive directors that is based on non-standard terms and conditions and is not calculated by reference to the Scott Bader Company Limited's grading structure shall be determined by the Remuneration Committee;
 - (d) the remuneration of the chairman of the Group Board shall be determined by the Group Board; and
 - (e) the fees payable to the other Non-Executive Directors shall be determined by the Group Board (including the chairman of the Group Board but excluding the other Non-Executive Directors).

Except as expressly provided in this Article no director shall participate in a meeting or decision concerning her/his own remuneration.

35. No executive director of Scott Bader Company Limited:
- (a) may be or be entitled to act as a director of the Commonwealth; or
 - (b) (except with the prior consent of the Group Board) be or be entitled to act as a director of any other company.
36. An executive director of Scott Bader Company Limited shall hold office from the date upon which she/he shall be appointed but shall cease to hold office if she/he ceases for any reason to be a Commonwealth Member.
37. A Non-Executive Director shall hold office for a term of three years from the date upon which she/he shall be appointed at the end of which she/he shall be eligible for re-appointment as a Non-Executive Director for one further three year term whether immediately after a previous term of office or otherwise. In some circumstances (as determined by the Members' Assembly) a Non-Executive Director may be re-appointed for a third three year term.
38. A person ceases to be a director of Scott Bader Company Limited as soon as:
- (a) she/he ceases to hold office pursuant to these Articles
 - (b) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - (c) a bankruptcy order is made against that person;

- (d) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (e) a registered medical practitioner who is treating that person gives a written opinion to Scott Bader Company Limited stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (f) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (g) notification is received by Scott Bader Company Limited from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (h) if she/he be absent from two consecutive meetings of the Group Board without authorisation from the chairman of the Group Board; and
- (i) in the case of a Community Director any other event occurs that requires her/his resignation pursuant to the Community Directors' Guidelines.

Community Directors

- 39. Commonwealth Members shall appoint and remove three directors to serve on the Group Board in accordance with these Articles and the Community Directors' Guidelines, to represent the constituencies described in the Community Directors' Guidelines. Such a Community Director must be a member of staff who is a Commonwealth Member but may not be:
 - (a) a member of the Commonwealth Board;
 - (b) a member of the Group Executive;
 - (c) chairman of the Members' Assembly; or
 - (d) an individual otherwise excluded for a reason set out in the Community Directors' Guidelines.
- 40. A Community Director shall hold office for a period of three years from the date upon which she/he shall be elected; a person so appointed may be re-elected once to continue in office immediately after her/his initial term of office.
- 41. Subject at all times to their duties under the Act, the Community Directors shall report periodically, and as may be set out in the Community Directors' Guidelines, on their activities as Community Directors to the Members' Assembly and to Commonwealth Members at general meetings of Commonwealth Members.
- 42. In line with established practice for all directors of the Group Board the performance of the Community Directors shall be reviewed periodically by the chairman of the Group Board.

Proceedings of Group Board

43. The Group Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit **provided that:**
- (a) not more than four months shall elapse between any two meetings of the Group Board;
 - (b) decision making by the Group Board should be by unity rather than by a formal vote. In the event that unity cannot be reached issues arising shall be determined by a majority of votes;
 - (c) if the numbers of votes for and against a proposal are equal, the chairman of the Group Board or other director chairing the meeting has a casting vote but this does not apply if, in accordance with these Articles, the chairman of the Group Board or other director is not to be counted as participating in the decision-making process for quorum or voting purposes; and
 - (d) any director of the Group Board may participate in a meeting of the Group Board by means of conference telephone or any other communications equipment whereby all persons participating in the meeting can communicate with one another. Participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and any person so participating shall be entitled to vote and be counted in a quorum accordingly.
44. Any director of Scott Bader Company Limited may call a Group Board meeting by giving notice of the meeting to the directors (including any director who may for the time being be absent from the United Kingdom provided that she/he shall have given her/his address outside the United Kingdom) or by authorising the company secretary to give such notice. Notice (which need not be in writing) of the meeting must indicate:
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
45. The transaction of business by the Group Board requires a quorum of four directors of Scott Bader Company Limited including:
- (a) an executive director of Scott Bader Company Limited;
 - (b) a Non-Executive Director; and
 - (c) a Community Director.

46. If the chairman of the Group Board is not participating in a Group Board meeting within ten minutes of the time at which it was to start, the participating directors must appoint another of the Non-Executive Directors to chair it.
47. A meeting of the Group Board at which a quorum is present may exercise all powers exercisable by the Group Board.
48. A director of Scott Bader Company Limited shall not vote at any meeting of the Group Board or a committee of the Group Board on any resolution concerning a matter in which she/he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of Scott Bader Company Limited unless her/his interest or duty arises only because she/he is a member of the Members' Assembly or a Local Council or a Commonwealth Member.
49. As an alternative to making a decision in a meeting, the Group Board may take a decision in accordance with this Article. A decision of the Group Board is taken in accordance with this Article when all eligible directors indicate to each other by any means whereby each such indication is capable of being readily reproduced in hard copy form that they share a common view on a matter. Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing. A decision may not be taken in accordance with this Article if the eligible directors would not have formed a quorum at such a meeting.

In this Article **"eligible directors"** are members of the Group Board who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Group Board.

50. Subject to these Articles, the Group Board may delegate any of the powers which are conferred on them under these Articles:
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions,

as they think fit. If the Group Board so specify, any such delegation may authorise further delegation of the Group Board's powers by any person to whom they are delegated. The Group Board may revoke any delegation in whole or part, or alter its terms and conditions.

51. Committees to which the Group Board 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.
52. The Group Board must ensure that Scott Bader Company Limited 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.
53. Subject to the Articles, the Group Board may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

Membership of Members' Assembly

54. Membership of the Members' Assembly is determined by the Rules.

Proceedings of Members' Assembly

55. Proceedings of the Members' Assembly are to be carried out in accordance with the Rules.

Profit distribution

56. Subject to the provisions of the next following Articles, the Commonwealth as the sole member of Scott Bader Company Limited shall resolve how the consolidated net profit of Scott Bader Company Limited for any given financial period is allocated (and that such allocations are made) within the following limits:

- (a) as to a minimum of 60 per cent for taxation and reserves;
- (b) as to a maximum of 20 per cent for the Group Staff Bonus; and
- (c) subject as aforesaid, as to:
 - (i) dividends of such amount; and
 - (ii) any donation (or other payment) to the Commonwealth for charitable purposes in addition to that referred to in Article 58 below, as the resolution may prescribe.

In default of express allocation the whole amount of such consolidated net profit of Scott Bader Company Limited shall be deemed to have been allocated to taxation and reserves.

The manner of allocation of the Group Staff Bonus (including any formulae to be applied) shall be decided by the Members' Assembly subject to:

- (a) such procedures as the Members' Assembly shall adopt for this purpose from time to time; and
- (b) the approval of the Commonwealth by resolution as the sole member of Scott Bader Company Limited (as directed by Commonwealth Members in general meeting).

57. No resolution to pay any Group Staff Bonus shall be effective unless prior to the passing of such resolution (whether on the same day or earlier) there shall have been passed one or more resolutions of Scott Bader Company Limited in respect of either or both:
- (a) funds to be paid by Scott Bader Company Limited to the Commonwealth for charitable purposes; and
 - (b) declaring or paying a dividend or dividends to the Commonwealth,
- in respect of the relevant financial period, whose amount together with attributable taxation is not less than the gross amount of the proposed Group Staff Bonus.
58. Notwithstanding the preceding Articles and subject to the immediately following Article, an amount equal to the amount payable as Group Staff Bonus or 1 per cent of the Scott Bader Group Staff Salary Cost, whichever is the greater, shall be paid for each financial period commencing on or after 31 December 2009 by way of donation or otherwise to the Commonwealth for charitable purposes. For the avoidance of doubt, an amount additional to this may be similarly donated (or otherwise paid) to the Commonwealth for charitable purposes.
59. The Commonwealth Board, on behalf of the Commonwealth, may decline (in full or in part) or accept a deferred payment (in full or in part) of the donation referred to in the immediate preceding Article, if it believes that acceptance (or immediate payment) of the full donation would jeopardise the continued success of Scott Bader Company Limited.

Notices

60. Anything sent or supplied by or to Scott Bader Company Limited under these Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to Scott Bader Company Limited.
61. Any notice or document to be sent or supplied to a member of the Group Board in connection with the taking of decisions by the Group Board may also be sent or supplied by the means by which that member of the Group Board has asked to be sent or supplied with such notices or documents for the time being.
62. A member of the Group Board may agree with Scott Bader Company Limited that notices or documents sent to that member in a particular way are to be deemed to have been received within a specific time of their being sent, and for the specified time to be less than 48 hours.

Indemnity and insurance

63. This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of law. Subject to this, and without prejudice to any indemnity to which a relevant director may otherwise be entitled, a relevant director of Scott Bader Company Limited or an associated company may be indemnified out of Scott Bader Company Limited's assets against:
- (a) any liability incurred by that relevant director in connection with any negligence, default, breach of duty or breach of trust in relation to Scott Bader Company Limited or an associated company;
 - (b) any liability incurred by that relevant director in connection with the activities of Scott Bader Company Limited or an associated company in its capacity as a trustee of an occupational pension scheme;
 - (c) any other liability incurred by that relevant director as an officer of Scott Bader Company Limited or an associated company.

The Group Board may decide to purchase and maintain insurance, at the expense of Scott Bader Company Limited, for the benefit of any relevant director in respect of any relevant loss. In this Article companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; **"relevant director"** means any director or former director of Scott Bader Company Limited or an associated company, and **"relevant loss"** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to Scott Bader Company Limited, any associated company or any pension fund or employees' share scheme of Scott Bader Company Limited or associated company.

Table A and Model Articles

64. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 shall not apply to Scott Bader Company Limited.
65. The Model Articles shall apply to Scott Bader Company Limited save insofar as they are excluded or varied by or inconsistent with these Articles.

Community Directors' Guidelines

(Adopted by special resolution on 20 May 2014)
(Originally adopted by special resolution passed on 26 April 2010)

The provision for these Guidelines are as defined in **Article 3** of the articles of association of both Scott Bader Commonwealth Limited and Scott Bader Company Limited.

Community Directors' Guidelines means the Guidelines for the appointment of the Community Directors to the Group Board adopted by special resolution of Scott Bader Company Limited on 26 April 2010 (as may be amended from time to time in accordance with such Guidelines).

Community Director means a director of Scott Bader Company Limited appointed by Commonwealth Members in accordance with the articles of association of Scott Bader Company Limited (SBCL) and these Guidelines and as referred to the articles of association of The Scott Bader Commonwealth Limited (SBCW).

Terms defined in the articles of association of Scott Bader Company Limited (or otherwise in the Constitution) shall have the same meaning in these Guidelines. If there are conflicts between these Guidelines and the Constitution, the Constitution shall prevail.

1. Number

There shall be three Community Directors (**Article 30c SBCL and Article 24a SBCW**).

2. Appointment

Commonwealth Members shall appoint and remove three directors to serve on the Group Board in accordance with the Articles of SBCL and these Guidelines to represent the constituencies described in these Guidelines (**Article 39 SBCL**).

(a) Eligibility

- (i) Candidates must be Commonwealth Members;
- (ii) Candidates must have been employed on a permanent basis for at least 12 months;
- (iii) Candidates must have the ability to understand written and spoken English to a level where they can understand and contribute to the proceedings of the Group Board;
- (iv) Current members of the Members' Assembly and Local Councils may stand (excluding the Chairs of those bodies) provided that if a current member of the Members' Assembly is elected, he/she must resign from the Members' Assembly so that a replacement may be appointed;
- (v) Current Community Directors may stand for re-election twice (see no. 4).

(b) Exclusions

- (i) No one who is entitled to be a candidate for the Group Board as a member of the Group Executive may stand as a candidate for Community Director because they already have a route to the Group Board;
- (ii) No current Commonwealth Board member may stand;
- (iii) No one who, at the point of nomination, is subject to a live disciplinary warning or sanction and/or a Performance Improvement Plan or formal and documented procedure instigated to address significant concerns regarding performance may stand.

3. Constituencies

(a) Initially, to ensure appropriate representation from all parts of the Scott Bader Group there will be one Community Director from each of the following three constituencies:

- (i) UK and Eire
- (ii) Continental Europe
- (iii) Rest of the World

(b) Commonwealth Members in each constituency will vote on the candidate for their constituency (**Article 56 SBCW**);

(c) The Commonwealth Board will review periodically the effectiveness of the voting arrangements and constituencies for Community Directors (**Article 17i SBCW**).

4. Term of office (**Article 40 SBCL**)

The term of office is 3 years at the end of which the Community Director can stand for re-election for one further term. The Group Board can extend a term of office in order to maintain or re-establish the stagger between appointments with the agreement of the Members Assembly.

5. Reporting Requirement (**Article 41 SBCL**)

(a) Candidates must sign the declaration that is contained within these Guidelines that outlines the relationship that the elected Community Director is required to have with the Members' Assembly;

(b) The Members' Assembly formally notes the appointment once approved.

6. Induction process

The Chairman of the Group Board is responsible for ensuring that the Community Directors receive suitable induction training for their Group Board role.

7. Removal Process

Community Directors can be required to resign either:

(a) for non-attendance at two consecutive Group Board meetings without prior approval from the Chairman of the Group Board (**Article 38h of SBCL**);

(b) if a complaint is made and upheld about the Community Director for unethical behaviour or contravention of the Code of Practice (**Article 38i SBCL**);

(c) if the Community Director does not comply with the requirements to maintain a relationship with the Members' Assembly (**Article 41 SBCL**).

The Community Director can appeal against their removal to the Commonwealth Board.

8. Nomination and Election process (**Article 56 of SBCW**)

Appointments will be staggered i.e. one Community Director will be elected each year in order to retain experience on the Group Board;

The following Nomination and Election Process will be managed by the Commonwealth Office.

- (a) The Company Secretary informs the Commonwealth Office of the forthcoming vacancy on the Group Board six months in advance of the date of appointment so that elections can be carried out in time for successful nominees to receive training and attend one Board meeting as an observer before they officially start their term of office;
- (b) The notice issued by the Commonwealth Office inviting nominations in English will include:
 - (i) term of office;
 - (ii) nomination requirements;
 - (iii) role and person specification;
 - (iv) the document that outlines the relationship that the elected Community Directors are required to have with the Members' Assembly (Appendix 1)
 - (v) a Nomination Form which will include the requirement for:

- A a nominee manifesto of up to 500 words in English describing their motivation for standing showing how they meet the Role and Person Specification and what skills they will add to the Group Board;
- B the line manager to support declaration stating how time will be made available for the candidate to fulfil the role if elected;
- C a proposer and seconder who must both be Commonwealth Members;
- D the deadline for applications;
- E the proposed date of election.

In the event of a candidacy being blocked there is a right of appeal in the first instance to the Group Managing Director and thereafter to the Commonwealth Board.

- (c) nomination forms will be reviewed by the Commonwealth Secretary and the Chairman of the Members' Assembly;
- (d) nominees will be notified whether their nominations have been successful with details of the election process;
- (e) elections will be held provided there is more than one candidate nominated otherwise the nominee will be automatically appointed provided their application meets the specified criteria;

- (f) ballot forms and candidate manifestos will be translated as required for elections in Continental Europe and the Rest of World Constituencies;
- (g) elections will be co-ordinated by the Commonwealth Office with support from the overseas Commonwealth co-ordinators where required;
- (h) the count will be conducted by Commonwealth Office in the presence of 1 or 2 witnesses;
- (i) the outcome of the vote will be communicated to candidates, Chairman of Group Board, Chairman of the MA and to the membership worldwide.

9. Amendments

Amendments to these Guidelines may only be made by the Commonwealth Board with the agreement of the Members' Assembly and following discussion with the Chairman of the Group Board **except that** in relation to any amendments that would conflict with the Articles of Association of either or both SBCW and SBCL such amendments shall be made by special resolution of SBCL.

Appendix 1: Relationship between Members' Assembly and Community Directors on the Group Board (Article 41 SBCL)

Note: Community Directors, in common with the other Directors of Scott Bader Company Limited, are bound by the relevant sections of the Companies Act 2006 (the Act), particularly sections 172 -175. Nothing contained within this document is intended to nor should be construed as compromising or contradicting the duties imposed by the Act.

It is the role of the Community Directors to represent the interests of the Commonwealth Membership on the Group Board and to help ensure that Scott Bader is run as a working community as well as a successful international business.

As Community Directors are elected to the Group Board by Commonwealth Members worldwide it is important that they promote industrial democracy and ensure that wherever possible Members are involved in decisions that affect them, the future direction of the company and the long term success of Scott Bader.

It is essential that Community Directors fully understand the **governing structure of Scott Bader and the Rules for the Members' Assembly** in order to play their part in the smooth running of the relationship between the Members' Assembly and the Group Board. Working with the Group Board Chairman, they shall ensure that the correct information is provided to the Members' Assembly to enable authorisations to be given at the right time and that they are consulted on key issues in accordance with the Rules of the Members' Assembly.

Community Directors shall ensure that major **decisions taken by the Group Board are in line with the Code of Practice**. One way of them helping the taking and implementation of such decisions is via their dialogue with the Members' Assembly.

To regularly implement their commitments, Community Directors will:

- inform the Chairman of the Members' Assembly prior to each Group Board meeting (either face to face or via telephone conferencing) of items to be discussed by the Group Board and discuss these with the Chairman in order to gain an understanding of the Members' Assembly view;

- notify the Chairman of the Members' Assembly after each Group Board meeting (either face to face or via telephone conferencing) of key decisions made and issues discussed by the Group Board and discuss the potential impact for Members throughout the Group with the Chairman;
- be willing to attend (where practicable) any meetings with representatives from the Members' Assembly to explain and clarify any issues affecting Commonwealth Members; and
- collectively give an account of the work of the Community Directors in terms of how the actions taken by the Group Board have affected Commonwealth Members.

Community Director Declaration

I understand the above requirements of being a Community Director and agree to fulfil them.

Signed: -----

Date: -----

Date: -----

Chairman

Local Councils in Scott Bader Member Countries

Article 26 of the Articles of Association of Scott Bader Company Limited states:

Local Councils

1. Scott Bader Company Limited shall ensure each Subsidiary with more than 50 staff establishes a Local Council in its Member Country that shall:
 - (a) be elected, regulated and nominated either by the Commonwealth Members resident in the Member Country or by staff otherwise authorised to do so pursuant to local legislation in such Member Countries
 - (b) represent the interests of the staff of that Subsidiary in that Member Country
 - (c) be consulted about the manner of distribution of any local bonus
 - (d) in addition to any other duties delegated to it by the Subsidiary, monitor and make recommendations in respect of the management of the Subsidiary in that Member Country; and Scott Bader Company Limited may encourage Subsidiaries with 50 or less staff to establish such Local Councils.

Currently, there are four Local Councils within the Scott Bader Group - each with an individual set of operational rules.

- Community Council – UK – established for over 50 years
- SIMUNYE Council – South Africa
- AMAL Council – Dubai
- Council in Croatia

In France, there is something similar to a Local Council called the Comité d'Entreprise. It is a legal requirement in France to have such a 'body' in companies with more than 50 people.

Special Voting Arrangements

For special resolutions to be approved, 75% of the total number of votes cast must be in favour of the resolution. This is a Companies Act provision and so it does not need to appear in the Model Articles. However, companies are also subject to the Companies Act 2006 and this Act sets out the requirements for a special resolution as shown below.

Companies Act 2006 c. 46

Part 13 RESOLUTIONS AND MEETINGS

Chapter 1 GENERAL PROVISIONS ABOUT RESOLUTIONS

This version in force from: **August 3, 2009 to present**

283 Special resolutions

1. A special resolution of the members (or of a class of members) of a company means a resolution passed by a majority of not less than 75%.
2. A written resolution is passed by a majority of not less than 75% if it is passed by members representing not less than 75% of the total voting rights of eligible members (see Chapter 2).
3. Where a resolution of a private company is passed as a written resolution:
 - (a) the resolution is not a special resolution unless it stated that it was proposed as a special resolution, and
 - (b) if the resolution so stated, it may only be passed as a special resolution.
4. A resolution passed at a meeting on a show of hands is passed by a majority of not less than 75% of the votes cast by those entitled to vote.
5. A resolution passed on a poll taken at a meeting is passed by a majority of not less than 75% if it is passed by members representing not less than 75% of the total voting rights of the members who (being entitled to do so) vote [in person, by proxy or in advance on the resolution.
6. Where a resolution is passed at a meeting:
 - (a) the resolution is not a special resolution unless the notice of the meeting included the text of the resolution and specified the intention to propose the resolution as a special resolution, and
 - (b) if the notice of the meeting so specified, the resolution may only be passed as a special resolution.

What does this mean for Scott Bader?

Article 68 of the articles of association of Scott Bader Commonwealth Limited states:

‘The Commonwealth Members who are also Guardian Trustees shall have in addition to their ordinary votes such a total number of votes as shall be equal to the total number of votes cast by the other Commonwealth Members, such additional votes to be exercisable by the Guardian Trustees acting unanimously in accordance with the prior confirmation in writing as required under **Article 27** and who shall each appoint either one of their number or the Secretary as their proxy to exercise such votes.’

There are 5 external Guardian Trustees. Here are two examples of how the voting would work in relation to Special Resolutions.

For the Articles of Association of Scott Bader Commonwealth Limited

If 300 Members and the 5 Guardian Trustees vote on a resolution, each of the Guardian Trustees will have an additional 60 votes - giving them 61 votes each to cast. This makes a total of 305 Guardian Trustee votes.

The Guardian Trustees are required to vote unanimously. So, if they are in favour, there would be 305 Guardian Trustee votes, plus for example, 200 Members votes in favour, making a total of 505 votes in favour.

If the remaining 100 Members vote against, then the resolution would be approved, as 83.5% of the votes cast were in favour.

For the Articles of Association of Scott Bader Company Limited

The Commonwealth Board has 90,000 ordinary shares available for voting. The way these votes are cast is directed by the Commonwealth Members.

So if 300 Members vote - 200 for the resolution, and 100 against - then 60,000 shares are cast for the resolution, and 30,000 against.

Between them, the 5 Guardian Trustees have a total of 10,000 shares with a weighting of 10 - equivalent to 100,000 shares (**Article 9 SBCL**). Again, the Guardian Trustees have to vote unanimously.

So, in this example, if the Guardian Trustees vote in favour, the result of the vote will be 160,000 shares for, and 30,000 shares against. A majority of 84.2% in favour of the resolution.

Members' Rights

In relation to Scott Bader Commonwealth Limited the members of the company are the Commonwealth Members. An important right of the Commonwealth Members is the power to call a general meeting. The provisions in the Companies Act 2006 for how to do this are sections 303-305 set out overleaf, as referred to in **Article 58** of the articles of association of Scott Bader Commonwealth Limited.

What does this mean for Scott Bader?

A petition/ written request signed by 10% of the total number of Commonwealth Members in the Scott Bader Group of Companies can insist that a general meeting is called if they feel strongly enough and/or have evidence that a matter has not been handled correctly as required in accordance with the documents contained in the Constitution.

The purpose for calling the meeting and any resolution that Commonwealth Members are being asked to vote on would need to be clearly explained. However, at Scott Bader it is hoped that such action should never be necessary because of the commitment that all Commonwealth Members make to abide by the principles of the Commonwealth.

303 Members' power to require directors to call general meeting

- (1) The members of a company may require the directors to call a general meeting of the company.
- (2) The directors are required to call a general meeting once the company has received requests to do so from
 - (a) members representing at least the required percentage of such of the paid-up capital of the company as carries the right of voting at general meetings of the company (excluding any paid-up capital held as treasury shares); or
 - (b) in the case of a company not having a share capital, members who represent at least the required percentage of the total voting rights of all the members having a right to vote at general meetings.
- (3) **The required percentage is 10% unless**, in the case of a private company, more than twelve months has elapsed since the end of the last general meeting
 - (a) called in pursuance of a requirement under this section, or
 - (b) in relation to which any members of the company had (by virtue of an enactment, the company's articles or otherwise) rights with respect to the circulation of a resolution no less extensive than they would have had if the meeting had been so called at their request, **in which case the required percentage is 5%**; (i.e. to request an AGM when more than 15 months has elapsed since the previous AGM)

304 Directors' duty to call meetings required by members

- (1) Directors required under section 303 to call a general meeting of the company must call a meeting
 - (a) within 21 days from the date on which they become subject to the requirement, and
 - (b) to be held on a date not more than 28 days after the date of the notice convening the meeting.
- (2) If the requests received by the company identify a resolution intended to be moved at the meeting, the notice of the meeting must include notice of the resolution.
- (3) The business that may be dealt with at the meeting includes a resolution of which notice is given in accordance with this section.
- (4) If the resolution is to be proposed as a special resolution, the directors are treated as not having duly called the meeting if they do not give the required notice of **the resolution in accordance with section 283.**

305 Power of members to call meeting at company's expense

- (1) If the directors:
 - (a) are required under section 303 to call a meeting, and

- (b) do not do so in accordance with section 304, the members who requested the meeting, or any of them representing more than **one half of the total voting rights of all of them**, may themselves call a general meeting.
- (2) Where the requests received by the company included the text of a resolution intended to be moved at the meeting, the notice of the meeting must include notice of the resolution.
- (3) The meeting must be called for a date not more than three months after the date on which the directors become subject to the requirement to call a meeting.
- (4) The meeting must be called in the same manner, as nearly as possible, as that in which meetings are required to be called by directors of the company.
- (5) The business which may be dealt with at the meeting includes a resolution of which notice is given in accordance with this section.
- (6) Any reasonable expenses incurred by the members requesting the meeting by reason of the failure of the directors duly to call a meeting must be reimbursed by the company.
- (7) Any sum so reimbursed shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of the services of such of the directors as were in default.

Historical Documents

1. Preamble to the Constitution

WE, the Subscribers of the Memorandum of Association of THE SCOTT BADER COMMONWEALTH LIMITED, hereby express The Commonwealth is a duly registered Company limited by guarantee, without share capital, and has been founded on the belief that a socially responsible undertaking cannot exist merely in its own interests. It is part of the whole national and international community, and as such it has responsibilities which extend far beyond its factory walls; Our purpose in making our stand is for a better, peaceful Industrial and Social Order, for which purpose we believe that we must obey the simple laws of Christianity in our daily lives, and present an alternative to a war-based capitalist economy on the one hand and to Communism on the other. Thus we strive to follow a business policy which calls for a fundamental reconstruction as indicated by the following seven paragraphs:

1. Since in our time the seeds of war go deeper into the life of the nations than ever before, and since not only the power politics of Government, but also the profit-seeking of Capitalists and the pressure for higher wages on the part of the Employed, are amongst the causes of war, we all need to walk humbly and to ponder over the problem of conducting our individual and corporate life in accordance with the demands of

peace against the current of a society war-based between Capitalism and Communism.

2. We appeal to everyone, and particularly to our fellow businessmen, to ask themselves to what extent violence resides in the demands we make upon the earth's resources and the available raw materials by reason of our self-indulgent existence, and what is to be our personal contribution to the realization of peace.

3. In view of these considerations we feel convinced that far-reaching reconstruction cannot be delayed and that the principle of Common-ownership in industry, based on the requirements of a peaceful society, represent essential steps towards a true Christian Industrial and Social Order.

4. By establishing Common-ownership in industry we mean such a fundamental reconstruction so that undertakings are communally owned and co-operatively run, and show that team work which is neither Collectivism nor Individualism, depending on leadership founded on approval rather than dictation within framework of freedom of conscience and obedience to God. This involves a self-divestment of privilege and power on the part of the present employers and shareholders, and on the part of the employees the acceptance of their full share of responsibility for the policy, efficiency and general welfare of the undertaking.

5. In accordance with the well-known testimony of the Quakers and other Christian Pacifist movements against war, we reaffirm that among the requirements of a peaceful society is included a reconstruction without participation in industrial strife and international war; and a refusal to take an active part in rearmament.

6. Whilst we do not admit that because we pay taxes, and supply goods which ultimately may have an application in war, or make other indirect contributions which the State is partly using for military purposes, we are thereby compromised and committed to bend our knees to the military machine, we realize the dilemma involved in our attempt to conduct business on lines not approved by the Government nor the large majority of our fellow men. We recall that social progress has always had its roots in the activities of a small minority retaining faith in face of overwhelming opposition.

7. Furthermore, we believe that to live and to order our affairs in that spirit which takes away the occasion for war, and the acceptance and fulfilment of the above principles, will call forth that individual discipline which is a first essential for the bringing in of a new society.

28th APRIL, 1951.

2. Foreword to the first revision of this Constitution

On this twenty-third day of March 1963 as we adopt these revised Articles of Association we, the members of The Scott Bader Commonwealth Limited, happily renew our dedication to the ideals which inspired the founding of the Commonwealth in 1951. Twelve years of working together on a common-ownership basis endeavouring to live out these ideals has developed in us a deeper consciousness of their fundamental truth and purpose. The following is intended to give expression to this development. The Commonwealth was born out of a growing realization of the incompatibility of the existing industrial and social order with a Christian concept and we continue to be moved and inspired by the spiritual force behind such a concept. The Commonwealth is an expression of the age-old ideal taught by all great religions of a brotherhood of all men knowing no restriction of race, sex or social class and owing allegiance to a living creative spirit. It is seeking through, and beyond, all material ends to foster conditions for the growth of personality truly related to God and man.

This means we endeavour to provide opportunity for the full development of us all, both materially and spiritually, unhampered by unjust conditions or crushed by economic pressures and to take steps towards developing a way of life free from bondage or material things and mere conventions. Power should

come from within the person and the community, and be made responsible to those it affects. The ultimate criteria in the organization of work should be human dignity and service to others instead of solely economic performance. We feel mutual responsibility must permeate the whole community of work and be upheld by democratic participation and the principle of trusteeship.

Common-ownership of our means of production and a voice in the distribution of earned surplus and the allocation of new capital, has helped us in our struggle towards achieving these aims.

The Commonwealth has responsibilities to the wider national and international community and is endeavouring to fulfil them by fostering a movement towards a new peaceful industrial and social order. To be a genuine alternative to welfare capitalism and state-controlled communism such an order must be non-violent in the sense of promoting love and justice, for where love stops power begins and intimidation and violence follow. One of the main requirements of a peaceful social order is, we are convinced, an organization of work based on the principles outlined here, a sharing of the fruits of our labours with those less fortunate instead of working only for our private security, and a refusal to support destructive social conflict or to take part in preparations for war. We must strive to release the best in man within a free community to live up to the highest that he knows and recognize the inter-dependence of means and ends as we continue working towards a new and better society.

3. Code of Practice for Members

- A. We recognise that we are first a working community and that it is our basic attitude to our work and to our fellow workers that gives life and meaning to the Commonwealth.
- B. We have agreed that as a community our work involves four tasks, economic, technical, social and political, neglect of any one of which will in the long term diminish the Commonwealth. We feel that the practical working out of a balance between the four tasks is a continuing study for the membership as a whole.
- C. We are conscious of a common responsibility to share our work among ourselves in such a way that it becomes a meaningful and creative part of our lives rather than merely as a means to an end.
- D. We recognise that there are some members in a position of authority. Such members have a greater opportunity and hence a special responsibility to facilitate the building of jobs which are capable of fulfilling us as people; to act as 'catalysts of common effort' and not as authoritarian 'bosses'.
- E. We recognise that since management by consent rather than coercion is an appropriate style for the Company, a corresponding effort to accept responsibility is required from us all. This will show in a desire to attend meetings and to participate in the affairs of our community; it will show in increased communication between person and person and between groups and departments; it will show in an effort to understand the problems encountered and the contribution made by those in other areas of our organisation; above all it will be seen as a genuine willingness to learn, to develop and grow.
- F. We try to be open and frank in our relationships with our fellow workers, to face difficulties rather than avoid them and to solve problems by discussion and agreement rather than through reference to a third party.
- G. We are agreed that in the event of a downturn in trade we will share all remaining work rather than expect any of our fellow members to be deprived of employment, even if this requires a reduction in earnings by all.
- H. We have agreed not to hold second jobs if our doing so is likely to deprive others (in the community at large) of employment or to affect our interest at work adversely.
- I. We are agreed that, as the foundation of our Commonwealth abolished here the power of share ownership, we shall strive to discourage our money from being used to profit from other people's work or to control other people's lives.
- J. We recognise that we have a responsibility to the society in which we live and believe that where we have some special talent or interest we should offer this to the wider community. Thus most of us are engaged in some form of social, political or public service, however small.

K. We are agreed that (in addition to such disinterested services that we offer as individuals) our social responsibility extends to:

1. limiting the products of our labour to those beneficial to the community, in particular excluding any products for the specific purpose of manufacturing weapons of war.
2. reducing any harmful effect or our work on the natural environment by rigorously avoiding the negligent discharge of pollutants.
3. questioning constantly whether any of our activities are unnecessarily wasteful of the earth's natural resources.

L. As members of the Commonwealth we support the basic ideas expressed in the Preamble to the Constitution and reaffirm that the Commonwealth stands for a new approach to the problems of work and society. Therefore we accept that commitment to the principles of the Commonwealth implies an active concern for the expression for these principles both in our working lives and in the other areas of our lives.

Adopted at the General meeting held on
19th July 1972

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SBCW = Articles of Association of Scott Bader Commonwealth Limited
 SBCL = Articles of Association of Scott Bader Company Limited
 MA Rule = Rules for the Members' Assembly
 GT Guidelines = Guardian Trustee Guidelines
 CD Guidelines = Community Director Guidelines

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