Learning Transfer Solutions

Constitution

Summary
People and organisations deserve better ways of being able to adapt to change, learn and activate new learning; and better ways of meeting their own needs at the same time. In our new world of global organisations, large and small, learning to thrive on high complexity and rapid change, much of what delivered business success before fails to succeed today.

This constitution and accompanying articles cover how Learning Transfer Solutions uses the latest company structures, systems and processes to enable all of us — our partners, employees, associated practitioners, investors and especially our clients and end-users — to together get more of our needs met, by working in new ways. Both collaborative and competitive with one business ecosystem.

This means using structures that make the pie as big as possible for everyone having an interest in LTS. Making the pie as big as possible for all can be done by hard-wiring all the strengths of traditional for-profit companies, communities of practice, and social entrepreneurs.

Whilst this is cutting-edge, it is also a back to basics answer to why companies exist.

1) What is a Company for?

Charles Handy triggered an RSA inquiry in 1995, the "Tomorrow's Company inquiry", by asking the question "what is a company for?" We have designed Learning Transfer Solutions to embody our perspective on what a company is for. We have designed this company to take the best of what companies have stood for in the past, and make it work better for the future.

A future dependent more and more on knowledge capital as an economic good; and the knowledge worker as the critical creator of value from that economic good. And value creation here works differently; knowledge cannot be used up in the process, and it's value multiplies the more it connects with other knowledge. So a knowledge based company will work best if it is designed upside-down vs. a traditional financial capital based company.

This is our take on a pragmatic, practical way to balance the business, social, legal and moral dimensions of a company.

The etymology of the word Company is a good place to start understanding what a company is for. Panis is Latin for bread, and Companio is Latin for someone who eats bread with you.

So a company is there, in part, to increase the ability of the Companios to get some of what they need to sustain life. It is also there to deliver some output in return for some reward. It does this by having a clear purpose to fulfil, and principles to guide choices. It also needs to provide structures, processes and relationships enabling each individual to thrive better by acting together than they could acting singly. In the words of Peter Drucker, organisations enable ordinary people deliver extraordinary output.

These Companios certainly include the investors, earning a return on the capital they have invested; and equally certainly the employees, partners and associates, however formal or informal the contractual relationship, earning a return on the effort and other capitals they invest. Companios clearly includes too those customers, and even end-users, who receive some benefit, who's lives are impacted by the products and services, and give some value in return to the company. Even more, the Companios might conceivably one day include anyone who's life is impacted, directly or indirectly, by the activities of the company.

If a company is to truly increase the ability of all the Companios to thrive, then the company itself must thrive; especially, profitable, healthy cashflow. This happens best when each kind of interest each type of Companio has in the company is appropriately reflected in the governance of the company.

Interest in as we see it broadens the usual definition from "having an interest in a company means a financial investment" to any kind of interest. All of the different types of Companios who are party to the success of the company have an interest and also have insights relevant to how the company creates value. And value is created firstly for the end-users, the ultimate bosses of the Company; by doing that well, value is created in return for the Companios. To get the best possible understanding of how to do business well, all of these Companios ought to have an appropriate voice and an appropriate governance role.

The governance role of any Companio with an interest in the Company, regardless of the nature of that interest, is that of Stewardship and Advocacy.

To steward the company in such a way that, through the company purpose and principles, it increases the ability for all the different types of Companios to thrive because it enables the Company itself to thrive now and evolve long-term to what it ought to become.

Advocacy too; acting as advocates of the company purpose and principles as each of them goes about their business.

Defining a company in this way creates a group of persons, acting together in order to profitably deliver on the external and internal purposes of the company; and through doing so achieve at least in part their own purposes. This can only be done well if the company governance, especially shareholding structures and processes, make it easy to attract and retain financial and other resources; and to exercise wise stewardship and advocacy. In particular each individual and category of Companio ought to have a power and influence reflecting their role, accountability and engagement in the Company. Then Environmental responsibility, Social responsibility, and Business responsibility become one and the same, by design, delivering long-term success for profit, people, and planet.

The central enabler is decoupling Governance rights from Ownership and Investment rights.

Decoupling is doing the same for people in a company that has been done over the past centuries for the citizens of nations. Once upon a time, the right to engage in governing a country was reserved for those owning a portion of the country; i.e., the landowners. Today it is (almost) universally recognised that this fails to deliver long-lasting success, especially not long-lasting financial success for a nation.

This looks a lot like the definition of Citizenship for a country. Companios are the Citizens of the Company. LTSGlobal is a global, or supranational group of people; bonded by a shared purpose, rather than by a shared geography. Working together by mutual choice. This constitution defines what citizenship means, which rights and obligations citizenship carries, and how these ought to be earnt, and how they may be withdrawn.

1.1 External Purpose

We provide branded products and services that improve the ability of people and organisations to better adapt to change.

In particular, we enable individuals and organisations to improve their ability to learn and activate new learning.

1.2 Internal Purpose

To improve the lives across the diverse stakeholders, such as partners, employees, shareholders and other stakeholders by providing a way for them to meet all or some of their individual needs through working together towards delivering the external purpose of the company. These individual needs include, but are not limited to, needs in the categories of material, relationship, self-esteem, development, community, meaning and service.

Behind our external and internal purposes is being a thriving, profitable business because we are a force for good, measured for people, planet and profit; and looking at long time frames (multiple generations) in doing so.

Learning Transfer Solutions is structured to embody this definition of a Company, and to enable the company to succeed long-term in all metrics. In particular, successfully fulfil the internal and external purposes given below.

Structuring the company is a learning journey, and is like your steering a bicycle. The handlebars need constant attention to keep yourself in balance. We think it better to set off now, knowing that we need to keep tuning how we govern the company as we learn. Then we will move fast and have a practical, pragmatic balance. Guided by a clear and unchanging purpose, a vision of why we exist, and who we ought to become.

2 Additional clarification of the foundations of this Constitution

2.1 Competitive Equilibrium vs. Core Outcomes

The Articles and this Share Ownership Plan are designed to maintain a healthy balance across the diverse needs of both the Company itself and a diverse group of Companios, or Stakeholders, over this long time frame. The Company is intended to develop and evolve in order to profitably thrive by serving its external and internal purposes over this long time frame (multiple human generations.) The company structure is intended to maximally enable the Company itself to become what it ought to become in order to serve its purpose.

So Shareholding gives the Shareholders certain rights and certain obligations. The primary obligations are of Stewardship and Advocacy, to contribute to the long-term ability of the Company to profit by serving its external and internal purposes. These Obligations imply, in today's world, restrictions on the traditional rights of shareholders to act as owners of an asset. Especially in any situation where there may be a conflict between the interests of the Shareholder and the Company.

Consider also that Companies are defined as judicious persons, fictitous legal persons that come into being at the point they are legally established. (Very important in this is that companies have some, but not all, of the rights of natural persons, such as the right to own assets, and the right to be treated distinctly from other persons, natural and legal.)

Up until relatively recently most companies were primarily managed by the people who invested in them, their investment was stable over many years, and most of the value of the company was in tangible assets. In addition, most of the workforce consisted of full-time employees with long-lasting contracts, and few of them were knowledge workers.

This is less and less often true today.

Therefore the traditional hard-wiring of rights seen in typical share structures, which enabled wise governance when the above conditions were true, will in many a modern company today, (like LTSGlobal) lead to unwise governance.

For example, some listed companies today are having to learn quickly how to thrive with, or even survive, the unplanned decoupling of rights newly possible because of derivatives, leading to empty voting and hidden ownership.

In LTS we have a structure that gets the good side of decoupling by design. This gives us more ways of being profitable in today's globalised, fast-changing world. Then all voting will be according to a complete, representative set of interests in the company, including but not limited to investment. We have healthy empty voting by design, rather than potentially unhealthy empty voting by accident!

We are designing this decoupling into our SOP deliberately to serve the Company and all Companios well. In such a way as to optimally enable the company to thrive and evolve by fulfilling its purpose within its principles.

This also means we see the company less as the Anglo-Saxon legal name "Judicious Person" might suggest, and more as the French legal term might suggest: "Personne Morale", or moral person. By decoupling the financial rights of the investors and the control rights of all Stewards and Advocates the company is best able to maximise value for all.

(For those more technical: traditional companies are designed in a way that works if "Competitive Equilibrium" assumptions are true. In today's world these assumptions often fail to hold true. We are designing LTSGlobal according to "Core Outcome" assumptions, which almost always hold true. Part of a core outcome approach is that it has many more ways of making the pie the biggest possible because the slice of the pie is also the biggest slice possible. So, for example, no-one can improve their personal position by a different vote in a shareholder meeting.)

This means the

- Financial rights (Appreciation, Dividend / Interest payments, Liquidation,)
- Voting rights
- Transfer Rights
- Information and Public Rights

are decoupled.

2.2 Enfranchising all Companios and emancipating the Company
By decoupling in this way we believe the company, and all involved, are in a much better position to thrive, to generate profit, both short and long term.

Thriving better happens when an organisation is agile, able to adapt to changes, put new learning into action fast, and co-operate with others to mutual benefit.

We design this in by making rights and obligations reciprocal between the Company and Companios / Stakeholders.

In particular the phrase "interest in" is mutual; Companios have an interest in the company (e.g. a financial investment) and the company has an interest in all Companios (e.g. financial via the salary paid to a partner.) This enables the core outcomes (i.e., the biggest possible pie for all.)

As written above, this gives freedom to the Company to meet its properly selfish needs. And equal freedom to all Companios to meet some of their properly selfish needs.

Properly selfish, as defined by Charles Handy, means self-interests being met whilst recognising the relationships and processes in the bigger picture.

The Shareholders, and other types of Stakeholders, are more like Guardians of a human being, just as parents are of their children; with a duty of Stewardship and Advocacy. Stewarding the company, and being Advocates of the Company, to enable it to fulfil its purpose in line with its principles. So the Company is represented and given a voice through shareholders and other stakeholder representatives acting firstly as stewards and advocates of the Company's development, purposes and principles. Through this getting their own interests and needs met.

In all choices between options stewardship and advocacy means choosing in the long-term interests of the Company and the Companios. Appropriate structures and processes then enable this choice to also enable the company in return maximally deliver on the diverse long-term interests / needs of the diverse individual Companios.

In brief, success means ‘the company continuing to have the ability to profitably serve its external and internal purposes, and to determine and evolve towards its own destiny.’ So we have

- unifying external and internal purposes that will be worth striving to maintain and will bond all stakeholders.
- Purposes and Principles that guide decisions such that they serve the evolution of the company over a 5 generations time horizon.
- an ability to learn and adapt to the internal and external environment as it changes, in a way that maintains dynamically the internal stability and external equilibrium;
- an ability to encourage and take account of new ideas and relationships that will assist in the development of the Company
- shareholders speak first as stewards on behalf of the company, its purposes, and the accountability and role they currently hold in the company, and secondly for their interests

- a source of financial, intellectual and relationship capital that will facilitate the Company's development.
- an average shareholding lasting many years (as Warren Buffett tends to) and not just a few seconds to months.

The Company stakeholder ecosystem.

The decoupling means we have

A) Citizenship obligations and rights; (Stewardship and Advocacy.) These rights are earnt through many different ways of engaging with the Company. The rights include
   - Information right: right to be heard as Steward and Advocate, i.e., give information.
   - Information right: the right to receive information enabling wise Stewardship and Advocacy.
   - Voting right: the right to engage in the governance of the Company using agreed governance and voting principles.
   - Circle right: right to be selected to any circle, board or committee role.
   - Transfer rights: A-rights may only be granted, limited and reduced by the company, as decided by the board. There is no possibility to sell or transfer them.

B) Shares, i.e., Financial rights acquired by a financial investment in the company. For most investors this decoupled rights structure is about the same as a simple ordinary share structure; except that the long-term income and appreciation ought to be higher. A holder of B-shares with a real financial interest in the company may earn A-rights and obligations. B-shares themselves carry only the following rights, with limitations and obligations described in the Constitution and Articles:
   - Appreciation, the right to any capital gain or loss in the value of the investment
   - Income: the right to receive a dividend or interest payments,
   - Liquidation: the right to residual assets after all other creditors have been paid
   - Transfer rights: the right to trade investment with another party, or withdraw investment, as limited by the Articles and Constitution.

The investment shares are quite standard, in so far as the financial rights go. We'll refer to them as "B" shares, reflecting the typical nomenclature used for non-voting shares.

"A" rights refers to all non-financial rights and obligations, including the rights to vote. These are detailed below.

References

Many different sources have informed this way of creating the structures, processes and relationships that we believe will enable a company to thrive long-term in the coming century. A few that may be useful background reading are:

- "A Theory of Empty Voting and Hidden Ownership", Harvard Law School Forum on Corporate Governance and Financial Regulation, J.M. Barry et al., 2012. Especially pertinent is how core-outcome structures enable better long-term business success, compared with competitive structures.
- "Equity Finance for Social Enterprise", Jim Brown, Baker Brown Associates
- "One from Many, the VISA story", Dee Hock

- Charles Handy, multiple publications
- Meg Wheatley, multiple publications.
- **Michael Porter, "Creating Shared Value"**

Companio categories, rights and obligations
The A rights are divided into Stakeholder blocks. The blocks are there to insure that all with a stake in the company, all who serve and are served by the company, have a vote and other rights and obligations reflecting

- How big or significant to the success of the company the Stakeholder's investment of any capitals, interest in, or engagement in the company is;
- How big or significant the company success is in contributing to their internal needs; i.e., the company interest in the Stakeholder.
- The longevity of their commitment.

This recognises that all stakeholders, from the end-user to suppliers and investors, have a risk relationship with the company; if the company fails, or under-delivers, they may lose. The company structure is designed to equitably balance, across all stakeholders, control and risk in order to maximise the ability of the company to succeed profitably.

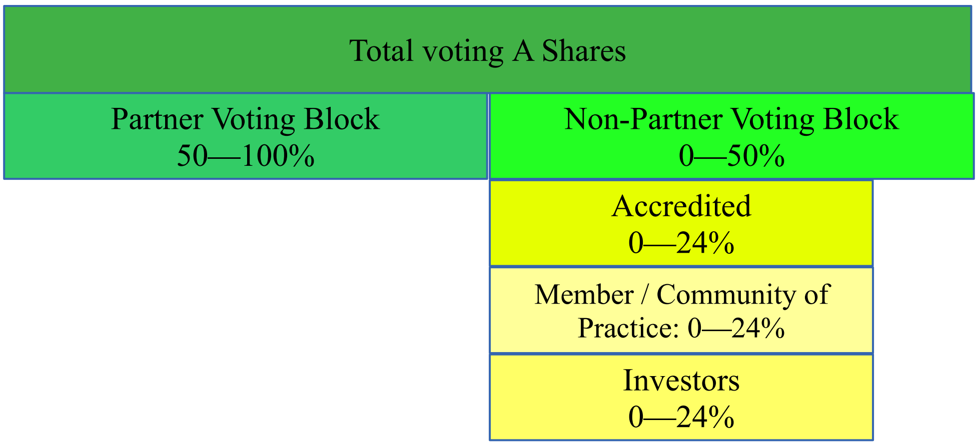
Voting
The principle behind the split in voting rights is balancing different insights and information. So those "inside" and those "outside" the company each have 50% of the voting rights. This is the end-point we intend to reach once there are sufficient agents inside and outside the company.

Inside means those working partners, shareholding employees and significantly contracted consultants. They have the biggest interest in, most or all of their revenue from, and the longest commitment to the company. They always have at least 50% of the voting weight, and initially more.

The remaining stakeholder blocks, those "Outside" have at most 24% per block, and at most 50% in total. A-right stakeholders may only vote in one block, the block that most closely reflects the scale their engagement, dependence and commitment.

The proportion of the weighting for each non-partner block is in proportion to the number N_A of A rights in issue.

- Partner weight: The bigger of 0.5 and N_P/N_A where N_P is the number of inside / partner A-rights in issue.
- The remaining weightings are
    - C_xN_x/N_A if the partners own more than half of the A-rights,
    - *x* is, in turn, one of Accredited, CoP member and Investor
    - N_x is the number of A-rights owned by outside block *x*.
    - C_x is a scaling factor that keeps the final voting weight of that block between 0 and 24%, and proportional to the total A-rights.



A-rights are earnt by
- A financial investment in B-shares
- Investment of time, e.g. as a partner
- Investment of knowledge, capability etc.
- Longevity of such an investment

as clarified below. These will evolve over time as we learn what works well for the company to thrive.

A-rights and B-shares: the Plan
The purpose of the Investment Plan, i.e., Share Ownership Plan, is to enable LTS to thrive profitably by serving over the long term its purposes within the constraints of the principles. It gives LTS the ability to attract and retain all capitals needed to thrive.

The SOP will provide a mechanism to align the needs of all stakeholders with the needs of the Company to enable mutual interests in each other deliver the long-term profitable success and evolution of the company.

Lack of alignment could lead to tensions that will limit the ability to thrive of one or more. For example, if the founding shareholders were the only source of equity capital, future employees, consultants and other stakeholders could not become shareholders, limiting the ability of the Company to have the diversity of Stewardship perspectives it ought to have. This is likely to constrain the long term success of LTS, or even threaten the survival of LTS.

The Plan offers LTS stakeholders the opportunity:

- to invest in B-shares and to potentially realise dividends and capital gain.
- to earn A-rights and obligations of stewardship and advocacy;
- to earn a return on other capital the board deems them to have contributed such as but not limited to their intellectual and relationship capital;

LTS will not be floated. This would be incompatible with our aim of continuing to determine and evolve towards LTS's own destiny. This continuity also maintains equity between current and subsequent generations of the stakeholders, including the holders of all capitals such as relationship, financial and intellectual capital.

New employees, consultants and other stakeholders joining LTS are subject to eligibility criteria including a waiting period before they are able to fully earn, or qualify for, A-rights. The eligibility period and requirement to make a loan to or invest in non-voting shares of the Company for one year before earning A-rights will provide time for both Company and prospective Shareholder to reflect before committing to a long—term investment in, and stewardship of, LTS. This waiting period may be reduced by the board if they deem that to be in the best interests of the company.

The decision to subscribe Shares under the Plan is not only a decision about the investment of financial capital, but also a decision about the long-term stewardship according to the rights and obligations as a shareholder of LTS. In addition subscribing shares as a partner is a decision on the long—term commitment of a significant part of the partner's financial, time, intellectual, relationship and other capital to the successful development of the company.

All stakeholders have the obligation to contribute to the long term success of the company across multiple measures, including the triple bottom line.

Risk
An investment in LTS will involve some risks, e.g.:

- the risk that the business will fail;
- the risk that the business will under-perform; and

- the risk that there will be no immediate purchasers for a leaver's Shares

We will make the following arrangements to manage the risks and help ensure that employees, consultants and stakeholders are able to sell their Shares when they leave LTS.

- We will adopt prudent policies for the development of the business and reduce the risk of under—performance by ensuring that there are management processes and procedures in place, appropriate to the long-term thriving and evolution of the Company.
- Implementing an operating model that will deliver a high level of performance, through discipline and the adherence to cost/ revenue ratios.
- The governance arrangements will address the long—term thriving of the company and the Companios. This includes using decision processes that bring all perspectives together and maximise the insight on what is wise for the company; and succession planning so that the growth of different capitals and replacement capital, including intellectual, financial and relationship capital, will be recruited in good time before others leave; and to drive evolution of the business strategy as the clients themselves change.
- Learning Transfer Solutions will aim to retain sufficient profits in the business each year so that it is in a position to thrive and evolve, e.g. to purchase Shares from outgoing shareholders where no other eligible purchasers can be found (see below 'Transfer of Shares' and 'Rights attaching to the Shares' and the Articles).

How Investment or Share Ownership will work

Under the Plan, any prospective LTS partner, employee, or retained consultant; and any other stakeholder or prospective stakeholder; will be eligible to subscribe "B" investment shares and or make an interest-bearing loan to the Company subject to approval by the board.

Asset Lock

Recognising that certain company assets are common wealth and should never simply be distributed to shareholders in the event that the company is liquidated, we apply an asset lock to the following assets:

- The commercial rights to the IP
- Software
- Consulting material and rights

may only be transferred or sold to an organisation with a purpose and principles aligned those of the company, and with articles and a shareholders agreement or constitution close to the company's.

Any proposal on residual assets in a liquidation must be presented to all with voting rights. The option deemed most aligned with these assets continuing to be used to fulfil the company purposes ought to be chosen.

Board Veto

The board and wisdom council, in their role as Stewards of Hierarch, have the right to veto any changes to this constitution and the articles if they deem such changes to conflict with the intent to create an emancipated company that thrives over multiple generations.

Such veto to be by simple majority in each body.

How the A-rights and obligations work

Citizenship Categories

A) Partner, Employee, Retained Consultant
B) Accredited Individual
C) Corporate Partner
D) Community Member
E) Investor

All votes of an A-rights stakeholder will be in the category block most accurately representing their engagement, stakeholding and commitment.

A) Partners and Employees
Eligibility Criteria
The Directors may, after consultation with existing Partner shareholders and the advisory board, waive eligibility criteria where they consider it in the interests of the Company for new partners, employees or contracted consultants.

Contracted Consultants fall into this category if more than 30% of their annual earnings equivalent is derived through the Company. Equally those holding office as executive directors are deemed to fall into the Partner category regardless of their annual earnings equivalent.

Voting Rights
Voting rights are earnt by Partners through

A) Investing in "B" shares at one vote per share-equivalent. (Share equivalent means the nett investment risk of the individual after correcting for anything, e.g. derivatives, that may reduce their effective financial exposure.)
B) Making a loan that is converted to shares prior to the end of the 1 year waiting period before the vote may be exercised. The number of votes is the whole number rounded down of the loan value divided by the price fixed by the valuation formula at the time the loan or investment was made.
C) Annual earnings. The number of votes is the whole number rounded down: 0.25 of the annual earnings equivalent divided by the share price determined by the valuation formula or other valuation mechanism in force at the time.
D) On joining, bringing a capital into the company, for example intellectual or relationship capital. The A-rights earnt will be determined by the board and advisory council.
E) Bonus rights recognising special contribution to the company. These will be granted by the executive and advisory board jointly.
F) Longevity. The voting rights will be multiplied by $1+0.07x$ for x years of partnership.

Partner voting rights are subject to the following limitations:

- Voting rights are granted 12 months after the date of reaching the respective qualifying criterion. For example, after subscribing additional B-shares, or after an increase in salary.
- Voting rights A, B, C and E are reduced if there is a reduction in the earning or eligibility criteria over that 12 month period. Reduced to the lowest point over the 12 month period prior to the vote being exercised. (This is not applied to any reduction resulting from an increase in the share price.)
- each partner may only earn up to a maximum of 15 per cent of the total votes granted. (This requirement is waived for founding partners until the number of eligible stakeholders with A-Rights makes this possible and in the interests of the company.)
- Votes from their share ownership are limited to a maximum of 35% of their annual earnings equivalent. Partners may of course invest as much as they wish.
- All Partner voting rights cease immediately a partner or employee leaves the company. Of course, if the partner qualifies for voting rights in another category those rights that may be earnt within that category will continue, dated from the date of first acquisition.

All votes are allocated to the partner block, and weighted accordingly in the aggregate tally.

LTS partners and employees are eligible to participate with full voting "A"-rights once they have been continuously employed or retained under a consultancy agreement for at least 12 months (or earlier if so agreed by the Directors). This period may be extended up to 24 months after joining at the discretion of the Directors.

Existing "A"-rightsholders who are on track to become eligible for Partner rights but are not yet eligible remain in the category that best reflects their previous eligibility.

Unlimited Investor "B" shares may be subscribed by all Partners with a commitment to LTS subject to approval by the board.

Obligations and Limitations
Stewardship and Advocacy
Partners and Employees have obligations of

- Transparency. Partners and Employees are expected to immediately inform the company of anything that might impact their ability to exercise wise stewardship and advocacy. In particular anything that may negatively influence their ability to exercise stewardship, anything that might change their voting eligibility, and any situation that may pose a conflict of interest.
- Acting and choosing, in all matters pertaining to the company, first according to what enables the company to thrive and evolve in order to fulfill its purpose in line with its principles over multiple generations.
- Informed. Partners and employees are expected to insure they are sufficiently informed for wise stewardship and advocacy. This applies especially to voting in general and special meetings.
- Engaged. Partners and employees are expected to be present at meetings and exercise their stewardship to the best of their ability.
- Consultation. The Advisory Board ought to be consulted by any partner or employee seeking clarification or guidance on how to best act as wise stewards and advocates.

If the board deems a partner to be in breach of his or her Stewardship and Advocacy obligations, the board may suspend the voting rights of the Partner or Employee.

Subscribe "B" shares
Those employed or partners retained in a consultancy or management capacity are expected to initially invest in "B" shares a minimum of 25% of their gross annual salary or projected in-year earnings under their consultancy agreement (plus, in either case, annual fees received as a director of LTS).

Those employed or retained in any other capacity are expected to initially invest in "B" shares an amount they deem appropriate. Over time they are expected to adjust their investment to a minimum of

- 10% of current gross annual salary or in-year earnings under their work agreement. after 24 months with the company
- 25% of current gross annual salary or in-year earnings under their work agreement

within 4 years with the company.

For the purpose of calculating the minimum level of investment required, earnings will be determined by the Board based on the fees or salaries expected to be paid to a partner or employee in a year.

This investment may initially be made as a loan to the Company, for example if investment shares are unavailable for purchase. The loan will be converted to investment shares at the earliest possible point unless otherwise agreed by the directors. The conversion will be at a price fixed by the valuation formula at the time the loan or investment was made (see below ‘Valuation formula‘).

Any loan portion that remains a loan is at a rate of interest of one per cent over the bank deposit rate as determined by the Directors on the date the loan is made. Interest will be paid annually in arrears on the anniversary of the loan.

Any loan will fall due at the end of one year together with accrued interest. The loan will not be repaid before the end of one year, save in exceptional circumstances as agreed by the Directors. However, where an employee or consultant ceases to be employed or retained by the Company, all loans from the employee or partner will be repaid with accrued interest within 12 months unless this is deemed by the board to compromise the viability of the Company.

Transfer of Shares

No LTS partner or employee will be able to sell or transfer Shares below the lower participation limit whilst they have live contracts with LTS, unless the board deems it in the long term interests of the company do so. "B" shares above the limit may be freely transferred to the company or any other shareholder or prospective shareholder.

Shares may only be transferred to the Company or another eligible Shareholder via the company as agent. Note that voting rights are decoupled from shares, hence can never be sold or transferred.

Individuals giving notice to sell shares may request that they be sold up to two years later. Although the individual may make the request, the Board will determine the actual disposal date as stewards of the interest of the company, whilst also seeking to be fair to the individual.

Where the Company lawfully terminates an employee's or partner's contract or agreement without notice or a partner or other individual is deemed a bad leaver the shares will be deemed subject to a compulsory transfer to the company and the price per Share will be the lower of the acquisition price for the Shares and the price reached using the valuation formula.

Top up shares, Bonus shares

Each year, as a result of changes such as revised earnings, company valuation, share numbers, existing shareholders may subscribe additional funds or sell to restore their shareholding to the limits allowed.

NB the directors may vary these provisions in exceptional circumstances to better reflect the company value and maintain equity between new entrants and existing eligible persons.

From time to time the company may issue ‘bonus’ shares from the share premium account.

E) Investors
Eligibility Criteria
Any holder of "B"-shares ineligible for any other category is deemed a member of the investor category.

Any natural or legal person with a commitment to the Company purpose and principles may invest in "B"-shares.

All holders of "B"-shares may be granted A-rights, subject to their fulfilling the earning criteria and obligations.

Voting Rights
Voting rights are earnt by Investors through

A) Investing in "B" shares at one vote per share-equivalent. (Share equivalent means the nett investment risk of the individual after correcting for anything, e.g. derivatives, that may reduce their effective financial interest in the company.)
B) Making a loan that is converted to shares prior to the end of the 1 year waiting period before the vote may be exercised. The number of votes is the whole number rounded down of the loan value divided by the price fixed by the valuation formula at the time the loan or investment was made.
C) Bonus rights recognising special contribution to the company. These will be granted by the executive and advisory board jointly.
D) Longevity. The voting rights will be multiplied by $1+0.07x$ for x years of continuous investment. This multiplier is dated from the investment date for each investment. For example, if 1 share was bought 10 years ago, and a million shares were bought a year ago, only the single share from 10 years ago qualifies for rights multiplication.

Investor voting rights are subject to the following limitations:

- Votes are granted 12 months and 1 day after the date of reaching the respective earning criterion. For example, after subscribing additional shares, or after an increase in salary.
- Voting rights A, B, and D are reduced if there is a reduction in the earning or eligibility criteria over that 12 month period. Reduced to the lowest point over the 12 month period prior to the vote being exercised. (This is not applied to any reduction resulting from an increase in the share price.)
- All Investor voting rights cease immediately an investor's disposes of the shares.
- Voting rights are granted to the individual, and hence are withdrawn when shares are sold or transferred.

All votes are allocated to the Investor block, and weighted accordingly in the aggregate tally.

Obligations and Limitations
Stewardship and Advocacy
Investors have obligations of

- Transparency. Investors are expected to immediately inform the company of anything that might impact their ability to exercise wise stewardship and advocacy. In particular anything that may negatively influence their ability to exercise stewardship, anything that might change their voting eligibility, and any situation that may pose a conflict of interest.

- Acting and choosing, in all matters pertaining to the company, first according to what enables the company to thrive and evolve in order to fulfil its purpose in line with its principles over multiple generations.
- Informed. Investors are expected to insure they are sufficiently informed for wise stewardship and advocacy. This applies especially to voting in general and special meetings.
- Engaged. Investors are expected to be present at meetings and exercise their stewardship to the best of their ability.
- Consultation. The Advisory Board ought to be consulted by any Investor seeking clarification or guidance on how to best act as wise stewards and advocates.
- Conflict of Interest. The board reserves the right to temporarily or permanently withdraw A-rights, or refuse to grant A-rights, to any investor with one or more interests in conflict with their Stewardship and Advocacy obligations towards the Company.

If the board deems an Investor to be in breach of his or her Stewardship and Advocacy obligations, the board may suspend the voting rights of the Investor.

Subscribe "B" shares
Subscribing, sale or transfer of B-shares is via the Company or the Company agent. Unlimited Investor "B" shares may be subscribed by all Investors.

This investment may initially be made as a loan to the Company, subject to approval by the board, for example if investment shares are unavailable for purchase. The loan will be converted to investment shares at the earliest possible point unless otherwise agreed by the directors. The conversion will be at a price fixed by the valuation formula at the time the loan or investment was made (see below 'Valuation formula').

Any loan portion that remains a loan is at a rate of interest of one per cent over the bank deposit rate as determined by the Directors on the date the loan is made. Interest will be paid annually in arrears on the anniversary of the loan.

Any loan will fall due at the end of one year together with accrued interest. The loan will not be repaid before the end of one year, save in exceptional circumstances as agreed by the Directors.

Transfer of Shares
Shares may only be transferred to the Company or another eligible Shareholder via the company as agent. Note that voting rights are decoupled from shares, hence can never be sold or transferred; they are withdrawn when shares are sold or transferred.

Although the individual may make the request, the Board will determine the actual disposal date as stewards of the interest of the company, whilst also seeking to be fair to the individual.

From time to time the company may issue 'bonus' shares from the share premium account.