

**BYLAWS OF
THE “LATIN AMERICAN AND CARIBBEAN NETWORK OF FAIR-TRADE
SMALL PRODUCERS’ ASSOCIATION,” ABBREVIATED AS CLAC**

CHAPTER 1: DOMICILE, NATIONALITY, DENOMINATION, NATURE AND TERM

Article one Created in the city of San Salvador, Department of San Salvador, the Association, of Salvadoran nationality, which is called LATIN AMERICAN AND CARIBBEAN NETWORK OF FAIR-TRADE SMALL PRODUCERS ASSOCIATION and abbreviated as CLAC As a non-political, non-profit, non-religious entity, which in these bylaws shall be referred to as “The Association.” CLAC is an instance of representation, union coordination and participation of organizations of small producers and workers of Latin America and the Caribbean (hereinafter referred to as “associates or members”), democratically organized under the principles and values of the “Fair Trade Movement.”

Article two. The domicile of the Association is the city of San Salvador, Republic of El Salvador, and it may establish branches throughout the territory of the Republic and beyond.

Article three. The Association was established for an indefinite period of time.

CHAPTER II: PURPOSE

Article four. The aims or objectives of the Association will be: a) To promote the principles and values of fair trade, being these democratic and representative participation, solidarity, equity, respect, transparency and environment, through meetings, analysis and conversations between members and other actors of fair trade for the development, strengthening and consolidation of solidarity and fair trade relations; b) To represent its members in social, political and economic instances, within the framework of fair trade; c) Support its Associates through capacity

building; d) Provide spaces for discussion and conversation in the fair trade system; e) Support the Associates by strengthening their socio-business organizations; f) Strengthen the level of integration and exchange of the associated organizations; g) Support its associates in achieving greater social and economic spaces within their respective countries; h) Provide assistance to its associates and promote their products; i) Promote and strengthen the organization of CLAC National Coordinators and Product Networks.

CHAPTER III EQUITY.

Article five. The equity of the Association shall be constituted by: a) Donations, inheritances, legacies, contributions from natural or legal persons, national or foreign, and ordinary and extraordinary contributions from its associates; b) All goods and properties acquired and the income from them in accordance with the Not-for-Profit Associations and Foundations Law; c) The membership fees established in the Membership Policy of the Association.

Article six. In general, the equity shall be administered by the Directive Board in accordance with the guidelines set forth by the General Assembly. In the case of real estate owned by the Association, these may only be disposed of for valuable consideration, unless they are donated to entities with public utility or charitable purposes, prior completion of the procedure established in the Not-for-Profit Associations and Foundations Law. Under no circumstances shall the equity of the Association be destined or distributed among its members or associates.

CHAPTER IV: GOVERNANCE OF THE ASSOCIATION

Article seven. The governance of the association shall be exercised by: a) The General Assembly, b) The Directive Board, c) the Board of Directors, d) The Management Committee, e) The Operating Committee.

Article eight. The General Assembly, duly convened, is the highest authority of the Association, and shall be composed of all the delegates of CLAC's member organizations.

Article nine. The General Assembly shall meet ordinarily once every three years and extraordinarily when validly called by the Board of Directors, by majority vote; the Management Committee, by majority vote; or twenty percent of CLAC's member organizations. The General Assembly shall validly meet with the attendance of at least fifty percent plus one vote of the delegates, on first call; and on second call, two hours later with the delegates in attendance, except in special cases in which a greater number of attendees is required. Resolutions shall be adopted by the General Assembly by simple majority vote, except in special cases where a different majority is required.

Article ten. Any delegate who is unable to attend the General Assembly for justified reasons may be represented in writing by another delegate member. Each delegate may be represented by a maximum of one other delegate.

Article eleven. The duties of the General Assembly are the following: a) To elect, replace and dismiss all or part of the Directive Board, the Board of Directors and the Management Committee. The Assembly shall ensure that the members of the Board of Directors fairly represent all the products, regions and modes of production whose commercialization the Association supports, in accordance with Article 18 of these Bylaws. Should it be necessary to fill vacancies, before the Ordinary Assembly is held, the Board of Directors may hold the corresponding elections to fill the vacancy or vacancies arising within the Directive Board, b) To approve, amend or repeal the Association's Bylaws and Internal Regulations; c) To approve and/or modify the strategic plans, as well as the Association's tri-annual programs or budgets; d) To approve the Association's tri-annual work report, presented by the Board of Directors, the Management Committee and the Operating Committee; e) To appoint from among the members of the Association, Committees or Commissions it deems necessary for the fulfillment

of the purposes of the Association; f) To know and resolve on any other matter as established in these Bylaws, the Internal Regulations or the Law of Non-Profit Associations and Foundations; g) To ratify at the request of the Board of Directors those instances formed according to these Bylaws, giving them the denomination of CLAC National Coordinators of the Association; h) To ratify at the request of the Board of Directors those instances formed according to these Bylaws, giving them the denomination of Product Networks of the Association; i) To decide all those matters of interest to the Association that are not contemplated in these Bylaws or Internal Regulations; j) To grant CLAC National Coordinators and Product Networks those functions and attributions it deems convenient.

CHAPTER V; THE DIRECTIVE BOARD

Article twelve. The Management and Administration of the Association shall be entrusted to the Directive Board, who shall exercise it, prior written delegation by the Board of Directors. The judicial and extrajudicial representation of the Association before third parties shall be the responsibility of the President of the Directive Board. The Directive Board shall be composed of three members who shall be President, Secretary and Treasurer, elected by the Assembly for a period of three years. The Directive Board shall administer and dispose of the equity of the Association, under the terms established by the Not-for-Profit Associations and Foundations Law, these Bylaws, the Internal Regulations and the Guidelines of the General Assembly, with the prior written authorization of the Board of Directors.

The Directive Board, jointly or separately, as expressly delegated by the Board of Directors, shall have the following duties:

- a) To develop the activities necessary for the achievement of the aims and objectives of the Association,
- b) To ensure the efficient and effective administration of the Association's equity,
- c) To prepare the annual report of the Association's work,
- d) To promote the preparation of plans, programs, projects and budgets of the Association and report to the General Assembly,

- e) To ensure compliance with the Bylaws, Internal Regulations, agreements and resolutions of the General Assembly and the Directive Board,
- f) Decide on the purchase and sale or alienation of real estate belonging to the Association and authorize the legal representative of the Association to grant special powers of attorney for the fulfillment of the above and any other power of attorney referring to the rest of its functions before administrative or judicial instances when necessary,
- g) To call ordinary and extraordinary sessions of the General Assembly; and
- h) To decide on the requests for incorporation of new members and propose them to the General Assembly.

Article thirteen. The President's duties are: All the duties of the President of the Directive Board, must previously have the express authorization of the Board of Directors, a) To represent the Association judicially and extrajudicially. b) To grant powers of attorney c) To grant the respective Public Deed of Rectification or Modification of the Association's Bylaws if they are observed, while they are in the process of being approved by the Not-for-Profit Associations and Foundations Registry. Once the Bylaws of the Association have been approved, any amendment shall be in accordance with the provisions set forth in the final part of the Bylaws. **The actions of the President of the Directive Board shall be jointly or separately from the President of the Board of Directors, depending on the manner expressly established by the Board of Directors.**

Article fourteen. The Secretary's duties are: All the duties of the Secretary of the Directive Board must be previously authorized by the Board of Directors. a) To keep the minute books of the General Assembly and Directive Board meetings, **with the previous authorization of the Board of Directors.** b) To keep the file of documents and registers of associate members, **prior authorization of the Board of Directors,** c) To issue all certifications requested to the Association, **prior authorization of the Board of Directors,** d) To make and send the notices to the members for the meetings, and e) To be the communication organ of the Association,

prior authorization of the Board of Directors. The actions of the Secretary of the Directive Board shall be jointly or separately from the Secretary of the Board of Directors, depending on the manner expressly established by the Board of Directors.

Article fifteen The Treasurer's duties. All the duties of the Treasurer of the Directive Board must have the prior express authorization of the Board of Directors: a) Receive and deposit the funds that the Association obtains, in the bank that the Directive Board decides. b) Keep or have direct control of the accounting books of the Association; and c) Authorize together with the President the disbursements that the Association must make.

The actions of the Treasurer of the Directive Board shall be jointly or separately from the Treasurer of the Board of Directors, depending on the manner expressly established by the Board of Directors.

Article sixteen. The members of the Directive Board shall be persons who are members of Organizations belonging to the Association.

Article seventeen. The Directive Board shall meet ordinarily with a minimum quorum of two persons, three times a year and extraordinarily when necessary. Once a year the Directive Board shall present a report of its work to the Directors' Committee and thrice a year to the General Assembly. The quorum for resolutions shall in any case be at least two members.

CHAPTER VI. BOARD OF DIRECTORS

Article eighteen. The management and administration of the Association shall be entrusted to the Board of Directors, which shall be composed of fifteen proprietary Directors elected as follows: five by regions, nine by product, and one by workers. The Board of Directors shall

elect from among its members: a President, a Vice-President, a Secretary, a Treasurer and eleven Directors. There may be a maximum of two members per country on the Board of Directors. The member representatives per country are referred to the organizations mentioned in article thirty-two of these bylaws; however, in such case they must be of a different product. This excludes the representation of workers. The Board of Directors may not dispose of the equity of the Association for private purposes, nor may they contract with the Association, except when such contract has been approved under such conditions by the General Assembly. The members of the Board of Directors shall be elected for a period of three years and may be reelected for a consecutive period only once more. The election shall be held every three years. If the period elapses without a new election being held, the members of the Board of Directors shall continue in office until a new election is held, **for a period of three additional years.** The order established in the positions set forth in this article establishes precedence, in such a way that the temporary or definitive absence of the President shall be substituted by the Vice President, the Vice President by the General Secretary and so on, to fill the vacant positions on the Board of Directors. In the event of definitive absences of members of the Board of Directors that jeopardize the quorum of this body, as indicated in article nine, the Board of Directors, the Management Committee or twenty percent of the member organizations of CLAC, may call an Extraordinary Assembly to appoint the vacant positions, who shall remain in office until the next Ordinary Assembly.

Article nineteen. The Board of Directors shall ordinarily meet, in person, at least twice a year, and extraordinarily as often as necessary.

Article twenty. The quorum required for the Board of Directors to meet in person shall be one half plus one of its members on first call, and one third of its members on second call one hour later. Its resolutions shall be reached by the majority of the members in attendance. In the event of a tie vote, the President of the Board of Directors shall have the casting vote (double vote).

Article twenty-one. The Board of Directors shall have the following powers: a) Be in charge of the senior management and strategic management of the Association through the development of the activities necessary for the achievement of the Association's goals and objectives; b) Ensure the efficient and effective administration of the Association's equity; c) Prepare the annual report of the Association's work and present it to the General Assembly in accordance with article eleven; d) Promote the preparation of plans, programs, projects and budgets of the Association and report to the General Assembly on the same; e) Ensure compliance with the Bylaws, Internal Regulations, agreements and resolutions of the Board of Directors; f) Decide on the purchase, sale or alienation of real estate belonging to the Association and authorize the Legal Representative of the Association to grant Special Powers of Attorney for the fulfillment of the foregoing; and any other power regarding the rest of its functions before administrative, judicial, tax and any other matter and jurisdiction, when necessary; g) Receive applications and accept new members of the Association. Such acceptances must be confirmed at the following General Assembly session; h) Appoint from among the members of the Association, committees or commissions deemed necessary for the fulfillment of the purposes of the organization; i) Suggest to the Assembly the appointment or substitution of members of the Directive Board; j) Fill vacancies in the Directive Board until the General Assembly meets; k) Appoint the members of the operating committee, as established in these Bylaws; l) Provide the CLAC National Coordinators with the operating functions necessary for the fulfillment of the objectives of the Association; m) Provide the Product Networks with the operating functions necessary for the fulfillment of the objectives of the Association; n) Resolve all matters not within the competence of the General Assembly, ñ) Appoint a Labor Advisor who shall not be a member of the Board of Directors and shall have voice but no vote.

Article twenty-two. The duties of the President of the Board of Directors are as follows: a) Act as General or Special Representative of the Association; b) Preside over the Ordinary and Extraordinary Sessions of the General Assembly; c) Ensure compliance with the agreements, resolutions of the Board of Directors and the General Assembly, as well as the Bylaws and

Internal Regulations of the Association; d) Summon Ordinary and Extraordinary Sessions of the General Assembly and the Board of Directors; e) Ensure that the Association's expenditures are made in accordance with these Bylaws; f) Present the Association's Annual Report and any other report requested by the Association; g) Authorize and/or delegate functions to the Directive Board and h) Coordinate the preparation of the respective Public Deed of Rectification or Modification of the Association's Bylaws if they are observed while they are in the process of approval before the Not-for-Profit Associations and Foundations Registry. Once the Bylaws of the Association have been approved, any amendment shall be in accordance with the provisions set forth in the final part of the Bylaws.

Article twenty-three. The Vice-President of the Board of Directors is responsible for performing the duties of the President in case of absence of the latter; to fulfill the commissions entrusted to him/her by the General Assembly or the Board of Directors and to submit the respective reports on the missions entrusted to him/her.

Article twenty-four. The duties of the Secretary of the Board of Directors are as follows: a) Keep and ensure that the minute books of the meetings of the General Assembly, the Board of Directors and the Directive Board are up to date; b) Keep and ensure the filing of documents and records of the Members of the Association; c) Issue all certifications requested to the Association; d) Make and send notices to the members of the Board of Directors for the meetings; e) Be the communication organ of the Association; For the fulfillment of his duties, the Secretary of the Board of Directors may delegate his functions.

Article twenty-five. The Treasurer of the Board of Directors is responsible for: a) Receiving, depositing or ensuring that the funds obtained by the Association are kept in the Bank or Banks selected by the Board of Directors; b) Keeping, overseeing or having direct control of the Association's accounting books; c) Authorizing, together with the President, the expenditures that the Association has to make; In order to fulfill his duties, the Treasurer of the Board of Directors may delegate his functions.

Article twenty-six. The duties of the Members of the Board of Directors are as follows: a) Collaborate directly with all the Members of the Board of Directors; and b) Substitute any member of the Board of Directors in accordance with the provisions of these Bylaws.

Article twenty-seven. The minutes books of the Assembly, Directive Board, Board of Directors, Management Committee, register of members and accounting books shall always be kept at the domicile of the Association.

CHAPTER VII MANAGEMENT COMMITTEE

Article twenty-eight. The Association shall have a Management Committee to perform the functions of oversight. This Board shall be made up of three persons, from different countries and products, representatives of the Organizations mentioned in article thirty-two of these bylaws, elected by the General Assembly for a period of three years, and shall have the following functions: a) Verify the proper functioning of the Association's activities, b) Review the due compliance with the resolutions of the Assembly, c) Ensure the contracting of the annual external audit, within three to five months after the end of the fiscal year, d) Review and analyze the audit report; e) Report to the General Assembly as appropriate; f) Convene an extraordinary Assembly in case there is a need as indicated in these bylaws. The Management Committee shall meet independently on an ordinary basis once a year or extraordinarily when necessary, at the domicile of the association and shall appoint a President, a Vice-President and a Secretary from among its members. The Secretary of the Management Committee shall be responsible for keeping and ensuring that the committee's minute books are up to date; keeping and ensuring the filing of documents and records pertaining to the committee, making and sending notices to committee members for meetings; and being the committee's communication body. In order to fulfill its duties, the Management Committee, if required, may delegate its functions to suitable personnel.

CHAPTER VIII THE ASSOCIATION'S OPERATING COMMITTEE

Article twenty-nine. The Association shall have an Operating Committee appointed by the Board of Directors, which shall be composed of the President of the Board of Directors, who shall preside, and three collegiate directors with the same position, appointed on the basis of leadership, knowledge and commitment. This committee shall be in charge of implementing the resolutions of the Assembly, Directive Board, Board of Directors, Management Committee, as well as coordinating the operational functions of the Association, appointing and supervising the executive personnel necessary to carry out the operations of the Association and overseeing the adequate execution of the approved budget. The Operating Committee shall meet whenever necessary, which shall be recorded in written or electronic minutes, at the best convenience of the Association.

CHAPTER IX. THE ASSOCIATION'S OPERATIONAL STRUCTURE

Article thirty. The Association shall encourage the organization of its members into CLAC National Coordinators in those countries or territories where there are five or more Associate Organizations. These coordinators, in addition to the functions and powers established by the General Assembly, the Directive Board and the Board of Directors, shall be in charge of the following functions: a) Representation of the Association in their country or territory; b) Local defense of the interests of the Association; e) In coordination with the Board of Directors and the Operating Committee of the Association, implement those programs or functions delegated by the Association for their territory; and d) Fulfill and execute the functions and powers approved by the Assembly, as well as the operational roles established by the Board of Directors.

Article thirty-two. The Association shall encourage the organization of its members in Product Networks at the continent level, when there are five or more Small Producers' Organizations (SPOs) of a specific product, and they are present in three or more countries. These Networks, in addition to the functions and attributions established by the Assembly, Board of Directors, will be in charge of the following functions: a) The defense of the particular interests of its

members; b) In coordination with the Board of Directors, to implement those programs or functions delegated by the Association for its products; e) To provide specific and specialized support to the Board of Directors and the Operating Committee of the Association, in all matters relating to the establishment of criteria, policies and pricing of its products; d) To comply with and execute the functions and attributions approved by the Assembly, as well as the operating roles established by the Board of Directors.

CHAPTER X. MEMBERSHIP

Article thirty-two. Will be eligible to be members of the Association the Organizations of small producers and workers organized in a democratic way, legally constituted under the principles and values of Fair Trade, provided that they have covered the respective quota determined by the General Assembly. The request for association must be addressed in writing to the Board of Directors, who together with the corresponding CLAC National Coordinator will evaluate its acceptance, and will submit it for approval in the following session of the General Assembly, which will decide by simple majority of votes its acceptance.

Article thirty-three. The Association shall have the following classes of membership: **a) Founding Members, b) Active Members; c) Honorary Members.** ACTIVE MEMBERS: All organizations that after the Association is constituted are accepted in accordance with these Bylaws. HONORARY MEMBERS: Both the founding members and all those persons who, due to their work and merits in favor of the Association, are so appointed by the General Assembly. Active members shall only be legal entities, while founding members or honorary members may be natural or legal persons.

Article thirty-four. Rights of the active members: a) Through a democratic process provided by the National Coordinators of the Association, to elect and be elected delegates to the General Assemblies. In the absence of CLAC National Coordinators, the organizations of a country must demonstrate participation, transparency and respect for democracy, b) To opt for

executive positions by fulfilling the requirements set forth in the Bylaws of the Association; c) To collaborate and form the CLAC National Coordinators and Product Networks that are part of the structure of the Association; d) Any other requirements set forth in these Bylaws and the Internal Regulations of the Association; e) To participate with voice and vote in the deliberations of the General Assembly when so authorized by the latter.

Article thirty-five. Honorary Members may have voice in the Assembly when so authorized by the Assembly.

Article thirty-six. The duties of active members are: a) Through the CLAC National Coordinators, elect the delegates to the Ordinary and Extraordinary sessions of the General Assembly; b) Cooperate in the development of those activities proper to the Association; c) Comply with and enforce compliance with these Bylaws, Internal Regulations, Agreements and resolutions of the General Assembly, Directive Board, Board of Directors; and d) Any other duties indicated in the Bylaws and Internal Regulations of the Association.

CHAPTER XI. DISCIPLINARY MEASURES

Article thirty-seven. The basic rules for disciplinary measures shall be those set forth in these Bylaws. Depending on the seriousness of the infraction and the recidivism of the offender, the sanctions to be imposed will be: written reprimand for violation of internal regulations or resolutions of the Board of Directors, temporary suspension of the exercise of the rights of the offending member for violation of agreements or resolutions of the General Assembly, and the definitive loss of membership for violation of the bylaws, for destruction or damage caused to the Association's Property, **carrying out in their capacity as members acts that damage the image or morale of the other members, carrying out in their capacity as members acts that damage the image of the Association.** The definitive loss of membership resulting from a disciplinary measure shall be the most serious sanction. The reprimand shall be issued by the Board of Directors. Temporary suspension and definitive loss of membership shall be proposed by the Board of Directors to the General Assembly, which shall ratify the decision taken

by two thirds of the members present. The following are grounds for disciplinary measures: a) Violation of these Bylaws, Internal Regulations, agreements or resolutions of the General Assembly or Board of Directors; and b) Other serious misconduct committed, which are deemed by the General Assembly to merit such sanctions. In any disciplinary proceeding, the rights of prior hearing and of material and procedural equality shall be guaranteed to the associate subject of the proceeding. Active membership of the Association may also be lost by resignation presented in writing to the Board of Directors.

CHAPTER XII. DISSOLUTION

Article thirty-eight. The Association may not be dissolved except by provision of the Not-for-Profit Associations and Foundations Law or any other pertinent Law, by resolution taken at an Extraordinary General Assembly, called for that purpose and with a number of votes representing at least three quarters of all its members.

Article thirty-nine. In the event that the dissolution of the Association is agreed upon, a Liquidation Board shall be appointed, composed of five persons, elected by the Extraordinary Assembly that agreed upon the dissolution. The assets remaining after the cancellation of all its commitments shall be donated to any similar charitable or cultural entity designated by the General Assembly.

CHAPTER XIII. GENERAL PROVISIONS.

Article forty. In order to amend or repeal these Bylaws, the favorable vote of at least sixty percent of the members in an Extraordinary General Assembly called for such purpose shall be necessary.

Article forty-one. The Directive Board has the obligation to register in the Not-for-Profit Associations and Foundations Registry of the Ministry of Government and Territorial Development within five working days after signing the List of Members of the Association

and certifications of election of the administrative bodies and in any case provide the Not-for-Profit Associations and Foundations Registry with any information requested, in accordance with the Not-for-Profit Associations and Foundations Law.

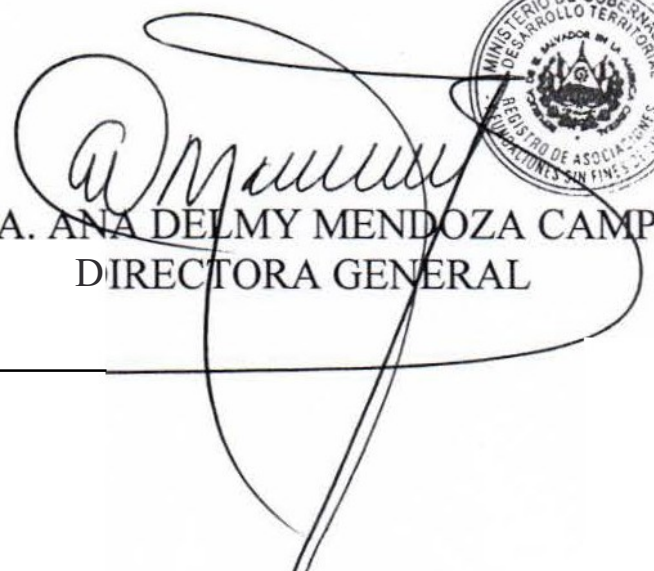
Article forty-two. All matters relating to the internal order of the Association not included in these Bylaws shall be established in its Internal Regulations, which shall be prepared by the Board of Directors and approved by the General Assembly.


Article forty-three. The LATIN AMERICAN AND CARIBBEAN NETWORK OF FAIR-TRADE SMALL PRODUCERS ASSOCIATION, shall be governed by these Bylaws and other applicable legal provisions.

Article forty-four. These Bylaws shall enter into force on the date of their publication in the Official Journal.

REGISTRATION OF NON-PROFIT ASSOCIATIONS AND FOUNDATIONS: San Salvador, at eight hours and thirty minutes on the twelfth day of February two thousand sixteen.-

In view of the Executive Agreement number **TWO HUNDRED AND FIFTY TWO** dated November nineteenth, two thousand and fifteen, register in the Not-for-Profit Associations and Foundations Registry the new bylaws of the Entity "**LATIN AMERICAN AND CARIBBEAN NETWORK OF FAIR TRADE SMALL PRODUCERS**", as well as its Public Deed of approval of new bylaws at number **FIVE** of Book **ONE HUNDRED AND TEN** of National Associations.-


LICDA. ANA DELMY MENDOZA CAMPOS
DIRECTORA GENERAL



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REGISTRACION DE ASOCIACIONES Y FUNDACIONES SIN FINES DE GANANCIA

**REGISTERED IN THE NOT-FOR-PROFIT
ASSOCIATIONS AND FOUNDATIONS REGISTRY**

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LICDA. ANA DELMY MENDOZA CAMPOS
DIRECTORA GENERAL



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