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**This document is intended for communication purposes with CLAC members only.
 The language of CLAC’s official and legal documents is Spanish.**

**BYLAWS OF THE
 “LATIN AMERICAN AND CARIBBEAN NETWORK OF FAIR TRADE SMALL PRODUCERS
 AND WORKERS ASSOCIATION”
 abbreviated as CLAC.**

**CHAPTER I
 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 AND WORKERS ASSOCIATION** and abbreviated as **CLAC (Gender inclusive language is included in Spanish)**. 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 Municipality of San Salvador, Department 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. **CLAC** represents, coordinates and supports the strengthening and participation of small producers' and workers' organizations in Latin America and the Caribbean within the Fair Trade movement, as well as the structures of Fairtrade International (the phrase “Comercio Justo” in Spanish is changed to “Fair Trade Movement” and “Fairtrade International”).

The aims or objectives of the Association will be:

- a) To promote the principles and values of the “Fair Trade Movement,” being these democratic and representative participation, solidarity, equity, respect, transparency, and environment, through meetings, analysis and conversations between members and other actors of the “Fair Trade Movement” for the development,

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strengthening and consolidation of solidarity and Fair-Trade relations.


- b) To represent its members in social, political, and economic instances, within the framework of the “Fair Trade Movement” as well as in the structures of Fairtrade International.
- c) To support its members through the strengthening of their capacities.
- d) To provide spaces for discussion and conversation within the “Fair Trade Movement” as well as in the structures of Fairtrade International.
- e) To support members by strengthening their socio-business organizations.
- f) To support its members in the achievement of greater social and economic spaces within their respective countries.
- g) To provide assistance to its members and promote their products.
- h) To promote and strengthen the creation of National Coordinators and Product Networks.
- i) To develop activities to promote the “Fair Trade Movement” and provide services that allow its self-sustainability.
- j) To strengthen the level of integration and exchange of the associated organizations, for which CLAC may participate in other organizations located in the national territory or abroad.

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) Income from the rendering of services related to any of the purposes of the association;
- d) The membership fees established in the Membership Policy of the Association.

Article six. In general, the equity shall be administered by the Board of Directors in accordance with the guidelines set forth by the General Assembly. The Board of Directors shall appoint a Management Board, which shall be in charge of monitoring the execution of the annual budget. Likewise, the Board of Directors shall appoint an Executive Director that will be in charge of the day-to-day management of the organization's affairs.

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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.

The members of the Board of Directors may not dispose of the equity of the Association for private purposes, nor may they engage in contracts with it.

CHAPTER IV GOVERNANCE OF THE ASSOCIATION

Article seven. The governance of the association shall be exercised by:

- a) The General Assembly.
- b) The Board of Directors.
- c) The Surveillance Board.
- d) The Management Board and
- e) The Executive Director.


The association may have an internal and external audit, at the discretion of the Board of Directors.

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.

The delegates and substitutes to the Ordinary and Extraordinary General Assemblies of CLAC shall be elected through the assemblies of the member organizations of each country, duly provided by the respective CLAC National Coordinator. The election of worker delegates shall be carried out through the Workers' Network.

All delegates must belong to a CLAC member organization.

In both cases, delegates may be elected through face-to-face or virtual meetings. The Regulations of these Bylaws shall define the mechanism for the election of delegates and alternates to the Ordinary and Extraordinary General Assemblies.

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Article nine. The General Assembly, legally convened and constituted, is the supreme body of the Association and expresses the collective will in matters within its competence. The resolutions adopted at the General Assembly are binding on all members, whether they were absent or present or whether they voted in favor or against the resolution in question.


The General Assembly shall meet ordinarily once every three years and extraordinarily when validly called. A call for an Ordinary or Extraordinary General Assembly shall be made by a majority vote of the Board of Directors, the Surveillance Board, or by at least twenty percent of the CLAC member organizations registered at the time of the call. Any call for a meeting must be made at least fifteen calendar days prior to the date of the meeting.

Ordinary General Assemblies shall be legally constituted on first call when more than half of the delegates are represented, and resolutions shall be valid when adopted with the favorable vote of more than half of the delegates present. If at the first call to the Ordinary General Assembly the quorum is not met, a second call may be made two hours later with the same number of delegates in attendance and resolutions shall be adopted by more than half of the votes present at the Ordinary Assembly.

The Extraordinary General Assemblies shall be legally constituted on first call when two thirds of the delegates are represented, and resolutions shall be valid when adopted with the favorable vote of more than two thirds of the delegates present. If at the first call to the Extraordinary General Assembly the quorum is not met, a second call may be made two hours later with the same number of delegates in attendance and resolutions shall be adopted by more than half of the votes present at the Extraordinary Assembly.

Ordinary and Extraordinary sessions of the General Assembly may be held by video conference when some or a majority of its members are in different places, outside the territory of the Republic or within it, but are unable to come to the place indicated for the holding of the session.

For the purpose of determining the place, day and time of the meeting, it shall be determined by the address and time where the Secretary of the General Assembly or the person acting in his/her stead in accordance with these Bylaws is located.

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It shall be the responsibility of the Secretary of the General Assembly to record by any means that technology allows the video conference of the session, and to make a literal transcription of the resolutions adopted therein, which shall be registered in the corresponding book of minutes, indicating in the minutes the quorum of said session, on the understanding that the presence of the members of the respective General Assembly shall not refer specifically to their physical presence, but to their participation through the established electronic means. The Minutes of the meeting shall be signed by the Presidency and the Secretary of the Board of Directors or, in their absence, by the delegates established by the General Assembly.


Finally, the Secretary shall send the Minutes of the corresponding session to each of the members of the General Assembly by the means of communication he/she deems appropriate.

Article ten. Any titular delegate who is unable to attend the General Assembly due to a duly justified impediment may summon his/her substitute to replace him/her in the Assembly to which he/she has been designated by the respective CLAC National Coordinator. In cases of force majeure, when he/she cannot be replaced by his/her substitute, he/she may be represented in writing by another delegate, who should preferably represent the same region and product.

Each delegate may have a maximum of one additional representation in addition to his or her own.

Article eleven. The duties of the Ordinary General Assembly are the following:

- a) To elect the titular and substitute members of the Board of Directors and the Surveillance Board. The Assembly shall ensure that the members of the Board of Directors represent equitably all the products, Regions, Product Networks, Workers' Network and modes of production whose commercialization the Association supports, all in accordance with the provisions of these Bylaws.
- b) To approve and/or modify the strategic plans, as well as the Association's tri-annual programs or budgets.
- c) To be informed of the Association's tri-annual work report, presented by the Board of Directors and the Surveillance Board, as well as to adopt any recommendations made by the Surveillance Board or internal or external audit reports.
- d) To appoint from among the members of the Association, Committees or Special Commissions deemed necessary for the fulfillment of the purposes of the Association.
- e) To ratify, at the request of the Board of Directors, the incorporation or disincorporation of National Coordinators, Product Networks and Workers Network,

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in accordance with the provisions of these Bylaws.

- f) To ratify, at the request of the Board of Directors, the designation of Honorary Members.
- g) To grant to the National Coordinators, Product Networks and Workers' Network, those functions and attributions it deems convenient.
- h) To know and resolve on any other matter of interest to the Association as established in these Bylaws, the Internal Regulations or the Not-for-Profit Associations and Foundations Law.

Article twelve. On the other hand, the Extraordinary General Meetings shall meet whenever necessary to discuss and agree on those aspects that are not specifically indicated by the Law as being within the competence of the Ordinary General Meeting. The duties of the Extraordinary General Assembly are the following:

- a) To amend the Bylaws totally or partially.
- b) To dismiss members of the Board of Directors or the Surveillance Board and appoint their substitutes.
- c) To agree on the dissolution of the association.

CHAPTER V BOARD OF DIRECTORS


Article thirteen. The top management of the Association shall be entrusted to the Board of Directors, which shall be composed of fifteen titular directors and sixteen substitute directors elected as follows: the titular directors five by region, nine by product, and one by the Workers' Network.

The substitute directors shall be elected five by region, nine by product and the Workers' Network shall elect two substitutes regardless of region or product.

Every three years, prior to the conclusion of the ordinary assembly, the Board of Directors shall meet to elect from among its members, by secret ballot, a president, a vice-president, a secretary and twelve directors.

Article fourteen. The following restrictions shall apply to the composition of the Board of Directors:

- a) There may be no more than two representatives of member organizations from each country on the Board of Directors.
- b) When there are two members from the same country, they must represent organizations of different products.

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The aforementioned provisions shall not apply to the representation of the Workers' Network.

The representatives per country refer to delegates present at the Ordinary and Extraordinary Assemblies of the “associated organizations” of CLAC or “members” as defined in the chapter entitled “MEMBERSHIP” in these bylaws.

Article fifteen. The titular members of the Board of Directors shall serve for a term of six years, on an alternating basis as follows:

- a) Seven members shall complete their term in odd-numbered years.
- b) Eight members shall complete their term in even numbered years.

Substitute members of the Board of Directors shall serve for a term of three years and may be reelected for successive terms or opt for regular positions.


The titular members of the Board of Directors may not be reelected successively or immediately. A titular member of the Board of Directors shall not be eligible for a position on the Surveillance Board either successively or immediately. The same applies to the members of the Surveillance Board.

Article sixteen. The election process for the members of the Board of Directors shall be carried out in accordance with the Election Regulations approved by the Assembly according to the periodicity set forth in these Bylaws. The voting mechanism may be virtual or in person.

Only duly accredited delegates to the Ordinary or Extraordinary Assembly that elects them and who are members of a CLAC member organization may be elected to the Board of Directors.

Article seventeen. The order established for the offices of the Board of Directors establishes precedence, such that the temporary or definitive absence of the presidency shall be substituted by the vice-presidency, the vice-presidency by the secretary and so on, to fill the vacant offices of the Board of Directors.

In the duly verified definitive absences of the positions not established above, the respective substitute shall be invited to join the Board of Directors as a regular member, in compliance with the representation limit established in article fifteen of these Bylaws. The substitute members may participate in the meetings of the Board

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of Directors only if they have been appointed to the Board of Directors due to the definitive absence of the titular member.


In the event of absences of members of the Board of Directors in excess of the number of existing substitutes and which endanger the quorum of this body, as indicated in article nine, the Board of Directors, the Surveillance Board or twenty percent of the member organizations of CLAC, shall call an Extraordinary Assembly to appoint the vacant positions, who shall remain in office until the next Ordinary Assembly.

Article eighteen. The Board of Directors shall ordinarily meet, either in person or virtually, at least three times a year, and extraordinarily as often as necessary.

Article nineteen. The quorum required for the Board of Directors to meet 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. The Board of Directors shall have the following powers:

- a) To assume the high direction and strategic management of the Association by approving and reviewing strategic plans and objectives.
- b) To promote, review and authorize plans, programs, projects and budgets of the Association and report to the general assembly on the same.
- c) To authorize and/or delegate functions to the Management Board and ensure that the administration carries out its work effectively and efficiently.
- d) To prepare, distribute and publish the Association's annual and tri-annual work report and present it to the General Assembly in accordance with the provisions of these bylaws and CLAC's Organization Code.
- e) To ensure compliance with the Bylaws, Internal Regulations, Organization Code and its policies, agreements and resolutions of the General Assembly and the Board of Directors.
- f) To decide on the purchase and sale or alienation of real estate belonging to the Association and to authorize the Legal Representative(s) of the Association to grant Special Letters of Attorney for the fulfillment of the above; and any other authorization regarding the rest of its functions before administrative, judicial, tax and any other matter and jurisdiction, when necessary.
- g) To accept new members of the Association.


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- h) To appoint from among the members of the Association, committees or commissions deemed necessary for the fulfillment of the purposes of the organization.
- i) To appoint and remove the Director of the Association by a three-fourths vote of its members.
- j) To appoint the members of the Board of Directors on the Management Board and fill their vacancies.
- k) To provide the National Coordinators, within the framework of the membership agreement to be established, with the operational functions necessary for the fulfillment of the Association's objectives.
- l) To provide the Product Networks and Workers Networks, within the framework of the membership agreement to be established, with the operational functions necessary for the fulfillment of the Association's objectives.
- m) To nominate the candidate(s) for CLAC representatives to the Directive Board of Fairtrade International.
- n) To designate CLAC delegates to the Assembly(s) of Fairtrade International.
- o) To resolve all matters that do not fall within the competence of the General Assembly.

Article twenty-one. The duties of the Presidency of the Board of Directors are as follows:

- a) To call and preside over the General, Ordinary and Extraordinary Assemblies of members.
- b) To prepare, together with the Secretary of the Board of Directors, the agenda of the General, Ordinary and Extraordinary Assemblies.
- c) To present the Association's Annual Report and any report requested by the Assembly.
- d) To call and chair the meetings of the Board of Directors.
- e) To prepare, together with the Secretary of the Board of Directors, the meeting agenda.
- f) To ensure compliance with the agreements, resolutions of the General Assembly, the Board of Directors, as well as the Bylaws, the Association's Internal Regulations and the Organization Code.
- g) To represent CLAC as a member of the Directive Board of Fairtrade International, in accordance with the election periods of Fairtrade International.
- h) To participate as a delegate to the Assembly(s) of Fairtrade International, if necessary.

Article twenty-two. The Vice-President of the Board of Directors is responsible for performing the duties of the Presidency in the absence of the latter, as well as fulfilling the commissions entrusted to him/her by the Board of Directors and submitting the respective reports.

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Article twenty-three. The duties of the Secretary of the Board of Directors are as follows:

- a) To ensure that the minute books of the meetings of the General Assembly and the Board of Directors are up to date.
- b) To see to the filing of documents and records of the Members of the Association.
- c) To issue all certifications requested from the Association.
- d) To make and send the summons to the members of the Board of Directors for the meetings.
- e) To fulfill its duties, the Secretary of the Board of Directors may delegate its functions to a recording secretary or to part of the Association's operational team.


Article twenty-four. The other directors of the Board of Directors shall have the following duties:

- a) To collaborate directly with all the members of the Board of Directors.
- b) To replace any member of the Board of Directors in accordance with the provisions of these Bylaws.
- c) To participate equally in the committees appointed by the Board of Directors.

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


Article twenty-six. A member of the Board of Directors shall lose his or her condition if any of the following causes occur:

- a) Resignation.
- b) Death.
- c) Definitive absence. Unjustified absence from three consecutive or four alternate sessions shall be considered a definitive absence.
- d) Ceasing to belong to a CLAC member organization.
- e) Sanction imposed for non-compliance with these bylaws, the CLAC Organization Code or its policies, including, but not limited to, Fraud and Corruption Control Policy, Conflict of Interest Policy, Anti-Harassment Policy and Sexual Harassment Regulation, Gender Policy, Child Protection or Child Safeguarding Policy.
- f) If his or her organization loses Fairtrade International certification for fraud, corruption, violations of child labor or human rights policies.

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Article twenty-seven. The following rules shall be observed in all disciplinary proceedings against a member of the Board of Directors:

- a) It is an indispensable condition that the member has incurred in any of the grounds for sanction.
- b) The non-compliance with the duties of his/her position, the non-compliance with the precepts established in these Bylaws, as well as CLAC's Organization Code or its internal policies are considered grounds for sanction. Said policies include Fraud and Corruption Control Policy, Conflict of Interest Policy, Anti-Harassment Policy and Sexual Harassment Regulations, Gender Policy, Child Protection or Child Safeguarding Policy, as well as any other that may be subsequently approved.
- c) The Presidency, or in its absence the Vice-Presidency, ex officio or at the request of the Board of Directors and/or the Surveillance Board, shall form an independent disciplinary commission composed of five members as follows: 2 members of the Board of Directors, 2 members of the Surveillance Board and a legal professional hired for this purpose. This commission will proceed to prepare a report on the actions considered to constitute a violation of any of the aforementioned policies by the Director. Such report shall contain at least a description of the facts, evidence, conclusions and recommendations.
- d) Once the report indicated in the previous point has been completed, the disciplinary committee shall decide on its merits and determine the sanction that corresponds to the facts included in the report. The sanctions that may be imposed are:
 - i. Written reprimand.
 - ii. Temporary suspension of the Director's rights and
 - iii. Loss of the status of Director.
- e) Before the disciplinary commission adopts the respective agreement, it shall inform the alleged offender of the charges and evidence against him/her.
- f) Upon receipt of the report detailing the facts, the alleged offender shall be given notice of the charges and evidence against him/her, and for such purpose, he/she shall have a period of 5 calendar days to present his/her defense in writing.
- g) Once the evidence has been received and analyzed, the disciplinary commission shall proceed to issue, by agreement of at least four of its five members, the final resolution of the process.
- h) The resolution issued by the disciplinary commission may be appealed by the interested party before the Board of Directors, provided that the appeal is filed within 10 calendar days from the date of notification to all interested parties. The Board of Directors shall have 30 calendar days to decide on the appeal.
- i) Once the resolution has become final, the disciplinary committee shall communicate its actions to the

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Compliance Officer of CLAC to determine whether there are any violations of local or international legislation and, if necessary, to inform the competent authorities accordingly.

Article twenty-eight. The Board of Directors may form any commissions that may be necessary in accordance with the strategy in force. Each commission shall be chaired by a member of the Board of Directors and shall be composed equally by persons of both sexes, taking into consideration the knowledge and skills necessary for the development of the commission's work.

For its proper functioning, each commission shall integrate the necessary operative personnel for the execution of its agreements. In the integration of commissions, the Board of Directors may consider integrating members of the governing bodies of previous periods, in order to retain and transmit the knowledge created in the organization.

CHAPTER VI THE SURVEILLANCE BOARD

Article twenty-nine. The Association shall have a Surveillance Board to perform the functions of oversight.


This board shall be composed of three titulars and three substitutes who must be from different countries and products. These persons must be delegates present at the Ordinary or Extraordinary CLAC Assembly that elects them.

The members of the Surveillance Board shall be elected by the General Assembly for a period of three years and may be reelected for one additional consecutive three-year period, for a maximum of six years in total. Substitute members may participate in the meetings of the Surveillance Board only if they have been appointed to the committee due to the definitive absence of the titular.

A member of the Surveillance Board may not run for a position on the Board of Directors successively or immediately.

The Surveillance Board shall have the following duties:

- a) To verify the proper functioning of the activities of the Association.
- b) To review the due fulfillment of the resolutions of the Assemblies.
- c) To carry out the selection of the annual external audit, within a maximum period of five months after the end of the fiscal year.

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- d) To review and analyze the association's audit reports.
- e) To ensure that the Product Networks comply with the requirements stipulated in these bylaws in order to maintain their status as Product Networks.
- f) To report to the General Assembly as appropriate.
- g) To call an Extraordinary Assembly in the cases stipulated in articles 41, paragraph three and 71, literal a) of the Not-for-Profit Associations and Foundations Law.
- h) The Surveillance Board shall meet regularly and independently, in person or virtually twice a year, and extraordinarily when necessary. The Surveillance Board shall appoint a President, a Secretary and a spokesperson. Due to the nature of its work, in the event of face-to-face meetings, these shall be held at the domicile of the association.
- i) For the performance of its duties, the Surveillance Board may delegate its functions to suitable personnel.

Article thirty. The presidency shall convene and preside over the meetings of the Surveillance Board, and together with the secretary shall prepare the agenda for the ordinary and extraordinary meetings and shall be responsible for submitting the report of the Surveillance Board to the Board of Directors and to the Ordinary or Extraordinary General Meeting.

The secretary shall ensure that minutes are kept of each meeting and that the minutes books of the Surveillance Board are up to date. It is the responsibility of the secretary to issue and send notices of meetings to the members of the Surveillance Board.


To the fulfillment of its duties, the secretary of the Surveillance Board may delegate its functions to a recording secretary or to a part of the Association's operational team.

Article thirty-one. Articles twenty-six and twenty-seven of these bylaws on the grounds and procedure for the loss of membership on the Board of Directors are applicable to the Surveillance Board.

CHAPTER VII MANAGEMENT BOARD

Article thirty-two. The Direction and Administration of the Association shall be entrusted to a Management Board. The judicial and extrajudicial representation of the Association before third parties shall be the responsibility of the Presidency of the Management Board.

The Management Board shall be composed of five members appointed by the Board of Directors for a period of three years and shall be composed as follows:

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the presidency, three additional directors of the Board of Directors and the Executive Director.

Article thirty-three. The members of the Management Board shall elect a secretary and three spokespersons from among its members. The presidency will fall on the Executive Director, who must be a national or resident of the Republic of El Salvador.


The Management Board, with the prior written agreement of the Board of Directors, shall manage 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 Directives of the General Assembly.

The Management Board shall have the following duties:

- a) To ensure the adequate planning, organization, direction and control of the operations and activities necessary for the achievement of the Association's goals and objectives.
- b) To ensure the efficient and effective administration of the Association's equity.
- c) To ensure the preparation and execution of the annual budget, with the prior authorization of the Board of Directors.
- d) To periodically review the Association's balance sheets and financial statements and report thereon to the Board of Directors.
- e) To assure the preparation of the annual report of the Association's work.
- f) To ensure compliance with the Bylaws, Internal Regulations, Organization Code and its policies, agreements and resolutions of the General Assembly and the Board of Directors.
- g) To decide, with the prior authorization of the Board of Directors, on the purchase and sale or alienation of real estate belonging to the Association and to authorize the Legal Representative(s) of the Association to grant Special Letters of Attorney for the fulfillment of the above, and any other authorization regarding the rest of its functions before administrative or judicial instances when necessary.

Article thirty-four. The duties of the Presidency of the Management Board are as follows:

- a) To represent the Association judicially and extra-judicially.
- b) To sign all kinds of contracts on behalf of the Association. To grant all kinds of powers of attorney, purchase and sale, mortgage, pledge, lease or alienation of goods and real estate under any title, prior authorization of the Management Board shall be required.
- c) To act as special executor of the resolutions of the Management Board on the modification of the Association's Bylaws. For this purpose, the Presidency may grant a Public Deed of Amendment or Rectification of the Association's Bylaws,

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correct or clarify if these are observed in the process of registration with the Not-for-Profit Associations and Foundations Registry.

Article thirty-five. The secretary of the Management Board shall ensure that minutes are kept of each meeting and that the minutes books are up to date. It is the responsibility of the secretary to issue and send notices of meetings to the members of the Management Board. To the fulfillment of its duties, the secretary of the Management Board may delegate its functions to a recording secretary or to a part of the Association's operational team.


Article thirty-six. The Management Board shall ordinarily meet in person or virtually every three months and extraordinarily when necessary. The minimum quorum for meetings shall be four persons. Once a year the Management Board shall present a work report to the Board of Directors and thrice a year to the General Assembly. The votes necessary to reach agreements shall in any case be at least four members. In the event of a tie, the resolution shall be submitted for reconsideration and if it is not approved, it shall be considered rejected. The presidency does not have a casting vote (double vote).

Article thirty-seven. In the event of definitive absences, the Board of Directors shall designate the person or persons to fill the vacancies that occur, all in accordance with the provisions of this chapter.

CHAPTER VIII EXECUTIVE DIRECTOR

Article thirty-eight. The Association shall have an Executive Director, which shall be appointed for an indefinite term by the Board of Directors. The duties of the Executive Director include the following:

- a) To exercise the presidency of the Management Board.
- b) To direct the operations of the organization, ensuring its proper functioning, the alignment of the organization's strategic processes, the adequate management of relations between CLAC's structures, public relations and relations with different stakeholders, and in general, managing the organizational strengthening of CLAC.
- c) Attend all meetings of the Board of Directors and the General Assembly, in which he/she shall have the right to speak but not to vote.
- d) To ensure faithful compliance with plans and policies that ensure the proper functioning of the Association, as well as the adequate execution of the approved budget.
- e) To ensure that the expenditures to be made by the Association are made in accordance with

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these Bylaws and the approved budget.

- f) To assume his/her role as representative of CLAC in the different teams and executive forums of Fairtrade International.
- g) Propose the person who would assume his/her functions in case of temporary absence to the Board of Directors.
- h) To fulfill any mandate as requested by the Board of Directors or the Management Board.

CHAPTER IX THE ASSOCIATION'S OPERATIONAL STRUCTURE


Article thirty-nine. 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.

It is the responsibility of the Assembly to ratify, at the request of the Board of Directors, the incorporation or disincorporation of CLAC National Coordinators, in accordance with the provisions of these Bylaws.

The CLAC National Coordinators, in addition to the functions and powers established by the General Assembly and the Board of Directors, shall be responsible for the following functions:

- a) Representation of the Association in its country or territory.
- b) The local defense of the interests of the Association.
- c) In cooperation with the Board of Directors and the Management Board of the Association, to implement those programs or functions delegated by the Association for their territory.
- d) Fulfill and execute the functions and attributions approved by the Assembly, as well as the operational roles established by the Board of Directors.
- e) Coordinate the holding of assemblies in each country, in person or virtually, for the election of delegates to the ordinary or extraordinary assemblies of the Association.
- f) Coordinate with the Directive Board and the Executive Director of CLAC, the actions to be developed for the execution of the Strategic Plan approved by the General Assembly of the association.

It shall be the obligation of each CLAC National Coordinator to comply with the association framework agreement established by CLAC as a regulatory instrument for the relationship between the association and the CLAC National Coordinators.

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Article forty. CLAC is part of Fairtrade International, an international organization that works to promote the Fairtrade label globally.

The Association will encourage the formation of small producers' organizations in product networks at the continental level when there are five or more Small Producers' Organizations of a specific product, and they are present in three or more countries.

ASMOS Artesanal Small Mining Organizations are considered part of the small producers' organizations.

The Association shall encourage the organization of CLAC's Workers' Network, as well as the national committees of said network.

The Networks indicated in this article, in addition to the functions and powers established by the General Assembly and the Board of Directors, shall be responsible for the following functions:


- a) The defense of the particular interests of its members.
- b) In conjunction with the Executive Director, to implement those programs or functions delegated by the Association.
- c) To provide specific and specialized support to the Board of Directors, its committees and the Management Board of the Association, in all matters related to the establishment of criteria, policies and pricing of its products.
- d) Fulfill and execute the functions and attributions approved by the General Assembly, as well as the operational roles established by the Board of Directors.

It is the responsibility of the Assembly to ratify, at the request of the Board of Directors, the incorporation or disincorporation of product networks or workers networks, in accordance with the provisions of these Bylaws.

It shall be the obligation of each network to comply with the association framework agreement established by Association as a regulatory instrument for the relationship between the Association and each of the networks.

CHAPTER X MEMBERSHIP

Article forty-one. CLAC membership is open to democratically organized organizations of small producers and workers, legally

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constituted under the principles and values of the “Fair Trade Movement” and that have paid the respective dues as 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 forty-two. The Association shall have the following classes of membership:

- a) Active Members.
- b) Honorary Members.


Active Members are all organizations that, after the Association is constituted, are accepted in accordance with these Bylaws, are up to date with their membership and have not been suspended as members of the Association.

Honorary Members are the founding members, as well as those natural or juridical persons who, due to their work and merits for the benefit of the Association, are so designated by the General Assembly. Honorary Members may have voice in the Assembly when so authorized by the Assembly.

Active members shall only be legal entities, while honorary members may be natural or legal persons.

Article forty-three. Rights of the active members:

- a) Through a democratic process, virtual or in person, provided by the CLAC National Coordinators of the Association or by the National Committees of the Workers' Network, to elect and be elected delegate(s) to the General Assemblies.
- b) Only those individuals present at the Assembly may be delegates and may only be elected at the respective assembly. All delegates must belong to a CLAC member organization.
- c) In the absence of CLAC National Coordinators or National Committees of the Workers' Network, the organizations of a country must demonstrate by digital means or signed minutes, the participation, transparency, and participation of all members, as well as respect for the democratic election process.
- d) To participate with voice and vote in the deliberations of the General Assembly when so authorized by it.

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- e) To opt for executive positions by fulfilling the requirements set forth in the Bylaws and Regulations of the Association;
- f) To collaborate and form CLAC National Coordinators, Product Networks and Workers Network that are part of the structure of the Association;
- g) Any others indicated in these Bylaws and Internal Regulations of the Association.

Article forty-four. The duties of active members are:


- a) To actively participate in their CLAC National Coordinator, Product Network and Workers' Network.
- b) To participate in the activities developed by the Association for their benefit.
- c) To the extent of their possibilities, contribute to the consultations on Fairtrade International standards and criteria carried out by the Association.
- d) Actively participate in surveys and requests for information carried out by the Association on behalf of Fairtrade International.
- e) Through CLAC National Coordinators and the Workers' Network, elect delegates to the Ordinary and Extraordinary Assemblies of the Association. All delegates must belong to a CLAC member organization.
- f) Cooperate in the development of the activities of the Association.
- g) Comply with and require compliance with these Bylaws, Internal Regulations, CLAC's Organization Code and its policies, agreements and resolutions of the General Assembly, Board of Directors and Management Board.
- h) To keep up to date with the payment of the annual membership fee, as well as to make any other contribution that may be defined by the Assembly.
- i) Any other duties indicated in these Bylaws and Internal Regulations of the Association.

CHAPTER XI DISCIPLINARY MEASURES, GROUNDS AND PROCEDURES FOR THEIR APPLICATION

Article forty-five. The following sanctions shall be applicable to CLAC members:

- a) Written warning.
- b) Temporary suspension of rights as a CLAC member.
- c) Definitive expulsion.

The Presidency of the Board of Directors, or in its absence the Vice-Presidency, either ex officio or at the request of the Board of Directors and/or the Surveillance Board, shall form a disciplinary commission in accordance with the provisions of these bylaws, which shall proceed to prepare a report on the action deemed to merit a sanction. As applicable, the procedure to be carried out shall observe the rules set forth

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in article twenty-seven of these bylaws.

Article forty-six. The following are considered as misdemeanors subject to sanction:

- a) Written warning:
 - Actions or acts that jeopardize the operation, credibility, and existence of CLAC.
 - Using CLAC's name for personal benefit.
- b) Temporary suspension of one to thirty days of CLAC membership rights:
 - Non-payment of membership for one offense.
 - Repetition of misconduct subject to a reprimand.

Article forty-seven. Membership shall be lost for the following reasons:


- a) By voluntary resignation at the member's request, which may be made at any time, manifested in a writing addressed to the presidency of the Board of Directors.
- b) By expulsion.
- c) When the member has repeatedly failed to renew the annual membership payment.

The following rules shall be observed in any sanctioning procedure carried out against a member of the association:

- a) It is an indispensable condition that the member has incurred in any of the grounds for sanction.
- b) Disciplinary measures shall have as basic rules those set forth in these Bylaws.

The following are considered grounds for sanction:

- a) Failure to comply with the duties as a member.
- b) Failure to comply with the resolutions of the Assembly or the Board of Directors.
- c) Failure to comply with the precepts established in these bylaws.
- d) Carrying out in his capacity as a member acts that damage the image or morale of the association or the rest of the members, such as:
 - i. Failure to comply with CLAC's Organization Code or its internal policies. Such policies include the Fraud and Corruption Control Policy, Conflict of Interest Policy, Anti-Harassment Policy and Sexual Harassment Regulations,

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Gender Policy, Child Protection or Child Safeguarding Policy, as well as any other that may be approved subsequently.

- ii. Having incurred sanctions imposed by a competent authority for fraud or corruption.
- iii. Loss of Fairtrade International certification due to fraud or corruption.

In any sanctioning procedure, the member subject to the procedure must be guaranteed the right to a prior hearing and to material and procedural equality. As applicable, the procedure to be carried out shall observe the rules set forth in article twenty-seven of these bylaws.

CHAPTER XII DISSOLUTION


Article forty-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 forty-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 fifty. 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 fifty-one. The Management Board is obliged 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.

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Article fifty-two. All matters pertaining to the internal order of the Association not included in these Bylaws shall be established in the Internal Regulations of the Association, which shall be prepared by the Management Board and approved by the Board of Directors.

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

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

Transitory I. The members of the Board of Directors who shall be elected for three years and those who shall be elected for six years shall be determined by means of a drawing of lots during the Assembly that approves the amendment of these Bylaws.

Transitory II. The members of the Board of Directors elected at the Assembly that approves this amendment to the bylaws and whose term of office is 2024 may be reelected for an additional term of six years only once and by exception. However, no person may serve for more than nine consecutive years as a member of the Board of Directors.

<p>Written by.</p> <p style="text-align: center;">Legal and Ethical Compliance Unit</p> <p>CARLOS EUGENIO VARGAS MASIS (SIGNATURE)</p> <p>Digitally signed by CARLOS EUGENIO VARGAS MASIS (SIGNATURE) Date: 2021.11.16 18:09:24 -06'00'</p>	<p>Authorized by.</p> <p style="text-align: center;">Board of Directors November 5, 2021.</p>	<p>For approval of:</p> <p style="text-align: center;">VIII Ordinary and Extraordinary General Assembly of CLAC members. January 26, 27 and 28, 2022</p>
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