

ARTICLES OF ASSOCIATION

of

The Loden Foundation

(A Public Benefit Organisation regulated by the Civil
Society Organisation Act of Bhutan, 2007)

November, 2009
The Loden Foundation

Drafted by Karma Phuntsho for the Loden Foundation

Interpretation

1. In these articles:

“the Foundation” means the Public Benefit Organisation intended to be regulated by these articles;

“the law” means the laws of Bhutan relevant to civil society organisations including any statutory modification or re-enactment thereof for the time being in force;

“the articles” means these Articles of Association of the Foundation;

“clear days” in relation to the period of a notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“executed” includes any mode of execution;

“the memorandum” means the Memorandum of the Loden Foundation;

“office” means the registered office of the Foundation;

“the seal” means the common seal of the Foundation;

“secretary” means the secretary of the Foundation or any other person appointed to perform the duties of the secretary of the Foundation, including a joint, assistant or deputy secretary;

“the trustees” means the trustees of the Foundation (and “trustee” has a corresponding meaning);

“the director” means the executive head of the Foundation or any other person appointed to perform the duties of the executive head (and directors has a corresponding meaning);

“Bhutan” means the Kingdom of Bhutan and words importing masculine gender only shall include the feminine gender.

Name

2. (1) The name of the Foundation is The Loden Foundation.

(2) The trustee have chosen this name for its cultural, historical and educational significance. Loden, (ལོད་ལྷན་) literally “possessing intelligence” is an appellation of wise and learned people and of the Bodhisattvas. It is also an epithet of both Manjushri, the Buddha of wisdom and Padmasambhava, the supreme saint who established Buddhism in Bhutan.

(3) Any change or amendment to the name shall be made by the authority of resolution passed at an annual general meeting.

Address

3. (1) The address of the Foundation is P.O. Box 131, Thimphu.

(2) Any change to the address shall be made by the authority of resolution passed at an annual general meeting.

Objectives and Scope

4. The objects of the Foundation are:

(1) to promote education and learning and thereby foster an enlightened and happy society in Bhutan.

(2) to promote Bhutanese culture and tradition in Bhutan and other parts of the world.

(3) to undertake other charitable activities allowed by the Memorandum of the Loden Foundation.

General meetings

5. The Foundation shall hold an annual general meeting each year in addition to any other meetings in that year, and shall specify the meetings as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Foundation and that of the next. Provided that so long as the Foundation holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such times and places as the trustees shall appoint. All general meetings other than annual general meetings shall be called extraordinary general meetings.
6. The trustees may call a general meeting and, on the requisition of members pursuant to the provisions of the law, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of requisition. If there are not within Bhutan sufficient trustees to call a general meeting, any trustee or any member of the Foundation may call a general meeting.

Notices of general meetings

7. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution appointing a person as a trustee shall be called by at least ten clear days' notice. All other extraordinary general meetings shall be called by at least five days' of clear notice but a general meeting may be called by shorter notice if it is so agreed;
 - (1) in the case of an annual general meeting, by all the members entitled to attend and vote; and
 - (2) in the case of any other meeting by a majority in number of members having a right to attend and vote, being a majority, together holding not less than 80 percent of total voting rights at the meeting of all the members.

The notices shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

The notice shall be given to all the members and to the trustees and auditors.

8. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

9. No business shall be transacted at any meeting unless a quorum is present. Three persons entitled to vote upon the business to be transacted, each being a member or a duly authorised representative of a member organisation, or one third of the total number of such persons for the time being, whichever is greater, is a quorum.
10. If a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week the same time and place or to such time and place as the trustees may determine.

11. The chairman, if any, of the trustees or in his absence some other trustee nominated by the trustees shall preside as chairman of the meeting, but if neither the chairman nor such other trustee (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the trustees present shall elect one of their member to be chairman and, if there is only one trustee present and willing to act, he shall be chairman.
12. If no trustee is willing to act as chairman, or if no trustee is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
13. A trustee shall be entitled to attend and speak at any general meeting.
14. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business which might properly have been transacted at the meeting had adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
15. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the law, a poll may be demanded:
 - (1) by the chairman; or
 - (2) by at least two members having the right to vote at the meeting, or
 - (3) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.
16. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
17. The demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the chairman. The withdrawal of a demand for a poll shall not invalidate the result of a show of hands declared before the demand for the poll was made.
18. A poll shall be taken as the chairman directs and he may also appoint scrutineers (who need not be members) and fix a time and place for declaring the results of the poll. The results of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

19. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
20. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent continuance of a meeting for the transaction of any business other than the question on which the poll is demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
21. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In other cases at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

Vote of members

22. Subject to Article 19, every member shall have one vote.
23. No member shall be entitled to vote at any general meeting unless all moneys then payable by him to the Foundation have been paid.
24. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
25. A vote given or poll demanded by the duly authorised representative of a member organisation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Foundation at the office before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
26. Any organisation which is a member of the Foundation may by resolution of its Council or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Foundation, and the person so authorised shall be entitled to exercise the same powers on behalf of the organisation which he represents as the organisation could exercise if it were an individual member of the Foundation.

Trustees

27. The number of trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
28. The first trustees shall be those persons pursuant to the Memorandum of the Loden Foundation and this Articles of Association. Future trustees shall be

appointed as provided subsequently in the articles. In selecting persons to be appointed as trustees, the trustees shall take into account the benefits of appointing a person [who through residence, occupation, employment or otherwise has special knowledge of the area of benefit or] who is [otherwise] able by virtue of his personal or professional qualifications to make a contribution to the pursuit of the objects or the management of the Foundation.

Powers of Trustees

29. Subject to the provisions of the law, the memorandum and the articles and to any directions given by special resolution, the business of the Foundation shall be managed by the trustees who may exercise all the powers of the Foundation. No alteration of the memorandum or the articles and no such direction shall invalidate any prior act of the trustees which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the trustees by the articles and a meeting of trustees at which a quorum is present may exercise all the powers exercisable by the trustees.

30. In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the articles the trustees shall have the following powers, namely;

- (1) to expend the funds of the Foundation in such a manner as they shall consider most beneficial for the achievement of the objects and to invest in the name of the Foundation such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the objects of the Foundation;
- (2) to enter into contracts on behalf of the Foundation.

Appointment and retirement of trustees

31. If there are more than five trustees, at every annual general meeting, one-sixth or the number nearest to one sixth shall retire from office in rotation; but, if there is only one trustee who is subject to retirement by rotation, he shall retire.

32. Subject to the provisions of the law and Article 42, the trustees to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed trustees on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

33. If the Foundation at the meeting at which a trustee retires by rotation, does not fill the vacancy the retiring trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the appointment of the trustee is put to the meeting and lost.

34. No person other than a trustee retiring by rotation shall be appointed or reappointed a trustee at any general meeting unless:

- (1) he is recommended by the trustees; or
- (2) not less than three nor more than thirty clear days before the date appointed for the meeting, notice executed by a member qualified to vote

at the meeting has been given to the Foundation of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Foundation's register of trustees together with a notice executed by that person of his willingness to be appointed or reappointed.

35. No person may be appointed as a trustee
 - (1) if they are under the age of 18 years;
 - (2) in circumstances such that, had he already been a trustee, he would have been disqualified from acting under the provisions of Article 38.

36. Not less than three or more than thirty clear days before the date appointed for holding a general meeting notice shall be given to all persons who are entitled to receive notice of the meeting of any person (other than a trustee retiring at a meeting) who is recommended by the trustees for appointment or reappointment as a trustee at the meeting or in respect of whom notice has been duly given to the Foundation of the intention to propose him at the meeting for appointment or reappointment as a trustee. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Foundation's register of trustees.

37. Subject to aforesaid, the Foundation may by ordinary resolution appoint a person who is willing to act to be a trustee either to fill a vacancy or as an additional trustee and may also determine the rotation in which any additional trustees are to retire.

38. The trustees may appoint a person who is willing to act to be a trustee either to fill a vacancy or as an additional trustee provided that the appointment does not cause the number of trustees to exceed any number fixed by or in accordance with the articles as the maximum number of trustees.

39. Subject as aforesaid, a trustee who retires at an annual general meeting may, if willing to act, be reappointed.

Disqualification and removal of trustees

40. A trustee shall cease to hold office if he:
 - (1) ceases to be a trustee by virtue of any provision in the law (or any statutory re-enactment or modification of that provision);
 - (2) becomes incapable by reason of mental disorder, illness or injury of managing and administering his own affairs;
 - (3) resigns his office by notice to the Foundation (but only if at least three trustees will remain in office when the notice of resignation is to take effect); or
 - (4) is absent without the permission of the trustees from all their meetings held within a period of one year and the trustees resolve that his office be vacated.

Trustees' expenses

41. The trustees shall not receive any monetary compensation for his/her duties, other than reimbursement for board related expenses.

Trustees' appointments

42. Subject to provision of the law and Clause 5 of the memorandum, the trustees may appoint one or more of their number to the unremunerated office of director or to any other unremunerated executive office under the Foundation. Any such appointment may be made upon such terms as the trustees determine. Any appointment of a trustee to an executive office shall terminate if he ceases to be a trustee. A director and a trustee holding any other executive office shall not be subject to retirement by rotation.
43. Except to the extent permitted by Clause 5 of the memorandum, no trustee shall take or hold any interest in property belonging to the Foundation or receive remuneration or be interested otherwise than as a trustee in any other contract to which the Foundation is a party.

Proceedings of trustees

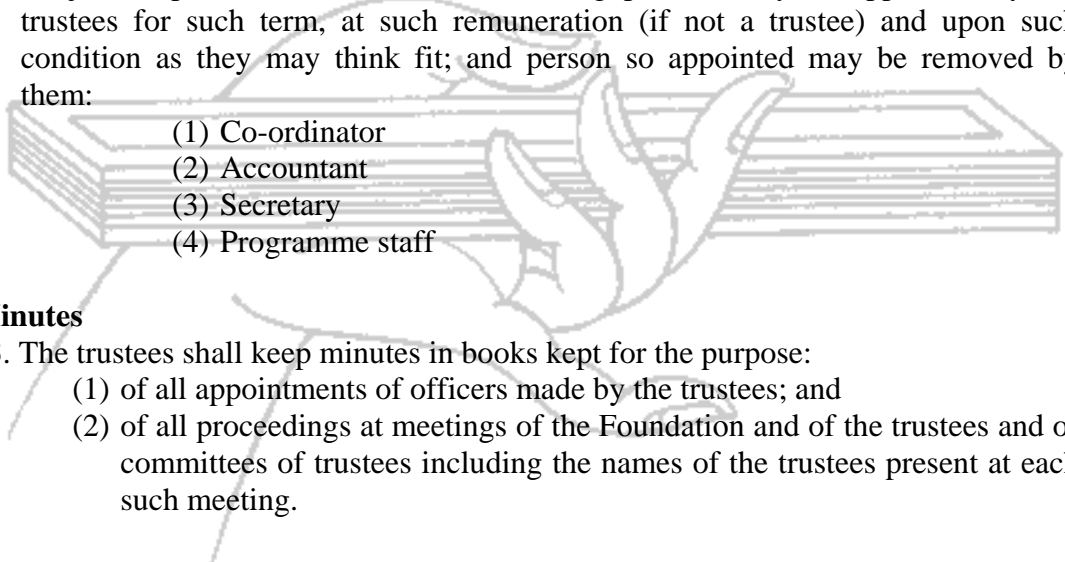
44. Subject to the provisions of the articles, the trustees may regulate their proceedings as they think fit. A trustee may, and the secretary at the request of a trustee shall, call a meeting of the trustees. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote.
45. The quorum for the transaction of the business of the trustees may be fixed by the trustees but shall not be less than one third of their number or two trustees, whichever is the greater.
46. The trustees may act notwithstanding any vacancies in their number, but, if the number of trustees is less than the number fixed as the quorum, the continuing trustees or trustee may act only for the purpose of filling vacancies or of calling a general meeting.
47. The trustees may appoint one of their number to be the chairman of their meetings and may at any time remove him from that office. Unless he is unwilling to do so, the trustee so appointed shall preside at every meeting of trustees at which he is present. But if there is no trustee holding that office, or if the trustee holding it is unwilling to preside or is not present within fifteen minutes after the time appointed for the meeting, the trustees present may appoint one of their number to be chairman of the meeting.
48. The trustees may appoint one or more sub-committees consisting of two or more trustees for the purpose of making any inquiry or supervising or performing any function or duty which in the opinion of the trustees would be more conveniently undertaken or carried out by a sub-committee: provided that all acts and proceedings of any such sub-committees shall be fully and promptly reported to the trustees.
49. All acts done by a meeting of trustees, or of a committee of trustees, shall, notwithstanding that it be afterwards discovered that there was a defect in the

appointment of any trustee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a trustee and had been entitled to vote.

50. A resolution in writing, signed by all the trustees entitled to receive notice of a meeting of trustees or of a committee of trustees, shall be as valid and effective as if it had been passed at a meeting of trustees or (as the case may be) a committee of trustees duly convened and held. Such a resolution may consist of several documents in the same form, each signed by one or more of the trustees.
51. Any bank account in which any part of the assets of the Foundation is deposited shall be operated by the trustees and shall indicate the name of the Foundation. All cheques and orders for the payment of money from such account shall be signed by the executive officer or officers assigned by the trustees.

Executive offices

52. Subject to provisions of the law, following persons may be appointed by the trustees for such term, at such remuneration (if not a trustee) and upon such condition as they may think fit; and person so appointed may be removed by them:

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- (1) Co-ordinator
 - (2) Accountant
 - (3) Secretary
 - (4) Programme staff

Minutes

53. The trustees shall keep minutes in books kept for the purpose:

- (1) of all appointments of officers made by the trustees; and
- (2) of all proceedings at meetings of the Foundation and of the trustees and of committees of trustees including the names of the trustees present at each such meeting.

The Seal

54. The seal shall only be used by the authority of the trustees or of a committee of trustees authorised by the trustees. The trustees may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a trustee and by the Co-ordinator or by a second trustee.

Fundraising

55. (1) The trustees and members of the Foundation shall undertake at least two major fundraising events in a calendar year to raise funds for the Foundation's projects and activities. Fundraising events can include fundraising dinners, lectures, talks, exhibitions, charity auctions and concerts.

(2) The Management Council shall also constantly strive to raise funds or receive other gifts or any other assistance from donor agencies, funding bodies, charities and individuals in the form of donations, grants, subsidies, subscriptions, legacies, bequests and endowments for purpose of the Foundation.

(3) All the funds raised from the above sources either within Bhutan or abroad shall be channelled through the Foundation's bank account with a recognized financial institution in Bhutan.

Accounts

56. Accounts shall be prepared in accordance with the provisions of the law.

Annual Report

57. The trustees are responsible for the preparation of an annual report and its transmission to relevant people and bodies.

Annual Return

58. The trustees are responsible for the preparation of an annual return and its transmission to relevant people and bodies.

Notices

59. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the trustees need not be in writing.

60. The Foundation may give any notice to a member either personally, by fax, by email or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address.

61. A member present in person at any meeting of the Foundation shall be deemed to have received notice of the meeting and, where necessary, of the purposes for which it was called.

62. Proof that an envelope containing a notice was properly addressed, prepaid and posted or a fax or an email successfully transmitted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 5 days after the envelope containing it was posted or 24 hours after the email or fax containing it was transmitted.

Indemnity

63. Subject to provisions of the law every trustee or other officer or auditor of the Foundation shall be indemnified out of the assets of the Foundation against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Foundation.

Rules

64. (1) The trustees may from time to time make such rules or bye laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Foundation and for the purposes of prescribing classes of and conditions of membership, and in particular but without prejudice to the generality of the foregoing, they may by such rules or bye laws regulate:

- (i).the admission and classification of members of the Foundation (including the admission of organisations to membership) and the rights and privileges of such members, and the conditions of membership and terms on which members may resign or have their membership terminated and the entrance fees, subscription and other fees and payments to be made by members;
- (ii).the conduct of members of the Foundation in relation to one another, and the Foundation servants;
- (iii).the setting aside of the whole or any part or parts of the Foundation's premises at any particular time or times for any particular purpose or purposes;
- (iv).the procedure at general meetings and meetings of trustees and committees of trustees in so far as such procedure is not regulated by the articles;
- (v).generally, all such matters as are commonly the subject matter of company rules.

(2) The Foundation in general meeting shall have power to alter, add to or repeal the rules or bye laws and the trustees shall adopt such means as they think sufficient to bring to notice of the members of the Foundation all such rules or bye laws, which shall be binding on all members of the Foundation. Provided that no rule or bye laws shall be inconsistent with, or shall affect or repeal anything contained in, the memorandum or the articles.

Members

65. (1) The subscribers to the memorandum and such other persons or organisations admitted to membership in accordance with the rules made by the trustees shall be members of the Foundation. No person shall be admitted as a member of the Foundation unless his application for membership is approved by the trustees.
- (2) The trustees may in their absolute discretion permit any member of the Foundation to retire, provided that after such retirement the number of members is not less than three.

Amendment

66. The trustees may in annual general meetings amend the memorandum and articles, provided that:
- (a) no amendment may be made to the Clause 3.1;
 - (b) no amendment may be made to Clause 3.2 (unless it appears to the trustees that they no longer provide a suitable and effective method of using the Foundation fund)
 - (c) no amendment may be made which has the effect of the Foundation ceasing to be a public benefit organisation at law
67. Any amendment shall be made by the authority of resolution passed at an annual general meeting.
68. The trustees should promptly send to relevant people and bodies a copy of any amendment made under this clause.

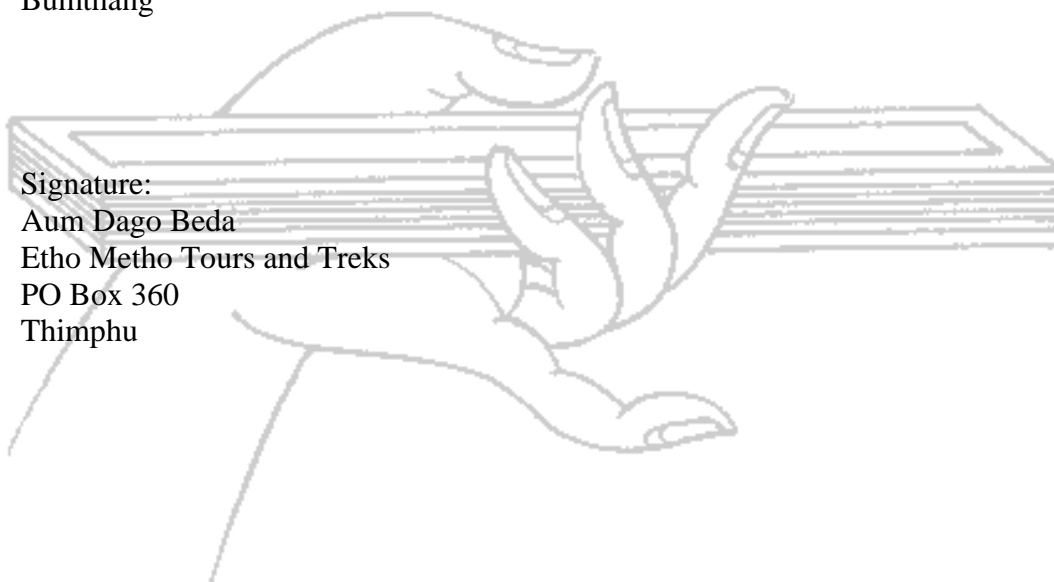
Signatures, Names and Addresses of the Subscribers

Signature:
Dasho Meghraj Gurung
Gurung Basti
Samtse

Signature:
Dr Karma Phuntsho
Changangkha
Thimphu

Signature:
Ashi Kunzang Choden
Ogyen Choling
Tang
Bumthang

Signature:
Aum Dago Beda
Etho Metho Tours and Treks
PO Box 360
Thimphu



Dated:

Witness to the above Signatures

Name:
Address:

Occupation: