

CONSTITUTION OF THE CANNABISTERS CLUB (t/a The Cannabisters Club)

Part I - Interpretation and preliminary, incorporation and nature of the Club

1. Interpretation and definitions

The headings of the articles in this CONSTITUTION are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this CONSTITUTION nor any article hereof or paragraph of any schedule hereto. Unless a contrary intention clearly appears:

1.1 words importing:

1.1.1 any one gender include the other two genders;

1.1.2 the singular include the plural and *vice versa*; and

1.1.3 natural persons include created entities (corporate or unincorporated) and the state and *vice versa*;

1.2 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

1.2.1 "**Board**" means the board of Directors of the Club, from time to time;

1.2.2 "**Business Day**" means any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa;

1.2.3 "**Commissioner**" means the Commissioner for the South African Revenue Service (or its successors-in-title)

1.2.4 "**Director**" means a director of the Club, and where the context so provides, an alternate director appointed in respect of such director;

1.2.5 "**Income Tax Act**" means the Income Tax Act, 1962;

1.2.6 "**this CONSTITUTION**" means this Constitution, as amended from time to time;

1.2.7 "**Object/s**" shall have the meaning as set out in article 2;

1.2.8 "**the Office**" means the registered office of the Club;

- 1.2.9 **"the Parties"** means each person bound by the CONSTITUTION in terms of the Companies Act, including the Club, each Director and each Prescribed Officer, or any one or more of them, as the context may require;
- 1.2.10 **"PBO"** means a 'public benefit organisation', and bears the meaning ascribed thereto in section 30 of the Income Tax Act;
- 1.2.11 **"Prescribed Officer"** bears the meaning ascribed thereto in section 1 of the Companies Act;
- 1.2.12 **"Regulations"** means the regulations promulgated from time to time under the Companies Act;
- 1.3 where any term is defined within the context of any particular article in this CONSTITUTION, the term so defined, unless it is clear from the article in question that the term so defined has limited application to the relevant article, shall bear the meaning ascribed to it for all purposes in terms of this CONSTITUTION, notwithstanding that that term has not been defined in this interpretation article;
- 1.4 where any term is used in this CONSTITUTION which has been ascribed a meaning in terms of the Companies Act, that term shall bear the meaning ascribed thereto in the Companies Act, unless otherwise defined in this CONSTITUTION;
- 1.5 when any number of days is prescribed in this CONSTITUTION, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next Business Day;
- 1.6 the expiration or termination of this CONSTITUTION shall not affect such of the provisions of this CONSTITUTION as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the articles themselves do not expressly provide for this;
- 1.7 any reference in this CONSTITUTION to the Club, shall if the Club becomes subject to business rescue proceedings as contemplated in Chapter 6 of the Companies Act, liquidated or sequestrated, be applicable also to and binding upon the business rescue practitioner, liquidator or trustee with respect to the Club; and

- 1.8 any reference to a statute shall be a reference to such statute as at the date of the adoption of this CONSTITUTION by the Club and as amended from time to time thereafter.

2. **Objects of the Club**

The Objects of the Club are as follows:

- 2.1 To enrol members who are interested in and wish to participate in the use, exhibition and exchange of cannabis and cannabis-related products including accessories in a lawful and manner.
- 2.2 To establish the premises at 65 Regent Road Sea Point where members of the club may exhibit cannabis products to other members so that the membership may share such products amongst themselves for private use and for medical and therapeutic treatment within the bounds of the law of South Africa.
- 2.3 To build membership in the Club
and all activities necessary or incidental thereto.

3. **Incorporation and powers of the Club**

3.1 **Incorporation**

- 3.1.1 The Club is incorporated under the terms of this constitution
- 3.1.2 The Company shall be registered as a PBO and as a non-profit organisation in terms of the Non-Profit Organisations Act, 1997.

3.2 **Powers of the Club and restrictive conditions**

- 3.2.1 The Club and the powers of the Board are subject to the following restrictive conditions and the Club shall not engage in, agree to, perform or undertake any acts or matters listed below, except as may be approved in terms of a Board resolution, whether passed at a duly convened meeting of the Directors or by way of the round-robin procedure contemplated in article 11, which resolution must be supported by not less than 75% of the Directors entitled to vote thereon, calculated to the higher integer:

- 3.2.1.1 **CONSTITUTION, Objects and rules**

- 3.2.1.1.1 the amendment of this CONSTITUTION, including the filing of a consolidated version of the CONSTITUTION and any amendment which would affect the tax-exempt status of the Club;
- 3.2.1.1.2 the making or filing of any rules by the Board as contemplated in section 15 of the Companies Act;
- 3.2.1.1.3 the ratification of any action by the Club or the Directors that is inconsistent with any limit, restriction or qualification as regards the powers of the Club in this CONSTITUTION;
- 3.2.1.1.4 the undertaking of any new Object/s outside the scope of:
 - 3.2.1.1.4.1 the Objects of the Club as defined;
 - 3.2.1.1.4.2 any other objects undertaken by the Club by the requisite approval of the Board as contemplated in this article 3.2.1, provided that, for as long as the Club is registered as a PBO, it will not undertake any new objects outside of the scope of the public benefit activities contemplated in the Ninth Schedule to the Income Tax Act, as amended or replaced from time to time;
- 3.2.1.1.5 the discontinuation or suspension of any of the Objects of the Club;
- 3.2.1.2 **Procedures for Directors, Prescribed Officers and employees**
 - 3.2.1.2.1 the election or re-election (as the case may be), replacement or removal of any Director or proposed Director, from time to time, including any alternate Director or proposed alternate Director;
 - 3.2.1.2.2 any indemnity provided by or insurance taken out by the Club in respect of any Director, alternate Director, member of any committee and/or a Prescribed Officer of the Club;
 - 3.2.1.2.3 the appointment, dismissal and/or determination and/or increase of the remuneration of the managerial level of employees of the Club;

3.2.1.2.4 the adoption or amendment of employment benefits for any employees including medical aid, pension and provident fund benefits;

3.2.1.3 **Financial and related matters**

3.2.1.3.1 the incurring of long-term debts or any material borrowing;

3.2.1.3.2 the conclusion of any agreement outside the Club's Objects;

3.2.1.3.3 the institution or defence of any legal proceedings whatsoever;

3.2.1.3.4 the issue of any guarantees or suretyships or indemnities;

3.2.1.3.5 the approval of any budget of the Club and the departure therefrom;

3.2.1.3.6 the creation and modification of mortgages, liens or other charges on the Club's assets;

3.2.1.3.7 the conclusion or amendment of any agreement providing for the disposal or licensing of the Club's intellectual property;

3.2.1.3.8 the establishment or implementation of or any changes in the Club's financial policy or accounting policy of whatsoever nature;

3.2.1.3.9 the conclusion and/or implementation of any transaction with any Prescribed Officer or Director of the Club or any person related or inter-related to of any of the foregoing or any juristic person in which any of the foregoing has an interest or which has an interest in the Club;

3.2.1.3.10 the conclusion of any agreements binding the Club to any on-going financial commitments over and above any provision made for same in the then prevailing budget of the Club;

3.2.1.3.11 a compromise generally with the Club's creditors;

3.2.1.3.12 the appointment or dismissal of the auditors of the Club (if any); and

3.2.1.3.13 a change in the financial year end of the Club.

- 3.2.2 No activity of the Club may promote the economic self-interest of an employee or fiduciary otherwise than by reasonable remuneration.
- 3.2.3 The activities of the Club are for the benefit of, or widely accessible to the general public at large, including any sector thereof.
- 3.2.4 No single person shall, directly or indirectly, control the decision making powers of the Club.
- 3.2.5 The funds are only to be utilised for the Club's Objects. The Club may invest funds available for investment only in accordance with the provisions of section 30 of the Income Tax Act.
- 3.2.6 The income and property of the Club, howsoever derived, shall be applied solely towards the promotion of its main Objects.
- 3.2.7 The area in which the Club shall carry out its Objects shall be the Republic of South Africa; however, notwithstanding the foregoing the Club may, subject to the discretion and prior approval of the Board, from time to time carry out the same or similar objects as stated in article 2 in other countries, jurisdictions and areas, whether directly in its own right, or indirectly through any entity registered or otherwise based in such countries, jurisdictions and areas.
- 3.2.8 Once it has been registered as a PBO and/or as a Non-Profit Organisation, The Club shall submit a copy of any amendment to this CONSTITUTION to the Commissioner and the Director of Non-Profit Organisations of the Department of Social Development, as the case may be, within 10 (ten) working days of such amendment being effected.

Part II - Governance of the Club

4. Composition of the Board

- 4.1 The Board shall comprise not less than the number of Directors prescribed in terms of the Companies Act and in terms of any other item of legislation or any regulation applicable to the Club from time to time, provided that there shall be at least 3 Directors who shall not be connected persons to each other, as defined in the Income Tax Act, and who will accept fiduciary responsibility for the Club.

4.2 Each alternate Director is entitled to act as a Director in the absence of the Director for whom he or she is an alternate.

5. **Appointment, removal and retirement of Directors**

5.1 The initial members of the Board shall be the incorporators of the Club listed on the covering page of this CONSTITUTION.

5.2 New Directors from time to time shall be elected by the existing members of the Board of the Club at the last Board meeting in each financial year.

5.3 At the last Board meeting in each financial year, one-third of all Directors (and if one-third of the number of Directors is not a round number, such number shall be rounded up) shall retire from office and will be eligible for re-election.

5.4 The Directors to retire in terms of article 5.2 shall be those who have been longest in office since their last election, provided that:

5.4.1 if more than one of them were elected as Directors on the same day, those to retire shall be determined by lot unless those Directors agree otherwise between themselves;

5.4.2 the length of time a Director has been in office shall be reckoned from the date of his or her last appointment as a Director; and

5.4.3 if a Director is required to retire at any meeting then he or she shall continue to be a Director until the election of Directors at that meeting is concluded, whether or not he or she is re-elected.

5.5 Retiring Directors are eligible for re-election at that same meeting and shall be deemed to offer themselves for re-election unless they, or any of them, shall at least 7 Business Days before such meeting notify their intention not to seek re-election.

5.6 No person, not being a retiring member of the Board, shall be eligible for election to the office of member of the Board unless he or she, or some other Director intending to propose him or her, has delivered or caused to be delivered to the Office of the Club a notice in writing, duly signed, signifying his or her candidature for the office or the intention of such Director to propose him or her, which notice

must be received by the Office in sufficient time so as to allow the inclusion of the relevant proposal for directorship in the agenda of the relevant meeting.

- 5.7 All persons accepting any invitation to serve on the Board (as well as any person offering themselves for re-election to the Board) must deliver to the Office of the Club a written consent to serve as a Director as contemplated in the Companies Act.
- 5.8 Notwithstanding the provisions of article 5.6, the Board may invite any person who in its opinion would be a suitable candidate to apply for a directorship in the Club, and any such person shall notify his or her acceptance of such invitation and consent to serve as a Director of the Club in the manner contemplated in articles 5.6 and 5.7, with the necessary amendment of detail.
- 5.9 The re-election, or election, as the case may be, of any Director shall be deemed to be effective as at the end of the meeting at which he or she is re-elected or elected, as the case may be.
- 5.10 Subject to article 8 and any other provision of any legislation or regulation pertaining to the Club, no person shall be eligible for election as contemplated in this CONSTITUTION unless such person, in the opinion of not less than 75% of the members of the Board, possesses the requisite skills and attributes to effectively promote and further the Objects of the Club.
- 5.11 Any member of the Board or of any sub-committee of the Board may retire from office upon giving one month's notice in writing to the Board of his or her intention so to do, and such resignation shall take effect at the expiry of the period of such notice or its earlier acceptance.

6. **Alternate Directors**

- 6.1 Any Director shall have the power to nominate another person to act as alternate Director in such Director's place during his/her absence or inability to act, and on such appointment being made, the alternate Director shall, in all respects, be subject to the terms and conditions existing with reference to the other Directors.
- 6.2 A person may not be appointed as alternate to more than one Director.
- 6.3 Any removal of an alternate Director by the Board shall be without any claim for compensation and the Directors/s which nominated any such alternate Director,

and each Director hereby irrevocably and unconditionally indemnifies and holds the Club harmless against any claim arising out of or in connection with such removal.

- 6.4 The alternate Directors, whilst acting in the place of the Directors whom they represent, shall exercise and discharge all the duties and functions of the Directors they represent.
- 6.5 The appointment of an alternate Director shall cease on the happening of any event which, if he/she were a Director, would cause him/her to cease to hold office or if the Director for which he or she is an alternate ceases to be a Director, or gives notice to the secretary of the Club that the alternate Director representing him/her shall have ceased to do so.
- 6.6 An alternate Director shall look to the Director for which he or she is an alternate for his/her remuneration.

7. Managing Director

- 7.1 The Board may appoint one of its members to be managing Director of the Club, or to be the holder of any other executive office in the Club, and may, subject to any contract between him or her or them and the Club, from time to time terminate his or her or their appointment and appoint another or others in his or her or their place.
- 7.2 The Directors may from time to time entrust to and confer upon a managing Director or other executive officer appointed under article 7.1 for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient, and they may convert such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the Directors in that regard, and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities.
- 7.3 Without limiting the foregoing, the managing Director shall be responsible for the day-to-day administration of the Club and its property.

8. Eligibility or qualification criteria for Directors and Prescribed Officers

In addition to satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, without limiting the rights of Directors to remove a Director under certain circumstances under the Companies Act, a Director or Prescribed Officer shall not be entitled to remain serving as a Director or a Prescribed Officer of the Club if:

- 8.1 he or she is concerned or interested in or participates in the profits of any agreement with or work done for the Club, without disclosing same in compliance with the Companies Act;
- 8.2 he or she is removed by the Board;
- 8.3 his or her estate is finally sequestrated;
- 8.4 he or she files a petition for the surrender of his or her estate as insolvent;
- 8.5 he or she is placed under curatorship by any court of competent jurisdiction;
- 8.6 he or she enters into a compromise with his or her creditors generally;
- 8.7 he or she delivers a notice of his or her resignation at the Office in terms of article 5.5;
- 8.8 he or she becomes of unsound mind; and/or
- 8.9 he or she absents himself or herself from meetings of Directors for 6 consecutive months without the leave of the other Directors, and they resolve that his or her office shall be vacated, provided that this provision shall not apply to a Director who is represented by an alternate who does not so absent himself or herself.

9. Vacancies on the Board

- 9.1 Any casual vacancy occurring among members of the Board shall forthwith be filled by the remaining Directors, but any person so chosen shall retain his or her office so long only as the vacating Director would have retained the same if no vacancy had occurred; and
- 9.2 the continuing Directors may act notwithstanding any vacancy in their number, but, if and for so long as their number is reduced below the minimum prescribed in article 4.1, the continuing Directors may act for the purpose of increasing the

number of Directors to the minimum number of Directors required in terms of article 4.1, or of convening a Board meeting, and for no other purpose.

10. Appointment of the chairperson of the Board

10.1 The chairperson of the Board will be appointed by the Board from among the Directors at the first meeting of the Board held after each financial year, and shall serve as chairperson until the conclusion of the first meeting of the Board held after the end of that subsequent financial year.

10.2 The chairperson shall take the chair at all meetings of the Board and if the chairperson is not present then the vice-chairperson shall take the chair. If neither the chairperson nor the vice-chairperson is present, then the members of the Board present shall appoint someone from amongst their own number to take the chair at such meeting.

11. Round robin resolutions of the Board

The following provisions limiting or restricting the authority of the Board to consider a matter other than at a meeting, as contemplated in section 74 of the Companies Act apply:

11.1 a written resolution (which may consist of one or more documents in like form) signed by such percentage of Directors required to support any resolution contemplated in article 3.2, alternatively the majority (to the higher integer) of the total number of Directors of the Club from time to time in respect of any other resolution, and inserted in the minute book, shall be valid and effective in accordance with its terms as if passed at a meeting of Directors;

11.2 unless the contrary is stated therein, any such resolution shall be deemed to have been passed on the latest date on which it was signed by all relevant Directors;

11.2.1 a facsimile or scanned copy of a Director's signed resolution shall be acceptable evidence that such resolution has been signed by the Director whose signature appears on the facsimile or on such scanned copy; and

11.2.2 it is recorded that, provided that proper notice of the written resolution was duly given to each Director in terms of this CONSTITUTION, any failure by any Director to sign any written resolution within the period stipulated in the notice to the Director shall not affect the validity of such written resolution;

provided further that such written resolution is passed by the Directors holding the requisite number of votes.

12. Board meetings by electronic communication

12.1 A resolution signed by the number of Directors required to vote in favour of a resolution who were connected by electronic communication at a Board meeting where a quorum was present where:

12.1.1 all such Directors remained connected for the duration of the electronic meeting;

12.1.2 the subject matter of the resolution has been discussed; and

12.1.3 the chairperson or any other Director present in person or electronically certified in writing that the aforementioned requirements have been met,

shall be valid and shall be deemed to have been passed on the date on which the meeting was held (unless a statement to the contrary is made in the minutes of the meeting).

12.2 Such resolution may consist of several documents, each of which may be signed by one or more Directors who participated in the electronic meeting.

12.3 Within 10 Business Days after the adoption or failing of a resolution at a meeting contemplated in article 12.1, the Club shall:

12.3.1 deliver to each Director a copy of the resolution proposed with a statement describing the results; and

12.3.2 insert a copy of the resolution and statement referred to in article 12.3.1 in the Club's minute book.

13. Notice of Board meetings

13.1 The authority of the Board to determine the manner and form of providing notice of its meetings, as set out in section 73(4) of the Companies Act is amended to the extent set out in articles 13.2 to 13.5.

13.2 Subject to section 73(5)(a) of the Companies Act, a notice of a Board meeting must be in writing and delivered to each Director of the Club (including each alternate

Director) so as to be received by the Director in question in the ordinary course not less than 10 Business Days before the date appointed for the Board meeting, provided that in exceptional circumstances, as determined by the chairperson of the Board, the notice period may be shortened as is necessary to allow the Directors to attend to the exceptional circumstances in question.

- 13.3 Such notice of a Board meeting may be in any form determined by the Board but must as a minimum include:
- 13.3.1 the date, time and place for the meeting;
 - 13.3.2 a detailed agenda for the meeting;
 - 13.3.3 information with respect to the availability of participation in the meeting (and in the postponement or adjournment of the meeting) by electronic communication and the necessary information to enable Directors (including their alternates) to access the available medium or means of communication; and
 - 13.3.4 the general purpose of the meeting.
- 13.4 The contents of the notice and agenda shall be prepared by and be the responsibility of the chairperson of the Board.
- 13.5 Any Director may at any time require that any matter be included on the agenda for a meeting.
- 13.6 Board meetings will be held at a reasonable time and venue. In the ordinary course, Board meetings will be held at Office or at such other venue as the Board may agree to in writing.
- 13.7 The Club may, subject to the Board's discretion and prior approval, pay any reasonable and necessary travel and associated costs required to be incurred by the Directors (or their alternates) in fulfilling their obligations to attend any meeting, but shall not be obliged to do so.

14. **Quorum for Board meetings**

The quorum for a Board meeting shall be at least 3 Directors in office from time to time, and who must be personally present at the meeting or participate in person electronically, before a vote may be called at such meeting.

15. Adjournment and postponement of Directors' meetings

15.1 Automatic postponement of a meeting

15.1.1 If within 30 minutes of the appointed time for a Board meeting to begin a quorum is not present, then the meeting is automatically postponed (without any motion, vote or further notice) for one week (and if the relevant day is not a Business Day, then the postponed meeting shall be held on the immediately following Business Day).

15.1.2 The 30 minute limit may be extended for a reasonable period not exceeding 2 hours by the chairperson of the meeting.

15.2 Automatic adjournment of a meeting

If at the time a matter is to be considered at a Board meeting, such meeting ceases to be quorate and there is no other business on the agenda which can be dealt with, the meeting is automatically adjourned (without any motion or vote) for one week (and if the relevant day is not a Business Day, then the adjourned meeting shall be held on the immediately following Business Day).

15.3 Further notice required for postponed or adjourned meeting

Further notice of a Board meeting that is postponed or adjourned is required on the same basis as the original meeting which is being postponed or adjourned, save that notice shall be given within 2 Business Days of the date on which the meeting which is being postponed or adjourned was held and the only items on the agenda may be the items which were on the agenda for the original meeting.

15.4 Deemed quorum at a postponed or adjourned meeting

If at the appointed time for a postponed meeting to begin or an adjourned meeting to resume, the quorum requirements are not met, then those Directors, present in person at the Board meeting including those participating electronically, will be deemed to constitute a quorum.

15.5 Adjournment by Directors

A Board meeting may otherwise be adjourned by majority vote of the Directors present at the meeting.

16. **Proceedings of Directors**

The Directors shall meet together for the despatch of business, not less frequently than once each calendar quarter. They may otherwise meet, adjourn and regulate their meetings and proceedings as they see fit, subject to the Companies Act.

17. **Voting, approval of resolutions and minutes of Directors' meetings**

17.1 **Number of votes at Board meetings**

Subject to the exclusions in the Companies Act, each Director or his/her alternate shall have one vote.

17.2 **Approval of resolutions**

Resolutions of Directors, other than in respect of any matter contemplated in article 3.2, in order to be of force and effect must be approved by a majority of the votes exercised.

17.3 **Tied votes**

The chairperson of the Board shall not have a casting vote and shall not have a vote if he/she is not a Director.

17.4 **Minutes**

Minutes will be:

17.4.1 kept of all Board meetings and meetings of sub-committees of the Board and must, in addition to the information required in terms of section 73(7) of the Companies Act, at least include information relating to:

17.4.1.1 all appointments of Prescribed Officers;

17.4.1.2 the names of the members of the Board present at each meeting;

17.4.1.3 all decisions taken by the Board or any sub-committee of the Board as the case may be;

17.4.1.4 all orders, by-laws and regulations, made by the Board or sub-committee, as applicable; and

17.4.1.5 all affairs and proceedings of meetings of the Board or sub-committee;

- 17.4.2 settled by the chairperson of the Board and circulated to all Directors within 30 calendar days following the Board meeting;
- 17.4.3 submitted to the next Board meeting for approval, with or without modification; and
- 17.4.4 signed by the chairperson of that meeting confirming the approval of the meeting.

18. Remuneration of Directors

18.1 The Directors shall receive no remuneration for acting as Directors, provided that this article shall not be interpreted as precluding or prohibiting the remuneration of any Director who is employed by the Club in terms of a contract of employment or any similar agreement, subject to the provisions of item 1 of Schedule 1 to the Companies Act in this regard.

18.2 Subject to the Companies Act, any Director who:

- 18.2.1 serves on any executive or other committee; or
- 18.2.2 devotes special attention to the Objects of the Club; or
- 18.2.3 otherwise performs or binds himself or herself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such reasonable remuneration or allowance as the Directors may from time to time determine.

18.3 Any remuneration or allowance payable in terms of clause 18.2 shall be commensurate with the services actually rendered and shall not be excessive, having regard to what is generally considered reasonable for similar services.

18.4 Notwithstanding anything contained in clause 18.2, no remuneration shall directly or indirectly benefit any person in a manner inconsistent with the Objects of the Club.

19. Powers and duties of Directors

Without limiting the generality of the powers conferred on Directors in terms of the Companies Act, and subject to article 3.2:

- 19.1 the Board, at the first meeting of the Board held after the end of each financial year, shall review and approve, with or without amendment, the budget for the current fiscal year of the Club;
- 19.2 all bills, notes and cheques drawn on the Club shall be signed by two persons duly authorised by the Board;
- 19.3 the Board shall ensure that the Club does not knowingly permit itself to be used as part of any transaction, operation or scheme of which the sole or main purpose is or was the reduction, postponement or avoidance of liability for any tax, duty or levy which, but for such transaction, operation or scheme, would have been or would have become payable by any person under the Income Tax Act or any other Act administered by the Commissioner; and
- 19.4 the Directors may from time to time in their discretion raise or borrow any sum or sums of money for the purposes of the Club; provided that the amounts in the aggregate so raised or borrowed from time to time shall not exceed such amount as may be determined by the Board from time to time.

20. **Committees of the Board**

- 20.1 **Authority of the Board to appoint committees of Directors and to delegate to any such committee any authority of the Board**
- 20.1.1 The authority of the Board to appoint committees of Directors, and to delegate to any such committee any of the authority of the Board, as set out in section 72(1) of the Companies Act, and to include in any such committee persons who are not Directors, as set out in section 72(2)(a) of the Companies Act is amended to the extent set out in article 20.1.2.
- 20.1.2 Any delegation by the Board of its authority to a committee may be wholly or partially withdrawn by the Board at any time.

21. **Office bearers**

- 21.1 The Board may appoint any officers it considers necessary to better achieve the Objects of the Club.
- 21.2 Subject to, and to the extent permitted in terms of the Companies Act, the Directors may from time to time confer upon any officer of the Club such of the powers and

authority vested in them as they may think fit, for such time, for such purposes, upon such terms and conditions and with such restrictions as they may think fit and the Directors may from time to time revoke or vary all or any of such powers and authorities.

Part III - Financial matters

22. Accounting records

- 22.1 Proper accounting records shall not be deemed to be kept if there are not kept such accounting records as are necessary to fairly present the state of affairs and business of the Club and to explain the transactions and financial position of the trade or business of the Club.
- 22.2 The Club shall comply with such reporting requirements as may be prescribed by the Commissioner and will provide annual returns to the Commissioner.

23. Annual Financial Statements

- 23.1 The annual financial statements of the Club are not required in terms of the Companies Act or this CONSTITUTION to be audited, and with respect to any financial year of the Club:
- 23.1.1 will be audited if the Club is required to have its annual financial statements audited for that financial year in terms of sections 30(2) and (7), read with Regulation 28; or
- 23.1.2 will be audited voluntarily if the Board so determines, in which case the appointment of any auditor will be on such terms and subject to such conditions as the Board in its discretion may from time to time determine; or
- 23.1.3 if not audited as aforesaid, must be independently reviewed in a manner that satisfies the provisions of Regulation 29.
- 23.2 The annual financial statements must -
- 23.2.1 include an auditor's report, if the statements are audited;
- 23.2.2 include a report by the Directors with respect to the state of affairs, the business and profit or loss of the Club, including:
- 23.2.2.1 any material matter relating to the Club's state of affairs; and

23.2.2.2 any other prescribed information in terms of any legislation or regulations pertaining to the Club from time to time;

23.2.3 be approved by the Board and signed by an authorised Director; and

23.2.4 be submitted to any relevant authority as may be prescribed in terms of any legislation or regulations pertaining to the Club from time to time.

24. **Financial year-end**

The financial year for the Club will end on the last day of February each year.

25. **Bank account**

The Club's financial transactions shall be conducted by means of a bank account and/or bank accounts as set up by the Club with a reputable bank from time to time.

26. **Donations**

26.1 The Directors shall, in respect of every donation received, furnish to the donor in each case a receipt, in which the following particulars are given:

26.1.1 the reference number of the Club issued by the Commissioner for the purposes of section 18A of the Income Tax Act;

26.1.2 the date of receipt of the donation;

26.1.3 the name of the Club, together with an address to which enquiries may be directed in connection therewith;

26.1.4 the name and address of the donor;

26.1.5 the amount or nature of the donation if not in cash; and

26.1.6 a certificate to the effect that the receipt is issued for purposes of section 18A of the Income Tax Act, and that the donation has been or will be used exclusively for the main object of the Club.

26.2 The Club shall not accept any donation which is revocable at the instance of the donor for reasons other than a material failure to conform to the designated purposes and conditions of such donation, including any misrepresentation with regard to the tax deductibility thereof in terms of section 18A of the Income Tax Act

and the donor may not impose conditions which could enable such donor, or any connected person (as defined in the Income Tax Act) in relation to such donor, to derive some direct or indirect benefit from the application of such donation.

- 26.3 The Club may only make donations to other entities or clubs of persons, whether corporate or unincorporated, having a main object similar to the Club's main Objects and where the Club has satisfied the Commissioner that it has put in place reasonable measures to ensure that such funds are utilised for the purpose for which they were provided.

27. **Application of Donations**

The Club shall from time to time and as often as they may think desirable, award, lend or otherwise disburse so much of the donations received by the Club as the Directors may in their discretion decide, solely to achieve all or any of the Objects of the Club.

28. **Winding-up**

Upon the dissolution of the Club, its net assets must be distributed in the manner determined in accordance with item 1(4)(b) of Schedule 1 of the Companies Act, as follows:

- 28.1 no past or present member or Director of the Club, or person appointing a Director of the Club, is entitled to any part of the net value of the Club after its obligations and liabilities have been satisfied;
- 28.2 the entire net value of the Club must be distributed to one or more non-profit companies, registered external non-profit companies carrying on activities within the Republic of South Africa, voluntary clubs or non-profit trusts:
- 28.2.1 which are PBOs approved in terms of section 30 of the Income Tax Act or any institution board or body which is exempt from tax under the provisions of section 10(1)(cA)(i) of the Income Tax Act, which has as its sole or principle object the carrying on of any public benefit activity;
- 28.2.2 having objects similar to its stated Objects; and
- 28.2.3 which is required to use those funds solely for the purposes of carrying on one or more public benefit activities.

Part IV- General

29. Arbitration

- 29.1 If any dispute arises between any of the Parties in relation to any matter pertaining to, or arising out of this CONSTITUTION, the operation or Objects of the Club, the governance or management of the Club, the relationships of the Parties *inter se*, or in relation to any similar matter, then any Party or Parties claiming the existence of such dispute shall immediately advise the Board in writing thereof and the Board shall thereafter advise all the relevant Parties to the dispute, if they are not members of the Board. Within 5 Business Days of the receipt of such notice, the relevant Parties shall meet and negotiate in good faith and using their reasonable endeavours in order to resolve such dispute.
- 29.2 Should the relevant Parties fail to resolve such dispute within 10 Business Days of their meeting, or such longer period as the Parties may agree in writing, the dispute, if arbitrable in law, shall at the instance of the Board be referred to arbitration by a single arbitrator, in accordance with the remainder of the provisions of this article 29.
- 29.3 All disputes contemplated in this article 29 shall be finally settled in accordance with the Arbitration Club of Southern Africa ("**AFSA**") rules relating to expedited arbitrations without recourse to the ordinary courts of law, except as explicitly provided for in article 29.8.3.
- 29.4 The Parties shall agree on the arbitrator who shall be an attorney or advocate on the panel of arbitrators of the AFSA. If agreement is not reached within 10 Business Days after any Party calls in writing for such agreement, the arbitrator shall be a suitably experienced attorney or advocate nominated by the Registrar of AFSA for the time being.
- 29.5 The request to nominate an arbitrator shall be in writing and may suggest suitable nominees for appointment as arbitrator, and a copy shall be furnished to the other Parties who may, within 5 days, submit written comments on the request to the addressor of the request with a copy to the Registrar of AFSA.
- 29.6 The arbitration shall be held in Johannesburg and shall be conducted in English.
- 29.7 The Parties irrevocably acknowledge that, subject to article 29.8.3, the decision of the arbitrator:

- 29.7.1 shall be binding on them;
- 29.7.2 shall be carried into effect; and
- 29.7.3 may be made an order of any court of competent jurisdiction.
- 29.8 The provisions of this article 29:
 - 29.8.1 constitute an irrevocable consent by the parties to any proceedings in terms hereof and none of the Parties shall be entitled to withdraw therefrom or claim at any such proceedings that it is not bound by such provisions;
 - 29.8.2 are severable from the rest of this CONSTITUTION and shall remain in effect despite the termination of or invalidity for any reason of this CONSTITUTION; and
 - 29.8.3 shall not preclude any of the Parties from obtaining interim relief on an urgent basis from the High Court of South Africa pending the decision of the arbitrator.

30. **Breach and specific performance**

- 30.1 Subject to article 30.2, if any of the Parties ("**Defaulting Party**") breaches any material provision or term of this CONSTITUTION, and fails to remedy such breach within 10 days of receipt of a written notice requiring him/her/it to do so, such breach shall not constitute grounds for winding up the Club, and any of the other Parties shall be entitled at its option without prejudice to any other specific remedy or right that that Party may have under this CONSTITUTION:
 - 30.1.1 to uphold this CONSTITUTION against the Defaulting Party and sue for specific performance of the Defaulting Party's obligations to him/her/it under this CONSTITUTION, with or without a claim for damages; or
 - 30.1.2 to uphold this CONSTITUTION against the Defaulting Party and sue for damages,

it being recorded that the remedy of cancellation shall not be available to any of the Parties.

- 30.2 Each of the Parties acknowledge that it may be difficult or even impossible to measure in money the damages that will arise from the failure of any of Parties to

perform any of its obligations under this CONSTITUTION. Bearing in mind that cancellation is not a remedy available under this CONSTITUTION, the Parties agree that it shall be competent for any of them to bring an action for specific performance of the provisions of this CONSTITUTION and the Parties waive their rights to claim or raise as a defence that an alternative adequate remedy exists at law.

31. Severability

Any provision in this CONSTITUTION which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this CONSTITUTION shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this CONSTITUTION, without invalidating the remaining provisions of this CONSTITUTION or affecting the validity or enforceability of such provision in any other jurisdiction.

32. Variation, cancellation and waiver

No agreement varying, adding to, deleting from or cancelling this CONSTITUTION, and no waiver of any right under this CONSTITUTION, shall be effective unless reduced to writing and signed by or on behalf of the Parties and the provisions of the Companies Act and this CONSTITUTION in respect of any such amendment to the CONSTITUTION have been complied with.

33. Indulgences

No indulgence granted by a Party shall constitute a waiver of any of that Party's rights under this CONSTITUTION; accordingly, that Party shall not be precluded, as a consequence of having granted such indulgence, from exercising any rights against the other which may have arisen in the past or which may arise in the future.

34. Applicable law

This CONSTITUTION shall be interpreted and implemented in accordance with the laws of the Republic of South Africa.

THIS CONSTITUTION WAS CONSIDERED AND PASSED BY THE MEMBERS OF THE CANNABISTERS CLUB AT ITS PREMISES AT 65 REGENT ROAD SEA POINT

ON 1 NOVEMBER 2021 BY THE CHAIRMAN OF THE BOARD DULY AUTHORISED
THERE TO.

_____ CHAIRMAN

_____ WITNESS