**Voting Reform and other Constitutional Matters**

Introduction

# This paper provides information in relation to the resolutions to be proposed at the 2017 Annual General Meeting (“AGM”) in relation to constitutional matters, most notably a further proposal in relation to voting reform at Council. Paragraphs 2 to 8 set out a description of the various resolutions and the background to them and the Schedule hereto sets out the text of the relevant formal resolutions.

Voting Reform

# Possible voting reform was discussed at Finance Council earlier this year. It was clear from the discussion at that meeting and from the non-binding indicative votes undertaken at the meeting that the proposals would be unlikely to achieve the necessary 75% majority vote needed to implement reform by amending the Articles of Association. However, the proposal that the voting rights of Direct Members Representatives be increased from the current 10 votes in aggregate (approximately 3% of the total voting rights at Council) to a figure in the order of 25% did obtain a majority vote of nearly 60%. Whilst this would be an insufficient level of support for passing a special resolution, it did indicate that there is an appetite for voting reform. From the discussions at Finance Council after the results of the non-binding votes were announced it became apparent that it would be appropriate to propose a lesser increase in the voting rights of Direct Members’ Representatives.

# The Governance Committee and the Board continue to believe that the existing constitutional arrangements do not adequately reflect the interests of Direct Members (the paying members of the ECF). Accordingly, resolutions are to be proposed at the AGM to increase the aggregate number of votes of Direct Members’ Representatives from the current number of 10 up to 40. In greater detail:

### there would continue to be 10 Direct Members’ Representatives (two representatives for each of the five relevant categories, namely (i) bronze members, (ii) silver members, (iii) gold members, (iv) platinum members and (v) honorary life vice presidents/life members. The representatives of categories (iv) and (v) would continue to have one vote each at Council but those of categories (i), (ii) and (iii) would have six votes each (a broadly fair division of the extra votes in light of the relevant numbers of members and financial contribution);

### since the distribution of the 40 votes will be set out in the Direct Members Byelaws and not in the Articles of Association, any redistribution of votes amongst membership categories can be effected by ordinary resolution rather than special resolution, thus facilitating any change that might be needed in light of future change to membership categories or numbers. Any future increase or decrease in the number of Direct Members' Representatives would also be implemented by amending the Direct Members Bye Laws;

### a Direct Members’ Representative will need to be a Direct Member but it will no longer be a requirement that he or she be a member of the relevant category of membership;

### nominations for becoming a Director Members’ Representative will be sought by the Board in June each year, any necessary elections will be held by email and post in July and those attaining a post will be in office for a calendar year ending on the next succeeding 31st July. Juniors shall be entitled to vote. The Board shall be entitled to approve replacements for vacant posts, subject to the approval of the Chairman of Council.

# The Governance Committee and the Board believe that these proposals represent a move towards more properly reflecting the interests and financial contribution of Direct Members without in any way damaging the link between the ECF and the various leagues, associations, unions, congresses and others comprising the current members of Council (a criticism levelled at some of the reform proposals that were discussed at Finance Council in April). The proposals are not complex, are simple to implement and, as the number of Direct Members’ Representatives is not increased, do not involve an increase in travel costs.

# The implementation of these proposals requires the passing of the special resolution set out in paragraph 1 of the Schedule and the ordinary resolution set out in paragraph 2 of the Schedule.

Other Constitutional Changes

# It is proposed that Article 28 be amended such that where there is a vote at Council by poll ( a “card vote”) then voting transparency would apply and there would be published on the Company’s website details of how the votes of each member were cast. However, this would not apply on votes for the election of an individual to an office or post as this would bring the risk of members of Council feeling that undue influence might be brought on them to vote in a particular way. Under the current Article 28, there is no disclosure of how members exercise their votes, unless the chairman of the meeting exercises his discretion to disclose. The Governance Committee and the Board believe that adopting this proposal will assist in ensuring that constituents of member organizations are informed as to how the votes of the relevant member organization are cast. The special resolution to implement this change is set out in paragraph 3 of the Schedule.

# There are some further minor and technical changes to the Articles of Association that are being proposed. The only changes of substance relate to changes to the role of Company Secretary, reflecting the recent out-sourcing of this function. In particular, various of the obligations of the Company Secretary in relation to meetings of Council are to be assumed by the Chairman of Council. These changes are to be proposed in the form set out in the special resolution set out in paragraph 4 of the Schedule.

# There are also some proposed changes to the Procedural Bye Laws reflecting the out-sourcing of the role of Company Secretary and the consequent assumption of various duties by the Chairman of the Council (or, where this is inappropriate, by the Non-Executive Chairman). These changes are set out in the ordinary resolution set out in paragraph 5 of the Schedule.

# In addition to the changes to the Direct Members Bye Laws referred to in 2 above, there are further changes of a more administrative nature that are required to reflect the changes in membership categories, fees and benefits that have been implemented since 2012. These proposed changes, to be implemented by the ordinary resolution set out in paragraph 6 of the Schedule, are set out in the draft Direct Members Bye Laws that accompany the AGM agenda.

# As regards the amendments that the Board has made to Regulations No.1 (The Bids Regulations), Regulation No. 2 (The Directors and Officers Responsibilities Regulations) and Regulation No. 3 (The Coaches Regulations), all of which accompany the AGM agenda, the most noteworthy changes are as follows:

### The changes to Regulation No.3 reflect changes in child protection rules and the separation of the Arbiters Regulations (previously noted by Council) into a separate regulation No. 6;

### The changes to Regulation No. 2 reflect changes to the detail of areas of responsibility within existing board posts (and to functions within those posts)..

**Schedule**

# Special Resolution to amend the Articles of Association to implement voting reform.

THAT, subject to the passing of Resolution 2 (whether or not amended), the Articles of Association of the Company be amended by:

(i) deleting the words “who are also of that category” in Article 7 (b);

(ii) deleting the first sentence of Article 13 and replacing it with the following: “Direct Members shall elect ten Direct Members’ Representatives (or such other number as is specified from time to time in the Direct Members Bye Laws) in categories to serve on the Council for a period from 1st August in the year in which elected (or nominated if there is no election) until 31st July in the following year. Direct Members’ Representatives taking office from the end of the 2017 Annual General Meeting shall hold office until 31st July 2018. Direct Members’ Representatives shall be entitled to stand for re-election”;

(iii) inserting after the word “Council” in Article 14 the words “provided that each such appointment shall be subject to the prior approval of the Chairman of the Council”;

[(iv) deleting the words “end of the next Annual General Meeting of Council” in Article 14 and replacing them with the words “next following 31st July”;

(v) deleting the existing Article 30(2) and replacing it with the following: “30(2) In respect of the Direct Members’ Representatives the votes, not exceeding 40 in aggregate, as apportioned between Direct Members’ Representatives by the Direct Members Bye Laws”.

# Ordinary Resolution to amend Bye Law No. 1 The Direct Members’ Bye Laws to implement voting reform

THAT, subject to the passing of Resolution 1, the Direct Member Bye Laws be amended by deleting the existing paragraphs 5.1, 5.2 and 5.3 and replacing them with the following:

“5.1 The Direct Members shall be grouped into the following categories for the purpose of electing the Direct Members’ Representatives:

(a) Honorary Life Vice Presidents, Honorary Life Members and Life Members.

(b) Platinum Members;

(c) Gold Members and Gold Concessionary Members.

(d) Silver Members and Silver Concessionary Members.

(e) Bronze Members and Bronze Concessionary Members.

5.2 Each of the five categories in 5.1 shall be entitled each year to elect two representatives (who shall be Direct Members but not necessarily of the relevant category). For the purposes of Article 30 of the Articles, representatives elected under (a) or (b) above shall be entitled to one vote each and representatives elected under (c), (d) or (e) shall be entitled to six votes each.

5.3 Candidates for Direct Members’ Representatives shall be sought in June each year. If there are more than two candidate in respect of any category a “first two past the post” election shall be held in that category in July of such year in accordance with instructions issued by the Board. Voting shall principally be by email but votes sent by post shall also be accepted. Any election address shall disclose, in relation to the candidate, the membership category of which the candidate is a member.”

# Special Resolution to amend the Articles of Association to implement voting transparency.

THAT the Articles of Association of the Company be amended by deleting the final sentence of Article 28 and replacing it with the following; “In respect of votes by poll where the vote is in respect of the election of a person to an office or post, the Tellers shall keep confidential the details of all votes cast except for the totals thereof. In respect of all other votes by poll the chairman shall cause to be published on the Company’s website as soon as reasonably practicable following the meeting details of how the votes of each member were cast. At the end of the meeting the Tellers shall deliver any ballot papers to the chairman”.

# Special Resolution to make minor or technical changes to the Articles of Association.

THAT the Articles of Association of the Company be amended by:

(i) replacing the words “Article 5(14)” with the words “Article 5(16)” in the definition of “Direct Members” in Article 1.1;

(ii) replacing the word “Secretary” with the words “Chairman of Council” in each of Article 17(8), Article 18(8) and Article 22;

(iii) if Resolution 3 above is not passed, replacing the word “Secretary,” with the word “chairman” in Article 28;

(iv) deleting the words “or to the Secretary” in Article 37(4);

(v) deleting the words “the Secretary” in Article 49(2);

(vi) replacing the words “these Articles and to such Bye Law” with the words “and these Articles” in Article 51.

# Ordinary Resolution to amend Bye Law No. 3 The Procedural Bye Laws

THAT the Procedural Bye Laws be amended by:

#### replacing the word "Secretary" with the words "Chairman of Council" in paragraph 2.2, paragraph 5.3, paragraph 12.2, paragraph 12.3, paragraph 12.4, the first clause of paragraph 12.8 and paragraph 12.10;

#### replacing the word "Secretary" with the words "Non-Executive Chairman" in paragraph 6.1.1, paragraph 6.1.10 and paragraph 6.1.11;

#### deleting the existing paragraph 12.5 and replacing it with "For a candidate to be eligible for election a nomination must be received by the ECF Office on behalf of the Secretary (or such other addressee as may be specified in the advertisement referred to in paragraph 12.3) no later than 37 days before the Annual General Meeting.";

#### deleting from paragraph 12.7 the words "to the Secretary received by him";

#### deleting in paragraph 12.8.1 the words "judged by the Secretary to be defamatory” with the words "judged by the Chairman of the Council to be defamatory, or, if the address is the address of the Chairman of the Council or is in respect of a post for which the Chairman of the Council is applying, judged by the Non-Executive Chairman to be defamatory".

# Ordinary Resolution to amend Bye Law No. 1 The Direct Members Bye Laws

THAT the existing Bye Law No. 1 be replaced by the Direct Members Bye Laws in the form of the draft document produced to the meeting and initialled by the chairman for the purposes of identification, provided always that if Resolution 2 above is passed then paragraphs 5.1 to 5.3 of such draft document shall be replaced by the wording adopted pursuant to Resolution 2.