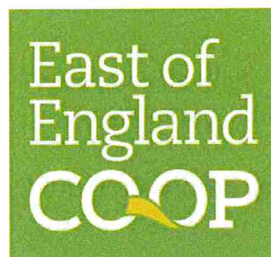


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## Co-operative and Community Benefit Societies Act 2014

### Rules of



**EAST OF ENGLAND CO-OPERATIVE SOCIETY**  
**Registered No: 1099R**

**APPROVED BY MEMBERS IN SPECIAL GENERAL MEETING**  
**23 January 2025**

**ALL PREVIOUS RULES RESCINDED**

#### **NAME**

1. The name of the Society is EAST OF ENGLAND CO-OPERATIVE SOCIETY LIMITED and it is called "the Society" in these rules.

#### **INTERPRETATIONS**

2. In these rules:

**"Address"** means postal address or, for the purposes of electronic communication, an email address or telephone number for receiving text messages;

**"the Act"** refers to the Co-operative and Community Benefit Societies Act 2014;

**"Auditor"** means a person eligible for appointment as a company auditor under Part 42 of the Companies Act 2006;

**"the Board"** means all those persons appointed to perform the duties of the directors of the Society;

**"Board meeting"** includes, except where inconsistent with any legal obligation a physical meeting, a meeting held by electronic means and a meeting held by telephone;

**"Clear Days"** in relation to the period of notice does not include the day on which the meeting is to be held and the day on which the notice is handed to someone or left at their Address, or the day on which it is sent, is in the process of being sent and is assumed to be delivered;

**"Code on Withdrawable Share Capital"** means a document established by Co-operatives UK that provides best practice in relation to the use of Withdrawable Share Capital;

**"Co-operative Values and Principles" & "Co-operative Principles"** are those defined in the International Co-operative Alliance Statement of Co-operative Identity. The principles are those of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community. The values are self-help, self-responsibility, equality, equity and solidarity;

**"Director"** means a director of the Society and includes any person occupying the position of director, by whatever name called;

**"Document"** includes, unless otherwise stated, any document sent or supplied in electronic form;

**"Electronic Means"** shall include, for example, email, video links and secure authenticated website transactions;

**"Employee"** means anyone over the age of 16 holding a contract of employment with the Society;

**"Fixed Term Withdrawable Shares"** has the meaning as detailed under "Shares" in the Rules;

**"Member"** has the meaning as detailed under 'Membership' in these rules;

**"Office Holder"** means the personal representative of a deceased member, the trustee in bankruptcy of a Member who is bankrupt, receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member's assets;

**"Officers"** means Chief Executive, those reporting directly to the Chief Executive, or Joint Chief Executive;

**"Partner"** means in relation to another person, a member of the same household living together as a family unit.

**"Person"** means, unless the context requires otherwise, a natural person, unincorporated body, partnership, corporate body or the nominee of an unincorporated body, partnership or corporate body;

**"Registrar"** means the Financial Conduct Authority (FCA) or any body that succeeds its function;

**"Regulations"** has the meaning as detailed under 'Regulations' in these rules;

**"Rules"** means these Rules;

**"Secretary"** means any person appointed to perform the duties of the Secretary of the Society;

**"Society"** means the above-named Society;

**"Withdrawable"** means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Society in accordance with the provisions of these Rules;

**"Writing"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied by Electronic Means or otherwise.

### **PURPOSE**

3. The purpose of the Co-operative is to carry out its function as a successful co-operative business and to abide by the internationally recognised co-operative values and principles of co-operative identity as defined by the International Co-operative Alliance.

### **VALUES AND PRINCIPLES**

4. In conducting its affairs, the Society is committed to:
  - (a) following the Co-operative Values and Principles;
  - (b) respecting the rights and diversity of its Members, Employees, customers and people dealing with the Society, treating them fairly and not discriminating on any grounds;
  - (c) conducting its business in an ethical, open and honest way.
5. The net profits of the Society's business shall be used in accordance with the Co-operative Principles.
6. The Society shall remain a member of Co-operatives UK Limited at the discretion of the Board of Directors.

### **OBJECTS**

7. The objectives of the Society are, in accordance with its purpose:
  - (a) to carry on the business of dealing (on a retail or wholesale basis) in, producing, creating, supplying and providing, property, goods and services of all kinds, including but not limited to engaging in, credit sale, rental and other services or credit transactions; and
  - (b) to engage, as principals or agents, in any other business, trade, industry or activity that directly or indirectly furthers the objects of the Society.

### **POWERS**

8. The Society may do all such lawful things as may further the Society's objects and, in particular, may:
  - (a) purchase, hold, sell, mortgage, rent, lease or sub-lease lands of any tenure and to erect, pull down, repair, alter or otherwise deal with any building on those lands;
  - (b) enter into block discounting transactions;
  - (c) borrow money, mortgage or charge any of its property and issue debentures and other securities upon such terms and conditions as the Board thinks fit; provided that the Society's total borrowings shall not at any time exceed 50%

of the Society's revenue reserve as stated in the Society's last published accounts, also:

- (i) the interest payable on advances, other than advances on bank overdraft and loans secured by mortgage or charge shall not exceed a rate equivalent to 3 % per annum above The Bank of England's base rate or 5% per annum whichever is the higher. In this rule "The Bank of England's" base rate" means The Bank of England's base rate at the time of making the advance, or at such time within the 2 years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within 2 years prior to its renewal (if renewed more than once) as the Board determines; and
- (ii) charges or debentures may contain a fixed charge upon any property of the Society specified therein and/or a floating charge upon its undertaking and all its property and assets both present and future, and a separate register shall be kept of all such charges and debentures;
- (d) subject to the availability of distributable reserves, pay to Members interest on share capital at such rate or rates as determined by the Board from time to time, but not exceeding in any case 5% per annum or 3% above The Bank of England base rate, whichever is the greater. Different rates may be paid, graduated according to the amount of share capital in the Society held by a Member, or on the basis of other terms and conditions applying to Fixed Term Withdrawable Shares. In this rule "The Bank of England base rate" means The Bank of England base rate at such time within 2 years prior to the date of such determination as the Board decides.
- (e) establish a pension or superannuation scheme for the benefit of its Employees and pay contributions and enter into any contract or trust deed for this purpose;
- (f) receive from any Person whether a Member or not, sums on deposit, not exceeding in total the amount permitted under the law applicable to registered societies for the time being in force, withdrawable on not less than two Clear Days' notice.

9. The capital of the Society may be invested:

- (a) in advances to members or others on the security of real or personal property;  
or
- (b) in or upon any of the securities or shares specified in Section 27 of the Co-operative and Community Benefit Societies Act 2014.

#### **MEMBERS**

10. The Society consists of its Members whose names are entered in the register of Members.

11. No natural person shall be admitted into membership of the Society unless they have attained the age of 16.

12. The Board may admit to membership any unincorporated body, partnership or corporate body who completes the membership application form specified by the Board (which shall include an application for the minimum number of shares).
13. No person admitted into membership shall be entitled to vote in Society elections or at Society meetings until after the expiry of a qualifying period of six calendar months from the date of admission and unless they hold at least one fully paid-up share in the Society.
14. An unincorporated body, partnership or corporate body which is a member shall by resolution of its governing body appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the above would exercise if it were an individual person. Each such member organisation shall supply notification in Writing to the Secretary of its choice of representative.
15. Any Member changing their address shall give notice to the Secretary, and the necessary alterations shall be made in the register of Members.
16. The Board has an absolute discretion to accept or refuse any membership application, does not have to give reasons for its decision, and may take into consideration (amongst other things) the applicant's likely participation in the Society's business and affairs, and their support of the Co-operative Values and Principles. The Board may delegate responsibility for deciding membership applications to the Secretary and, under his/her supervision, to other Employees. Any such decision shall be made in accordance with the Society's membership policy as agreed by the Board of Directors.
17. [This Model Rule omitted - Joint Members]

#### **TERMINATION OF MEMBERSHIP**

18. A Member shall cease to be a Member of the Society if they:
  - (a) are no longer eligible for membership; or
  - (b) having held the minimum share holding subsequently fail to hold the minimum shareholding; or
  - (c) resign in Writing providing one month's notice to the Secretary, and withdraw their shares under these Rules; or
  - (d) are removed from the register of Members by the Secretary in accordance with the Maintenance of Register provisions in these Rules; or
  - (e) are expelled from membership in accordance with these Rules; or
  - (f) die or, if a corporate body, they are wound up or go into liquidation.

#### **EXPULSION FROM MEMBERSHIP**

19. A Member may be expelled for conduct prejudicial to the Society by a resolution of the Board approved by not less than two-thirds of those attending and voting at a Board meeting. The following procedure is to be adopted:

- (a) Any Member may complain to the Secretary that another Member has acted in a way detrimental to the interests of the Society.
- (b) If a complaint is made, the Board may itself consider the complaint having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may:
  - (i) dismiss the complaint and take no further action; or
  - (ii) suspend the Member for a period not exceeding twelve months; or
  - (iii) arrange for a resolution to expel the Member complained of to be considered at a future Board meeting.
- (c) If a resolution to expel a Member is to be considered at a Board meeting, details of the complaint must be sent to the Member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the Board meeting.
- (d) At the meeting, the Board will consider evidence in support of the complaint and such evidence as the Member complained of may wish to place before it.
- (e) If the Member complained of fails to attend the meeting without good reason the meeting may proceed in their absence.
- (f) A Person expelled from membership will cease to be a Member upon the declaration by the chair of the meeting that the resolution to expel them is carried.
- (g) The Society will pay to such Person the amount standing to their credit in their share account of the Society, together with any interest or dividend credited in respect of their shares and cancel their shares.
- (h) No Person who has been expelled from membership is to be re-admitted as a Member except by a resolution approved by not less than two-thirds of those attending and voting at an ordinary Members' meeting.

## **SHARES**

- 20. The shares of the Society shall be of the nominal value of £1. Shares can be withdrawn, but cannot be transferred except when permitted by these Rules.
- 20A The Society may designate certain shares as Fixed Term Withdrawable Shares, with the following characteristics:
  - (a) Fixed Term Withdrawable Shares shall also be of the nominal value of £1, and can be withdrawn as provided in these Rules and subject to other terms and conditions that apply as set out on the Society's website and in Writing to Members applying for Fixed Term Withdrawable Shares, but cannot be transferred except where permitted by these Rules;
  - (b) the interest rate payable on Fixed Term Withdrawable Shares, shall be determined by the Board from time to time; it may be different from the interest rate payable on shares which are not Fixed Term Withdrawable



Shares on the basis that the right to withdraw is deferred for a period of time and different rates of interest may be set by the Board for Fixed Term Withdrawable Shares with different periods of deferral; other terms and conditions may apply as set out on the Society's website and in Writing to Members applying for Fixed Term Withdrawable Shares; any interest paid shall be the lowest rate sufficient (in the Boards' opinion) to obtain the necessary funds from members who are committed to further the Society's objects;

- (c) shares and Fixed Term Withdrawable Shares shall be treated *pari passu* for all purposes including any repayment of shares on the solvent dissolution of the Society;
  - (d) Fixed Term Withdrawable Shares are comprised in the Society's withdrawable share capital, and a Member's share account comprises both shares and any Fixed Term Withdrawable Shares;
  - (e) for the avoidance of doubt, references in these rules to a share or shares in the Society includes Fixed Term Withdrawable Shares, unless stated to the contrary.
21. Every Member shall hold at least one fully paid up share, (not including any Fixed Term Withdrawable Shares) (the "minimum shareholding") and all shares shall be paid for in full on application save that at the absolute discretion of the Board a person may be admitted into membership but defer paying for their £1 share until it can be deducted from their dividend.
22. The Society shall comply wherever possible with the Code on Withdrawable Share Capital.
23. The Society shall allot to members when they are admitted the share or shares for which they have applied, and after that shall allot any further share or shares applied for, providing that nobody shall be allotted shares which will cause them to hold more than the limit set by the Board of Directors from time to time and provided that any such limit does not exceed the maximum number of shares permitted under the Act.
24. [This Model Rule omitted - Joint Members]
25. [This Model Rule omitted - Joint Members]
26. The Board may apply any money for which it cannot find profitable investment towards repaying to Members the amounts paid up on their shares, subject to the following:
- (a) The Board may only do this if an ordinary Members' meeting has approved it;
  - (b) Repayments shall be made to the Member or Members with the largest shareholding. The amount repaid shall be equivalent to the difference in shareholding between the largest shareholding Member or Members and the next largest shareholding Member or Members;
  - (c) No repayment shall be made which causes the number of shares held by any Member to fall below the minimum shareholding;

- (d) Any share in respect of which the amount paid up or credited has been repaid shall be cancelled.
27. Where repayment is to be made in accordance with the preceding rule, reasonable notice shall be given to the Member stating the date on which repayment is to be made. Notice should also state that no interest shall be payable on any amount to be repaid after the date for repayment as stated in the notice.
28. [This model rule not required - limitation on calculation of interest on share capital].
29. Subject to the other provisions of this rule and the minimum shareholding requirements under these Rules and any terms and conditions applying to Fixed Term Withdrawable Shares, shares may be withdrawn by Members by giving one week's notice to the Society: Provided that:
- (a) All withdrawals shall be paid in the order in which the notices were received by the Society;
  - (b) The Board may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as it considers fit;
  - (c) unless the Board agrees, no member shall be entitled to withdraw during any year more than one-tenth of the share capital standing to their credit at the start of that Society accounting year, unless the member withdraws from membership of the Society;
  - (d) Unless the Board agrees, not more than one-tenth of the paid up share capital as at the start of the Society's accounting year (including all sums under notice of withdrawal leading up to that date) shall be withdrawable during that Society year;
  - (e) The Board, at its sole discretion, may suspend the right to withdraw either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the Board suspends the right to withdraw. Where the suspension is for a fixed period such period may be extended from time to time by the Board; and
  - (f) During any period when the right of withdrawal has been suspended the shares of deceased Members may, if the Board agrees, be withdrawn by their personal representatives upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction on withdrawal as the Board may from time to time determine;
  - (g) No interest shall be payable upon any share in respect of which a notice of withdrawal has been given in relation to any period after the date of the notice;
  - (h) No repayment of withdrawable share capital shall be made if any payment due in respect of a deposit is unsatisfied.



### **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

30. Subject always to the provisions of the Co-operative and Community Benefit Societies Act 2014 dealing with the nomination of property (all of which shall apply), the following provisions shall apply:
- (a) A member may nominate any person or persons to whom any of their property in the Society at the time of their death shall be transferred.
  - (b) On receiving satisfactory proof of death of a member who has made a nomination the Board shall, if and to the extent that the nomination is valid, either transfer or pay the full value of the property comprised in the nomination to the person entitled to it.
  - (c) Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the Society belonging to the deceased or bankrupt member, the Board shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
31. The Society shall have a lien on the shares of a member for any debt due to it by the member, and may off-set any sum standing to the member's credit including any loan money, interest and dividends in or towards the payment of such debt.

### **ORGANISATION OF THE SOCIETY**

32. The Society comprises the following:
- (a) Members;
  - (b) the Board;
  - (c) the Officers; and
  - (d) the Secretary
33. The affairs of the Society shall be conducted collectively by those outlined in the preceding rule, in order to fulfil the Society's objects and purpose. Their respective responsibilities and functions shall be performed in accordance with these Rules.

### **MEMBERS**

34. The role of Members is as set out in the Membership Policy as approved and published from time to time by the Board.

### **BOARD**

35. The Board is accountable to its membership for the long term success of the business of the Society.
36. The Board has the following responsibilities:
- (a) To ensure that the Society's affairs are conducted in accordance with these Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles;
  - (b) To determine the objectives, strategy and policy of the Society in consultation with the Officers;

- (c) To determine the risk strategy of the Society and ensure that risk management is addressed;
- (d) To hold the Officers to account for the performance of their role as set out below.

37. The Board has the following rights and powers, subject to the Act and these Rules:

- (a) to exercise all the powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society at a Members' meeting;
- (b) to determine the composition of the Officer structure;
- (c) to appoint, remove and fix the remuneration and terms of employment of the Officers and the Secretary;
- (d) to approve the appointment and removal of the Officers and Secretary;
- (e) to call upon the Officers, or the Secretary to report or obtain a report in Writing upon any matter in connection with or concerning the business of the Society;
- (f) determines the level of interest payable and terms of withdrawal applicable on shares and may establish different levels of interest and terms of withdrawal;
- (g) to determine from time to time those matters which require the approval of the Board;
- (h) to approve the use of the Society's seal if it has one.

#### **OFFICERS**

38. All Officers are jointly and severally responsible for and accountable to the Board for their performance and for conducting the day-to-day management of the Society and shall do so in accordance with these rules. Specifically, it is the role of the Officers to:

- (a) maintain the Society's co-operative values and principles;
- (b) implement and deliver the strategy as approved by the Board;
- (c) manage human and financial resources in accordance with policies agreed by the Board.

[Model Rule 38 - 'Members' not required - see rule 34 above]

#### **SECRETARY**

39. The Secretary shall be directly accountable to the Board for the following functions:

- (a) Acting as the Secretary to the Board;
- (b) Monitoring the conduct of the Society's affairs to ensure that they are conducted in accordance with these Rules;

- (c) Publishing to Members, in an appropriate form, information about the affairs of the Society;
  - (d) Custody of the Society's seal, if it has one;
  - (e) Acting as returning officer for elections;
  - (f) Preparing and sending all returns required to be made to the Registrar; and
  - (g) Making all necessary entries into all registers required to be kept by the Society by these Rules or as required by the Act.
  - (f) Advising the Board of Directors on matters relating to the governance of the Society.
  - (i) The Secretary shall arrange for minutes of all Members' meetings and Board meetings to be kept.
40. The office of the Society Secretary shall not be combined with the functions and duties discharged and held by any of the Officers.

#### **LOCAL AREA COMMITTEES AND MEMBER COMMITTEES**

41. [This Model Rule omitted - Local Area Committee]
42. [This Model Rule omitted - Member Committees]

#### **MEMBERS' MEETINGS**

43. Members' meetings are either ordinary Members' meetings, which may be called 'interim Members' meetings,' or special Members' meetings.
44. In each year, the Society shall hold one ordinary Members' meeting, called the annual Members' meeting (it will be a special Members' meeting if the annual Members' meeting will conduct special business), and such other additional ordinary meetings as the Board decides. All other Members' meetings of the Society are special Members' meetings.

#### **BUSINESS OF MEMBERS' MEETINGS**

45. An ordinary meeting may transact the following business:
- (a) Consideration of the accounts, balance sheet, and the reports of the Board and the auditor;
  - (b) The application of the Society's profits;
  - (c) The announcement of the election of Directors, and the fixing of their remuneration;
  - (d) The appointment of the auditor;
  - (e) Any motion of which at least 21 Clear Days' notice in Writing has been given to the Secretary of the motion by a Member. The Board has the discretion not to include such a motion if, in its and the Secretary's reasonable opinion:

- (i) It seeks to intervene in the exercise of the powers given under these Rules to the Board, the Officers, the Secretary or any authorised committee or sub-committee of the Society; or
  - (ii) The publicity for it would be likely to diminish substantially the confidence in the Society of investing members of the public; or
  - (iii) It seeks needless publicity for defamatory matters; or
  - (iv) It is submitted for frivolous or vexatious purposes; or
  - (v) It does not relate directly to the affairs of the Society; or
  - (vi) It is substantially in the same terms as any motion which has been defeated at any meeting of the Society held during the preceding two years.
- (f) Any amendments to proposals appearing on the notice convening a meetings submitted in Writing to the registered office not less than 10 Clear Days before the date of the meeting.

#### **SPECIAL MEMBERS' MEETING**

46. Special Members' meetings shall be convened if special business is to be conducted. A special Members' meeting shall not transact any business not specified in the notice convening it.
47. The following decisions may only be passed at a special Members' meeting:
- (a) Any amendments to the Society's Rules;
  - (b) The decision to wind-up the Society;
  - (c) The decision to amalgamate with, or transfer its engagements to, or to convert to any other society or company;
  - (d) Removal of a Director from office.

#### **CALLING MEMBERS' MEETINGS**

48. The Secretary, at the request of the Board, shall convene an ordinary Members' meeting, the purpose of which shall be stated in the notice of the meeting.
49. Special Members meetings shall be convened by the Secretary, either on an order of the Board, or on a written requisition signed by one hundred Members "the requisitionists". Special Members' meetings shall be held as soon as is reasonable after the receipt of the order or delivery of the requisition, at the place and time at which ordinary Members' meetings are usually held, so far as is possible. A requisition must state the objects of the meeting and be delivered to the registered office.
50. If the Secretary, within 21 calendar days of the delivery to the registered office of the written requisition, has failed to convene a special Members' meeting, any of the requisitionists may convene a special Members' meeting by giving the notice provided for in these Rules and shall have a claim upon the Society for any costs properly incurred in giving such notice.

51. Members' meetings are to be held at the registered office and/or at such other place or places as the Board decides. An Ordinary meeting may be held over any number of dates and venues across the Society's trading area and shall constitute one meeting when the same business has been conducted at each venue.

#### **NOTICES**

52. A meeting shall be convened by notices posted conspicuously in the registered office and in all other places of business of the Society to which the members have access and on the Society's website, fourteen clear days at least before the day of the meeting. The notice shall specify the place, the time, and the date of the meeting, whether the meeting is an ordinary, or a Special Members' Meeting and the business to be transacted at the meeting.

53. [Model rule 53 not required - covered by 52 above]

54. A notice sent to a Member's Address as recorded in the register of Members shall be deemed to have been duly served 72 hours after it is sent. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.

55. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted, providing additional information if the business is deemed "special", and any proposed resolutions.

#### **AUDITOR'S ATTENDANCE AT MEMBERS' MEETINGS**

56. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend Members' meetings of the Society and to receive all notices of and communications relating to any Members' meeting which any Member of the Society is entitled to receive. The Auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an Auditor.

#### **ATTENDING AND VOTING AT MEMBERS' MEETINGS**

57. A Member is able to exercise the right to speak at a Members' meeting and is deemed to be in attendance when that Person is in a position to communicate with all those attending the meeting. The Board may make whatever arrangements it considers appropriate to enable those attending a Members' meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a Members' meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with one another.
58. Every Member shall be entitled to attend Members' Meetings on the production of such evidence as the Board may from time to time determine.
59. [This Model Rule Omitted - Joint membership]
60. At any Members' meeting a resolution put to the vote shall be decided on a show of hands unless a ballot is demanded by the Board, or by twenty-five Members present at the meeting.
61. If a paper ballot is duly demanded it shall be taken in such a manner as the chair of the meeting directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.



62. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.
63. Subject to any special provision contained in these Rules or statute all resolutions shall be carried by a simple majority of votes. In the event of an equality of votes the chair of the meeting shall have a second or casting vote.

#### **PROCEDURE AT MEMBERS' MEETINGS**

64. The President, or in their absence the Vice President, shall chair a Members' Meeting. If neither is present, such Director or, in the absence of any Director, such Member as the meeting may determine shall chair the meeting.
65. Twenty-five Members, including those Persons present using Electronic Means, shall be a quorum. No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.
66. The chair of a Members' meeting may adjourn the meeting whilst a quorum is present if:
- (a) The meeting consents to that adjournment; or
  - (b) It appears to the chair that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
67. The chair must adjourn the meeting if directed to do so by the meeting.
68. When adjourning a meeting the chair must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Board. In either case, the meeting shall reconvene within 30 days of the adjournment.
69. If the meeting is adjourned for 14 calendar days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
70. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.
71. If the meeting is a special Members' meeting convened on the requisition of the Members and it fails to obtain a quorum, it shall be dissolved.
72. The Board may make standing orders for the conduct of Members' meetings and such Regulations, subject to any resolution passed at an ordinary Members' meeting, shall be binding on all Members.

#### **COMPOSITION OF THE BOARD**

73. The Board shall comprise 16 Directors, reducing to 12 Directors by 2027 (in accordance with the note below). Directors will be elected by members on the basis of there being a single, Society-wide constituency in accordance with election procedures approved from time to time by the Board.



Note: The Board will reduce in number by 1 Director at each annual Members' meeting from 2025, to become a Board of 12 Directors from 2027. The Board may reduce the number of Directors sooner if casual vacancies arise during the period.

74. [This Model Rule omitted - Local Area Committees]
75. Not more than two of the places on the Board shall be held by members of the Society who are employees of the Society; or who have, within the two years prior to the date of nomination, left the Society's employment.
76. None of the Officers nor the Secretary, nor their spouse, partner or any close family member, shall be eligible to stand for nomination as a Director whilst an employee, or who have, within the two years prior to the date of nomination, left the Society's employment.
77. The Board may co-opt up to two independent external Directors to the Board in addition to the number of Directors specified in these rules. To be eligible to serve as a co-opted Director an individual must be a Member of the Society. A co-opted Director shall serve for a fixed period determined by the Board at the time of co-option, subject to a review at least every twelve months; may be removed from office at any time by a resolution passed by a majority of the members of the Board; and shall be remunerated in an amount (to be disclosed in the published accounts) from time to time fixed by the Board.
78. Elected Directors shall normally serve for a period of four years and approximately one quarter of the Board shall complete their term of office each year on the basis of an order of retirement established by the Board.
79. Directors shall cease to hold office at the AMM at which they complete 12 consecutive years' service on the Board and shall not be eligible for re-election before the following AMM. Service prior to 15<sup>th</sup> May 2006 shall not be taken into account in calculating consecutive years' service.
80. Subject to Rule 73, where a vacancy arises on the Board of Directors otherwise than on the completion of a term of office, at the discretion of the Board it may be filled. If the Board agree to fill the vacancy it may do so either by an election or by appointment of the highest polling eligible candidate at the most recent election, who is willing to serve. Any person elected to fill any casual vacancy shall complete their term of office when the Director through whose vacation of office the vacancy occurred would have completed their term of office.
81. The Board will prepare, approve and enforce a code of conduct for Directors. The code of conduct for Directors will include commitments to training and on-going professional development where needed, in order that the Board is competent to fulfil its role. All Directors will be required to sign an acceptance of the code of conduct for Directors.
82. [This Model Rule omitted - Local Area Committees]
83. Should any Director be absent for more than five Board meetings in any one financial year of the Society (except at the discretion of the Board in case of illness or in circumstances beyond the Director's control) they shall cease to be a member of the Board of Directors, and shall not be eligible for re-election for a period of two years.
84. (a) If the President receives a written complaint identifying the complainant and

alleging conduct by a Director that in the President's reasonable opinion is detrimental to the interests of the Society, and suggests that there is prima facie evidence of misconduct, s/he, in consultation with the Secretary:

- (i) must initiate the complaints procedure approved by the Board, which procedure shall meet the requirements of natural justice; and
- (ii) may suspend the Director concerned where the matter complained of is so serious that, if proven, would justify removal from office by Members in special meeting.

(b) A Director who is suspended shall not be entitled to exercise any of the functions of a Director and shall not be entitled to attend meetings or receive Board or committee papers. Director fees and remuneration shall continue to be paid during the period of suspension but shall cease immediately in the event of a decision by Members in general meeting to remove the Director from office.

85. Conduct detrimental to the interests of the Society includes, without limitation:

- (a) Any breach of a Director's obligations as set out in the Directors' Code of Conduct; and
- (b) any offence which has brought or is likely to bring the Society into disrepute;

86. Where the President is absent or unable or unwilling to act in relation to the complaint or the complaint is about the President then the Vice-President may exercise the power to suspend the President or a Director in the same circumstances as the President.

87. If the decision is to propose the removal of the Director whose conduct is complained of from his/her office then the Secretary will call a meeting of the Members under the rules to consider the proposed removal.

88. The Members may remove a Director from office by a resolution passed by two-thirds of the votes cast at a special Members' meeting.

#### **CHAIRING BOARD MEETINGS**

89. The Directors shall annually elect one of their number to be President of the Society and chair of the Board, and one to be Vice-President.

90. The following provisions shall apply to the offices of President and Vice-President:

- (a) No Director shall hold the office of President or Vice-President for a longer period than four consecutive years (per office);
- (b) Neither President nor Vice-President shall:
  - i) have served as a Director of the Society for less than one year;
  - ii) be an independent external Director;
  - iii) be an employee of the Society or a former employee who has left the Society's employment within three years of the date on which they are appointed as President or Vice-President;

#### **ELIGIBILITY TO BE A DIRECTOR**

91. A person shall only be eligible to be nominated for election as a Director if they fulfil the following criteria, (and if already elected shall immediately cease to be a Director if they cease to be eligible):
- (a) They are a Member of the Society and have been a Member for at least the two previous years and are mainly resident within the Society's trading area (this provision may not apply to any professional external Directors);
  - (b) they have made purchases for goods and services (or goods or services) from the Society or from any other society which shall at any time have transferred its engagements to the Society, amounting to £500 per annum during each of the previous two consecutive accounting years of the Society. Such purchases shall be verified by the production of evidence in the form of proof of purchases.
  - (c) They have not served for 12 consecutive years without a break in service of at least one electoral year (AMM to following AMM). Service prior to 15th May 2006 shall not be taken into account in calculating consecutive years' service.
  - (d) They have not been dismissed (save for redundancy) from the employment of the Society or resigned with a disciplinary hearing pending.
  - (e) Neither they nor their spouse or Partner is engaged in a managerial capacity in the carrying on of any business trade or undertaking which in the opinion of the Board competes in any material way with any business trade or undertaking carried on by the Society;
  - (f) Neither they nor their spouse or Partner has any interest in any business which is trading with the Society, other than holding less than 1% of the issued shares of a company whose shares are listed on a Stock Exchange, or as a non-managerial member or Employee of any society or company which is trading with the Society;
  - (g) They have not previously been removed from office as a Director under these Rules;
  - (h) A bankruptcy order has not been made against them;
  - (i) They have not ceased to be a Director by virtue of any provision in the Companies Acts or become prohibited by law from being a Director;
  - 0) They are not disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);
  - (k) They are deemed physically or mentally capable of acting as a Director.

## **BOARD MEETINGS**

92. The Secretary shall, on the requisition of the President or three Directors, call a Board meeting by giving at least seven Clear Days' notice of the meeting to all Directors. Notice of any Board meeting must indicate the date, time, and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with one another.
93. At least fifty percent of the total number of seats on the Board, at the time of the meeting, shall form a quorum.
94. Any Officer shall attend any Board meeting, at the request of the President (on behalf of the Board) and/or Chief Executive Officer.
95. The Board may agree that Directors can participate in its meetings by Electronic Means. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
96. Meetings of the Board shall be chaired by the President, or in their absence the Vice-President, or in their absence another Director.
97. Unless, otherwise required by these Rules, questions arising at any Board meeting shall be decided by a majority of votes and in the case of an equality of votes the chair of the meeting shall have a second or casting vote.
98. The notice of any Board meeting shall state the business of the meeting and the Secretary shall communicate such notice to all Directors as soon as possible prior to the meeting.

## **DISCLOSURE OF INTEREST**

99. Any Director who has a personal, material or financial interest in a matter as defined below shall declare such interest to the Board and:
  - (a) may not be present in any discussion of the matter unless a majority of the Board agrees to their presence, but
  - (b) shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
100. Details of any such interest shall be recorded by the Secretary in the register of the interests of Directors.
101. Any Director who fails to disclose any interest, and the failure is deemed a serious breach of the Code of Conduct for Directors by a majority of the remaining Board members, may be liable to the provisions of rules 84-87 above.
102. A material interest in a matter is any interest in any transaction or act or proposed transaction or act of the Society and any office or position (save for the exceptions referred to below) held by a Director or their spouse or Partner in any company or business which is involved in a transaction or proposed transaction with the Society. The exceptions which shall not be treated as material interests are as follows:

- (a) An employment contract with the Society;
- (b) Shares not exceeding 1% of the total shares in issue held in any company whose shares are listed on a Stock Exchange.

(See also minute 160 and 161 below concerning declarations by Officers and Secretary)

#### **COMMITTEES**

- 103. The Board may delegate any of its powers to committees consisting of such Directors as it thinks fit who shall, in the functions entrusted to them, follow the instructions given to them by the Board.
- 104. The Board shall establish:
  - (a) An audit committee. Neither the President nor any Director who is an employee or a former employee who has left the Society's employment within three years shall be a member of the audit committee;
  - (b) A remuneration committee; and
  - (c) A membership and community committee to implement the Society's Community Policy as approved from time to time by the Board.
- 105. A Committee may not be chaired by the same Director for a period longer than four consecutive years.
- 106. At no time shall any committee be comprised of less than three members or exceed 50% of the total number of Directors.

#### **REMUNERATION AND PROTECTION OF DIRECTORS**

- 107. The members of the Society shall from time to time fix the remuneration package of the Directors and elected members serving on Committees, on recommendation from the Board and Remuneration Committee.
- 108. Anything done in good faith by any Board meeting or by the Officers or Secretary shall be valid, notwithstanding that it is afterwards discovered that there was any defect in the appointment of any of them, or that any one or more of them were disqualified, and shall be as valid as if every Director, the Officers and the Secretary had been duly appointed and was duly qualified to serve.
- 109. Separate from any other indemnity to which they may be entitled, and subject to the remainder of this rule, every Director and the Officers and the Secretary shall be indemnified out of the funds and assets of the Society against: all actions, claims, costs, demands and expenses and any personal liability whatsoever, whether civil or criminal, arising out of or in connection with the exercise or purported exercise of their duties on behalf of the Society.
- 110. This indemnity excludes liability for offences incurred under Section 128 of the Act, and liability for wilful default, fraud or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Registrar.
- 111. The Society is authorised to purchase and maintain insurance for the purpose of:



- (a) Indemnifying the Directors, Officers and the Secretary of the Society against any liability which they or any of them might incur, in respect of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Society; and
- (b) Indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to its Directors, Officers and the Secretary under this rule.

112-116 [These Model Rules omitted - Local Area Committees)

#### **MEMBER COMMITTEE**

117 - 118 [These Model Rules omitted]

#### **CO-OPERATIVE APPOINTMENTS**

- 119. The Board may appoint representatives of, or nominate candidates from, the Society to serve on the governing bodies of organisations of which the Society is a member or in which the Society has invested part of its capital or where it has been invited so to do by the organisation, including but without limitation the Co-operative Group Ltd, Co-operatives UK, the Co-operative Loan Fund and Co-op Juniors Theatrical Productions Ltd or any body that succeeds to each organisation's function.
- 120. The Board shall determine which delegates shall attend on the Society's behalf general and other meetings and events of such organisations and those of other organisations to which the Society is invited.

120 - 121. [Model Rule 120 and 121 'Co-operative Party' not used].

#### **REGISTER OF MEMBERS**

- 122. The Society shall keep at its registered office a register of Members in which the Secretary shall enter the following information:
  - (a) The names and addresses of the Members\*;
  - (b) A statement of the number of shares held by each Member, the amount paid, or agreed to be considered as paid, on the shares of each Member;
  - (c) A statement of other property held in the Society, whether in loans, deposits, or otherwise held by each Member;
  - (d) The date at which each Person was entered in the register as a Member, and the date at which each Person ceased to be a Member\*.

#### **REGISTER OF DIRECTORS, OFFICERS AND SECRETARY**

- 123. The Society shall keep at its registered office, a register of Directors, Officers and Secretaries in which the Secretary shall enter the following information:
  - (a) the names and addresses of the Directors, Officers and the Secretary, with the offices held by them, and the dates on which they assumed office.\*
- 124. These registers shall be kept in such a way that they are open for inspection as required by section 103 of the Act disclosing only the information in those sub-rules above marked by an asterisk (\*).



### **RIGHT OF INSPECTION**

125. Any Member or Person having an interest in the funds of the Society may inspect their own account and the books containing the names of Members, including the information referred to above in the register of Members, at all reasonable hours at the registered office or at any place where they are kept. This right of inspection is subject to any Regulations about the time and manner of inspection which may be agreed by the Members of the Society in an ordinary Members' meeting.

### **UPDATING THE REGISTER OF MEMBERS**

126. The Secretary may remove Members from the register of Members, in the following circumstances:

#### **Lost Contact or Cessation of Member Trading with the Society**

127. Where the Society has evidence that a member no longer lives at the address shown in its register of members ("registered address"), or that a member has not purchased goods or services from the Society for at least two consecutive accounting years of the Society, then subject to carrying out the following procedures, the Secretary may remove the name of such member from the register of members, and the Society may then cancel their shares and forfeit to the Society the amount standing to the credit of such member in the share ledgers of the Society, together with any sum of money representing interest or dividend credited to the member in the books of the Society in respect of their shares (together referred to as "credit accounts").
128. The procedures are as follows.
- (a) The Secretary shall take reasonable steps to establish whether there is a valid contact/forwarding address, and if there is one, to contact the member at the contact/forwarding address with the information set out below.
  - (b) The Secretary shall cause advertisements to be posted conspicuously in all places of business of the Society to which members have access, giving the following information
    - (i) advising that the Society intends, after a notice period of not less than two calendar months, to revise its register of members to remove those members no longer living at their registered address or who are no longer trading with the Society;
    - (ii) advising that any credit accounts of such members can be claimed within two years;
    - (iii) providing postal, telephone and web-site contact details for any person wishing to update their registered address, give notice of their wish to continue in membership of the Society or to withdraw from membership of the Society and claim the funds contained in any credit account.
  - (c) At the end of the notice period, the Secretary shall cause the register of members to be revised by removing those members no longer living at their registered address or who are no longer trading with the Society, cancelling their shares and transferring any credit accounts of any such members to a suspense account within the books of the Society.

- (d) At the end of a period of two years commencing with the date upon which any credit accounts have been transferred to a suspense account, any such credit accounts that remain unclaimed shall be forfeited to the Society.
- (e) No credit account shall be capable of forfeiture under this clause of this rule until:
  - (i) for those accounts containing more than £10,000, the twentieth anniversary of its transfer to the suspense account;
  - (ii) for those accounts containing more than £1,000 but not more than £10,000, the tenth anniversary of its transfer to the suspense account; and
  - (iii) for those accounts containing £1,000 or less, the second anniversary of its transfer to the suspense account.

Prior to forfeiture, the Board shall inform Members in general meeting of the proposed forfeiture and the proposed use of the forfeit sums which may include, without limitation, transfer to such Co-operative Foundation as may be established by the Society on the approval of Members in general meeting, such Foundation to apply the funds in accordance with Co-operative Values and Principles.

#### **Insufficient Share Account Balance**

- 129. If a Member is found to have not maintained a balance in their share account of at least £1 the Board may remove the Member from membership according to the following procedure.
- 130. The procedure is as follows.
  - (a) The Society shall give not less than two calendar months' notice to the Member stating that it is proposed to cancel their share and specifying the sums to be forfeited to the Society.
  - (b) The notice shall state that, unless the Member within the period of notice increases the balance in their share account to £1, the Society shall cancel and forfeit their share.
  - (c) The notice may be sent to the Member by pre-paid ordinary letter posted to their registered or last known Address and shall include a statement to the effect that if the Member objects to the cancellation and forfeiture of their share and wishes to remain a Member of the Society, they should within two calendar months increase the balance on their account to £1.
- 131. Once a Member is removed from membership under the preceding rule, the Society shall cancel the Member's shares and any credit, interest or dividend payments included in the books of the Society in respect of the Member's shares shall be forfeited to the Society.

#### **AUDIT**

- 132. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act, to audit the Society's accounts and balance sheet for the year.

133. None of the following persons shall be appointed as auditor of the Society:
- (a) A Director, any of the Officers or Employee of the Society;
  - (b) A person who is a Partner of, or in the employment of, or who employs a Director, any of the Officers or Employee of the Society.
134. At least every five years, the Society shall offer the opportunity of appointment as auditor to other qualified persons and no audit firm so appointed shall designate a partner to supervise the audit for more than five consecutive years.
135. Except as provided below, every appointment of an auditor shall be made by resolution at an ordinary Members' meeting.
136. The Board may appoint an auditor to fill any casual vacancy occurring between ordinary and/or special Members' meetings.
137. An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account shall be reappointed as auditor of the Society for the current year of account (whether or not any resolution expressly reappointing them has been passed) unless:
- (a) A resolution has been passed at an ordinary Members' meeting of the Society appointing a person to replace them or providing expressly that they shall not be reappointed, or
  - (b) They have given to the Society notice in Writing of their unwillingness to be reappointed, or
  - (c) They are not a qualified auditor or are a person prohibited from appointment under these Rules, or
  - (d) They have ceased to act as auditor of the Society by reason of incapacity.
138. A retiring auditor shall not be automatically reappointed by default if notice of an intended resolution to appoint another person in their place has been given in accordance with these Rules and the resolution cannot proceed because of (i) the death or incapacity of that other person or (ii) because that other person is not a qualified auditor or (iii) is a person prohibited from appointment by these Rules.
139. A resolution at an ordinary Members' meeting of the Society:
- (a) Appointing another person as auditor in place of a retiring auditor; or
  - (b) Providing expressly that a retiring auditor shall not be reappointed,

shall not be effective unless notice of the intention to move it has been given to the Society not less than 28 Clear Days before the meeting at which it is to be moved. The Society, on receipt of notice of the proposed resolution, shall immediately send a copy of the notice to the retiring auditor. If it is practicable to do so, the Society shall give notice to its Members of the proposed resolution of the meeting at which the resolution is to be moved at the same time and in the same way as it gives notice in accordance with these Rules. Where the retiring auditor makes any representations in Writing to the Society with respect to the proposed resolution or notifies the Society in Writing that they intend to make such representations, the Society shall

notify the Members accordingly as required by section 95(3) of the Act or via the Society's website in accordance with section 96 of the Act.

140. The auditor shall, in accordance with section 87 of the Act, make a report on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which s/he or it is appointed.
141. The Board shall cause the accounts of the Society to be submitted at least once in every year to the auditor for audit.
142. For the purposes of any audit, the auditor shall be given access to and be entitled to call for and examine all books, deeds, Documents, and accounts of the Society. They shall be entitled to require from the Board such information and explanations as they think necessary for the performance of their duties. The auditor shall be entitled to attend any special and/or ordinary Members' meeting of the Society, to receive all notices of and other communications relating to any special and/or ordinary Members' meeting, which any Member of the Society is also entitled to receive, and to be heard at any meeting which they attend, or any part of the business of the meeting which concerns them as auditor.

#### **ACCOUNTS**

143. The Board shall cause proper books of account to be kept with respect to its transactions and its assets and liabilities, and it shall establish and maintain a satisfactory system of control of its books of account, its cash holdings and all of its receipts and remittances in accordance with the Act.
144. The Board shall in respect of each year of account;
  - (a) Prepare a revenue account or revenue accounts which separately or together deal with the affairs of the Society as a whole for that financial year and which give a true and fair view of the income and expenditure of the Society for that financial year; and
  - (b) Prepare a balance sheet giving a true and fair view of the state of the affairs of the Society.
145. In addition, the Board shall have power to prepare a revenue account or revenue accounts for less than one year of account and a balance sheet at the end of the period covered by such revenue account or revenue accounts.
146. Every balance sheet presented to an ordinary Members' meeting shall be accompanied by a report of the Board on the state of the Society's affairs, signed by the chair of the Board meeting at which the report was adopted.
147. In the preparation of accounts, the Board shall ensure that the Society adopts and conforms strictly to the accounting standards recommended from time to time by the Co-operative Performance Committee of Co-operatives UK Limited (or any successor committee or body in name and title). If the Society does not observe the recommended standards, then this fact shall be reported clearly to the Members in the Society's annual report.
148. At the Board's discretion, the Society may publish half-yearly financial statements of trading activities, a summary revenue account and balance sheet information; provided that such information is clearly identified as unaudited and is published alongside the Society's most recent accounts.

149. The Secretary shall send to the Registrar, the annual return, including a copy of each revenue account and balance sheet covering the period of the annual return and a copy of the auditor's report.
150. The Society must, at all times, display a copy of its latest balance sheet in a conspicuous position at its registered office.

## **ADMINISTRATIVE PROVISIONS**

### **REGISTERED OFFICE**

151. The Society's registered office is

**Wherstead Park, The Street, Wherstead, Ipswich, Suffolk, IP9 2BJ**

or at such other place as the Board decides.

### **NAME**

152. The name of the Society shall be clearly displayed in a conspicuous position and in legible characters:
- (a) On the outside of its registered office and every other office or place of business; and
  - (b) In all of its notices, advertisements and other official publications, business correspondence, bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods, purporting to be signed by or on behalf of the Society, in all its other business documentation, and on all its websites.

153. [This model rule is relocated to rule 39 above - functions of the Secretary]

154. [This Model rule omitted - Local Area Committees]

### **ANNUAL RETURN**

155. Each year, the Society shall, send to the Registrar:
- (a) A general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return;
  - (b) A copy of the auditor's report on the Society's financial statements for the period included in the return; and
  - (c) A copy of each revenue account and balance sheet made during that period and of any auditor's report on that balance sheet.

### **COPY OF RULES AND ANNUAL RETURN**

156. The Secretary is to deliver:
- (a) A copy of these rules to any person who asks for them, on payment of an amount fixed by the Board subject to the statutory maximum;

- (b) A copy of the most recent annual return of the Society to any Member or Person interested in the Society's funds free of charge, on request. When doing so, the Secretary shall also supply a copy of the auditor's report on the accounts and balance sheet contained in the annual return.

### **SERVICE OF NOTICES**

- 157. Notice of meetings, other than for Member meetings (which is covered by rule 52 above), shall either be given to Members personally or sent to them at their Address as recorded in the Register of Members. Alternatively, and if agreed by the Society at an ordinary Members' meeting, notices may be displayed conspicuously at the registered office and in other places of business of the Society to which Members have access. A notice sent to a Member's Address shall be deemed to have duly served 72 hours after it is sent. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **SEAL**

- 158. If the Society has a seal, it shall be kept in custody of the Secretary and shall only be used under the authority of the Board. Every instrument to which the seal shall be attached shall be signed by two Directors or one Director and the Secretary or, in the absence of the Secretary, by any of the Officers or by such other person or persons as the Board may from time to time appoint for that purpose.

### **DISPUTES**

- 159. Every unresolved dispute which arises out of these Rules between the Society and:

- (a) A Member; or
- (b) Any Person aggrieved who has ceased to be a Member within the six months prior to the date on which the Society became aware of the dispute; or
- (c) Any Person claiming through such Member or person aggrieved; or
- (d) Any Person bringing a claim under the Rules of the Society; or
- (e) An office-holder of the Society

is to be submitted to an arbitrator agreed by the parties or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK Limited or its successor in name and title. The arbitrator's decision will be binding and conclusive on all parties.

Any Person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £100) to be determined by the Board. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

### **DISCLOSURE OF INTERESTS (Officers and Secretary)**

- 160. Any of the Officers or the Secretary who has a material interest in a matter as defined in rule 102 above shall declare such interest to the Board of Directors and:



- (a) may not be present in any discussion of the matter unless otherwise agreed by the Board, and
  - (b) shall play no part in the decision-making in relation to the matter.
161. Details of any such interest shall be recorded by the Secretary in the register of the interests of the Officers and the Secretary which shall be available for inspection by any Director on request to the Secretary.

#### **INTEREST ON SHARE CAPITAL**

162. [Model Rule 160 - This rule not used].

#### **APPLICATION OF PROFITS**

163. [Model Rule 161] The net profits of all business carried on by or on account of the Society may be used as follows:

#### **MEMBERS**

##### **Paying up Partly Paid Shares**

164. To pay up in full any partly paid shares held by members in accordance as the Board of Directors may determine.

##### **Dividend on purchases**

165. [Model Rule 162] To pay a dividend to Members of the Society, in respect of the value of the purchases made by them from the Society and, to any other Person as decided by an ordinary Members' meeting. Provided that:
- (i) The Board may determine that no dividend, or that reduced rates of dividend shall be paid in respect of such purchases, and such power of determination shall extend to the specification of goods or services and/or to the places or areas in which goods are sold or services provided by the Society;
  - (ii) No dividend shall exceed the amount recommended by the Board;
  - (iii) The Board may, at its discretion, pay such interim dividend that it deems to be justified by the profits of the Society. Purchases on which an interim dividend has been paid shall not rank for dividend in the final distribution of profits in any one financial year;
  - (iv) Any amount payable in respect of a dividend may be paid in the form of cash or vouchers as determined by the Board. If paid in vouchers, they shall be redeemable against the purchase of goods or services from the Society or payable into Member share accounts. The Board shall determine the deadline by which vouchers may be redeemed, after which date they may, subject to production of the lapsed vouchers and on a written request from the Member setting out reasons for the missed deadline, be paid into a Members' share account.

##### **Member activities**

166. [Model Rule 163] To set aside such amount if any as the Board of Directors may determine, for the purpose of community investment (including education);

[Model Rule 164 not used - Employee Share Schemes]

**Employees**

167. To pay the cost of any employee profit-related bonus scheme as may be approved by the Board;

**Community**

168. [Model Rule 165 amended to read:] To create a reserve not exceeding 0.5% of distributable profits for use during the next financial year for making such payments for charitable purposes or for the benefit of the community (including national and international disaster relief) as the Board shall determine. Such reserve would be separate from any sums paid under provision 166 above;

**Other distributions [Model Rules 166-169]**

169. To make payments to/for:
- (a) While the Society continues to be a member of the Co-operative Party, such subscriptions to the funds of the Party as the rules and orders of the Party may from time to time determine and an ordinary Members' meeting of the Society may resolve to pay;
  - (b) Making payments for any lawful purpose whatsoever whether within the functions for which the Society is formed, or not, as Members in general meeting may determine, provided that no distribution of the profits shall be made to Members except as is expressly provided for in this rule.
  - (c) To be retained as reserves, as the Board of Directors may determine, any of the profits not applied in one of the methods set out above.

**AMENDMENT OF RULES**

170. Any of these Rules may be amended or rescinded, or any new rule may be made, by a resolution passed at a special Members' meeting by two-thirds of the votes cast.
171. No amendment of these Rules is valid until registered with the Registrar. When submitting rule amendments for registration the Secretary may, at their sole discretion accept any alterations required or suggested by the Registrar, without reference back to a further special Members' meeting.
172. [This model rule not required - covered by legislation]

**AMALGAMATION, TRANSFER OF ENGAGEMENTS, AND CONVERSION**

173. The Society may, by special resolution passed in the way required by s111 of the Act, amalgamate with, or transfer its engagements to another registered society, or by a special resolution passed in a way required by s113 of the Act amalgamate with, convert or transfer its engagements to a company. In relation to calling a special Members' meeting for the purpose of such resolution, the following provisions shall apply.
- (a) The Society shall give to members not less than two months' clear notice of the special Members' meeting specifying the intention to propose the resolution to amalgamate with, or transfer its engagements to another registered society or convert to a company.
  - (b) Notices of the meetings shall be given to Members as provided for in these Rules.

- (c) In addition, the notice shall be accompanied by a separate statement setting out for members:
  - (i) the reasons for the proposal;
  - (ii) whether the proposal has the support of the Board of the Society;
  - (iii) what alternative proposals have been considered, and whether they are viable;
  - (iv) details of the number of shares in the Society held by members of the Board, the Officers and Secretary, and Persons connected with them;
  - (v) a recommendation by reputable independent financial advisors that the members should support the proposal rather than any alternative proposal.
- (d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where members can obtain a copy of the Document.
- (e) The Society may also accept a transfer of engagements and assets by resolution of a meeting of members.
- (f) No Director, or person holding any elected position within the Society shall be permitted to receive from the Society or any other person or organisation any payment by way of compensation for loss of office or otherwise, however described, in connection with any amalgamation, transfer of engagements or other reorganisation or restructuring of the Society's business.
- (g) Neither shall any payment for loss of office as described above be made to any Director or person holding any elected position within any other Society that is transferring its engagements to this Society.

#### **DISSOLUTION**

174. The Society may be dissolved:

- (a) by an instrument of dissolution signed by not less than three-fourths of the members for the time being, in accordance with section 119 of the Act; or
- (b) in accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the Insolvency Act 1986; or
- (c) in accordance with section 125 of the Act, after administration and the administrator issues a notice to dissolve the Society without prior winding-up.

#### **LIABILITY OF MEMBERS**

175. The liability of a Member is limited to the amount of their shareholding.

#### **SURPLUS ASSETS**

176. If, on the solvent dissolution or winding-up of the Society there remain, after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital, any assets whatsoever, such assets shall not be paid to or distributed among the members of the Society but shall be:

- (a) transferred to one or more other co-operative or mutual organisations in membership of Co-operatives UK Limited having the same or similar rule provisions as regards surplus distribution as this rule, as may be determined by the members at an ordinary or Special Members Meeting; or
- (b) transferred to such charity or foundation established by the Society for purposes consistent with co-operative values and principles; or
- (c) transferred to such charity or charities as the members at an ordinary or special general meeting shall determine, established and maintained for the benefit of the community in the trading area of the Society at the time of any such dissolution or winding up;

177. This rule and the rule titled 'Surplus Assets' may not be changed, except by a resolution of the members, passed and confirmed in accordance with the same procedure as set out in the requirements for the passing of special resolution under section 113 of the Act.

Signatures of Members

Full Names in BLOCK CAPITALS (no initials)

1.  .....


JOY BURNFORD

2.  .....

MANDY ERRINGTON

3.  .....

ESME COLE

4. Secretary:  .....

JONATHAN CAREY