

rule book

(Based on Co-operatives^{UK} 12th Edition Model Rules)

Approved by the Membership
on 06/10/09 and registered
with the Financial Services
Authority on 22/10/09

Anglia Regional
Co-operative Society Ltd,
Registered Office: Park Road,
Peterborough PE1 2TA

Anglia Co-operative

together we make the difference

www.angliacooperative.co.uk

CHAPTER 1 – What your Society is established for**1 Name**

1.1 The name of the Society is Anglia Regional Co-operative Society Limited and it is called “the Society” in these rules.

2 Purpose

2.1 The purpose of the Society is to carry out its objectives and functions as a co-operative.

3 Values and Principles

3.1 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 and people dealing with the Society, treating them fairly and not discriminating on any grounds;
- (c) conducting its business in an open and honest way.

3.2 The net profits of the Society’s business shall be used in accordance with the Co-operative Principles.

3.3 The Society shall be a member of Co-operatives^{UK} Limited, subject to the approval of the Directors.

4 Objects

4.1 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 engaging in, credit sale, rental and other financial services or credit transactions; and
- (b) to engage, as principals or agents, in any other business, trade, industry or activity which seems to the Society directly or indirectly conducive to carrying out the functions above.

CHAPTER 2 – Membership**5 Members**

5.1 The Society consists of its members and the members are the people and corporate bodies whose names are entered in the register of members.

5.2 Membership is open to any person who is 16 years old or older, and any corporate body who completes the membership application form specified by the Board (which shall include an application for the minimum number of shares), and whose application is accepted by the Board.

5.3 Any member changing their address shall give notice to the Secretary, and the necessary alterations shall be made in the register of members.

5.4 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 Principles. The Board may delegate responsibility for deciding membership applications to the Secretary. Any such decision shall be made in accordance with the Society’s membership policy.

5.5 If any application for membership is objected to by a majority of the directors, such person shall not be admitted a member of the society and a notice to this effect, signed by the secretary, shall be sent to the applicant, at the address mentioned on the form of application, within one week after such refusal is made, and the sum paid on application for admission shall be refunded.

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- 5.6 Joint membership shall not be allowed unless the persons admitted to membership as joint members are the trustees of an unincorporated body. Where a share or shares are so held by two or more individuals jointly any one of the joint holders of the share or shares may give a valid receipt for any interest or dividend payable thereon, but all the joint holders of the share or shares must join in withdrawal and giving a receipt for any principal. All notices relating to joint membership shall be given to such one of the joint holders as they jointly direct or, in default of any direction, to the one whose name stands first in the register of members.

6 Termination of Membership

- 6.1 A member shall cease to be a member if:

- (a) they withdraw from membership by giving at least one month's written notice to the Secretary, and withdraw their shares under these rules; or
- (b) they are expelled or cease to be entitled to be a member of the Society under these rules;
- (c) they are removed from the register of members by the Secretary in accordance with the Maintenance of Register provisions in these rules;
- (d) they die, if an individual person or cease to exist if a corporate body.

- 6.2 A member may be expelled by a resolution of the Board approved by not less than two-thirds of those attending and voting at a 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 either:
 - (i) dismiss the complaint and take no further action; or
 - (ii) for a period not exceeding twelve months suspend the rights of the member complained of to attend members meetings and vote under these rules; or
 - (iii) arrange for a resolution to expel the member complained of to be considered at a future meeting of the Board.
- (c) If a resolution to expel a member is to be considered at a meeting of the Board, 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 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 them.
- (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 the share ledgers 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 carried by the votes of two-thirds of the votes cast at a members meeting.

7 Shares

- 7.1 The shares of the Society shall be of the nominal value of £1. Shares can be withdrawn, but cannot be transferred except where permitted by these rules.

- 7.2 Every member shall hold at least one fully paid up share, and all shares shall be paid for in full on application.
- 7.3 The Society shall allot
- (a) 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;
 - (b) to the trustee of any Employee Share Scheme the shares which the Board decides in its absolute discretion, and any shares issued in this way shall, subject to the rules of the Employee Share Scheme, be transferable only by the trustee to employees or former employees who are already individual members or are then admitted as individual members, by a transfer document in a form approved by the Board;
- but nobody shall be allotted shares which will cause them to hold more than the maximum number of shares permitted by the Industrial and Provident Societies Acts.
- 7.4 A notice required by these rules to be given in relation to any share or shares which are held jointly must be given to whichever joint member the joint members specify in writing, and if they do not specify, to the joint member whose name appears first in the register of members. An application for the withdrawal of any shares or part of a share held jointly must be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid.
- 7.5 On the death of a joint holder of any share, it shall be transferred into the name of the survivor or survivors on their application.
- 7.6 The Board may apply money for which they cannot find profitable investment in repaying to members the amounts paid up on their shares, subject to the following.
- (a) The Board may only do this if a Members Meeting has approved it.
 - (b) Repayment shall be made by paying back to the member (or members) who holds (or hold) the largest number of shares the amount by which their shareholding is greater than the next largest shareholding.
 - (c) No repayment shall be made which causes the number of shares held by any member to fall below the minimum number of share required by these rules to be held as a condition of membership.
 - (d) Any share in respect of which the amount paid up or credited has been repaid shall be cancelled.
- 7.7 Where repayment is to be made in accordance with the preceding rule, notice thereof shall be given to the member stating the date on which repayment is to be made and no interest shall be payable on any amount so to be repaid after the date for repayment stated in the notice.
- 7.8 Interest shall not be calculated on or for any fraction of £1, nor part of a calendar month.
- 7.9 Subject to the provisions of this rule below and the minimum shareholding requirements under these rules, shares may be withdrawn by members upon 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 they consider fit;
 - (c) unless the Board agrees, not more than one-tenth of the paid up share capital at 1st January in each year (including all sums under notice of withdrawal at that date) shall be withdrawable during that calendar year;
 - (d) 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 on 1st January of that year, unless the member withdraws from membership of the Society;
 - (e) the right to withdraw may by resolution of the Board be suspended 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 resolution suspending the right to withdraw is passed

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by the Board. Where the suspension is for a fixed period such period may be extended from time to time by a resolution of the Board;

- (f) during any period when the right of withdrawal has been suspended, the shares of a deceased member may, if the board so determines, be withdrawn by their legal personal representative upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction 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.

7.10 Subject always to the provisions of the Industrial and Provident Societies Act 1965 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 legal 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 legal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
- (d) Subject to the provisions in the last sentence of this paragraph, where in the case of a member or person claiming through such a member, the board of the society is satisfied after considering medical evidence that such member or person is incapable through disorder or disability of mind of managing their own affairs and are also satisfied that no person has been duly appointed to administer their property on their behalf and it is proved to the satisfaction of the board that it is just and expedient so to do, the society may pay the amount of any shares, loans and deposits belonging to such member or person to any person whom they shall judge proper to receive it on their behalf, whose receipt shall be a good discharge to the society for any sum so paid. The foregoing shall not apply when such member or person is a patient within the meaning of Part VII of the Mental Health Act, 1983, or is a person as to whom powers are exercisable and have been exercised under Section 98 of that Act.

CHAPTER 3 – How Your Society is Organised

8 Organisation

8.1 The Society comprises the following:

- (a) Members;
- (b) the Board of Directors;
- (c) the Management Executive, including a Chief Executive;
- (d) the Secretary

8.2 The affairs of the Society are to be conducted by all of them in order to fulfill the Society's purpose. Their respective responsibilities or functions, which are at all times to be performed in accordance with these Rules, are as follows.

Board

8.3 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 strategy and policy of the Society in consultation with the Chief Executive ;
- (c) to oversee the Chief Executive and the Management Executive in the day-to-day management of the business of the Society;

8.4 The Board has the following rights and powers:

- (a) subject to what the Industrial and Provident Societies Act 1965 to 2002 and these Rules say, the Board
 - (i) may exercise all the powers of the Society;
 - (ii) determines the composition of the Management Executive;
 - (iii) appoints, removes and fixes the remuneration and terms of employment of the Chief Executive and the Secretary;
 - (iv) approves the appointment and removal by the Chief Executive of other members of the Management Executive;
 - (v) may at any time call upon the Chief Executive, any member of the Management Executive or the Secretary to report or obtain a report in writing upon any matter in connection with or concerning the business of the Society;
 - (vi) determines from time to time those matters which require the approval of the Board;

Chief Executive and Management Executive

8.5 The Chief Executive and the members of the Management Executive are responsible for conducting the day-to-day business of the society and shall do so in accordance with these Rules.

Secretary

8.6 The functions of the Secretary shall be:

- (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 the these Rules;
- (c) publishing to members in an appropriate form information which they should have about the affairs of the Society;
- (d) acting as returning officer for elections;
- (e) preparing and sending all returns required to be made to the Financial Services Authority; and
- (f) making all necessary entries in all registers required by these rules or the Industrial and Provident Societies Act to be kept by the Society.

8.7 The office of the Secretary shall not be held by the person who for the time being holds the office of Chief Executive of the Society.

8.8 The role of members is to attend Members Meetings, to vote in elections and to take part in the affairs of the Society in the ways provided by these Rules.

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CHAPTER 4 – Members Meetings**9 Meetings**

- 9.1 Meetings of the members of the Society are either ordinary meetings or special meetings.
- 9.2 In each year the Society shall hold one ordinary meeting, called the Annual Members Meeting, which shall be held within six months of the Society year end, and such other additional ordinary meetings as the Board decides, called Interim Members Meetings. All other meetings of the members of the Society are Special Members Meetings.

Business of Members Meetings

- 9.3 An ordinary meeting may transact the following business:
- (a) consideration of the accounts, balance sheets, and the reports of the board and of the auditor and the application of the profits;
 - (b) the announcement of the election of directors, and the fixing of their remuneration;
 - (c) the appointment of the auditor;
 - (d) any motion of which at least 21 clear days' written notice has been given to the Secretary 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 their powers under these rules by the Board, the Management Executive, 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 in substantially the same terms as any motion which has been defeated at any meeting of the Society held during the preceding two years.

Any amendments to proposals appearing on the notice convening a meeting shall be submitted in writing to the registered office not less than 14 clear days before the date of the meeting.

- 9.4 A Special Members Meeting shall not transact any business not specified in the notice convening it. An ordinary meeting may be made a Special Members Meeting for any purpose of which due notice has been given, provided that such business is not brought on until the business of the ordinary meeting is concluded.

Convening Members Meetings

- 9.5 Ordinary meetings shall be convened by the Secretary on an order of the Board.
- 9.6 Ordinary meetings are to be held at the registered office and/or at such other place or places as the Board decides.
- 9.7 Special Members Meetings shall be convened by the Secretary, either on an order of the Board, or on a written requisition signed by 100 members. 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 meetings are usually held, so far as is possible. A requisition must state the objects of the meeting and be delivered at the registered office.
- 9.8 If the Secretary has failed, within 21 days of the delivery at the registered office of the written requisition, 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.

- 9.9 A meeting shall be convened by notices posted conspicuously in the registered office and in all other appropriate places of business of the Society to which the members have access and on the Society's website (if it has one), eight 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.

Attending and Voting at Members Meetings

- 9.10 Every member who has a vote under these Rules (including the deputy of a corporate body) shall be entitled to attend Members Meetings on the production of such evidence as the Board may from time to time determine.
- 9.11 A member of the Society which is a corporate body may by a resolution of its directors or committee of management appoint any person as a deputy to act on its behalf at any meeting or meetings of the Society. A copy of such a resolution, signed by the secretary and two directors or members of the committee of management of the legal body, must be delivered to the registered office of the Society at least twenty-four hours before the holding of the meeting or meetings concerned. A deputy appointed in this way shall be competent during the continuance of their appointment to act as if they were a member of the Society. The appointment of a deputy shall continue until a copy of a resolution appointing another person as deputy in their place is delivered in the same way.
- 9.12 Every member of the Society shall be entitled to cast one vote on any resolution put to the members at a Members Meeting. Members holding shares jointly shall have one vote between them which shall be exercised by the one whose name appears first in the register of members, unless the joint members together appoint in writing another joint member, and the appointment is delivered to the registered office not less than twenty-four hours before the meeting.
- 9.13 The Board may make arrangements for members to vote at meetings by post, or by using electronic communications.
- 9.14 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 the majority of members present at the meeting. The ballot shall be taken at the meeting in such manner as the chairman of the meeting directs. Subject to any special provision contained in these Rules or an Act of Parliament 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

- 9.15 The Chair of the Board, or in their absence another member of the Board, shall chair a Members Meeting. If no member of the Board is present, such member as the meeting may determine shall chair the meeting.
- 9.16 Thirty members having a vote and being present in person shall be a quorum. A Members Meeting may proceed to business if a quorum is present within half an hour after the time fixed for the meeting. Otherwise the meeting, if a Special Members Meeting convened on the requisition of the members, shall be dissolved, but if an ordinary meeting or a special meeting convened by order of the Board, shall stand adjourned to the same day in the week following, at the same time and place, and the adjourned meeting may proceed to business whatever is the number of members present. No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.
- 9.17 Any properly constituted meeting may adjourn to such place, time, and day within 30 days as the members present direct, and may continue any such adjournment from time to time. No business shall be transacted at any adjourned meeting which could not have been transacted at the meeting from which the adjournment took place; and the same notice shall be given of any meeting adjourned for more than 14 days, as is required in the case of an original meeting.
- 9.18 Standing Orders for the conduct of Members Meetings and for the closure of business may be made by the Board and subject to any resolution passed at an ordinary meeting such Standing Orders shall be binding on all members and their representatives.

CHAPTER 5 – The Board of Directors**10 Composition of the Board of Directors**

- 10.1 The Board of Directors shall comprise ten Directors, who shall be elected in accordance with election procedures approved from time to time by the Board including post or by electronic communications.
- 10.2 Not more than one third of the places on the Board shall be held by members of the Society who are employees of the Society.
- 10.3 Not more than one half of the places on the Board shall be held by members of the Society who are:
- (a) employees of the Society, or
 - (b) former employees of the Society who ceased to be an employee within three years before the date of nomination, and who have a pension with the Society; or
 - (c) spouses or partners of either of the above.
- 10.4 The Board may co-opt up to two external directors to the Board in addition to the number of Directors specified in these Rules provided that at all times the number of co-opted external directors shall be in the minority. 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. If a co-opted Director does not successfully seek election at the next Annual Meeting following co-option, he shall not be re-appointed.
- 10.5 Elected Directors shall normally serve for a period of three years.
- 10.6 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 either by an election, or by appointment of the highest polling candidate at the most recent election, who is willing to serve. In either case the person filling the vacancy shall retire at the end of the vacancy which they are filling.
- 10.7 The Board will prepare and approve a code of conduct for Directors. The code of conduct for Directors will include commitments to training 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.
- 10.8 A Director may be removed from office by a resolution approved by not less than three-quarters of the remaining Directors on the grounds that
- (a) they have refused to sign an acceptance of the code of conduct for Directors; or
 - (b) they have committed a serious breach of the code of conduct for Directors, and
- the Board considers that it is not in the best interests of the Society for them to continue as a Director. The following procedures are to be followed.
- 10.9 The Board shall consider the matter having taken such steps as it considers appropriate to ensure that any relevant Director's point of view is heard and may either:
- (a) dismiss the matter and take no further action; or
 - (b) for a period not exceeding twelve months suspend the rights of the Director complained of to attend Board meetings and vote under these rules;
 - (c) arrange for a resolution to remove from office the Director complained of, to be considered at the next Board meeting.
- 10.10 At the next meeting the Board will consider evidence in support of the complaint and such evidence as the Director complained of may wish to place before them.

- 10.11 If the Director complained of fails to attend the meeting without due cause the meeting may proceed in their absence.
- 10.12 A Director removed from office will cease to be a Director upon the declaration by the Chair of the meeting that the resolution to expel them is carried.
- 10.13 The members may remove a Director from office by a resolution passed by two-thirds of the votes cast at a Special Members' Meeting.
- 10.14 The Directors shall elect one of their number (who may not be an employee or an external independent director) to be Chair of the Board for a period of office not exceeding one year. No Director shall be Chair of the Board for a continuous period exceeding six years. The Board may elect one or more Vice-Chairs.

Eligibility to be a Director

- 10.15 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;
 - (b) they hold and have held at least £25 share capital in the Society or a society which has transferred engagements to the Society for at least one year prior to nomination. (This provision shall not apply to any external independent director)
 - (c) they have not been dismissed for misconduct from the employment of the Society or a society which has transferred its engagements to the Society;
 - (d) neither they nor their spouse or partner owns or 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 way with any business trade or undertaking carried on by the Society;
 - (e) 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 issues 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;
 - (f) they have not previously been removed from office as a director under these Rules;
 - (g) they are not bankrupt, nor subject to a disqualification order made against them under the Company Directors Disqualification Act 1986 or the Charities Act 1993.
 - (h) they have made purchases from the Society amounting to at least £200 during the last complete trading year of the Society, and shall continue to do so during their period of office. The purchases of the candidate and their partner may be taken into account in determining the total amount of purchases. In the event of any dispute, the certificate of the Society's secretary as to a candidate's purchases shall be conclusive and binding.
 - (i) they are aged 18 and over and they are less than 72 years of age on the date when nominations for election close, a director reaching the age of 72 whilst in post shall continue to serve until the end of their term of office.
 - (j) Not more than one member of a family may serve on the board of directors at the same time. Such person may serve on another committee of the society at the same time provided that no other member of their family serves on the same committee at that time. Family shall be defined as meaning wife, husband, partner, parent, son, daughter, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and step children.
- 10.16 Directors in post at the time of this amendment of rules shall continue to serve until the end of their term of office.

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Board Meetings

- 10.17 The Board shall meet and regulate its meetings as it may determine. Except in an emergency or by agreement of the Board, seven clear days' notice of the date, time and place of each meeting is to be given in writing by the Secretary to all Directors.
- 10.18 At least half of the Directors (not including any external independent Directors) will form a quorum, provided that less than half of those present are employees.
- 10.19 The Chief Executive may attend all meetings of the Board, unless their performance or terms and conditions of employment are to be discussed. The Board may invite other members of the Management Executive to attend meetings of the Board.
- 10.20 The Board may agree that Directors can participate in its meetings by telephone, computer or video link provided that all persons wishing to participate are able to do so and able to communicate with each other at all times. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
- 10.21 Meetings of the Board shall be chaired by the Chair, or in their absence a Vice-Chair, or in their absence another Director.
- 10.22 Questions arising at any meeting of the board 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.
- 10.23 A special meeting of the Board may be called by a notice in writing given to the Secretary, at least fourteen clear days before the meeting to be called, by not less than one quarter of the Directors for the time being. The notice shall state the business of the meeting and the Secretary shall communicate such notice to all Directors as soon as possible. No other business shall be transacted at the meeting than the business stated in the notice.

Disclosure of Interest

- 10.24 Any Director who has a material 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).
- 10.25 Details of any such interest shall be recorded in the register of the interests of Directors.
- 10.26 Any Director who fails to disclose any interest required to be disclosed under the preceding paragraph must permanently vacate their office if required to do so by a majority of the remaining Board.
- 10.27 A material interest in a matter is any interest (save for the exceptions referred to below) held by a Director or their spouse or partner in any firm or company or business which, in connection with the matter, is trading with the Society, or is likely to be considered as a potential trading partner 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 2% of the total shares in issue held in any company whose shares are listed on a Stock Exchange.

Committees

- 10.28 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 in all respects the instructions given to them by the Board.
- 10.29 The Board shall appoint such sub committees as are considered by the Directors to be appropriate.

Remuneration and Protection of Directors and Management Executive

- 10.30 The members of the Society shall from time to time fix the remuneration of the Directors, who shall in addition be reimbursed their reasonable travel, hotel and out of pocket expenses wholly and necessarily incurred on Society business at such rates as may be determined from time to time by the Board of Directors.
- 10.31 Anything done in good faith by any meeting of the Board or by the Chief Executive, Secretary or any member of the Management Executive 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 and the Chief Executive and the Secretary and every Member of the Management Executive had been duly appointed and was duly qualified to serve.
- 10.32 Separate from any other indemnity to which they may be entitled, and subject to what is said in the rest of this rule, every Director, the Chief Executive, the Secretary and every member of the Management Executive shall be indemnified out of the funds and assets of the Society against the following: 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.
- 10.33 This indemnity excludes liability for offences incurred under Section 62 of the Industrial and Provident Societies Act 1965, and liability for willful default, fraud or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Financial Services Authority.
- 10.34 The Society is authorized to purchase and maintain insurance for the purpose of:
- (a) indemnifying the Directors and officers (Chief Executive, Secretary and members of the Management Executive) 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 and officers under the first paragraph of this rule.
- 10.35 In this rule "partner" means in relation to another person, a member of the same household living together as a family unit.

CHAPTER 6 – Co-operative Appointments**11 Co-operative Appointments**

- 11.1 The Board shall determine the delegates to be sent on behalf of the Society to meetings of the Co-operative Group Limited and to meetings of Co-operatives^{UK} Limited and Congress.
- 11.2 The Board shall establish Society Party Councils to achieve the objects of the Co-operative Party as applicable within the trading area of the Society. The constitution of the Society Party Councils shall be determined by agreement between the Society and the Co-operative Party members in the regions concerned and shall be registered with the National Executive Committee of the Co-operative Party.
- 11.3 A report on the work and activities of any Society Party Councils shall be submitted to every half year and the Annual Members Meeting.

CHAPTER 7 – Register of Members**12 Register of Members**

- 12.1 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, of the amount paid, or agreed to be considered as paid, on the shares of each member;

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- (c) a statement of other property 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 any person ceased to be a member;*
 - (e) the names and addresses of the Directors, Chief Executive, members of the Management Executive, and the Secretary, with the offices held by them respectively, and the dates on which they assumed office.*
- 12.2 The register shall be kept in such a way that it is open for inspection as required by the Industrial and Provident Societies Act 1965 disclosing only the information in those sub-paragraphs above marked by an asterisk (*).

Right of Inspection

- 12.3 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 the 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 made by the members of the society in a meeting.

Updating the Register of Members

- 12.4 The Secretary may remove members from the register of members, in the following circumstances.

Lost Contact

- 12.5 Where the Society has evidence that a member no longer lives at the address shown in its register of members ("registered address"), 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").
- 12.6 The procedures are as follows.
- (a) The Secretary shall take reasonable steps to establish whether there is a forwarding address, and if there is one, to contact the member at the 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;
 - (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, 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, 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 containing more than £10 shall be capable of forfeiture under this clause of this rule.

Insufficient Share Account Balance

- 12.7 If a member has not throughout the immediately preceding period of twelve calendar months maintained a balance in their share account of at least £1, 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 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.
- 12.8 The procedures are 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) Unless the member shall within the period of notice increase the balance in their share account to £1, the Society shall cancel and forfeit their share.
 - (c) A notice under the provisions of this clause may be sent to the member by pre-paid ordinary letter post at 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.

CHAPTER 8 – Audit

13 Auditor

- 13.1 There shall be appointed in each year of account a qualified auditor to audit the Society's accounts and balance sheet for that year. In this rule "qualified auditor" means a person who is a qualified auditor under Section 7 of the Friendly and Industrial and Provident Societies Act, 1968 as amended by the Companies Act 1989 (Eligibility for Appointment as Company Auditor) (Consequential Amendments) Regulations 1991.
- 13.2 None of the following persons shall be appointed as auditor of the Society:
- (a) an officer or employee of the Society;
 - (b) a person who is a partner of or in the employment of or who employs an officer or employee of the society.
- 13.3 Except as provided below every appointment of an auditor shall be made by resolution of a Members' Meeting of the Society.
- 13.4 At least every ten years, the Society shall offer the opportunity of appointment as auditor to other qualified persons.
- 13.5 The Board may appoint an auditor to fill any casual vacancy occurring between meetings of members of the Society.
- 13.6 An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by a members' meeting or by the Board) 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 a Members' Meeting of the Society appointing somebody instead of 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.
- 13.7 A retiring auditor shall not be automatically reappointed 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 be proceeded with because of the death or incapacity of that other person or because that other person is not a qualified auditor or is a person prohibited from appointment by these Rules.
- 13.8 A resolution at a Members Meeting of the society:

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- (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 days before the meeting at which it is to be moved. On receipt by the Society of notice of such an intended resolution, the Society 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 intended resolution at the same time and in the same way as it gives notice in accordance with these Rules of the meeting at which the resolution is to be moved. If that is not practicable, the Society shall give notice to its members by advertisement, not less than 14 clear days before the meeting, in a newspaper circulating in the area in which the society conducts its business. Where the retiring auditor makes any representations in writing to the society with respect to the intended resolution or notifies the society that he intends to make such representations the society shall notify the members accordingly as required by Section 6 of the Friendly and Industrial and Provident Societies Act, 1968.

- 13.9 The auditor shall in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act, 1968, make a report to the society on the accounts examined by him and on the revenue account or accounts and the balance sheet of the society for the year of account in respect of which he is appointed.
- 13.10 Where necessary in law, or where the membership require, the board shall cause the accounts of the society to be submitted at least once in every year to the auditor for audit.
- 13.11 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 officers of the society such information and explanations as they think necessary for the performance of their duties. The auditor shall be entitled to attend any members' meeting of the society, to receive all notices of and other communications relating to any Members' Meeting which any member of the society is entitled to receive, and to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditor.

CHAPTER 9 – Accounts**14**

- 14.1 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 Industrial and Provident Societies Acts 1965 to 1968, or any subsequent legislation.
- 14.2 The Board shall in respect of each year of account;
 - (a) cause to be prepared a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year; and
 - (b) cause to be prepared a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.
- 14.3 The Board shall have power to prepare in addition 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.
- 14.4 Every balance sheet presented to a meeting of members shall be accompanied by a report of the Board, on the state of the Society's affairs, signed by the chairman of the meeting of the Board adopting the report.
- 14.5 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. 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.
- 14.6 The Society shall publish half-yearly interim statements of trading activities, revenue account and balance sheet, unless in any particular year the Board decides not to do so.

- 14.7 A copy of each revenue account and balance sheet made during the period included in any annual return shall be sent by the Secretary to the Financial Services Authority together with the annual return and such copy shall incorporate the report made thereon by the auditor.
- 14.8 The Society shall keep a copy of the last balance sheet for the time being, always displayed in a conspicuous place at its registered office.

CHAPTER 10 – Administrative Provisions

15 Administrative Provisions

Registered Office

- 15.1 The Society's registered office is at Park Road, Peterborough PE1 2TA or at such other place as the Board decides.

Name

- 15.1.1 The name of the Society shall be clearly displayed
- (a) at every office or place of business of the Society;
 - (b) in all business letters, notices, advertisements, official publications, bills of exchange, promissory notes, endorsements, cheques, orders for money or goods purporting to be signed by or on behalf of the society, and on all bills, invoices, receipts, or letters of credit of the society.
- 15.2 The Secretary shall arrange for minutes of all members meetings, Board meetings to be kept.

Website

- 15.4 The Society shall maintain a website, which shall clearly show the name of the Society.

Powers

- 15.5 The Society has full power to do all things necessary or expedient for accomplishing any of its functions.
- 15.6 In particular it 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 75% of the Society's fixed assets stated in the Society's last published accounts; but
 - (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 5 per cent per annum above LIBOR In this rule LIBOR means the British Bankers Association Interest Settlement Rate for the relevant currency and period of the loan, displayed on the appropriate page of Reuters screen on the start date of the loan 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) 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;

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- (e) establish, maintain, manage, support and contribute to any schemes for the acquisition of shares in the Society by or for the benefit of any individuals who are employees or former employees of the Society or any subsidiary society or company upon such terms as the board shall approve ("an Employee Share Scheme"), and to establish, maintain, manage, support and contribute to any schemes for sharing profits of the Society or any such subsidiaries with any such employees or former employees;
 - (f) receive from any persons whether members or not, sums on deposit, withdrawable on not less than two clear days notice, not exceeding in total the amount permitted under the law applicable to industrial and provident societies for the time being in force.
- 15.7 The capital of the Society may be invested in or upon any of the securities or shares specified in Section 31 of the Industrial and Provident Societies Act 1965, but not otherwise

FSMA Activity

- 15.8 The Society must make an authorisation application to the Financial Services Authority for any activities the Society wishes to carry on which fall under those regulated by the Financial Services and Markets Act 2000.

Annual Return

- 15.9 The Society shall within the time allowed by legislation in each year send to the Financial Services Authority:
- (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 report of the auditor 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 report of the auditor on that balance sheet.

Copy of Rules and Annual Return

- 15.10 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 who asks for it, free of charge. When doing so, the Secretary shall also supply a copy of the report of the auditor on the accounts and balance sheet contained in the return.

Service of Notices

- 15.11 A notice required to be given by the Society to any member under these Rules or under the Industrial and Provident Societies Act or otherwise may be given (unless these Rules state otherwise) by sending it by post to the member at their address in the register of members or by leaving it at that address. A notice sent by post shall be deemed to be served by properly addressing, prepaying, and posting a letter containing the notice, and it shall be deemed to have been served in the ordinary course of the post.

Disputes

- 15.12 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 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 Chief Executive of Co-operatives^{UK}. The arbitrator's decision will be binding and conclusive on all parties.

- 15.13 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 Interest

- 15.14 Any member of the Management Executive who has a material interest in a matter as defined below shall declare such interest to the other members of the Management Executive and:
- (a) may not be present in any discussion of the matter, and
 - (b) shall play no part in the decision-making in relation to the matter.
- 15.15 Details of any such interest shall be recorded by the Secretary in the register of the interests of members of the Management Executive.
- 15.16 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 member of the Management Executive or their spouse or partner in any firm or 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 2% of the total shares in issue held in any company whose shares are listed on any Stock Exchange

CHAPTER 11 – Application of profits

16 Application of Profits

- 16.1 The net profits of all business carried on by or on account of the Society shall be applicable as Follows:

Members

Interest on Share Capital

- 16.2 (a) in paying to members interest on the share capital at such rate or rates as determined by the Board from time to time but not exceeding in any case 5 per cent per annum or 2 per cent above base rate. Different rates may be paid, graduated according to the amount of share capital in the Society held by a member. In this rule base rate means UK base rate as set by the Bank of England at the time of determining the rate of interest to be applied.

Dividend on Purchases

- (b) in paying such dividend upon the value of the purchases made from the Society as an ordinary meeting may declare [or as the Board decides] to persons who were members of the Society at the time of such declaration, and where an ordinary meeting so determines, to any other person. Provided that:
- (i) the Board may determine that no dividend or that reduced rates of dividend shall be paid in respect of such purchases as they specify from time to time, 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;

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- (iii) the Board may from time to time pay such interim dividend as appears to them to be justified by the profits of the Society and purchases on which an interim dividend has been paid shall not rank for dividend in the final distribution of profits in any one year;
- (iv) any amount payable in respect of a dividend which is not withdrawn by a member within one calendar month after it has become payable may be applied in payment for further shares;

Member Relations Activities

- (c) in setting aside such amount if any as an ordinary meeting may determine, for the purpose of promoting education, culture, or recreation;

Employees

- 16.3 in paying the cost of such shares as the Board decides to issue under the terms of any Employee Share Scheme

Community

- 16.4 in making such payments for charitable purposes or for the benefit of the community as the Board shall determine;

Other Distributions

- 16.5 (a) in making payments for any lawful purpose whatsoever whether within the objects for which the Society is formed or not provided that no distribution of the profits aforesaid to the members shall be made except as is expressly provided for in this rule.
- (b) in setting aside to a reserve fund such amount, if any, as the Board may determine;
- (c) in retaining as reserves any of the profits not applied in one of the ways set out above.

CHAPTER 12 – Amendment of Rules, Transfer of Engagements etc.**17 Amendment of Rules**

- 17.1 Except where these rules say otherwise, any of these rules may be amended or rescinded, or any new rule may be made, by a resolution passed at a special meeting of the Society by two-thirds of the votes cast.
- 17.2 No amendment of rules is valid until registered. When submitting rule amendments for registration the Board of Directors may at their discretion accept any alterations required or suggested by the Mutual Societies Registration Section of the Financial Services Authority without reference back to a further special meeting of the Society.
- 17.3 Subject to necessary re-numbering of rules in the event of a complete amendment of rules, this rule (rule 17.3), and rule 17.2 may only be rescinded or altered by resolution passed at a special meeting of the Society at which 95% of the total votes have been cast in favour of such a resolution.

18 Amalgamation, Transfer of Engagements, and Conversion

- 18.1 The Society may, by special resolution passed in the way required by the industrial and Provident Societies Act 1965, amalgamate with or transfer its engagements to any other society or company, or convert itself into a company under the Companies Acts. The Society may also accept a transfer of engagements and assets by resolution of the Board or of a meeting of members.
- 18.2 The Society may, by special resolution passed in the way required by the Industrial and Provident Societies Acts, amalgamate with or transfer its engagements to a company or convert itself into a company under the Companies Acts. In relation to calling a meeting of members for the purpose of such resolution, the following provisions shall apply.
- (a) The Society shall give to members not less than two months' notice of the meeting.

- (b) Notice of the meeting shall be posted in a prominent place at the Registered Office and at all trading premises of the Society to which members (including employees) have access.
- (c) 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, senior executives, 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) Where the rules permit the use of proxy voting at members' meetings, proxy voting shall not be allowed.
- (f) The quorum for a meeting at which a special resolution to amalgamate with, transfer engagements to or convert into a company is to be voted upon shall be 500 members or 50 percent of the total members, present in person, which ever is the lower.

19 Dissolution

19.1 The Society may be dissolved:

- (a) by winding up in accordance with the Industrial and Provident Societies Act 1965 in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986; or
- (b) by an instrument of dissolution signed by not less than three-fourths of the members for the time being, in accordance with section 58 of the Industrial and Provident Societies Act 1965.

20 Surplus Assets

20.1 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 societies 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) if not so transferred shall be paid or transferred to Co-operatives^{UK} Limited.

20.2 This rule (rule 20.1 and 20.2) may not be changed, except by a special resolution of the members passed in accordance with the requirements for the passing for a special resolution under section 52 (as amended) of the Industrial and Provident Societies Act 1965.