

The Midcounties Co-operative Limited

Rules

**as from
October 2009**

**Registered Office – Co-operative House, 234 Botley Road,
Oxford,
OX2 0HP**

Registered Number - 19025R

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INTERPRETATION

1. **Interpretation** - In these rules, including this rule, except where the context otherwise requires:-
 - (a) words importing the singular or plural include the plural or singular respectively;
 - (b) “the Act” means the Industrial and Provident Societies Act, 1965, as amended by any subsequent enactments;
 - (c) “society” means any society registered under the Act;
 - (d) “he/she”, “him/her”, “his/her”, and “person” include a society;
 - (e) “the Authority” shall mean the “Financial Services Authority”;
 - (f) “the Society” means this Society and where the context so requires or admits shall include any society or company which is a subsidiary of the Society within the meaning of Section 15 of the Friendly & Industrial & Provident Societies Act 1968 as amended by any subsequent enactments;
 - (g) “the Board” means the Board of Directors of the Society;
 - (h) “these rules” or “the rules” means the registered rules for the time being of the Society;
 - (i) “officer” shall include any Director or, for the purposes of Rule 66 only, regional director, elected or appointed by the members, together with the chief executive, and the secretary of the Society;
 - (j) “Treasury Regulations” means the regulations for the time being in force made by the Treasury under the Act.
 - (k) “Merger Date” means the date of the merger of Oxford, Swindon & Gloucester Co-operative Society Limited and West Midlands Co-operative Society Limited;
 - (l) “Employee Member” means any member of the Society who is employed by the Society or any of its subsidiary companies or who is in receipt of a pension from the Society pension scheme or the pension scheme of the former West Midlands Co-operative Society and, in all cases, his/her partner;
 - (m) “Merger” means the transfer of engagements of West Midlands Co-operative Society Limited to Oxford, Swindon & Gloucester Co-operative Society Limited effective on or around 24 September 2005.

NAME, REGISTERED OFFICE AND OBJECTS

2. **Name and Registered Office of the Society** - The name of the Society is The Midcounties Co-operative Limited and its registered office is at New Barclay House, 234, Botley Road, Oxford, OX2 0HP.
3. **Change of Registered Office** - The registered office may be changed by resolution of the Board and notice of any such change shall be sent by the secretary to the Authority within fourteen days thereof in manner and form prescribed by Treasury Regulations.
4. **Use of Name of the Society** - The name of the Society shall be mentioned in legible characters on all business letters of the Society, notices, advertisements, and official publications, bills of exchange, promissory notes, endorsements, cheques, or 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 and shall be conspicuously painted or affixed, and kept painted or affixed in letters easily legible at a convenient height, on the outside of every office or place of business of the Society.
5. **Objects of the Society** - The Society shall at all times conduct its business and affairs in accordance with the Co-operative principles as published from time to time by the International Co-operative Alliance.

The objects of the Society shall be to carry on the business of a storekeeper, general dealer, both wholesale and retail, and universal provider of goods and services of all kinds, and of manufacturer, producer, grower, cultivator, of any goods whatsoever, and generally to engage in any business, trade, industry or service as principals or agents which may seem to the Society directly or indirectly conducive to the carrying out of the aforesaid objects, including hire purchase, credit sales, and rental transactions. The Society shall nevertheless have regard, in carrying out those objects, to the promotion of the physical, mental and social well-being of the community, and especially those who participate in the activity of the Society by reason of employment in, or by purchasing from the Society.

POWERS

6. **General Powers** - The Society shall have full power to do all things necessary or expedient for the accomplishment of all its objects.

The Society shall also have the power to enter into block discounting transactions and upon such terms and conditions as the Board think fit to enter into any guarantee, contract of indemnity or suretyship, whether by personal covenant or by mortgage or charge on all or any part of the undertaking, property or assets of the Society or partly in one way and partly in the other and in particular (but without prejudice to the generality of the foregoing) with or without consideration to guarantee or give security as aforesaid for the payment without limit of any principal moneys, premiums, interest and other moneys secured by or payable under any obligations or securities including particularly obligations or securities of any society which is a subsidiary of the Society, and of any company which is a subsidiary of the Society.

In particular and without prejudice to the generality of the foregoing, the Society shall have the following specific powers, namely:-

- (a) to purchase, take on lease, hire or otherwise acquire and hold any freehold, leasehold or other land, property or buildings for any estate or interest whatsoever, and any right, privileges or easements over or in respect of any lands or property or any buildings, and any real or personal property or rights whatsoever;
- (b) to build, construct, maintain, alter, enlarge, pull down, remove or replace any buildings, erections, structures, plant machinery or equipment or works of any description, or to contribute to the cost thereof or join with any other person, firm or company in doing any of the things aforesaid and to work, manage and control the same or join with others in so doing and generally to deal with and improve the lands and property of the Society;
- (c) to improve, manage, cultivate, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Society and for such consideration as the Society thinks fit;
- (d) to undertake or direct the management of any freehold, leasehold or other lands or property of any kind or any buildings thereon of any persons whether members of the Society or not and in any capacity as the Society may think fit;
- (e) to establish, maintain, 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.

7. **Power to Establish Pension Scheme** - Without prejudice to the generality of the foregoing the Society shall have power to establish a pension scheme for the benefit of its employees and to pay contributions thereto and to enter into any contract or trust deed for this purpose.

MEMBERSHIP

8. **Who are Members** - The Society shall consist of all persons who hold at least the number of shares required to be held by Rule 10, whether singly or jointly. With effect from 19 October 1991, and except as mentioned below, no further shares shall be registered jointly, but shares held jointly at that time, may continue to be held as such. Joint applications may be accepted from a maximum of two persons acting on behalf of any unincorporated body which in the reasonable judgement of the Board acts as a co-operative, mutual, charitable or other not for profit organisation and which supports the Society’s aims and objectives, provided

always that the first-named person already holds an account in his/her own name. In these cases such first-named person shall be regarded as the member for membership participation matters.

With effect from the registration of this complete amendment of rules no new corporate member or members shall be admitted into membership of the Society except for any bona fide co-operative, mutual charity or other not for profit organisation.

9. **Shares to be held by Members** - Every member shall hold at least one fully paid share and no member other than a society shall have an interest in the shares of the Society exceeding such amount as may be prescribed in the law applicable to Industrial and Provident Societies for the time being in force.
10. **Application for Membership** - Subject as hereinafter mentioned the Board shall prescribe procedures for the submission, consideration and determination of all applications for membership of the Society. Each application for membership shall be submitted in such form as the Board may prescribe and shall contain an application for at least one fully paid share. Any such form may provide that a member may specify an email address which shall be used by the Society for any communication required by these rules to be sent to members. Any member specifying an email address in this way shall notify the Society of any change to this email address. The Board shall have full power in its absolute discretion to accept or refuse any application for membership and without prejudice to the generality of the foregoing may in their determination of applications take into consideration (inter alia) an applicant's current and likely participation in the business and activities of the Society and their current and anticipated support for and adherence to co-operative principles. The Board may delegate the consideration and determination of membership applications to the chief executive and other senior managers appointed under him/her or to committees as they shall think fit, who shall act under the direction and control of and conform in all respects to the instructions given to them by the Board with particular reference to the implementation of all aspects of membership policy determined by the Board, and shall not be required to state reasons for the deferral or refusal of any application.
11. **Application Fee** - An application fee for membership of the Society shall not be required.
12. **Admission of Minors** - A minor not under the age of 16 years may be admitted as a member, and execute all instruments and give all receipts and discharges necessary to be executed or given under the rules, but may not be an officer of the Society.
13. **Cessation of Membership** - A member shall cease to be a member if for any reason whatsoever he/she ceases to hold at least the number of shares required to be held by virtue of Rule 10.

REGISTRATION OF MEMBERS

14. Duty to keep Register - The Society shall keep at its registered office a register of members (in these rules referred to as "the register") in which the secretary shall enter the following particulars:-

- (a) the names and addresses of the members;
- (b) the email address, if applicable, of each member, and 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 and of the date and manner in which any share ceased to be held by any member;
- (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 officers of the Society, with the offices held by them respectively, and the dates on which they assumed office.

15. Construction of Register - The Society shall either:-

- (a) keep at its registered office a duplicate register containing the particulars in the register kept under Rule 15 above other than those entered under Clauses (b) and (c) of that rule; or
- (b) so construct the register kept under Rule 15 above that it is possible to open to inspection the particulars therein other than the particulars entered under the said Clauses (b) and (c) of Rule 15 without exposing those last mentioned particulars.

16. Change of Address

- (a) Any member changing his/her residence or e-mail address shall, within one calendar month thereafter, give notice thereof at the registered office of the Society, when the necessary alterations shall be made in the register of members.
- (b) All notices required to be sent or given to members shall be deemed to be duly served if prominently displayed in the registered office and all publicly accessible places of business of the Society.

SHARE CAPITAL

17. Value of Shares - The shares of the Society shall be of the nominal value of £1 and shall be withdrawable only and (except as provided for in Rule 20 and Rule 36) not transferable.

18. Payment of Shares - Shares shall be paid for in full on allotment.

19. Allotment of Shares

“The Board shall allot –

- (a) to members upon their admission the share or shares for which they have applied, and shall allot from time to time any share or shares subsequently applied for;
- (b) to the trustee of any Employee Share Scheme such shares as the Board shall in its absolute discretion from time to time determine, and any shares so issued shall, subject to the rules of such Employee Share Scheme, be transferable only by the trustee to employees or former employees who are already individual members or are then admitted as members by a transfer document in a form approved by the Board, but such shares shall not subsequently be transferable

provided that the total number of shares allotted or transferred to any member other than a society shall not together with any shares already held by him/her exceed in nominal value the sum prescribed in the law applicable to Industrial and Provident Societies for the time being in force.

20. Shares may be held Jointly - Subject to the following paragraph, applications for shares to be held jointly will not be considered. For the avoidance of doubt, those members of the former West Midlands Co-operative Society holding shares in joint names immediately preceding the Merger Date, shall be issued shares in the Society following the Merger Date, in identical joint names.

Joint applications may be accepted from a maximum of two persons acting on behalf of any unincorporated body which in the reasonable judgement of the Board acts as a co-operative, mutual, charitable or other not for profit organisation and which supports the Society’s aims and objectives.

In any case where shares are held in joint names, the first named person will be regarded as the member for membership participation matters. A notice required to be given in relation to any share or shares which are so held shall be given to such one of their number as they may jointly direct in writing or, in default of such direction, to the one whose name precedes the names of the others as joint holders in the register of members. An application for the withdrawal of any shares or part of a share held jointly shall be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid. Any one of the joint holders of a share or shares may give a valid receipt for the payment of any interest or dividend payable thereon.

21. Employee shares. If the Board so determines the Society may introduce a separate class of shares known as employee shares (‘Employee Shares’). Such shares shall have a nominal value of £1 each and shall be withdrawable only. A single Employee Share shall be issued to any permanent employee who has been

confirmed in post. Employee Shares shall not confer membership rights which, for the avoidance of doubt, shall be taken to include the right to attend and participate at member meetings and the right to vote. Employee Shares shall be cancelled and the amount of paid up share capital forfeited automatically on the cessation of employment with the Society for whatever reason.

- 22. Compulsory Repayment of Shares** - Subject to the payment of, or a sufficient provision for, all subsisting claims on the Society, the Board, with the approval of a members' meeting, may apply any moneys for which they cannot find profitable investment in repaying to the member or members who holds or hold the largest number of shares the amount paid up or credited on that number of shares by which the number of shares held by such member or members exceeds the number of shares held by the member or members who holds or hold the next largest number of shares, provided that no such repayment shall be made so as to reduce the number of shares held by any member below the number he/she is required to hold by virtue of Rule 10. Any share in respect of which the amount paid up or credited has been repaid shall be cancelled.
- 23. Notice of Compulsory Repayment** - 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.
- 24. Withdrawal of Shares** - Subject to Clauses (d) and (e) below, shares or parts of shares may be withdrawn by members upon giving the following notice to the Society:-
- (i) where the amount to be repaid upon withdrawal does not exceed £50 in one week: on demand;
 - (ii) where the amount to be repaid upon withdrawal exceeds £50 but does not exceed £250 in one week: one week (but on demand at the Society's discretion);
 - (iii) where the amount to be repaid upon withdrawal exceeds £250 but does not exceed £1,000: one week;
 - (iv) where the amount to be repaid upon withdrawal exceeds £1,000: two weeks.

Provided that:-

- (a) All withdrawals shall be paid in the order in which the notices were received by the Society.
- (b) Except where a member withdraws from the Society as provided for in Rule 26, a member shall not be entitled to withdraw shares so as to leave him/her with less than the number of shares he/she is required to hold by virtue of Rule 10.

- (c) 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.
- (d) Except by the consent of the Board not more than one-tenth of the paid up share capital at 1 January in each year, including all sums under notice of withdrawal at such date, shall be withdrawable during the ensuing year; nor except with such consent shall any member be entitled to withdraw during any year more than one-tenth of the share capital standing to his/her credit on the said 1 January in such year unless the member withdraws from the Society as provided for in Rule 26.
- (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 by the Directors. 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 under Clause (e), the shares or parts of shares of a deceased member may, if the Board so determine, be withdrawn by his/her personal representative upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction therefrom as the Directors may from time to time determine.
- (g) The amount to be paid to a member on withdrawal shall be the amount paid up or credited on the share or on the part of the share to be withdrawn.
- (h) No interest shall be payable upon any share or part of a share in respect of which a notice of withdrawal has been given after the date of the notice.
- (i) No payment of withdrawable share capital shall be made while any claim due on account of any deposit is unsatisfied.

25. Cancellation of Withdrawn Shares - Any share withdrawn in accordance with the foregoing rule shall be cancelled.

26. Withdrawal from Society - A member may withdraw from the Society by withdrawing all his/her shares in the Society in accordance with Rule 24 or, if the right to withdraw shares has been suspended as provided for in that rule, by surrendering all his/her shares to the Society.

Upon such surrender the Board may in their discretion pay up to the withdrawing member any amount not exceeding the amount paid up or credited in the shares surrendered.

27. Cancellation and Forfeiture of Shares -

- (a) Where the Board is satisfied that a member has not within the immediately preceding period of six years either:-
- (i) maintained a share account balance in excess of £10.00 throughout that period; or
 - (ii) made purchases from or traded with the Society; or
 - (iii) subscribed to the share capital of or invested with the Society; or
 - (iv) taken part in the business of the Society by having attended a members' group meeting or by voting in the Society's elections;

then the Society may subject to Clauses (b) and (d) of this rule, cancel his/her 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 his/her shares.

- (b) The Society shall not cancel or forfeit any sums under Clause (a) of this rule unless it has given at least 2 calendar months previous notice to the member stating that it is proposed to cancel his/her shares and specifying the sums to be forfeited to the Society, and unless the member shall fail within 2 calendar months to show cause to the satisfaction of the Board why his/her shares should not be so cancelled and forfeited.
- (c) If at any time a member has not throughout the immediately preceding period of twelve months maintained a balance in his/her share account of at least the amount required to be held by virtue of Rule 10, then the Society may without notice to the member cancel his/her 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 his/her shares.
- (d) A notice under any provisions of this rule may be sent to the member by pre-paid ordinary letter post at his/her registered or last known address and shall include a statement to the effect that if the member objects to the cancellation and forfeiture of his/her shares he/she should within 2 calendar months show cause to the satisfaction of the Board why his/her shares should not be so cancelled and forfeited. In the case of any member or members for whom no registered or last known address is held, notice may be given by a public notice advertised once in a local newspaper circulating in the trading area of the Society and including a statement in the terms aforesaid.

LIEN ON SHARES

- 28. Lien of the Society on Shares** - The Society shall have a lien on the shares of a member for any debt due to it by the member, and may set off any sum standing to the member's credit including any loan money, interest and dividends in or towards the payment of such debt.

BORROWING POWERS

- 29. Power to obtain Advances** - The Society may upon such terms and conditions as the Board thinks fit obtain from time to time advances of money for the purposes of the Society and mortgage or charge any of its property and issue debentures and other securities provided that the amount of money advanced for the time being remaining undischarged shall not at any time exceed 200% of the net assets of the Society as published in the last audited balance sheet of the Society.
- 30. Interest Payable on Advances** - 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 cent per annum above The Co-operative Bank plc base rate or 5 per cent per annum whichever is the higher. In this rule 'The Co-operative Bank plc base rate' means the Co-operative Bank plc base rate at the time of making the advance or at such time within the two years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within two years prior to its renewal (if renewed more than once) as the Board determines.
- 31. Charges on Society's Property** - 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.
- 32. Continuing Security to Bankers** - A debenture or other security may be issued, or mortgage or charge given, as a continuing security to cover any sum due or to become due upon the account of the Society to any person with whom it may transact banking business but not exceeding the amount up to which the Society may obtain advances.
- 33. Deposits** - The Board may 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 prescribed in the law applicable to Industrial and Provident Societies for the time being in force.

INVESTMENTS

- 34. Power to Invest Capital** - The capital of the Society may be invested:-
- (a) in advances to members or others on the security of real or personal property;

(b) in or upon any of the securities or shares specified in Section 31 of the Act;
but not otherwise.

- 35. Power to vote in respect to Investments** - The Directors may appoint a representative to act on behalf of the Society in relation to any other body corporate in the shares or on the security of which the Society has invested any part of its capital, although the person appointed is not a shareholder in such other body corporate.

TRANSMISSION OF INTEREST IN SOCIETY

- 36. Nominations** - A member may in accordance with the Act nominate any person or persons to whom (subject to the provisions of the Act as to amount and the persons to whom a valid nomination may be made) any of his/her property in the Society at the time of his/her death shall be transferred.

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 under the Act either transfer or pay in accordance with the Act the full value of the property comprised in the nomination to the person entitled thereunder.

Upon a claim being made by the legal 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 legal personal representative or trustee in bankruptcy has become entitled as the legal personal representative or trustee in bankruptcy may direct them.

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 Directors of the Society are satisfied after considering medical evidence that such member or person is incapable through disorder or disability of mind of managing his/her own affairs and are also satisfied that no person has been duly appointed to administer his/her property on his/her behalf and it is proved to the satisfaction of the Directors 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 his/her 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.

- 37. Joint Holders of Shares** - On the decease of a joint holder of any share, it shall be registered in the name of the survivor or survivors.

MEETINGS

- 38. Meetings** – Members' meetings of the Society shall be classed either as ordinary meetings or as special meetings.

The Board may determine that Regional and/or District member meetings may be held.

All such member meetings shall be held at such place or places and at such dates and times as the Board shall determine.

For the avoidance of doubt, if a members' meeting is made up of a number of meetings held at different venues (defined as 'local meetings' for the purposes of these Rules), the first local meeting of such a members' meeting shall be deemed to be the date of the members' meeting for the purposes of submission of motions and giving of notice as set down in these Rules.

For a special meeting called to consider and adopt a complete revision of the Society's rules, the Board may determine that such a meeting shall be held in one location only, at a place to be determined by the Board, should this be considered necessary by the Board to facilitate members' amendments.

Ordinary meetings shall be held two times a year. The first such meeting shall be the Annual Meeting which shall be held within the 17 weeks following the end of the financial year of the Society.

A person must have been a member for at least six months in order to submit a motion for consideration at a members' meeting.

Any member having a motion to submit shall send the same in writing to the secretary not later than 42 days before the date of the meeting.

The agenda for each ordinary meeting shall be published at least 28 days before the date of the meeting. Any amendment to the business of the meeting proposed by a member shall be submitted in writing to the secretary not later than 21 days before the date of the meeting and shall, together with the Directors' Report and Accounts, as appropriate, be made available at all Society trading branches where notice of meetings is customarily displayed 14 days before such a meeting, except where an amendment to the business of the meeting is submitted less than 28 days before such meeting, in which case it shall be available 7 days before such meeting.

Admittance to meetings shall be by production of such evidence of membership as the Board may from time to time determine and publish.

Where a members' meeting is comprised of local meetings:

- (a) Members shall be entitled to attend only one such meeting, except for the directors, officials, auditors, and such other persons as may be determined by the Board, provided that no person shall vote at more than one meeting.
- (b) A proposer and seconder of any motion or amendment on the agenda shall have the right to attend all such meetings for the purpose only of dealing with

their motion or amendment except that at one meeting they may also participate in other business.

- (c) The same agenda of business shall be considered at all such meetings and all votes for and against matters coming before the meetings shall be added together and the matters shall be determined accordingly. In the case of motions and amendments all meetings shall vote thereon as though the amendments were separate motions and such motion or amendment vote upon as a motion shall be carried as receives the highest number of votes in support. The result of all voting shall be declared at the last meeting held.

39. Business of Ordinary Meetings - An ordinary meeting may transact the following business:-

- (a) to receive from the Board and, if thought fit, adopt a report on the affairs of the Society for the past half year;
- (b) at the Annual Meeting:-
 - (i) to receive from the Board and, if thought fit, adopt the Directors' Report for the preceding year of the Society;
 - (ii) to consider and, if thought fit, adopt the Financial Statements for the preceding year of the Society, including the auditors' report and the application of profits;
 - (iii) to consider and fix the remuneration of directors;
- (c) to appoint the auditor;
- (d) to receive reports and presentations;
- (e) to consider motions;
- (f) to consider any other items that may appear on the agenda of the meeting;
- (g) to consider any other matter of which at least 14 clear days' written notice has been given to the Secretary by a member.

Business of interest only to a particular Region or District may be transacted at such appropriate meetings as may be determined by the Board.

Provided always that the Board shall have the discretion not to include any motion or other matter raised by a member, if it may reasonably conclude that:-

- (i) the publicity for it would be likely to diminish substantially the confidence in the Society of investing members of the public; or
- (ii) it seeks needless publicity for defamatory matters; or

- (iii) it is submitted for frivolous or vexatious purposes; or
- (iv) it concerns matters relating to the day to day management of the Society falling properly within the discretion of the Board; or
- (v) it does not relate directly or indirectly 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 year.

- 40. Place of Ordinary Meetings** - An ordinary meeting may from time to time fix the place at which ordinary meetings are to be held and if no such place is fixed such meetings shall be held at the registered office or at such other place as the Board determine.
- 41. Special Meetings** - Special meetings shall be convened by the secretary, either on an order of the Board, or upon a written requisition signed by 50 members, save that a members' requisition for a special meeting at which a special resolution for any purpose specified in Rule 97 or any resolution for the solvent dissolution of the Society is to be proposed, shall be signed by at least 750 members, all of whom shall have been members for at least six months at the date of submitting the requisition. Special meetings shall be held as soon as is reasonable after the receipt of the order or delivery of the requisition at such place as ordinary meetings are held and at such time as the Board shall determine. A requisition must state the objects of the meeting and must contain the full names, address and share number of each requisitionist and must be delivered at the registered office of the Society by one of the requisitionists or by generally accepted postal procedures.
- 42. Failure to Convene Special Meetings** - If after the expiration of 14 clear days from the delivery at the registered office of any such written requisition for a special meeting as is referred to in the immediately preceding rule the secretary has failed to convene the special meeting any of the requisitionists may convene a special meeting by giving the notice provided for in Rule 44 and shall have a claim upon the Society for any costs properly incurred in giving such notice.
- 43. Business of Special Meetings** - A special meeting shall not transact any business not specified in the notice convening it. An ordinary meeting may be made a special 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.
- 44. Notice Convening Meetings** - Any members' meeting shall be convened by notice posted conspicuously in the registered office and in all other places of business of the Society to which the members have access and by such other means as the Board shall determine from time to time. The notice of a meeting shall specify the place, the time, and the date of the meeting, whether the meeting is an ordinary, annual, special, regional or district meeting and the business to be transacted thereat.

The following notice periods shall apply:

- (a) special meetings require 8 clear days notice;
- (b) meetings at which Rule changes are proposed require 21 clear days notice;
- (c) notice of ordinary meetings shall be issued at the same time as the agenda of the meeting, as set out in Rule 38.

45. Quorum of Meetings - Any ordinary meeting or any special meeting convened on the requisition of the members for any purpose specified in Rule 97 or at which a resolution for the rescission or alteration of this rule or Rules 41, 95, 99 or 100 or for the solvent dissolution of the Society is to be proposed, may only proceed to business:-

- (a) when regional or district meetings are held, if a quorum of at least 1,400 members or 1% of the total membership of the Society (as recorded in the Society's last Annual Return) if greater, all entitled to vote, is present at each district meeting within half an hour after the time fixed for the meeting provided always that no resolution may be passed at any such meeting unless the aggregate number of members entitled to vote present at all the district meetings equates to at least 3% of the total membership of the Society as at the date of the final meeting; or
- (b) where regional or district meetings are not held, if a quorum of at least 4,200 members or 3% of the total membership of the Society (as recorded in the Society's last Annual Return) if greater, all entitled to vote, is present at the meeting within half an hour after the time fixed for the meeting.

Except as aforesaid the quorum for member meetings shall be as set out below. In all cases, the quorum shall include deputies of societies or other corporate bodies:

- (i) a district meeting may proceed to business if a quorum of at least 20 members having a vote is present within half an hour after the time fixed for the meeting;
- (ii) a regional meeting may proceed to business if a quorum of at least 50 members (or where a regional meeting is made up of local meetings, 20 members at each of the local meetings) having a vote is present within half an hour after the time fixed for the meeting;
- (iii) an ordinary or special meeting may proceed to business if a quorum of at least 80 members (or where such a meeting is made up of local meetings, 20 members at each of the local meetings) having a vote is present within half an hour after the time fixed for the meeting.

No meeting shall become incompetent to transact business for the want of a quorum arising after the chair has been taken.

Where no quorum is present then the meeting shall be dissolved, except where it is the last of a set of local meetings. In such a case, the meeting shall stand adjourned to the same day in the week following at the same time and place unless it is a meeting convened for any purpose specified in Rule 97 or at which a resolution for the rescission or alteration of this rule or Rules 41, 95 or 100 or for the solvent dissolution of the Society is to be proposed, when it shall be dissolved. Any meeting properly so adjourned may proceed to business whatever is the number of members present.

- 46. Power of Adjournment** - Any meeting, duly constituted, 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.
- 47. The Chairing of Meetings** - The president of the Society shall, if present, take the chair at any meeting, or, if there is no president, or if he/she is not present the chair shall be taken by one of the vice-presidents as determined by the directors present at the meeting. If neither vice-president is present, the chair shall be taken by such director, or if no director is present, by such member as the meeting may determine. The person chairing the meeting shall have a casting vote.
- 48. Votes of Members** - Every member shall be entitled to cast one vote only; no member whose application was received less than 6 months immediately preceding any meeting shall be entitled to vote thereat. Members holding shares jointly shall have one vote between them. A society or other corporate body may exercise its vote by its deputy appointed as hereinafter provided.
- 49. How Votes shall be Taken** - At any 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 10 members or one-third of the total number of members present at the meeting whichever is the higher. The ballot shall be taken at the meeting in such manner as the person chairing 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.
- 50. Appointment and Powers of Deputies** - A member, being a society or other corporate body may by resolution of its directors or committee of management appoint any person as deputy to act on its behalf at any meeting or meetings of the Society and provided that a copy of such resolution signed by the secretary and two directors or members of the committee of management of the society or other corporate body making the appointment has been delivered to the Society at least 24 hours before the holding of the meeting or meetings at which he/she is to act as deputy he/she shall be competent during the continuance of his/her appointment to act as if he/she were a member. The appointment of a deputy shall be taken to continue until a copy of a resolution appointing another person as deputy in his/her stead is delivered as aforesaid.

51. **Conduct of Members** - Standing orders for the conduct of meetings and for the closure of business thereat 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.

STRUCTURE AND GOVERNANCE OF THE SOCIETY

52. **Board of Directors** - The governance of the Society shall be vested in a Board of Directors comprising Directors appointed or elected in such manner as the rules provide. Elections shall be held under such arrangements as shall be determined by the Board. The secretary shall be the returning officer for all elections and shall have the power to determine all questions arising in the course of elections in his sole and absolute discretion.

The Board may determine that the Society be divided into Regions and/or Districts. The Board shall have power to change any such Regions and/or Districts so created. Additionally, the Board may determine that any Regions so created, shall be governed by Regional Boards with such powers as may be determined by the Board and set down in these Rules.

For a period of three years from the Merger Date, and thereafter, until such time as the Board so determines, the Society shall be divided into two Regions based on the trading areas of the former Oxford, Swindon & Gloucester Co-operative Society and the former West Midlands Co-operative Society. The Board may determine that there shall be Districts within these two Regions. Provided that, during this period, on the merger of any other societies with this Society or on the expansion of the Society's trading area, the Board may form other Regions or Districts and/or vary the areas of the existing Regions and Districts. The two Regions set out above shall be called the Oxford, Swindon and Gloucester Region and the West Midlands Region respectively.

The Board shall have the general control and direction of the affairs of the Society and without prejudice to the generality of the foregoing shall more particularly undertake and exercise the following specific duties and responsibilities, namely:-

- (a) to define the Society's objectives within the framework of the rules and to develop policies and strategies to achieve those objectives;
- (b) to direct the business of the Society and to exercise on behalf of the Society all the powers of the Society not specifically required by the rules or otherwise to be exercised by the members in meeting;
- (c) to ensure the effective accountability of management in following the policies developed by the Board;
- (d) to develop and maintain an effective system of internal financial control and to take adequate precautions for guarding against fraud and facilitating its discovery;

- (e) to arrange for the preparation of interim and annual financial statements for each financial year giving a true and fair view of the state of affairs of the Society;
- (f) to develop and maintain systems to ensure compliance with the provisions of the Industrial and Provident Societies Acts and other relevant legislation;
- (g) to encourage members to develop and increase their participation in the affairs of the Society in recognition that co-operative societies are membership based;
- (h) to ensure that the Society complies with its obligations as a member of the Co-operatives^{UK} Limited.

Subject as hereinafter mentioned the Board may delegate the executive management of the Society or any of the powers hereby given to them to the chief executive acting in conjunction with the Board, or to committees consisting of such of their own number, or to Regional Boards, as they shall think fit, who shall in the exercise of the functions entrusted to them act under the direction and control of and conform in all respects to the instructions given to them by the Board. However, the following particular duties responsibilities and matters shall in all circumstances be reserved for the exclusive determination and decision of the Board and shall not be delegated to any other person or body namely:-

- (i) all matters concerning the determination and general operation of the Society's rules;
- (ii) reporting to members - with particular reference to the frequency, location and content of members meetings and Directors reports;
- (iii) profit distribution policies and determination for members approval;
- (iv) all aspects of membership policy;
- (v) directing, overseeing and monitoring the observance by the Society of all legal requirements imposed on it and fulfilling all the legal obligations of the Board;
- (vi) review of all audit matters including receiving the auditors report on the accounts and the review of the management letter;
- (vii) responsibility for all relationships with and for determination of proposals to be forwarded to Co-operatives^{UK} Limited, the Co-operative Group (CWS) Limited and similar bodies, including appointing delegates and deciding Society policy on motions and elections, but excluding day to day trading, save that any Regional Board of the Society shall be able to participate as if a separate member of Co-operatives^{UK} Limited and the Co-operative Group (CWS) Limited, to the extent permitted by those organisations;

- (viii) reviewing from time to time the Society's policy regarding co-operation with other co-operatives, taking into account the interests of the co-operative movement as well as the interests of the Society;
- (ix) the review of Society strategic aims, objectives and policies;
- (x) the annual review and approval of the Society's revenue and capital budgets;
- (xi) approval of expenditure on individual capital projects in excess of 0.07% of Society turnover;
- (xii) approval of acquisitions and disposals of businesses;
- (xiii) approval of all property acquisitions and disposals with a value in excess of 0.1% of turnover;
- (xiv) approval of all leasing transactions especially property leasing with a capitalised value in excess of 0.1% of turnover;
- (xv) approval of all funding arrangements;
- (xvi) approval of all openings and closings of either branches or member services but not for changes to merchandise ranges in branches;
- (xvii) appointment of the chief executive including terms and delegated authority, performance appraisal and removal from office, including compensation for loss of office;
- (xviii) involvement with the chief executive in the appointment of other senior executives reporting to him/her;
- (xix) appointment of the Society secretary;
- (xx) approval and review of the Society's executive management structure;
- (xxi) approval and review of the Society's personnel policies.

53. Chief Executive - The chief executive may be invested with the executive management and control of the business and affairs of the Society including the implementation of the policy decisions of the Board and shall in all things act under the direction and control of and conform in all respects to the instructions given to him by the Board to whom he shall be solely responsible. The chief executive shall manage and co-ordinate all activities of the Society to ensure an efficient financially sound and profitable operation, and without prejudice to the generality of the foregoing the chief executive shall more particularly undertake and exercise the following specific duties and responsibilities, namely:-

- (a) to appoint and control all staff answerable directly to the chief executive in conjunction with the Board and to control all expenditure within any limits laid down by the Board;

- (b) to establish an efficient management structure with clearly defined responsibilities subject to the approval of the Board;
- (c) to establish targets of performance for each department and to review these targets in the light of performance;
- (d) to advise the Board on the formation of policy;
- (e) to advise the Board of development opportunities and subject to the approval of the Board to be responsible for the implementation of same;
- (f) to formulate capital and revenue budgets and/or forecasts as necessary for the approval of the Board;
- (g) to ensure that the Society is viewed positively in all aspects of its activities;
- (h) to maintain effective communications within the Society.

54. Secretary - The secretary shall carry out such functions and duties as are defined by the Acts and by the Board.

Without prejudice to the generality of the foregoing the secretary shall more particularly undertake and exercise the following specific duties and responsibilities, namely:-

- (a) to convene the meetings of the Society either on an order of the Board or upon a written requisition of members pursuant to the rules of the Society;
- (b) to attend the meetings of the Society (or ensure that a suitable person attends in his/her place if he/she is unable to attend personally) and to be responsible for maintaining proper Minutes of proceedings thereat;
- (c) under the direction of the Board to issue all necessary notices to members and others;
- (d) be responsible for all correspondence with members and depositors with regard to their shares and investments in the Society;
- (e) to promote the development of membership and its involvement in the affairs of the Society in recognition that Co-operatives are member based organisations;
- (f) to maintain the books and registers of the Society required to be kept under Section 44(1) of the Act;
- (g) to make all necessary returns to the appropriate Authority, and upon request to supply copies of the last annual return to every member or person interested in the funds of the Society together with copies of the report of the auditor on the accounts and balance sheet contained in the return;

- (h) the office of secretary shall not be held by the chief executive;
- (i) in conjunction with the Board to ensure compliance with the provisions of the Industrial and Provident Societies Acts and other relevant legislation;
- (j) to undertake any other duty or responsibility which may be committed to him/her by authority of a resolution of the Board.

DIRECTORS

55. Appointment of Directors -

- (a) The Board shall, subject to the transitional arrangements set out in Rule 55(b), consist of sixteen directors elected by the members of the Society. The normal term of office of a director shall be three years.
- (b) The following transitional arrangements shall apply:
 - a. from the Merger Date until the announcement of the results of the annual election of Society directors in 2005, the Board shall consist of 22 directors, fourteen of whom shall be those directors who immediately preceding the Merger Date were the directors of Oxford, Swindon & Gloucester Co-operative Society Limited, and eight of whom shall be appointed by and from the Board of Directors of West Midlands Co-operative Society immediately preceding the Merger Date.
 - b. from the announcement of the results of the annual election of Society directors in 2005 to the announcement of the results of the annual election of Society directors in 2006, the Board shall consist of nineteen directors. Seven of the directors shall be appointed by and from the West Midlands Regional Board. Of the remaining twelve directors, seven shall be those directors who, immediately preceding the Merger Date, were directors of Oxford, Swindon & Gloucester Co-operative Society Limited due for re-election in 2006, and five shall be elected by and from the members of the Oxford, Swindon & Gloucester Region. The five directors so elected shall be elected for terms of one year.
 - c. from the announcement of the results of the annual election of directors in 2006, to the announcement of the results of the annual election of directors in 2007, the Board shall consist of sixteen directors. Six of the directors shall be nominated by and from the West Midlands Regional Board. The remaining ten directors shall be elected by and from the members of the Oxford, Swindon & Gloucester Region. Of these ten directors:
 - (i) a. one director shall be elected by and from the members of the Oxford district;
 - b. one director shall be elected by and from the members of the Swindon district;

- c. one director shall be elected by and from the members of the Gloucester district.

(The districts set out above shall be the same as those districts in the Society immediately preceding the Merger Date); and

- (ii) the remaining seven directors shall be elected by and from the members of the Oxford, Swindon & Gloucester Region.

For the avoidance of doubt:

- a. where a seat in a district remains unfilled it shall be filled by the unsuccessful candidate receiving the next highest number of votes after all other seats have been filled. A director so elected shall serve for one year only and subject to being qualified shall be eligible for re-election;
- b. the candidate from each district receiving the highest number of votes shall be elected to the position reserved for each district.

The following terms of office shall apply to the ten directors elected as above by and from the members of the Oxford, Swindon & Gloucester Region:

- 1. the three directors elected under b. above and the director receiving the next highest number of votes shall be elected for 3 year terms;
 - 2. the three directors receiving the next highest number of votes shall be elected for two year terms, and the three directors receiving the lowest number of votes shall be elected for one year terms.
- d. from the announcement of the results of the annual election of directors in 2007, to the announcement of the results of the annual election of directors in 2008, the Board shall consist of sixteen directors. Six of the directors shall be nominated and elected by and from the members of the West Midlands Region for terms of office as set out in the following paragraph. Of the remaining ten directors, four shall be those directors as elected in sub-paragraph c.1. above, three shall be those directors as elected in sub-paragraph c.2. above for two year terms, and the remaining three shall be elected by and from the members of the Oxford, Swindon & Gloucester Region for 3 year terms.

The following terms of office shall apply to the six directors elected in the preceding paragraph by and from the members of the West Midlands Region:

- .1 the two directors receiving the highest number of votes shall be elected for 3 year terms;
 - .2 the two directors receiving the lowest number of votes shall be elected for one year terms;
 - .3 the remaining two directors shall be elected for two year terms.
- e. All elections thereafter to the Board shall be for terms of 3 years.
- f. From the Merger Date until the announcement of the results of the annual elections to the Board of the Society in 2007 there shall be a West Midlands Regional Board. There shall be 10 regional directors on the West Midlands Regional Board:
- (i) the first such regional directors shall be those persons who, immediately preceding the Merger Date were the directors of West Midlands Co-operative Society Limited. They shall take office with effect from the Merger Date and shall hold office until the expiry of the terms of office that they held as directors of the former West Midlands Co-operative Society, or, if earlier, the announcement of the results of the annual election to the Board of the Society in 2007.
 - (ii) an election to the West Midlands Regional Board shall take place in May 2006 where the regional directors whose terms of office shall have expired, shall resign. The election shall be held by and from the members of the West Midlands Region for the ensuing vacancies, for terms of office that shall expire on the announcement of the results of the annual election to the Board of the Society in 2007.
 - (iii) at the first meeting of the West Midlands Regional Board following the announcement of the result of the election set out in f.(ii) above, the West Midlands Regional Board shall determine which of their number are to be appointed to the Board of directors of the Society as set out in sub-paragraphs b.- e. above.
 - (iv) the appointments made pursuant to f.(iii) above shall expire on the announcement of the results of the annual elections to the Board of the Society in 2007.

- g. for the avoidance of doubt, save as provided for in Rule 66, any director of a regional board shall not be deemed to be a director or officer of the Society.
- (c) Elections to the Board and to any Regional Board shall be by the members using a postal ballot system or such other means as the Board shall determine based on the Society's Members' Mailing List, such list to be subdivided into Regions for Regional elections, if the Board shall so determine. Nominations must be delivered in writing, on forms to be provided by the secretary and returned to the secretary by the date determined by the Board. The secretary shall be the returning officer for all elections and in that capacity shall have the power to determine all questions arising in the course of elections in his sole and absolute discretion.
- (d) In the event of:
- (i) a delay in the result of an election being declared, and with the approval of the Board, persons due to retire from office shall continue in office on a temporary basis only until the declaration of the results of the elections, or until the conclusion of the Annual Meeting next following, whichever shall be earlier when (unless declared to have been re-elected in the elections) they shall retire;
- (ii) candidates receiving the same number of votes in any election, if this leads to more candidates being eligible for terms of office than there are places, candidates shall be selected by lot, at the absolute discretion of the secretary.
- (e) The following qualifications and disqualifications shall apply on nomination for election to and where applicable during service on the Board or any Regional Board:-
- (i) on nomination for election a candidate must have been a member of the Society (or a society which has merged with this Society) for at least one year;
- (ii) on nomination a candidate must have spent at least £400 on purchases during the previous 12 months with the Society (or a society which has merged with this Society). The above rate of purchases must be maintained during service on the Board. "Purchases" shall be evidenced by an honour declaration prior to election and by the Society record of staff purchases thereafter;
- (iii) (a) subject to sub-paragraphs 55(e)(iv)(b) and 55(e)(iv)(c) below:
- (i) no member shall be eligible to be nominated for the office of director, or as a member of a Regional Board, who at the date of nomination shall have attained the age of 70 years; and

- (ii) any director in office on attaining the age of 70 years shall retire at the first election following their 70th birthday.

For the purpose of this Rule the secretary may require any candidate to produce his/her birth certificate or other satisfactory evidence of his/her age. Failure to comply with such request will render the candidate's nomination invalid;

- (b) for a period of 5 years after the Merger Date, any director of the former West Midlands Co-operative Society on 29 July 1996 who remained a director of the said Society from then until the Merger Date, and who, since the Merger Date, has been a director of the Society and/or a director of the West Midlands Regional Board, without a break in service (in both cases), shall, provided that he/she remains qualified in all other respects, be eligible to be nominated for further terms of office either as a director of the Society, or as a member of the West Midlands Regional Board and shall not be subject to Rule 55(e)(iv)(a)(ii).
- (c) for a period of 5 years after the Merger Date, any director of the former West Midlands Co-operative Society in office at the Merger Date, and who, since the Merger Date, has been a director of the Society and/or a director of the West Midlands Regional Board without a break in service shall not be subject to Rule 55(e)(iv)(a)(ii) for the remaining term of their office.
- (iv) no person shall be eligible for nomination for or service on the Board who or whose spouse, partner or member of his/her immediate family is engaged in a managerial capacity in the conduct of any business trade or undertaking which in the opinion of the Board competes in a material way with any business trade or undertaking carried on by the Society;
- (v) any member who or whose spouse, partner or member of his/her immediate family is engaged in a managerial capacity with a supplier to the Society, other than in a Co-operative or social enterprise organisation, and where the employment or remuneration of the member, or spouse or partner or family member is dependent to a material extent on the Society's patronage of the supplier, shall not be a director. A director with an interest in any contract with the Society shall declare immediately such interest and accordingly be excluded from participating in discussion or voting on the matter;
- (vi) any person who is or becomes an undischarged bankrupt, or against whom any disqualification order has been made under the Company directors Disqualification Act 1986 shall be disqualified from being a director and if a sitting member of the Board shall thereupon vacate his/her office;
- (vii) a person who is incapable through disorder or disability of mind of managing his/her own affairs shall not be a director;

- (viii) a director who is absent from four successive meetings of the Board without good reason established to the satisfaction of the Board shall vacate his/her seat;
- (ix) (i) subject to sub-paragraphs 55(e)(x)(ii)–(iv), Employee Members shall be eligible to serve as directors on the Board, and, subject to their being resident in the Region or District concerned, any Regional Board.
 - (ii) at any time not more than six Employee Members shall serve on the Board, and, subject to Rule 55(e)(x)(iii), no more than half of the West Midlands Regional Board shall be made up of Employee Members.

Up to three Employee Members on the Board of the Society can come from those members living in the Oxford, Swindon & Gloucester Region, and up to three Employee Members can come from those members living in the West Midlands Region. Of these latter three, no more than two can be current employees of the Society.

- (iii) for a period of 5 years after the Merger Date, any director of the former West Midlands Co-operative Society, who was also an Employee Member of the said Society on 25 February 2003 and who remained a director of the said Society from then until the Merger Date, and who, since the Merger Date, has been a director of the Society and/or a director of the West Midlands Regional Board, without a break in service (in both cases), shall, provided that he/she remains qualified in all other respects, not be deemed to be an Employee Member and shall be eligible to complete his/her term of office and subject to the above be nominated and elected for further terms of office thereafter.
- (iv) for a period of 5 years after the Merger Date, any director of the former West Midlands Co-operative Society in office at the Merger Date who was not a director on 25 February 2003 and who was also an Employee Member of the said Society at the time, and who, since the Merger Date, has been a director of the Society and/or a director of the West Midlands Regional Board without a break in service, shall not be deemed to be an Employee Member for the remaining term of their office.
- (x) a director who fails to sign a deed when required to do so pursuant to rule 97 (b) below shall immediately cease to be a director.
- (f) the Board of Directors shall provide structured training programmes that are appropriate to the skills, experience and training needs of directors and shall encourage all directors to participate in such training opportunities. This will include:-

- (i) a structured training programme for newly elected directors to be completed to the satisfaction of the Board within eighteen calendar months of election; and
- (ii) a programme of continuing development for all directors with a minimum requirement of 12 hours training per annum.

All training and development programmes prescribed for the purpose of this clause of this rule shall be accredited and recognised by Co-operatives^{UK} Limited.”

56. Removal of Directors - A director may be removed from office at any time by two-thirds of the votes cast at a special meeting of the Society. Pending the decision of such special meeting a director may be suspended from his/her duties by resolution of the Directors if in their opinion he/she has been guilty of conduct seriously detrimental to the interests of the Society or is otherwise thought to be unfit to carry out his/her duties.

57. Casual Vacancies - Casual vacancies arising in the number of directors of the Board of the Society shall not be filled prior to the next annual elections unless and until the number of directors continuing in office falls below 13 directors in which event all such casual vacancies shall be filled as soon as practicable as follows:

- (a) any vacancy(s) for a Board director appointed by and from the West Midlands Regional Board, shall be filled by further appointment(s) by and from the West Midlands Regional Board;
- (b) any vacancy(s) for a Board director elected by and from members of the West Midlands Region shall be filled by election by the members of the said Region;
- (c) any vacancy(s) for a Board director elected by and from members of the Oxford, Swindon & Gloucester Region shall be filled by election by the members of the said Region;
- (d) any vacancy(s) for a Regional Board director shall be filled by election by the members of the West Midlands Region, by election by the members of the said Region.

Any election held as a result of (b), (c) or (d) above shall be by means of a postal ballot system based on the Society’s Members’ mailing list and such election shall be conducted under such arrangements as the Board shall determine.

Any person so elected under this Rule shall serve out the term of office for which his/her predecessor in office was last elected and shall then be eligible for re-election in the normal manner.

Casual vacancies on the West Midlands Regional Board shall not be filled.

- 58. Meetings and Quorum of the Directors** - The Board and, subject to any determination laid down by the Board, any Regional Board, shall meet and regulate their meetings as they may determine. The Board, and any Regional Board shall meet normally within the Society's trading area. The directors of these Boards shall not proceed to business unless a quorum consisting of half the number of serving directors raised to the next whole number is present, the majority of whom, subject to Rule 55(e)(x), shall not be Employee Members.
- 59. Voting at Meetings of Directors** - Questions arising at any meeting of the Directors shall be decided by a majority of votes and in the case of an equality of votes the person chairing the meeting shall have a second or casting vote.
- 60. President of the Society** - At the first meeting of the Board following the annual elections the directors shall elect one of their number to chair their meetings and he/she shall not hold office for more than 6 years continuously. Such person shall be the president of the Society. Provided that, the president of Oxford, Swindon & Gloucester Co-operative Society Limited immediately preceding the Merger Date shall be eligible to remain in office as president of the Society until the first Board meeting after the announcement of the director elections in 2007.

There shall also be two vice-presidents of the Society. One shall be elected by and from the directors representing the Oxford, Swindon & Gloucester Region on the Board, and the other shall be nominated by and from the West Midlands Regional Board, and, following the determination of the West Midlands Regional Board, shall be elected by and from the directors representing the West Midlands Region on the Board.

If at any meeting of the directors the president is not present one of the vice-presidents, as chosen by the directors present at the meeting shall preside. In the event of neither the president, or either of the vice-presidents being present the directors present may choose one of their number to chair the meeting. Any person chairing a meeting of the Board shall have a casting vote in addition to his/her own vote as a director.

The president shall not be an employee of the Society nor be employed in a managerial capacity in any firm or corporate body excluding any co-operative or social enterprise organisation which supplies goods or services to the Society such that in the reasonable opinion of the Board his/her employment and/or remuneration is to a material extent dependent upon the patronage of the Society, nor the spouse nor partner of any of the foregoing.

- 61. Special Meetings of the Directors** - A special meeting of the Directors may be called by a notice in writing given to the secretary by not less than one-quarter of the Directors for the time being at least three clear days before the meeting to be called. The notice shall state the objects of the meeting and the secretary shall communicate such notice to all directors as soon as possible after the receipt thereof. No other business shall be transacted at the meeting than the business named in the notice.
- 62. Validity of Acts of Directors** - All acts done by any meeting of the Directors or of a committee of the Directors or by any director acting in pursuance of any authority

duly given shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any director, be as valid as if such director had been duly appointed.

- 63. Remuneration of Directors** - The Society shall from time to time fix the remuneration of the Directors, who shall in addition be re-imbursed their reasonable travel, hotel and out of pocket expenses incurred on Society business at such rates as may be determined from time to time by the Society.
- 64. Remuneration of Senior Executives and Managers** - The remuneration of senior executives and managers shall be determined, monitored and reviewed by the Board acting in conjunction with the chief executive on the basis of full information and following consultation with the executive or manager concerned. Senior executives and managers shall take no part in the process of determining their own remuneration. The Board may establish a committee consisting of Directors to be known as the remuneration committee for the purpose of collecting and considering detailed information and making recommendations to the Board regarding the remuneration packages of senior executives.
- 65. Independent Professional Advice** - Upon a written requisition handed to the Society's secretary signed by not less than one-third of the total membership of the Board for the time being those Directors ("the requisitionists") shall be entitled to take independent professional advice at the Society's expense upon any question or questions relating to the governance of the Society or the conduct of its affairs, in accordance with the following agreed procedure:-
- (a) the requisition need not state the precise question or questions upon which independent professional advice is required, but shall identify the broad area(s) of concern (eg. legal, accountancy, taxation, valuation, employment, trade, etc);
 - (b) for the purpose of taking advice the requisitionists shall appoint one of their number to act as the requisitionist's clerk, whose identity shall forthwith be notified to the secretary;
 - (c) the requisitionists shall be entitled to production and copies of any documents and information which they may reasonably require and may call upon the Society's secretary for any necessary assistance in preparing their case and in seeking and obtaining advice;
 - (d) before any professional fees are incurred by the requisitionists a written estimate or quotation in respect of the anticipated expense thereof shall be submitted for the approval of the Society's secretary who shall forthwith give his/her written approval to same or if he thinks fit may refer same to the Board for approval. In either case such approval shall not be unreasonably withheld or delayed, and any question or dispute as to the grant or refusal of such approval shall forthwith be referred by the board to Co-operatives^{UK} Limited whose decision shall be binding and conclusive;

- (e) a complete copy of any written advice or opinion obtained by the requisitionists shall be passed to the Society's secretary who shall make same available for inspection (if required) by the remainder of the Board.

The above procedure must not be used as a means of causing unreasonable delay in the implementation of any Board resolution or resolutions relating to the matter in question.

INDEMNITY

- 66. Indemnity** - Without prejudice to any indemnity to which a director, regional director, the Chief Executive, the secretary and every member of the Management Executive (for the purposes of this Rule, the 'Directors and Officers' of the Society) may be entitled at common law or otherwise, every director and officer 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 his/her duties on behalf of the Society, but excluding liability incurred under Section 62 of the Industrial and Provident Societies Act 1965 or for wilful default, fraud or dishonesty, provided that any director or officer who has given security under Section 41 of the said Act shall not be indemnified for and to the extent of any sum of money due under such security and further provided that no director or Officer shall be indemnified against costs or expenses recovered from him/her by order of the Authority. For the purposes of this paragraph of this rule, any reference to a Section of an Act includes reference to any legislation replacing or amending the same.

The Society is hereby authorised to purchase and maintain insurance for the purpose of:-

- (a) indemnifying the directors and Officers of the Society against any liability which by virtue of any rule of law would otherwise attach to them or any of them in respect of any negligence, default or breach of duty of which they may be guilty in relation to the Society but excluding liability for wilful default, fraud, dishonesty or breach of trust; and
- (b) indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to its directors and Officers pursuant to the first paragraph of this rule.

COMPLAINTS

- 67. Complaints by Members** – A member who has any complaint to make as to the quality, quantity, or price of any goods supplied by the Society, or the conduct of any officer or employee of the Society, shall send the particulars of such complaint to the Board who shall inquire into and decide upon them, subject to an appeal from any such decision to an ordinary meeting of members; but no such complaint shall be brought before any such meeting except on appeal.

MINUTES

- 68. Minutes** - The Directors shall cause minutes of all meetings of the Society or of the Directors to be kept and entered in books kept for that purpose and the minutes of every meeting of the Society and of every meeting of the Directors, shall be read at the next ordinary meeting or meeting of the Directors respectively, and signed by the chairman or the person chairing the meeting at which they are so read. All minutes so signed shall, in the absence of evidence to the contrary, be taken as between the Society and every member thereof to be a true statement of any matter therein contained.

NOTICE

- 69. How Notice is to be given** - A notice required to be given by the Society to any member under these rules (other than a notice convening a meeting or relating to the cancellation or forfeiture of shares) or under the Act or otherwise may be given by sending it by post to the member at his/her address in the register of members or by leaving it thereat. A notice sent by recorded delivery may be deemed to be served by properly addressing, prepaying, and posting a letter containing the notice and be deemed to have been served in the ordinary course of post.

AUDIT

70. Audit -

- (a) Where necessary in law, or where the membership require 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.
- (b) None of the following persons shall be appointed as auditor of the Society:-
- (i) an officer or servant of the Society;
 - (ii) a person who is a partner of or in the employment of or who employs an officer or servant of the Society.
- (c) Save as provided in Clause (d) of this rule every appointment of an auditor shall be made by resolution of a general meeting of the Society.
- (d) The Directors may appoint an auditor to fill any casual vacancy occurring between general meetings of the Society.
- (e) An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by a general meeting or by the Directors) shall be re-appointed as auditor of the Society for the current year

of account (whether or not any resolution expressly re-appointing him/her has been passed) unless:-

- (i) a resolution has been passed at a general meeting of the Society appointing somebody instead of him/her or providing expressly that he/she shall not be re-appointed; or
- (ii) he/she has given to the Society notice in writing of his/her unwillingness to be re-appointed; or
- (iii) he/she is not a qualified auditor or is a person mentioned in paragraph (b) of this rule; or
- (iv) he/she has ceased to act as auditor of the Society by reason of incapacity;

provided that a retiring auditor shall not be automatically re-appointed if notice of any intended resolution to appoint another person in his/her place has been given in accordance with Clause (f) of this rule 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 mentioned in paragraph (b) of this rule.

- (f) a resolution at a general meeting of the Society:-
 - (i) appointing another person as auditor in place of a retiring auditor; or
 - (ii) providing expressly that a retiring auditor shall not be re-appointed;

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 forthwith 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 manner as it gives notice in accordance with these Rules of the meeting at which the resolution is to be moved or, if that is not practicable, by advertisement not less than 14 days before the said 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/she 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.

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/her and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which he/she is appointed.

- 71. Audit of Accounts** - 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.
- 72. Rights and Powers of the Auditor** - 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. He/she shall be entitled to require from the officers of the Society such information and explanations as he/she thinks necessary for the performance of his/her duties. The auditor shall be entitled to attend any general meeting of the Society, to receive all notices of and other communications relating to any general meeting which any member of the Society is entitled to receive, and to be heard at any meeting which he/she attends on any part of the business of the meeting which concerns him/her as auditor.
- 73. Audit Committee** - The Board shall establish a committee of the Board to be known as the audit committee whose duties shall include consideration of the appointment of the auditor, the audit fee, and any question of resignation or dismissal, review of the interim and annual financial statements before submission to the Board, and such other duties as the Board shall determine. The chief executive shall not normally attend the meetings of the audit committee unless invited to do so for a specific purpose. The chair should not be the president, vice-president, or an employee. The proportion of Directors who are employee members serving on this Committee shall not exceed the proportion that such Directors comprise of the Board.

ACCOUNTS

- 74. Books of Account** - The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the requirements of the Industrial and Provident Societies Acts. The Board also has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the society and to prevent and detect fraud and other irregularities.
- 75. Accounts to be Audited and laid before Meetings** - 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;
 - (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.

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.

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. Such report shall contain details of any compensation payments for loss of office made to the chief executive or to any other senior executive or any member of the Board, and be signed by the president.

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 Accounting Standards Committee of Co-operatives^{UK} Limited. If the Society does not observe the recommended Co-operative Accounting Standards for the time being then this fact shall be reported clearly to the members in the Society's annual report.

- 76. Publication of Accounts and Balance Sheets** - The Directors shall not cause to be published any revenue account or balance sheet unless it has previously been audited by the auditor and it incorporates a report by the auditor that it gives a true and fair view of the income and expenditure, or the state of the affairs of the Society, as the case may be. Every revenue account and balance sheet published shall be signed by the secretary and by two directors acting on behalf of the Board of Directors.
- 77. Copy of Balance Sheet to be sent to the Authority** - 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 Authority together with the annual return and such copy shall incorporate the report made thereon by the auditor.
- 78. Copy of Balance Sheet to be displayed** - 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.

ANNUAL RETURN

- 79. Annual Return to be sent to the Authority** - The Society shall within the time allowed by legislation in each year send to the Authority a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return, together with a copy of the report of the auditor on the Society's financial statements for the period included in the return and a copy of each revenue account and balance sheet made during that period and of any report of the auditor on that balance sheet.
- 80. Requirements of Annual Return** - The annual return shall:—
- (a) contain the revenue account or accounts of the Society prepared in accordance with Section 3(2) of the Friendly and Industrial and Provident Societies Act 1968 or any successor legislation in respect of the year of account to which the return relates, and a balance sheet as at the end of that year;

- (b) not contain any accounts other than the revenue account or accounts for that year unless those other accounts have been examined by the Society's auditor under Section 9 of the Friendly and Industrial and Provident Societies Act, 1968;
- (c) be made up for the period beginning with the date of the Society's registration under the Act or with the date to which the Society's last annual return was made up, whichever is the later, and ending:—
 - (i) with the date of the last balance sheet published by the Society before "the appropriate date" (meaning 31 March of the year in which that return is required to be sent to the Authority or the date on which that return is so sent, whichever is the earlier); or
 - (ii) if the date of that balance sheet is earlier than 31 August immediately preceding the appropriate date or later than 31 January of the year in which the appropriate date falls, with 31 December immediately preceding the appropriate date.

COPIES OF ANNUAL RETURN AND OF RULES AND INSPECTION OF ACCOUNTS

81. Copies of Annual Return and Rules - The secretary shall supply:-

- (a) free of charge on application a copy of the last annual return for the time being of the society to every member or person interested in the funds;
- (b) on payment of such amount as may be prescribed in the law applicable to Industrial & Provident Societies for the time being in force to any person applying therefore a copy of the rules.

In supplying a copy of an annual return as aforesaid the society shall also supply a copy of the report of the auditor on the accounts and balance sheet contained in the return.

82. Inspection of Books - Any member or person having an interest in the funds of the Society may inspect his/her own share, loan and/or deposit account and the records containing the names of the members, including the particulars mentioned in Clauses (a), (d), and (e) of Rule 15, entered in the register of members, at all reasonable hours at the registered office or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by meetings of members of the Society.

DEPRECIATION

83. **Depreciation** - Depreciation of fixed assets shall be provided so as to write off their cost (or revalued amount) less estimated residual values over their anticipated useful lives.

APPLICATION OF PROFITS

84. **Application of Profits** - The net profits of all business carried on by or on account of the Society (save and except profits arising from the sale or disposal of any tangible or intangible fixed assets of the Society) shall be applied as follows:-

- (a) in paying interest on the share capital at such rate or rates, which may be graduated according to the amount of share capital in the Society held by individual (or joint) holders, as determined by the Directors from time to time, but not exceeding in any case 5 per cent per annum or 2 per cent above The Co-operative Bank plc base rate, whichever is the greater. In this rule 'The Co-operative Bank plc base rate' means The Co-operative Bank plc base rate at the time of determining the rate of interest or at such time within two years prior to the date of such determination as the Board decides.

Interest shall be calculated on the balance of each member's share account at the close of business each day provided that no interest shall be payable on any balance less than £10;

- (b) in setting aside to a reserve fund such amount, if any, as the Directors may determine;
- (c) in setting aside for member development such amount as an ordinary meeting may determine;
- (d) in paying the annual subscription levied by Co-operatives^{UK} whilst the Society continues to be a member of Co-operatives^{UK}.
- (e) in paying, while the Society continues to be a member of the Co-operative Party, such subscriptions to the funds of the National Co-operative Party as the rules and orders of the Party may from time to time determine and as the Board shall recommend and the annual meeting of the Society may each year resolve to pay, and additionally an annual grant to the local Society Party for local Party activities at such rate as the Board shall recommend and the annual meeting of the Society each year may resolve to pay;

- (f) subject to the discretion of the Board -
- (i) in paying out of the balance of the profits remaining after application as aforesaid such dividend upon the value of the purchases made from the society or such other benefits as an ordinary meeting may declare 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 –

- (aa) the Directors 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, 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;
- (bb) no dividend or other benefit shall exceed the amount recommended by the Directors, but the members in ordinary meeting may declare a dividend or other benefit of less than the amount recommended by the directors;
- (cc) the directors may from time to time pay such interim dividend as appears to them to be justified by the profits of the Society based on purchases for any part of the year, and, either:
- (i) such purchases shall not rank for dividend in the final distribution of profits; or
- (ii) such purchases shall rank for dividend in the final distribution of profits, in which case, any such dividend
- paid shall be deducted from the final dividend for the year;
- as shall be determined by the directors.
- (dd) 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 towards the payment of any amount unpaid on the member's share or the allocation of further shares;
- (ii) in paying the cost of such shares as the Board shall decide to allot under the terms of any Employee Share Scheme under Rule 20;
- (g) 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.

- (h) in paying such dividend to holders of Employee Shares (as defined in rule 21) based on requisite levels of service and such other equitable formula to be established by the Board;

Any of the aforesaid profits not required for application as aforesaid shall be carried forward.

MEMBER INVOLVEMENT

85. Member Involvement -

- (a) The fund allocated under Rule 84 (c) shall be administered by the Board for the development of member involvement, the promotion of Co-operative values and principles, and the development of Co-operative activity.
- (b) The Board may delegate the monitoring of all or part of this fund to sub-committees that it may form from time to time subject to such sub-committees operating under guidelines determined by the Board.
- (c) Members of any such sub-committees may be paid fees as approved by the Society. In addition, they shall be reimbursed their reasonable travel, hotel and out of pocket expenses incurred whilst undertaking duties on behalf of any such sub-committees.

RESERVE FUND

- 86. Application of Reserve Fund** - The reserve fund shall be applied in meeting any contingency affecting the business of the Society as the Directors may recommend and as a meeting of the Society may by resolution determine, provided that the moving of such resolution was specified as business of the meeting in the notice convening the meeting.

SEAL

- 87. Execution of Deeds** - All documents executed as deeds by the Society shall be signed by either two directors, or, by one director and the secretary, or, by such other person or persons as the Board may from time to time appoint for that purpose. The Society shall not have a seal.

DISPUTES

- 88. Determination of Disputes** – Any dispute arising in connection with these Rules between a member or a person aggrieved who has ceased to be a member within the last 3 months, or an officer and the Society shall in the first instance be referred to the Secretary of the Society (other than a claim previously brought under Rule

67). If a solution satisfactory to both parties cannot be reached within one month of the matter being referred to the Secretary the dispute shall be referred to mediation, and the parties agree that they will seek in good faith to resolve the dispute, including sharing any costs of the mediation. The mediator will be chosen by the parties, and in the absence of agreement within two months of the original reference to the Secretary, the Secretary will arrange for a mediator to be nominated by the independent Centre for Dispute Resolution.

- 89. Appointment of Arbitrators** - The Society in meeting shall appoint five arbitrators, not being persons directly or indirectly interested in the funds of the Society, and in the event of any dispute arising as aforesaid the three arbitrators to be chosen to decide the dispute shall be those persons whose names are drawn by lot from amongst the names of the five arbitrators aforesaid by the complaining party to the dispute or, if there is more than one such party in any dispute, by that party whose name comes first in alphabetical order. If there are less than three arbitrators appointed as aforesaid Co-operatives^{UK} Limited shall, if requested appoint the three arbitrators for determination of a dispute.
- 90. Vacancies** - Any vacancy in the number of arbitrators shall be filled by the first ordinary meeting after it has occurred, or if not so filled by the Directors.
- 91. Cost of Arbitration** - The cost of any arbitration shall be borne as the arbitrators may direct and any complaining party shall deposit the sum of £100.00 with the Society to abide by the arbitrators' decision.
- 92. Copies of Arbitrators' Award** - A copy of the arbitrators' award shall be sent by the arbitrators to every party to a dispute.

EXPULSION

- 93. How a Member may be Expelled** - A member may be expelled for conduct detrimental to the Society by a resolution passed by two-thirds of the members present and entitled to vote at a special meeting of the Society, provided that notice of the conduct alleged against him/her is given to him/her at least one calendar month before the aforesaid meeting and he/she is given an opportunity thereat to answer the allegations made against him/her. Pending the decision of such special meeting, a member may be suspended from membership of the Society by resolution of the Board, if in the opinion of the Board, he/she has been guilty of conduct detrimental to the interests of the Society.
- 94. Payment of Expelled Member** - A member so expelled shall be paid the full sum paid or credited on any shares in the Society held by him/her at the date of the resolution for his/her expulsion and his/her shares shall be cancelled.

ALTERATION OF RULES

- 95. Majority Requisite to make Alterations** - Any of these Rules may be rescinded or altered, or any new rule be made, by a resolution passed at a special meeting of the Society by two-thirds of the votes cast provided always that this Rule and Rules 41, 45, 99 or 100 may only be rescinded or altered by a resolution passed at a special general meeting of the Society at which 95% of the total votes cast have been cast in favour of such resolution.
- 96. Registration of Alterations** - No amendment of rules is valid until registered. When submitting rule amendments for registration the secretary may at his sole discretion accept any alterations required or suggested by the Central Office of the Registry of Friendly Societies without reference back to a further special meeting of the Society, providing that the alteration does not alter materially the rule amendment as submitted.

AMALGAMATION, TRANSFER OF ENGAGEMENTS, CONVERSION INTO A COMPANY AND DISSOLUTION

- 97. Amalgamation, Transfer of Engagements, and Conversion –**
- (a) The Society may, by special resolution passed in manner prescribed by the Act, 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 Directors or of a meeting of members.
- (b) No director, regional director, or person holding any other elected position within the Society shall be permitted to receive from the Society, or any other person or organisation any payment greater than that permitted below (the “permitted amount”) 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 (“reorganisation”).
- (c) The permitted amount, which a director, regional director, or person holding any other elected position with the Society shall be permitted to receive in the circumstances set out above shall be an amount:
- (i) which is no greater than the amount of remuneration which any such person would have been entitled to receive from the Society if the reorganisation had not taken place, and if the individual had been able to complete the term of office for which they had been elected;
 - (ii) which takes into account any remuneration which the individual receives in relation to a period equivalent to the outstanding term of office, in connection with any office to which they are elected or appointed following the reorganisation; and

- (iii) which has been approved by the members of the Society at a members' meeting before the reorganisation becomes effective.
- (d) Every director, regional director and every person holding an elected position within the Society shall execute a deed in a form specified by the Secretary acknowledging that they are not entitled to any such compensation beyond the permitted amount, and assigning any sum beyond the permitted amount, if paid, to Co-operatives UK or any successor in title to Co-operatives UK. Any person who fails to execute such deed when required to do so shall immediately cease to hold office. If any such payment is made, then:
 - (i) it will be held by the recipient on trust for Co-operatives UK or any successor in title, who shall be entitled to call upon the recipient for payment of such sum; and
 - (ii) it shall be applied by Co-operatives UK or any successor in title in furtherance of its objects as its Board shall decide.

98. Dissolution - The Society may be dissolved:-

- (a) by winding up in manner provided by the Act in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986;
- (b) by an instrument of dissolution signed by three-fourths of the members for the time being, in the form prescribed by Treasury Regulations.

99. Solvent Dissolution - 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 meeting; or
- (b) if not so transferred shall be paid or transferred to Co-operatives^{UK} Limited.

100. Major Transactions and Disposal of Major Assets - Any major transaction or proposed transaction, or any series of transactions within any period of three years, involving the sale or disposal of any major asset of the Society of a value in excess of 25% of the value of the Society's tangible fixed assets, as stated in the Society's latest audited financial statements, to another society, corporate body or individual not in membership of Co-operatives^{UK} Limited, shall require the prior approval of a members' meeting.

- End -