

The Midcounties Co-operative Limited

Special Meeting – 20 January 2026, 6.00pm – 6.30pm

Explanatory note

Director compensation for loss of office

As members will likely be aware, the Society has agreed to merge with Central England Co-operative. The merger was approved by members at member meetings held on 17 November and 2 December 2025 and is set to complete on 26 January 2026. It is being actioned through what is known as a ‘transfer of engagements’ – a standard legal process that co-operatives use when they merge.

As part of the arrangements, a new Board of directors is to be created in the newly merged Society. Seven directors from the Midcounties Board will serve on this new Board, meaning that the remaining eight directors at Midcounties will step down from their director roles.

Directors at Midcounties receive a fee to take account of the duties and responsibilities they take on. The current director fee is £11,039 per year (it’s a very similar amount at Central).

As some directors will be losing their position on account of the merger, the Board believes it is fair that they receive compensation for this, as were it not for the merger they would be continuing in role and earning a fee.

Rule 18.3 of the Society’s Rules allows for compensation payments to be made to directors in the event of a transfer of engagements. The amount paid requires specific member approval and has a prescribed maximum – effectively, the amount a director would have received in the way of fees for the remainder of their term of office at the Society, less (where relevant) any amount they would receive from their director role on the new Society. The Rule is set out in the appendix for information.

The Board is proposing that a compensation payment of £5,500 – i.e. half the annual Board fee – is paid to those directors who (i) are not joining the new Society Board, and (ii) who would be continuing on the Midcounties Board were the merger not taking place. Six directors would qualify for this payment if it is approved by members, making for a total cost of £33,000.

We hope you will be able to join us for the meeting. But, in the meantime, if you have any questions on the above, please contact the undersigned.

Edward Parker

Secretary & Head of Governance

edward.parker@midcounties.coop

Appendix

Rule 18.3

Compensation

18.3. a) No 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”).

b) The permitted amount, which a 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; and
- 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.