

ALL PREVIOUS RULES RESCINDED

**RULE BOOK  
FOR  
LINCOLNSHIRE CO-OPERATIVE LTD**

**June 2025**

*This page does constitute part of the registered rules*

**Co-operative Values and Principles** (Approved at the ICA (International Co-operative Alliance) Congress, Manchester, September 1995)

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#### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

#### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

#### **Principles**

The co-operative principles are guidelines by which co-operatives put their values into practice.

##### **1st principle: voluntary and open membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept responsibilities of membership, without gender, social, racial, political, or religious discrimination.

##### **2nd principle: democratic member control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

##### **3rd principle: member economic participation**

Members contribute equitably to, and -democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

##### **4th principle: autonomy and independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

##### **5th principle: education, training and information**

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

##### **6th principle: co-operation among co-operatives**

Co-operatives serve their members most effectively and strengthen the Co-operative Movement by working together through local, national, regional and international structures.

**7th principle: concern for community** Co-operatives work for the sustainable development of their communities through policies approved by their members.

## **Name**

1. The name of the society is Lincolnshire Co-operative Limited and it is called the "Society" in these Rules.

## **Interpretations**

2. In these Rules:

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

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

**"Auditor"** means a person eligible for appointment as a society auditor under the Act;

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

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

**"Chair"** means the Director appointed to that office under these Rules or, where the context admits, the person chairing a Members' Meeting or a Board meeting

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

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

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

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

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

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

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

**"Executive Leadership Team"** means collectively those Employees designated as such by the Board and who report directly to the Chief Executive;

**"Leadership Team"** means that group of Employees designated as such by the Chief Executive;

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

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

**"Officer"** means the Chief Executive, Secretary and each member of the Executive Leadership Team;

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

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

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

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

**"Rules"** means these Rules;

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

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

**"Vice Chair"** means any Director appointed to that office by the Board under these Rules;

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

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

3. A reference to legislation or a legislative provision is a reference to it as amended or re-enacted, and includes all subordinate legislation made under that legislation or legislative provision.

4. Any words following the terms including, include, in particular, for example or any similar expression shall be interpreted as illustrative and shall not limit the sense of the words preceding those terms.

#### **Purpose**

5. The purpose of the Society is to carry out its function as a successful co-operative business.

#### **Values and Principles**

6. In conducting its affairs, the Society is committed to:
  - (a) following the Co-operative Values and Principles;
  - (b) respecting the rights and diversity of its members, Employees, including Employees of the Society's subsidiaries and people dealing with the Society, treating them fairly and not discriminating on any grounds.
7. The net profits of the Society's business shall be used to further the Society's purpose and applied in accordance with the Co-operative Principles, including without limitation:
  - (a) providing dividends or benefits to Members, including as a result of their transactions with the Society and in proportion to their transactions with the Society;
  - (b) promoting and supporting charitable or community based activity;
  - (c) paying amounts under the terms of any Employee share or similar schemes;
  - (d) setting aside amounts not otherwise used for the purposes above for reinvestment in the continuation and development of the Society, or as reserves,all in such amounts and in such manner as the Board shall determine from time to time in accordance with its duties and responsibilities stipulated under these Rules.
8. The Society shall not contribute or donate funds to a political party, nor proactively support any initiative or cause solely on party-political grounds, provided that nothing in these Rules shall restrict or prevent the Society from supporting initiatives or causes that further its values, principles and/or purpose.

#### **Objects**

9. The objectives of the Society are, in accordance with its purpose:
  - (a) to carry on the business of dealing (on a retail or wholesale basis) in, producing, creating, supplying and providing; property, goods and services of all kinds, including engaging in credit sale, rental and other services or credit transactions; and
  - (b) to engage, as principals or agents, in any other business, trade, industry or activity which seems to the Society directly or indirectly conducive to carrying out

the functions above.

### **Powers**

10. The Society may do all such lawful things as may further the Society's objects and in particular it may;
  - (a) purchase, hold, sell, mortgage, rent, lease or sub-lease lands of any tenure and erect, pull down, repair, alter or otherwise deal with any building on those lands;
  - (b) enter into block discounting transactions;
  - (c) borrow money, mortgage or charge any of its property and issue debentures and other securities upon such terms and conditions as the Board thinks fit; provided that the Society's total borrowings shall not at any time exceed 50% of the Society's revenue reserve stated in the Society's last published accounts; but
    - (i) the interest payable on advances from members shall not exceed a rate equivalent to 3% per annum above The Bank of England's base rate or 5% per annum whichever is the higher. In this rule "The Bank of England's base rate" means The Bank of England's base rate at the time of making the advance, or at such time within the 2 years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within 2 years prior to its renewal (if renewed more than once) as the Board determines; and
    - (ii) charges or debentures may contain a fixed charge upon any property of the Society specified therein and/or a floating charge upon its undertaking and all its property and assets both present and future, and a separate register shall be kept of all such charges and debentures;
  - (d) establish a pension or superannuation scheme for the benefit of its Employees, including Employees of the Society's subsidiaries, and pay contributions and enter into any contract or trust deed for this purpose;
  - (e) establish, maintain, manage, support and contribute to any schemes for the acquisition of shares in the Society by or for the benefit of any individuals who are Employees or former Employees of the Society or any subsidiary society or company upon such terms as the Board shall approve ("an Employee Share Scheme"), and to establish, maintain, manage, support and contribute to any schemes for sharing profits of the Society or any such subsidiaries with any such Employees or former Employees;
  - (f) receive from any Persons whether Members or not, sums on deposit, not exceeding in total the amount permitted under the law applicable to registered societies for the time being in force withdrawable on not less than two Clear Days' notice.
  - (g) subject to any restriction imposed by resolution of any special meeting, the Board may invest any part of the capital and funds of the Society in any manner which the Board may from time to time determine.

## **Membership**

11. The Society consists of its Members and the Members are the people and corporate bodies whose names are entered in the register of Members.
12. The Society may admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership that buys goods and/or services from the Society and meets any additional criteria for membership.
13. All those wishing to become a member must support the stated purpose of the Society and complete the membership application form specified by the Board (which shall include an application for the minimum number of shares). No person shall be admitted to membership unless their application is accepted under procedures approved by the Board.
14. The terms of membership (including the age at which Members may receive benefits and entitlements) shall be set out separately in any regulations that the Society may adopt, subject always to the following:
  - (a) Members must attain the age of 16 in order to vote on any business conducted at Members meetings, and to vote in elections for the Board; and
  - (b) Members must attain the age of 18 in order to stand for election to, and serve on the Board (subject to the further eligibility criteria set out in these Rules).
15. Any Member changing their address shall give notice to the Secretary, and the necessary alterations shall be made in the register of Members.
16. The Board has an absolute discretion to accept or refuse any membership application, does not have to give reasons for its decision, and may take into consideration (amongst other things) the applicant's likely participation in the Society's business and affairs, and their support of the Co-operative Values and Principles. The Board may delegate responsibility for deciding membership applications to the Secretary and, under their supervision, to other Employees. Any such decision shall be made in accordance with the Society's membership policy.
17. Applicants shall be accepted into membership when approved by the Board provided that a Member shall not be entitled to vote at any meeting of the Society or in any elections until that Person has been a Member of the Society for at least six months.
18. Where two or more people are joint Members, they may continue to be joint Members but no new joint memberships may be created.
19. A corporate body which is a Member shall by resolution of its governing body appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the corporate body would exercise if it were an individual person. Each such corporate body Member shall supply notification in Writing to the Society of its choice of representative.

## **Termination of membership**

20. A member shall cease to be a member if:
  - (a) they withdraw from membership by giving at least one month's written notice to the Secretary, and withdraw their shares under these Rules; or
  - (b) they are expelled; or
  - (c) they are removed from the register of Members by the Secretary in accordance

- with the Maintenance of Register provisions in these Rules; or
- (d) they die, if an individual, or cease to exist if a corporate body; or
- (e) they are no longer eligible for membership.

### **Expulsion from membership**

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

### **Shares**

22. The shares of the Society shall be of the nominal value of £1. Shares can be withdrawn, but cannot be transferred except where permitted by these Rules.
23. The Society shall comply wherever possible with the Code on Withdrawable Share Capital.
24. Every Member shall agree to pay the nominal amount of the share by permitting the Society to deduct and retain some or all of the amount from any amounts payable to the Member under these Rules or otherwise pursuant to any terms of membership that the Society may adopt. The share shall be treated as fully paid for the purposes of these Rules (whether or not it is) save in relation to repayment of share capital.

25. The Society shall allot:

- (a) to Members when they are admitted the share or shares for which they have applied, and after that shall allot any further share or shares applied for;
- (b) to the trustee of any Employee Share Scheme the shares which the Board decides in its absolute discretion should be allotted, and any shares issued in this way shall, subject to the rules of the Employee Share Scheme, be transferable only by the trustee to Employees or former Employees, including Employees of the Society's subsidiaries, who are already individual Members of the Society or are then admitted as individual Members, by a transfer Document in a form approved by the Board;

provided that the total number of shares allotted to any Member shall not exceed the maximum shareholding of £20,000 per Member, if an individual person, or £100,000 per Member, if a corporate body. Accrued interest on a Member's shareholding shall be excluded for the purposes of determining a Member's maximum shareholding.

26. A notice required by these Rules to be given in relation to any share or shares which are held jointly must be given to whichever joint Member the joint Members specify in Writing, and if they do not specify, to the joint Member whose name appears first in the register of Members. An application for the withdrawal of any shares or part of a share held jointly must be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid. No withdrawal shall be made which causes the number of shares held by any joint Member to fall below the minimum shareholding required to be held as a condition of membership.
27. On the death of a joint holder of any share, it shall be transferred into the name of the survivor or survivors on their application.
28. The Board may apply money for which they cannot find profitable investment in repaying to Members the amounts paid up on their shares, subject to the following:
- (a) the Board may only do this if an ordinary Members' meeting has approved it;
  - (b) repayments shall be made by paying back to the Member (or Members) who holds (or hold) the largest number of shares the amount by which their shareholding is greater than the next largest shareholding;
  - (c) no repayment shall be made which causes the number of shares held by any Member to fall below the minimum shareholding required by these Rules to be held as a condition of membership;
  - (d) any share in respect of which the full amount paid up or credited has been repaid shall be cancelled;
  - (e) where repayment is to be made in accordance with this rule, reasonable notice 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.
29. Interest shall be calculated in a manner to be determined from time to time by the Board.

30. Subject to the other provisions of this rule and the minimum shareholding requirements under these Rules, shares may be withdrawn by Members upon giving one week's notice to the Society, provided that:
- (a) all withdrawals shall be paid in the order in which the notices were received by the Society;
  - (b) the Board may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;
  - (c) unless the Board agrees, not more than one-tenth of the paid-up share capital at 1 January in each year (including all sums under notice of withdrawal at that date) shall be Withdrawable during that calendar year;
  - (d) the right to withdraw may be suspended by resolution of the Board 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 Board. Where the suspension is for a fixed period such period may be extended from time to time by a resolution of the Board;
  - (e) during any period when the right of withdrawal has been suspended, the shares of a deceased Member may, if the Board so determines, be withdrawn by their legal personal representative upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction as the Board may from time to time determine;
  - (f) no interest shall be payable upon any share in respect of which a notice of withdrawal has been accepted by the Society in relation to any period after the date of the notice;
  - (g) no repayment of withdrawable share capital shall be made while amounts are outstanding on the Member's accounts.

#### **Proceedings on Death or Bankruptcy of a Member**

31. Subject always to the provisions of the Act dealing with the nomination of property (all of which shall apply), the following provisions shall apply.
- (a) a Member may nominate any Person or Persons to whom any of their property in the Society at the time of their death shall be transferred;
  - (b) on receiving satisfactory proof of death of a Member who has made a nomination the Board shall, if and to the extent that the nomination is valid, either transfer or pay the full value of the property comprised in the nomination to the Person entitled to it;
  - (c) upon a claim being made by an Office Holder to any property in the Society belonging to the member, the Board shall transfer or pay such property to which the Office Holder has become entitled as the Office Holder may direct them.

## Organisation

32. The governance of the Society comprises the following:
- (a) Members;
  - (b) the Board;
  - (c) the Officers;
  - (d) the Secretary; and
  - (e) Such other Committees made up of the Members as the Board shall consider appropriate.
33. The affairs of the Society are to be conducted collectively by all of them in order to fulfil the Society's objects and purpose. Their respective responsibilities or functions, which are at all times to be performed in accordance with these Rules, are as follows.

## Board

34. The Board has the following responsibilities:
- (a) to ensure that the Society's affairs are conducted in accordance with these Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles;
  - (b) to determine the strategy of the Society in consultation with the Officers (if appropriate);
  - (c) to determine the risk strategy of the Society and ensure that a robust risk management framework is in place;
  - (d) to oversee the work of the Officers in the day-to-day management of the business of the Society; and
  - (e) oversee and approve the development of the Society's overall membership proposition, including the structure of member benefits, rights and entitlements.
35. The Board has the following rights and powers:
- (a) subject to what the Act and these Rules say, the Board:
    - (i) may exercise all powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society at any Members' meeting;
    - (ii) determines the composition of the Executive Leadership Team;
    - (iii) appoints, removes and fixes the remuneration and terms of employment of the Chief Executive and the Secretary;
    - (iv) approves the appointment and removal of members of the Executive Leadership Team by the Chief Executive. The Board may delegate the appointment and removal of members of the Executive Leadership Team to the Chief Executive;

- (v) may at any time call upon the Chief Executive, or the Secretary to report or obtain a report in Writing upon any matter in connection with or concerning the business of the Society;
  - (vi) determines from time to time those matters which require the approval of the Board;
  - (vii) approves the use of the Society's seal if it has one;
  - (viii) may establish one or more committees of Members for such purpose or purposes as the Board shall consider appropriate to fulfil the Society's objectives and functions as a co-operative;
  - (ix) shall prepare, approve and enforce a code of conduct for Directors. The code of conduct for Directors will include commitments to training where needed, in order that the Board is competent to fulfil its role. All Directors will be required to sign an acceptance of the code of conduct for Directors on taking office or as soon as practicable thereafter.
36. Any ultra vires action by the Board may be ratified by the Society by a special resolution passed in the way required by s44 of the Act. A separate special resolution must be passed in the same way should the Society wish to relieve a Director from any liability incurred as a result of a breach of duty arising from the Society acting outside its powers.

#### **Chief Executive and the Executive Leadership Team**

37. The Chief Executive and the Executive Leadership Team are responsible for conducting the day-to-day business of the Society and shall do so in accordance with these Rules.

#### **Secretary**

38. The functions of the Secretary include:
- (a) acting as the Secretary to the Board;
  - (b) monitoring the conduct of the Society's affairs to ensure that they are conducted in accordance with these Rules;
  - (c) publishing to Members in an appropriate form information which they should have about the affairs of the Society;
  - (d) custody of the Society's seal if it has one;
  - (e) acting as returning officer for elections;
  - (f) preparing and sending all returns required to be made to the Registrar; and
  - (g) making all necessary entries in all registers required by these Rules or the Act to be kept by the Society.

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

#### **Members and Member Committees**

40. The function of such committees of Members as shall exist will be determined by the Board from time to time.
41. The role of Members is to actively participate in the governance of the Society including attending Members' meetings, voting in elections, holding the Board to account for the performance of the Society and taking part in the affairs of the Society in the ways provided by these Rules.

#### **Meetings**

42. Members' meetings are either ordinary Members' meetings or special Members' meetings.
43. In each year, the Society shall hold at least one ordinary Members' meeting, called the Annual Members' meeting (it will be a special Members' meeting if the annual general meeting will conduct special business), and such other additional ordinary Members' meetings as the Board decides. Ordinary Members' meetings may comprise district meetings and a central meeting and voting at such meetings may be aggregated as if all such meetings were held at the same time and place. All other Members' meetings are special Members' meetings.

#### **Business of Members' Meetings**

44. An ordinary Members' meeting may transact the following business:
- (a) consideration of the accounts, balance sheets, and the reports of the Board and of the auditor;
  - (b) the application of the Society's profits, including how such profits have been utilised in a manner that complies with the relevant provisions of these Rules;
  - (c) the announcement of the election of the Directors, ratification of Appointed Directors and the determination of Directors' remuneration;
  - (d) the appointment of the Auditor;
  - (e) any motion of which at least 21 clear days' notice in Writing of the motion has been given to the Secretary by a Member. The Board has the discretion not to include such a motion if, in its and the Secretary's reasonable opinion:
    - (i) it seeks to intervene in the exercise of their powers under these Rules by the Board, the Chief Executive, the Executive Leadership Team, the Secretary or any authorised committee or sub-committee of the Society; or
    - (ii) the publicity for it would be likely to diminish substantially the confidence in the Society of investing members of the public; or

- (iii) it seeks needless publicity for defamatory matters; or
  - (iv) it is submitted for frivolous or vexatious purposes; or
  - (v) it does not relate directly to the affairs of the Society; or
  - (vi) it is in substantially the same terms as any motion which has been defeated at any meeting of the Society held during the preceding two years.
45. Any amendments to proposals appearing on the notice convening any Members' meeting shall be submitted in Writing to the registered office not less than 7 Clear Days before the date of the meeting. Members wishing to ask a question at any Members' meeting must submit a question in Writing to the Secretary at least 48 hours before the relevant meeting.
46. A special meeting shall not transact any business not specified in the notice convening it. An ordinary Members' meeting may be made a special Members' meeting for any purpose of which due notice has been given, provided that such business is not brought on until the business of the ordinary Members' meeting is concluded.

#### **Convening Members' Meeting**

47. Ordinary Members meetings shall be convened by the Secretary at the request of the Board, the purpose of which shall be stated in the notice of the meeting.
48. Ordinary Members' meetings are to be held at the registered office and/or at such other place or places as the Board decides.
49. Special Members' meetings shall be convened by the Secretary, either on an order of the Board, or upon a written requisition signed by 100 members, save that a Members' requisition for a special Members' meeting at which a special resolution for any purpose specified in rule 144 is to be proposed shall be signed by at least 500 Members. Special Members' meetings shall be held as soon as is reasonable after the receipt of the order or delivery of the requisition, at such places and times as ordinary general meetings are held. A requisition must state the objects of the meeting and must contain the names, addresses and share numbers of each requisitionist and be delivered at the registered office of the Society. A special meeting shall not transact any business not specified in the notice convening it.
50. If the Secretary has failed, within 21 days of the delivery to the registered office of the written requisition, to convene a special Members' meeting, any of the requisitionists may convene a special Members' meeting by giving the notice provided for in these Rules and shall have a claim upon the Society for any costs properly incurred in giving such notice.
51. Any Members' meeting shall be convened by notices posted conspicuously in the registered office, in all other places from which the Society trades and on the Society's website (if it has one), at least 14 clear days before the day of the meeting. The notice shall specify the place, the time, and the date of the meeting, whether the meeting is an ordinary, or a special Members' meeting and the business to be transacted at the meeting. The accidental omission to give notice of any Members' meeting to or non-

receipt of notice of any members' meeting by any Person entitled to receive notice shall not invalidate proceedings at that Members' meeting.

### **Attending and voting at Members' Meetings**

52. Every Member who has a vote under these Rules (including the deputy of a corporate body) shall be entitled to attend any Members' meeting on the production of such evidence as the Board may from time to time determine. The foregoing entitlement shall be subject always to any physical, electronic or other constraints affecting attendance at a particular Members' meeting, including as to venue capacity.
53. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend any Members' meeting and to receive all notices of, and communications relating to, any Members' meeting which any Member of the Society is entitled to receive. The Auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an Auditor.
54. Every Member of the Society shall be entitled to cast one vote on any resolution put to the Members at any Members' meeting. In the event of Members holding shares jointly they shall have one vote between them which shall be exercised by the person whose name appears first in the register of Members, unless the joint Members together appoint in Writing another joint Member, and the appointment is delivered to the registered office not less than 24 hours before the meeting.
55. A Member is able to exercise the right to speak at any Members' meeting and is deemed to be in attendance when that Person is in a position to communicate with all those attending the meeting. Any Member that has not been able to secure attendance at a Members meeting owing to a constraint contemplated under Rule 52, and nonetheless wishes to exercise their right to speak must provide the Secretary with written notice no less than five (5) days prior to the date of the relevant Members' meeting. The notice shall include a summary of the matter that the Member wishes to raise. If the Secretary, acting reasonably, believes that the proposed matter is, or could be construed as, offensive, defamatory, unlawful, frivolous, vexatious or otherwise inappropriate, then the relevant Member shall be notified that their right to speak at the meeting will not be granted. Subject to the foregoing, the Board shall make appropriate arrangements to enable any such member to speak at the Members' meeting, including by Electronic Means. In determining attendance at any Members' meeting it is immaterial whether any two or more Members attending are in the same place as each other provided that they are able to communicate with one another. For the avoidance of doubt, nothing in this Rule 55 shall prejudice the right of the chair of the relevant Members meeting to exercise the right to adjourn under Rule 60.
56. At any Members' meeting a resolution put to the vote shall be decided on a show of hands unless a ballot is demanded by the Board, or by 10 Members present at the meeting. The minimum number of Members required to demand a ballot vote at meetings shall be 40 or at least 50 percent of Members present and entitled to vote if less than 80 Members are in attendance. The ballot shall be taken at the meeting in such manner as the chair of the meeting directs and may include the use of Electronic Means. Subject to any special provision contained in these Rules all resolutions shall be carried by a simple majority of votes. In the event of an equality of votes the chair of the meeting shall have a second or casting vote.

### **Procedure at Members' Meetings**

57. The Chair of the Board or the President of the Society (as the Board shall determine)

shall ordinarily chair Members' meetings. In the absence of the Chair of the Board or the President of the Society, another Director shall chair the meeting (to be determined by a majority of those Directors present at the meeting). If no Director is present, such Member as the meeting may determine shall chair the meeting.

58. A special Members' meeting convened on the requisition of the Members for the rescission or alteration of rule 49, this rule 58, rule 144 or rule 153 or for any purpose specified in rule 146 and any ordinary Members' meeting at which a resolution for the rescission or alteration of this rule 58, or rules 144 or 151 is to be proposed, may only proceed to business:
- (a) when district Members' meetings are held if a quorum of at least 30 Members is present at each district Members' meeting and at least 200 Members is present at the central Members' meeting within half an hour after the time fixed for it to commence, and provided always that no such resolution shall be passed at any such Members' meeting unless the aggregate number of those Members entitled to vote who are present at the district and central Members' meetings equates at least 3% of the total membership of the Society; or
  - (b) when district Members' meetings are not held, if a quorum of at least 3% of the total membership of the Society entitled to vote is present within half an hour after it is due to commence.
59. Except as aforesaid the quorum of the central Members' meeting shall be at least 30 Members and the quorum for each district Members' meeting shall be at least six Members excluding Directors and Officers. The adjournment provisions of rules 60-62 shall not apply to district Members' meetings.
60. The chair of any Members' meeting may adjourn the meeting whilst a quorum is present if:
- (a) The meeting consents to that adjournment; or
  - (b) It appears to the chair that an adjournment is necessary to protect the safety of any Persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
61. The chair must adjourn the meeting if directed to do so by the meeting.
62. The adjournment shall be at 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.
63. Standing Orders for how business at any Members' meeting shall be conducted and for the closure of business may be made by the Board and subject to any resolution passed at an ordinary Members' meeting such Standing Orders shall be binding on all Members and their representatives.

#### **Composition of the Board**

64. The business of the Society shall be vested in a Board of Directors comprising not more than 12 Members, and shall be made up as follows:

- (a) Nine (9) Directors shall be elected by the Members in accordance with such arrangements as shall be determined by the Board of Directors ("Elected Directors"). Elected Directors shall ordinarily serve a three (3) year term of office (subject to earlier termination in accordance with an express provision of these Rules) before being required to stand for re-election (and further three (3) year terms of office shall ordinarily apply, subject to the overall maximum term set out in Rule 67). There shall be no more than two (2) Elected Directors who are either Employees or have been Employees within the five (5) years preceding the relevant date of nomination;
  - (b) The Board may co-opt up to four (4) Directors ("Appointed Directors") provided that at all times the number of Appointed Directors shall be in the minority. An Appointed Director must be eligible to serve on the Board in accordance with these Rules, shall serve for a fixed period determined by the Board at the time of co-option, subject to a review at least every 12 months. Appointed Directors, may be removed from office at any time by a resolution passed by a majority of the members of the Board, and shall be remunerated an amount (to be disclosed in the published accounts) from time to time fixed by the Board. The appointment of any such Director shall be subject to ratification by the Members at the Member's Meeting which is on, or immediately following the relevant date of appointment, and then at the Member's Meeting which is on, or immediately following the third anniversary of the date of Member ratification (and each subsequent third anniversary subject to the further provisions contained in Rule 67). Any person who is an Employee or who has ceased to be an Employee in the five (5) years prior to any proposed appointment shall not be an Appointed Director.
65. At no time shall connected persons sit on the Board. Connected person means the spouse, civil partner, child, stepchild, parent, grandparent, grandchild, brother, sister or other person in a relationship with a Director, which may reasonably be regarded as equivalent to such a relationship.
66. In order to give effect to the composition stipulated under Rule 64 in relation to any Appointed Directors existing at 8 June 2024, the requirement for that Appointed Director's appointment to be ratified by the Members shall be deemed to be at the Members' Meeting which is on, or immediately following the third anniversary of the date of last ratification.

#### **Directors Maximum Term of Office**

67. A Director shall, subject always to meeting the criteria contained in Rule 70, serve no more than a total of nine (9) years in office.

#### **Employee Directors**

68. Whenever there are three (3) Directors who are Employees at least one (1) shall stand down and submit an application for re-election at times to be determined in consultation with the Chair and the Secretary ahead of the next scheduled Member's meeting. Unless otherwise provided for in these Rules, the Secretary shall determine which of the Employee Directors shall continue to serve and which shall be eligible for re-election.
69. Where a casual vacancy arises on the Board, at the discretion of the Board it may be filled either by co-option, or by an election, or by appointment of the highest polling

candidate at the most recent election, who is willing to serve. In either case, the person filling the vacancy shall retire at the next Board election but may submit themselves for re-election at that time.

### **Eligibility to be a Director**

70. A Person shall only be eligible for Board nomination or appointment if they fulfil the following criteria (where applicable). They:
- (a) must have attained the age of 18;
  - (b) must have been a Member of the Society for at least 3 years immediately preceding nomination (though, without prejudice to the basic requirement to be a Member, this provision shall not apply to any Appointed Director);
  - (c) must provide to the satisfaction of the Secretary proof of: (i) purchases made by them with the Society to a value of £500 in the twelve months immediately prior to the date of their nomination; or (ii) in the absence of having made such purchases, a significant contribution (financial or otherwise) to organisations, initiatives, schemes or activities in such a manner that demonstrates the Member's commitment to the Society's purpose (and the Board shall approve regulations that ensure a fair determination by the Secretary of any such commitment). For the avoidance of doubt, provisions (c)(i) and (ii) shall not apply when determining the eligibility for appointment of any Appointed Director;
  - (d) can demonstrate, to the satisfaction of the Secretary, that they meet the criteria set out in the competency framework;
  - (e) has not been discharged from the Society's employment for unsatisfactory conduct;
  - (f) (or their spouse or Partner) is not engaged in a managerial capacity in the carrying on of any business trade or undertaking which in the opinion of the Board competes in any way with any business trade or undertaking carried on by the Society;
  - (g) is not an Officer, a member of the Executive Leadership Team or of the Leadership Team, and has not ceased to hold a position as any of those in the five (5) years preceding any proposed nomination or appointment;
  - (h) (or their spouse or Partner) does not have any interest in any business which is trading with the Society other than holding less than 1% of the issued shares of a company whose shares are listed on a Stock Exchange, or as a non-managerial member or Employee of any society or company which is trading with the Society;
  - (i) has not previously been removed from office as a Director under these Rules;
  - (j) has not advertised or caused or allowed any advertisement to appear in any media soliciting support for their candidature, save that advertisements published by authority of the Board to publicise the times and places of elections with particulars of all candidates shall not disqualify any such candidate;

- (k) is not bankrupt, nor subject to a disqualification order made against them under the Company Directors Disqualification Act 1986 or the Charities Act 2011;
- (l) is deemed physically and mentally capable of acting as a Director.

The certification of the Secretary as to a member's eligibility shall be binding.

71. The Society shall adopt a competency framework. The competency framework will include criteria that the Society expects persons to be able to demonstrate both on nomination to the Board and, if successfully elected to the Board, throughout their term of office. If a person nominated for election to the Board is unable to demonstrate that they meet the competency framework then their application will not proceed. If it becomes apparent that an existing director is unable to meet the competency framework, and is unlikely to do so within a timeframe decided by the Secretary they shall cease to be a director of the Society.

#### **Termination of Director's appointment**

72. A Director may be removed from office on the grounds that:
- (a) they have refused to sign an acceptance of the code of conduct for Directors; or
  - (b) they have refused to sign the Deed in accordance with rule 149; or
  - (c) they have refused or failed to undertake any appropriate training as directed by the Society; or
  - (d) they have committed a serious breach of the code of conduct for Directors' or
  - (e) they have not adequately demonstrated the required skills and experience, and
- the Board considers that it is not in the best interests of the Society for them to continue as a Director. The procedures set out in the following Rule are to be followed.

#### **Consideration of Director conduct**

73. A Director may be removed from office in relation to any of the grounds under the above Rule as follows:
- (a) Where concerns are raised concerning the conduct of a Director, then the Board shall ensure that there is an investigation of that conduct under this Rule.
  - (b) Pending the outcome of any such investigation, the Director concerned may be suspended by the Chair or the Vice Chair in consultation with the Secretary under the Rule headed "Suspension of a Director" below.
  - (c) The results of that investigation shall be placed before a committee appointed by the Board for the purpose, formed of no more than three (3) serving Directors and such other persons as the Board may appoint.
  - (d) The committee shall consider whether the conduct of the Director concerned fell below the standard expected of Directors under these Rules, any agreed code of conduct, and the general law.

- (e) Before taking any decision, the committee shall ensure that the Director concerned has the opportunity to put their case. If the Director concerned declines to do so, then the committee may proceed to make a decision notwithstanding this.
  - (f) If pursuant to this Rule the committee considers that the conduct of the Director concerned has fallen below the expected standard then the committee may:
    - (i) issue such warning as to future conduct, or requirement for additional training, as it sees fit;
    - (ii) suspend the Director from office for a period of no more than twelve months; or
    - (iii) remove the Director from office.
  - (g) Any removal as a Director under this Rule takes effect from the conclusion of the committee meeting concerned.
  - (h) Any individual so removed from directorship may by written notice to the Society appeal to the next following Board Meeting. The Board shall ensure that:
    - (i) no member of the committee appointed under this Rule takes part in the Board deliberation or decision concerning the appeal;
    - (ii) the individual concerned has the opportunity to put their case to the Board if they wish to do so.
  - (i) If the Board resolves to uphold the appeal, the individual concerned shall be deemed re-appointed as a Director from the conclusion of the relevant Board Meeting.
74. The Members may remove a Director from office by an extraordinary resolution passed by a majority of not less than 75% of votes cast at a meeting called for that purpose, provided that the Director concerned has had an opportunity to present their case as to why they should not be removed.

#### **Suspension of a Director**

75. If the Chair receives a complaint in Writing identifying the complainant and alleging conduct by a Director that in the Chair's reasonable opinion is detrimental to the interests of the Society, and suggests that there is, based on the evidence, a case for the complaint to be investigated in accordance with the provisions of this Rule, the Chair, in conjunction with the Secretary, may suspend the Director concerned.
76. Conduct detrimental to the interests of the Society includes (but is not limited to) any breach of a Director's obligations as set out in the Director's Code of Conduct adopted by the Society.
77. Where the Chair is absent or unable or unwilling to act in relation to the complaint, or the complaint is about the Chair, then the other Directors, in conjunction with the Secretary, may exercise the power to suspend the Chair or a Director under the previous Rule in the same circumstances as the Chair.

78. The Director whose conduct is complained of must immediately be notified in Writing, either by the Secretary or by the Chair or the other Directors of the complaint and of any suspension exercised under the Rules which will be effective from the date of the notice. During the period of any suspension the Director must not:
- (a) participate in a Board Meeting, Members' Meeting, or any other Society meeting;
  - (b) authorise or incur expenditure on behalf of the Society;
  - (c) make use of any property belonging to or in use by the Society in their capacity as a Director;
  - (d) actively hold themselves out as a Director of the Society; or
  - (e) seek to commit the Society to any obligation.
79. On receipt of a complaint under the Rules, the Chair, Secretary or Directors concerned must immediately refer the matter for a fair process of investigation, under the Rule headed "Consideration of Director conduct" above.

#### **Automatic Termination of a Directors' Office**

80. A person ceases to be a Director of the Society as soon as they:
- (a) retire from office, but may be eligible to re-stand for election or appointment to the Board in accordance with these rules;
  - (b) are removed from office in accordance with a provision of these Rules;
  - (c) becomes bankrupt, or are subject to a disqualification order made against them under the Company Directors Disqualification Act 1986 or the Charities Act 2011;
  - (d) cease to be a Member of the Society;
  - (e) has failed to demonstrate, to the satisfaction of the Secretary, that they meet the criteria set out in the competency framework;
  - (f) becomes an Officer, a member of the Executive Leadership Team or of the Leadership Team;
  - (g) are discharged from the Society's employment for unsatisfactory conduct;
  - (h) in the written opinion, given to the Society, of a registered medical practitioner treating that person, have become physically or mentally incapable of acting as a Director and may remain so for more than three months;
  - (i) fails to evidence to the Secretary proof of purchases made by them in each of at least two of the three years of their term of office to a value of £500 per year with total expenditure in the three years of £1,500.
  - (j) (or their spouse or Partner) during their term of office becomes interested in any business which is trading with the Society other than holding less than 1% of the

issued shares of a company whose shares are listed on a Stock Exchange, or as a non-managerial member or Employee of any society or company which is trading with the Society;

- (k) it becomes apparent, during their term of office, that they didn't meet the eligibility criteria for nomination to office under rule 70.

### **Chair of the Board**

- 81. The Board shall have a Chair and may have one or more Vice Chairs, each to be appointed by the Board from within the current Directors. The Chair's performance and continuation in office shall be subject to an annual review by the Board, facilitated by the Secretary. No person may serve more than nine years in total as Chair (subject always to the overall maximum term of office for a Director set out in Rule 67).
- 82. No Director may be appointed as Chair who has not served as a Director for at least one year prior to becoming Chair. The Chair may be an Appointed or Elected Director but shall not be an Employee.
- 83. The Chair and the Vice-Chair, if any, may be removed only at a meeting of the Board called for the specific purpose at which a resolution with a 75% majority in favour is passed. The Chair or the Vice-Chair (as the case may be) must be given an opportunity to say why they should not be removed.
- 84. The role of the Chair is to:
  - (a) provide leadership to the Board;
  - (b) ensure that Board meetings and Members' meetings are conducted efficiently;
  - (c) give all Directors an opportunity to express their views;
  - (d) establish a constructive working relationship with and provide support for the Officers;
  - (e) where necessary (and in conjunction with the other Directors) to ensure that, where the post of Chief Executive or Secretary is or is due to become vacant, a replacement is found in a timely and orderly fashion;
  - (f) encourage the Board to delegate sufficient authority to its Committees and the Officers to enable the business of the Society to be carried on effectively between Board Meetings;
  - (g) ensure that the Board monitors the use of delegated powers; and
  - (h) encourage the Board to take advice when it is needed.
- 85. The role of a Vice Chair is to deputise for the Chair during any period of the Chair's absence and, for that period, the Vice Chair's role shall be the same as that of the Chair.

### **President of the Society**

- 86. Any Director may serve in the role of President of the Society. The President shall act in a ceremonial role as an ambassador for the Society, including representing the

Society at public events and with Members. The President shall be elected annually by the Board from amongst their own number for a term of one year. The President must have appropriate experience in order to discharge the relevant responsibilities of the role, and no Director shall be eligible for President who has not been a Director for at least one year immediately preceding their appointment. The retiring President shall not be eligible for re-election as president in the year immediately following their retirement.

The positions of Chair of the Board and the President of the Society must not be held by the same individual.

87. The Board may elect one or more vice presidents. The role of a vice president is to deputise for the president during any period of the president's absence and, for that period, the vice president's role shall be the same as that of the president.

### **Board Meetings**

88. The Board shall meet and regulate its meetings as it may determine. Except in an emergency or by agreement of the Board, 7 Clear Days' notice of the date, time and place of each meeting is to be given in Writing by the Secretary to all Directors.
89. At least three Directors (not including any Appointed Directors) will form a quorum, provided that less than half of those present are Employees.
90. The Chief Executive and Secretary or their appointed deputy shall attend every Board meeting, unless requested by the Board not to do so. The Board may invite other individuals to attend meetings of the Board. At least one Board meeting per year shall be held without any of the Executive Leadership Team present (but such meeting shall include, for the avoidance of doubt, the Secretary).
91. The Board may agree that Directors can participate in its meetings by Electronic Means. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
92. Meetings of the Board shall be chaired by the Chair, or in their absence by the Vice Chair (if any), or in their absence another Director.
93. Questions arising at any Board meeting shall be decided by a majority of votes and in the case of an equality of votes the chair of the meeting shall have a second or casting vote.
94. A special Board meeting may be called by a notice in Writing given to the Secretary, at least fourteen Clear Days before the meeting to be called, by not less than one quarter of the Directors for the time being unless notice is waived by a unanimous vote of the Board. The notice shall state the business of the meeting and the Secretary shall communicate such notice to all Directors as soon as possible. No other business shall be transacted at the meeting other than the business stated in the notice.
95. The Board may decide any question or approve any matter reserved to it in writing and outside of a Board meeting using any process it approves in writing from time to time having consulted with the Secretary and provided always that no less than seven (7) Clear Days' notice is provided in order to decide any such question or approve any such matter. An approval by the required majority of the Directors entitled to vote (and whose vote would have been counted) shall be as valid and effectual as if it had been passed at a Board meeting duly called and constituted.

### **Disclosure of Interest**

96. Any Director who has a personal material or financial interest in a matter as defined below shall declare such interest to the Board and:
- (a) may not be present in any discussion of the matter unless a majority of the Board agrees to their presence; and
  - (b) shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
97. Details of any such interest shall be recorded by the Secretary in the register of the interests of Directors.
98. Any Director who fails to disclose any interest required to be disclosed under the preceding paragraph must permanently vacate their office if required to do so by a majority of the remaining Directors.
99. A material interest in a matter is any interest in any transaction or act or proposed transaction or act of the Society and any office or position (save for the exceptions referred to below) held by a Director or their spouse or partner in any firm or company or business which is involved in a transaction or proposed transaction with the Society. The exceptions which shall not be treated as material interests are as follows:
- (a) an employment contract with the Society;
  - (b) shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on a Stock Exchange.
100. Interests relating to a financial benefit a Director may receive which is available to Employees and/or members generally such as any distribution of surplus, share account interest, and Employee bonus shall not be deemed to be a personal material or financial interest for the purpose of the Disclosure of Interest provisions in these Rules.

### **Committees of the Board**

101. The Board may delegate any of its powers to committees consisting of such Directors as it thinks fit who shall, in the functions entrusted to them, follow in all respects the instructions given to them by the Board. In relation to the audit committee only, the Board may additionally appoint one further person, who need not be a Director, to serve as a member of the committee as a full voting member.
102. The Board shall appoint:
- (a) An audit committee: No Employee Director shall serve on the audit committee and the Chief Executive shall not normally attend any meeting of the audit committee unless invited to do so;
  - (b) a remuneration committee; and
  - (c) a search and governance committee.

At no time shall any committee comprise less than three members or exceed 50% of

the total number of Directors.

### **Remuneration and protection of Directors**

103. The members of 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 wholly and necessarily incurred on Society business at such rates as may be determined from time to time by the remuneration committee.
104. Anything done in good faith by any Board meeting or by the Officers shall be valid, notwithstanding that it is afterwards discovered that there was any defect in the appointment of any of them, or that any one or more of them were disqualified, and shall be as valid as if every Director and the Chief Executive and the Secretary and every Senior Manager had been duly appointed and was duly qualified to serve.
105. Separate from any other indemnity to which they may be entitled, and subject to what is said in the remainder of this rule, every Director, the Chief Executive, the Secretary and every Senior Manager shall be indemnified out of the funds and assets of the Society against the following: all actions, claims, costs, demands and expenses and any personal liability whatsoever, whether civil or criminal, arising out of or in connection with the exercise or purported exercise of their duties on behalf of the Society.
106. This indemnity excludes liability for offences incurred under Sections 127 and 128 of the Act, and liability for willful default, fraud or dishonesty. No Person shall be indemnified against costs or expenses recovered from them by order of the Registrar.
107. The Society is authorised to purchase and maintain insurance for the purpose of:
  - (a) indemnifying the Directors and Officers against any liability which they or any of them might incur, in respect of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Society; and
  - (b) indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to its Directors and Officers under the first paragraph of this rule.

### **Register of Members & Register of Directors and Officers**

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

held by them respectively, and the dates on which they assumed office.\*

109. The register shall be kept in such a way that it is open for inspection as required by the Act disclosing only the information in those sub-paragraphs above marked by an asterisk. (\*)

### **Right of Inspection**

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

### **Maintenance of Register**

#### **Updating the Register of Members**

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

#### **Lost Contact**

112. Where the Society has evidence that a Member no longer lives at the address shown in its register of Members ("registered address"), then subject to carrying out the following procedures, the Secretary may remove the name of such Member from the register of Members, and the Society may then cancel their shares and forfeit to the Society the amount standing to the credit of such Member in the share ledgers of the Society, together with any sum of money representing interest or dividend credited to the Member in the books of the Society in respect of their shares (together referred to as "Credit Accounts").
113. The procedures are as follows.
- (a) The Secretary shall take all reasonable steps to establish whether there is a forwarding address, and if there is one, to contact the Member at the forwarding address with the information set out below.
  - (b) The Secretary shall cause advertisements to be posted conspicuously in those places from which the Society trades, giving the following information:
    - (i) advising that the Society intends after a notice period of not less than two calendar months to revise its register of Members to remove those Members no longer living at their registered address;
    - (ii) advising that any Credit Accounts of such Members can be claimed within two years;
    - (iii) providing contact details including via Electronic Means for any Person wishing to update their registered address, or to withdraw from membership of the Society and claim the funds contained in any Credit Account.
  - (c) At the end of the notice period, the Secretary shall cause the register of Members

to be revised by removing those Members no longer living at their registered address, cancelling their shares and transferring any credit accounts of any such Members to a suspense account within the books of the Society.

- (d) At the end of a period of two years commencing with the date upon which any Credit Accounts have been transferred to a suspense account, any such Credit Accounts that remain unclaimed shall be forfeited to the Society.
- (e) No Credit Account containing more than £500 shall be capable of forfeiture under this rule.
- (f) The accidental omission to advertise in a place from which the Society trades or non-receipt of an advertisement by any Member whose removal is proposed shall not invalidate the steps taken to remove the Member under this rule.

### **Cancellation and Forfeiture of Shares**

114. Where it appears to the Board that a Member has not within the immediately preceding period of three years either -

- (a) maintained a share account balance in excess of £500 throughout that period; or
- (b) made purchases from or traded with the Society; or
- (c) subscribed to the share capital of or invested with the Society; or
- (d) taken part in the business of the Society by having attended any Members meeting;

then the Society may subject to sub-rules (e) and (f) of this rule, cancel the Member's shares and forfeit to the Society the amount of such Member's Credit Accounts. At the end of a period of two years commencing with the date upon which any Credit Accounts have been transferred to a suspense account, any such Credit Accounts that remain unclaimed shall be forfeited to the Society.

- (e) The Society shall not cancel or forfeit any sums under any sub-rule of this rule unless it has given at least 2 calendar months previous notice to the Member stating that it is proposed to cancel the Member's 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 the Member's shares should not be so cancelled and forfeited.
- (f) If a Member has not throughout the immediately preceding period of twelve calendar months maintained a balance in his share account of at least £1.00, then the Society may on at least 2 calendar months' notice to the Member, cancel the Member's 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 shares.
- (g) A notice under any provisions of this rule may be sent to the Member by pre-paid ordinary letter post at the Member's registered or last known Address and shall include a statement to the effect that if the Member objects to the cancellation and forfeiture of the Member's shares the Member should within 2 calendar

months show cause to the satisfaction of the Board why the Member's 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, the procedures in rules 112 and 113 shall be followed.

## **Audit**

### **Auditor**

115. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act to audit the Society's accounts and balance sheet for the year.
116. None of the following Persons shall be appointed as auditor of the Society:
  - (a) an Officer or Employee;
  - (b) a Person who is a Partner of or in the employment of or who employs an Officer or Employee.
117. At least every ten years, the Society shall offer the opportunity of appointment as auditor to other qualified Persons.
118. Except as provided below, every appointment of an auditor shall be made by resolution of an ordinary Members' meeting of the Society.
119. The Board may appoint an auditor to fill any casual vacancy occurring between meetings of Members of the Society.
120. An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by an ordinary Members' meeting or by the Board) shall be reappointed as auditor of the Society for the current year of account (whether or not any resolution expressly reappointing them has been passed) unless:
  - (a) a resolution has been passed at an ordinary Members' meeting of the Society appointing somebody instead of them or providing expressly that they shall not be reappointed, or
  - (b) they have given to the Society notice in Writing of their unwillingness to be reappointed, or
  - (c) they are not a qualified auditor or are a Person prohibited from appointment under these Rules, or
  - (d) they have ceased to act as auditor of the Society by reason of incapacity.
121. A retiring auditor shall not be automatically reappointed if notice of an intended resolution to appoint another Person in their place has been given in accordance with these Rules and the resolution cannot be proceeded with because of the death or incapacity of that other Person or because that other Person is not a qualified auditor or is a Person prohibited from appointment by these Rules.
122. A resolution at an ordinary Members' meeting of the Society:

- (a) appointing another Person as auditor in place of a retiring auditor; or
- (b) providing expressly that a retiring auditor shall not be reappointed

shall not be effective unless notice of the intention to move it has been given to the Society not less than 28 days before the meeting at which it is to be moved. On receipt by the Society of notice of such an intended resolution, the Society shall immediately send a copy of the notice to the retiring auditor. If it is practicable to do so, the Society shall give notice to its Members of the intended resolution at the same time and in the same way as it gives notice in accordance with these Rules of the meeting at which the resolution is to be moved. If that is not practicable the Society shall give notice to its Members by advertisement, not less than 14 clear days before the meeting, in a newspaper circulating in the area in which the Society conducts its business or if this is not practicable by Electronic Means. Where the retiring auditor makes any representations in Writing to the Society with respect to the intended resolution or notifies the Society that he intends to make such representations the Society shall notify the Members accordingly as required by Section 96 of the Act

- 123. The auditor shall in accordance with Section 87 of the Act, make a report to the Society on the accounts examined by him or her and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which they are appointed.
- 124. When required by the Act, or where the membership requires it, the Board shall cause the accounts of the Society to be submitted at least once in every year to the auditor for audit.
- 125. For the purposes of any audit the auditor shall be given access to and be entitled to call for and examine all books, deeds, Documents, and accounts of the Society. They shall be entitled to require from the Officers such information and explanations as they think necessary for the performance of their duties. The auditor shall be entitled to attend any Members' meeting of the Society, to receive all notices of and other communications relating to any Members' meeting which any Member is entitled to receive, and to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditor.

### **Accounts**

- 126. The Board shall cause proper books of account to be kept with respect to its transactions and its assets and liabilities, and it shall establish and maintain a satisfactory system of control of its books of account, its cash holdings and all of its receipts and remittances in accordance with the Act.
- 127. The Board shall in respect of each year of account;
  - (a) Prepare a revenue account or revenue accounts which separately or together deal with the affairs of the Society as a whole for that financial year and which give a true and fair view of the income and expenditure of the Society for that year; and
  - (b) Prepare a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.
- 128. 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.

129. Every balance sheet presented to an ordinary Members' meeting shall be accompanied by a report of the Board, on the state of the Society's affairs, signed by the chair of the Board meeting adopting the report.
130. 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 Co-operatives UK Limited. If the Society does not observe the recommended standards, then this fact shall be reported clearly to the Members in the Society's annual report.
131. If the Board so determines, the Society may publish half-yearly financial statements of trading activities, summary revenue account and balance sheet information. The Board may determine how and where such accounts are published provided that they are clearly identified as unaudited and are published alongside the Society's most recent accounts.
132. 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 Registrar together with the annual return and this copy shall incorporate the report made thereon by the auditor.
133. 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.

#### **Administrative Provisions Registered Office**

134. The Society's registered office is Stanley Bett House, 15-23 Tentercroft Street, Lincoln, LN5 7DB or at such other place as the Board decides.

#### **Name**

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

#### **Annual Return**

137. The Society shall within the time allowed by legislation in each year send to the Registrar:
  - (a) a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return;
  - (b) a copy of the report of the auditor on the Society's financial statements for the period included in the return; and

- (c) a copy of each revenue account and balance sheet made during that period and of any report of the auditor on that balance sheet.

### **Copy of Rules and Annual Return**

138. The Secretary is to deliver:

- (a) a copy of these Rules to any Person who asks for them, on payment of an amount fixed by the Board subject to the statutory maximum of £5 for the time being. In accordance with the Act, the first copy of the Rules issued to a Member shall be free of charge;
- (b) a copy of the most recent annual return of the Society to any Member or Person interested in the Society's funds who asks for it, free of charge. When doing so, the Secretary shall also supply a copy of the report of the auditor on the accounts and balance sheet contained in the return.

### **Service of Notices**

139. A notice required to be given by the Society to any Member under these Rules or under the Act or otherwise may be given (unless these Rules state otherwise) personally or by sending it by post to the Member at their registered address or their last known Address. A notice sent by post shall be deemed to be served by properly addressing, prepaying, and posting a letter containing the notice, and it shall be deemed to have been served in the ordinary course of post. Alternatively if agreed by the Society at an ordinary Members' meeting notices may be displayed conspicuously at the registered office and in other places of business of the Society to which Members have access.

### **Seal**

140. If the Society has a seal, its name shall be engraved in legible characters upon the seal, which shall be kept in the custody of the Secretary and shall be used only under the authority of a resolution of the Board. Every instrument upon which the seal is impressed shall be countersigned by two Directors and the Secretary or in the absence of the Secretary, by the Chief Executive or by such other person or persons as the Board may from time to time appoint for that purpose. Deeds may in the alternative be executed in any other way permitted by law under the oversight of the Secretary.

### **Disputes**

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

- (a) a Member; or
- (b) any Person aggrieved who has ceased to be a Member within the six months prior to the date on which the Society became aware of the dispute; or
- (c) any Person bringing a claim under the Rules of the Society; or
- (d) an Officer of the Society

is to be submitted to mediation by a mediator agreed by the parties. If the parties are unable to agree on a mediator then either party may apply to the Centre for Effective Dispute Resolution to appoint a mediator. The parties shall attempt to settle the

dispute through the mediation process.

If within 28 days of the mediator being appointed the dispute has not been settled, then either party may refer the dispute to an arbitrator agreed by the parties or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK Limited or any successor in name or title. The arbitrator's decision will be binding and conclusive on all parties.

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

### **Interest on Share Capital**

143. Interest is to be paid to Members on their share capital at such rate or rates as determined by the Board from time to time, but not exceeding in any case 5 % per annum or 2 % above The Bank of England base rate, whichever is the greater. Different rates may be paid, graduated according to the amount of share capital in the Society held by a Member. In this rule "The Bank of England base rate" means The Bank of England base rate at the time of determining the rate of interest or at such time within 2 years prior to the date of such determination as the Board decides.

### **Amendment of Rules**

144. Any rules of the Society may be rescinded or altered, or any new rule may be made, by a resolution passed at a special Members' meeting of the Society by two-thirds of the votes cast provided always that this Rule 144, rules 49, 58, 146, 149-151 and 153 may only be rescinded or altered by a resolution passed at a special meeting of the Society at which 95% of the total votes have been cast in favour of such a resolution.
145. No amendment of Rules is valid until registered. When submitting rule amendments for registration, the Secretary may at their sole discretion accept any alterations required or suggested by the Registrar without reference back to a further special meeting of the Society.

### **Amalgamation, Transfer of Engagements, and Conversion**

146. The Society may, by special resolution passed in a 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 Members' meeting.
147. Save as approved by the Members of the Society at an ordinary Members' meeting, no Director, or person holding any other elected position within the Society shall be entitled to receive from the Society, or any 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").
148. The permitted amount, which a Director, or person holding any other elected position with the Society shall be entitled to receive in the circumstances set out above, shall be an amount:

- (a) 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
  - (b) 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
  - (c) which has been approved by the Members of the Society at an ordinary Members' meeting before the reorganisation becomes effective.
149. Every 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 payment, 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:
- (a) 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
  - (b) it shall be applied by Co-operatives UK or any successor in title in furtherance of its objects as its Board shall decide.
150. A Director who fails to sign a deed when required to do so in pursuant to rule 149 shall immediately cease to be a Director.

## **Dissolution**

151. The Society may be dissolved:
- (a) by winding up in accordance with the Act in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986; or
  - (b) by an instrument of dissolution signed by not less than three-fourths of the Members for the time being, in accordance with section 119 of the Act.

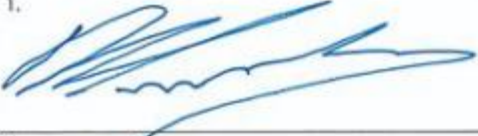
## **Liability of Members**

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

## **Surplus Assets**

153. 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 such charity or charities as the Directors at that time shall determine established and maintained for the benefit of the community in the trading area of the Society at the time of any such dissolution or winding up.

- (b) if not so transferred shall be paid or transferred to Co-operatives UK Limited.

| Signatures of Members                                                                 | Full Names of Members in BLOCK CAPITALS (no initials)  |
|---------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1.   | DAVID CYRIL POWELL                                     |
| 2.   | LESLEY JAYNE<br>ROBINSON                               |
| 3.   | ASHLEY WILKS                                           |
| Signature of Secretary                                                                | Full Name of Secretary in BLOCK CAPITALS (no initials) |
| 1.  | ROBERT JAMES ALLEN                                     |