



Rule Book

2020

Co-operative and Community Benefit Societies Act 2014

**Rules of
Co-operatives UK Limited**

Registered no: 2,783 R

NAME

1. The name of the society shall be Co-operatives UK Limited.

REGISTERED OFFICE

2. The registered office of the Society shall be at Holyoake House, Hanover Street, Manchester M60 0AS.

INTERPRETATIONS

3. In these Rules:

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

"the Act" refers to the Co-operative and Community Benefit Societies Act 2014 or any Act or Acts amending or in substitution of it or them for the time being in force;

"Associate(s)" means a corporate body, nominee of an unincorporated body, firm or partnership which is not eligible under any other membership category;

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

"Ballot" means a vote not taken by a show of hands but by paper or secure electronic means which enables a participant to indicate their choice on a proposed resolution and which includes any weighted vote outlined in these Rules;

"The Board of Directors" or "Board" means all those persons appointed to perform the duties of Directors of the Society;

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

"Clear Days" in relation to a 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;

"Co-operative Development Body(ies)" means one or more corporate body, nominee of an unincorporated body, firm or partnership where the development of new and existing co-operatives is a core activity through the provision of business or financial support and advice;

"Co-operative Principle(s)" are the principles defined in the International Co-operative Alliance Statement of Co-operative Identity as:

- (a) Voluntary and open membership;
- (b) Democratic member control;
- (c) Member economic participation;
- (d) Autonomy and independence;
- (e) Education, training and information;
- (f) Co-operation among co-operatives;
- (g) Concern for the community.

"Co-operative Values" are the principles defined in the International Co-operative Alliance Statement of Co-operative Identity. This states that 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;

"Co-operative Values and Principles" means the Co-operative Values and the Co-operative Principles as defined above;

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

"Document" means a communication in Writing whether sent or supplied by Electronic Means or otherwise;

"Electronic Means" shall include, in relation to meetings, communication by video link or any other means of electronic communication which enables the participant to understand proceedings and contribute to the meeting, and in relation to transactions or notices shall include communication by email and secure authenticated website transactions;

"Employee" means anyone holding a contract of employment with the Society;

"Extraordinary Resolution" means, unless the context requires otherwise, those decisions requiring an Extraordinary Resolution as detailed under 'Resolutions' in these Rules;

"Federal" means a corporate body, nominee of an unincorporated body, firm or partnership which operates to represent sectoral co-operative or mutual interests;

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

"Member Share" means a share with the nominal value of 25p that is paid on admission to membership;

"Mutual" means a corporate body, nominee of an unincorporated body, firm or partnership which is not a co-operative but is majority owned and primarily run for the benefit of its members and wider community on a fair and equitable basis;

"Named Member" means The Co-operative Group Limited, Central England Co-operative Society Limited and The Midcounties Co-operative Society Limited;

"Office Holder" means a receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member's assets;

"Officer" has the meaning as detailed under 'Officers' in these Rules;

"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;

"Rules" means these Rules;

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

"Shares" means Withdrawable shares held by a Member in addition to its Member Share which carry the rights outlined in these Rules;

"Show of Hands" means any method used in general meetings to enable votes to be cast by Members on a one Member, one vote basis;

"Society" means the above-named society;

"Terms of Reference" has the meaning as detailed under 'Terms of Reference' in these Rules;

"Transferable" in relation to Shares means Shares that are transferable in accordance with these Rules as defined in 'Withdrawal of share capital';

"Voting Representative" means a natural person appointed to attend, speak, represent and/or vote on behalf of a Member at a general meeting of the Society;

"Withdrawable" in relation to shares means shares with the associated right for the Member to withdraw their shares and receive in return the value of their shares from the Society;

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

PURPOSE

4. The purpose of the Society is to be a successful co-operative enterprise providing support for the creation and maintenance of businesses and enterprises which:
 - (a) reflect the aspirations of the founders of the Society to the creation of a Co-operative Commonwealth; and
 - (b) are founded upon principles of social justice and democratic control, such as the Co-operative Values and Principles or the principles of common ownership contained in the Industrial Common Ownership Act 1976.

OBJECTS

5. The objects of the Society shall be to carry on business as a co-operative and to carry on any other trade, business or service and in particular to:
 - (a) spread knowledge about, and promote the values and principles of co-operation;
 - (b) support the growth and development of enterprises based upon Co-operative principles;
 - (c) provide its Members with services;
 - (d) represent its membership at a national level and with the European and international co-operative movements;
 - (e) promote the interests of its Members and the principles of social justice and democratic control at all levels of government including local, regional, national and European;
 - (f) strengthen and grow the co-operative movement;
 - (g) foster a sense of shared ownership and interdependence amongst its Members.

POWERS

6. The Society may do all such lawful things as may further the Society's objects and, in particular, may borrow or raise funds for any purpose and on behalf of its Members.

BORROWING

7. The Society shall have the power to borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000.
8. The Society shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.
9. The rate of interest on money borrowed shall not exceed a rate which, in the opinion of the Board, is reasonable having regard to the terms of the loan.
10. The Society may receive from any Person donations or loans free of interest in order to further its objects but shall not receive money on deposit.

Borrowing from Members

11. In accordance with the Co-operative Principle of member economic participation the interest paid by the Society on money borrowed from Members shall not exceed such rate as is necessary to attract and retain the capital required to further the Society's objects and purpose.

FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY

12. For the avoidance of doubt the Society shall not engage in any activity by virtue of any of these Rules that would require a permission from the Registrar to carry on that activity without first having applied for and obtained such permission.
13. The Board may invest, in the name of the Society, any part of its funds in the manner set out in s27 of the Act. An investment policy, agreed by the Board, will outline any limitation on the power to invest funds.

MEMBERSHIP

14. The Members of the Society are those organisations whose names are entered in the register of members.
15. The Society may admit to membership any corporate body, nominee of an unincorporated body, firm or partnership that has made an application for membership in the manner prescribed for in these Rules, has paid or agreed to pay any subscription or other sum due in respect of membership and meets one of the criteria below.
16. The minimum shareholding for Members is one Member Share.

Membership criteria

17. Upon admission to membership each Member shall be allocated a membership category. The allocation of membership categories shall be at the discretion of the Board in accordance with delegated authority and any agreed co-operative identification policy.
18. The categories of membership that shall be applied by the Directors follow below:
 - (a) Co-operative enterprises; this category shall be further divided into four sub-categories:
 - (i) Consumer owned co-operatives
 - (ii) Worker owned co-operatives

- (iii) Enterprise owned co-operatives including not but exclusively consortium and secondary co-operatives
- (iv) Mixed ownership co-operatives including but not exclusively community and multi-stakeholder co-operatives
- (b) Mutuels
- (c) Co-operative Development Bodies
- (d) Federals
- (e) Associates

Applications for Membership

- 19. Applicants for membership must complete an application for membership which shall include an application for a Member Share in the Society.
- 20. Applicants for membership must support the Society's purpose and objects and the Co-operative Values and Principles.
- 21. The Board has responsibility for determining whether the applicant is entitled to membership and may delegate that responsibility to Officers of the Society who may admit members in accordance with any policy or guidelines approved by the Board.

Member Commitment

- 22. All Members agree to be bound by these Rules. When acting as Members, they shall act in the interests of the Society, participating in the governance of the Society in order to further its objects.
- 23. In accordance with the Co-operative Principle of education, training and information, the Society shall provide all Members with information about their role, including opportunities to understand the value of their participation in the Society as an owner in line with the Co-operative Values and Principles.

Subscriptions

- 24. Every Member shall make an annual subscription to the Society. The Board shall agree a policy for subscription levels which will take into account factors it deems relevant from time to time. The Board shall have power to include in the policy different methods of calculating subscription levels for each category of Members, delegated powers to agree subscription amounts, to grant rebates and to determine the procedure and method of payment.

Termination of Membership

- 25. A Member shall cease to be a Member of the Society if it:
 - (a) Is no longer eligible for membership; or
 - (b) Fails to pay the annual subscription (if any) within three months of it falling due; or
 - (c) Fails to hold the minimum shareholding; or
 - (d) Gives written notice of intention to terminate membership to the Secretary. Members must provide a minimum of three months' notice or in the case of a Named Member a minimum of one years' notice. Membership will cease at the conclusion of the notice period, subscriptions will be payable up to the date membership ceases; or
 - (e) Is expelled from membership in accordance with these Rules; or
 - (f) Is wound up or goes into liquidation.

Expulsion from Membership

26. A Member may be expelled by a resolution of the Board where they are deemed by the Board to be guilty of conduct detrimental or likely to be detrimental to the Society or the co-operative movement.
27. The process to expel a Member by resolution of the Board will take place at a Board meeting convened to determine the expulsion, provided that the Member whose expulsion is proposed has been given at least one month's notice in Writing of the Board meeting setting out the grounds for expulsion. The notice shall include an invitation for a representative of the Member to attend the meeting and make representations to it.
28. At the Board meeting called to consider the expulsion, the Board shall consider any evidence presented regarding the conduct alleged to be detrimental or likely to be detrimental to the Society or the co-operative movement.
29. If the Member fails to attend the meeting, the meeting may proceed in the Member's absence.
30. The Board shall agree a process for appeals of a Board decision to expel a Member. The process should require appeal decisions to include the involvement of independent parties.
31. The expulsion will take effect for a minimum of three years from the date of the Board resolution. After which time the expelled Member may make an application for re-admission into membership. The Board may not delegate responsibility for readmitting a previously expelled member.

Dealing with share capital when Membership ends

32. When a Member ceases to be a Member, or is expelled from the Society the:
 - (a) Member Share shall be cancelled and the amount paid up on the Member Share shall become the property of the Society;
 - (b) nominal value of any remaining Shares shall be paid to the Member which shall be calculated based on the value of Shares held by that Member on the date they ceased to be a Member or at the time of expulsion unless the right to withdraw Shares has been suspended under these Rules.
33. If the right to withdraw Shares has been suspended, then the nominal value of any remaining Shares shall:
 - (a) be converted into loan stock upon such terms as may be agreed between the Board and the Member, or their personal representative or trustee in bankruptcy, provided that such agreement shall require the repayment of the loan within a period not exceeding three years; or
 - (b) be surrendered in full to the Society at which point the Shares shall be cancelled. The surrender must be made in Writing in such form as the Board may require.

PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

34. In accordance with s37 of the Act, and subject to the rule in relation to nominees of unincorporated bodies, a Member may nominate one or more persons to whom property which that Member holds in the Society may be transferred on death. On receiving a satisfactory proof of death of the nominee of an unincorporated body, firm or partnership that is a Member who has made a nomination, the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the individual or individuals entitled to it.
35. Subject to the Rule in relation to nominees of unincorporated bodies, any property held by a Member who dies which is not dealt with by nomination under the above rule shall be dealt with as follows. On a claim being made by the executor or administrator of the estate of the deceased Member, the Society shall, subject to receiving satisfactory evidence of entitlement, if requested, transfer or pay property to which the executor or administrator has become entitled as that person may direct them. This rule does not prevent the Board from the distribution of a Member's property not exceeding £5,000 on the death of a Member provided that the provisions of s40 of the Act are complied with.

36. Subject to the Rule in relation to nominees of unincorporated bodies, if a Member becomes bankrupt, the Member's property in the Society shall be dealt with as follows. On a claim being made to any property that the Member has in the Society by the Member's trustee in bankruptcy or Office Holder, the Society shall, if requested, and always subject to receiving satisfactory evidence of entitlement, transfer or pay property to which the trustee in bankruptcy or Office Holder has become entitled as that person may direct.
37. If a corporate Member goes into liquidation, administration or administrative receivership, the Member's property in the Society shall be dealt with as follows. On a claim being made to any property that the Member has in the Society by the Office Holder, the Society, subject to receiving satisfactory evidence of entitlement, shall, if requested, transfer or pay property to which the Office Holder has become entitled as that person may direct.

Property held by nominees of unincorporated bodies

38. Where the Society is notified of the death or bankruptcy of a Member who is a nominee of an unincorporated body, the Society shall hold all that Member's property in the Society on trust for the unincorporated body and shall invite the unincorporated body to make a new nomination (unless the unincorporated body has previously so notified the Society). On receiving a valid nomination under this rule, the Society shall then (subject to receiving written confirmation from the person concerned that they are willing to become a nominee Member) transfer the Member Share, any further Shares and any other property in the Society held by the deceased or bankrupt nominee to the person who has been so nominated.

Share Capital

39. The Society shall issue one Member Share to each Member on admission to membership. Member Shares shall have the nominal value of 25p, carry no right to dividend, bonus or interest, be non-withdrawable and are only Transferable in accordance with these Rules.
40. The Society may issue additional Shares that are Withdrawable and are referred to in these Rules as 'Shares'.
41. In each offer of Shares the Board may determine the minimum number that must be held. The maximum Member shareholding shall be defined as such number of fully paid Shares as the Board may determine subject to the Act, or as may be required by a particular offer of Shares. All Shares shall be paid for in full on allotment.
42. The maximum amount of interest in the shares of the Society which may be held by any Member, otherwise than by virtue of the Act, shall have a limit set by the Board.
43. The Society may set the terms of any invitation to subscribe to Withdrawable Shares which should be clearly laid out in an offer Document and may allot to Members the Shares for which they have applied provided that the total number of Shares allotted to any Member shall not exceed the maximum shareholding permitted by law.

Withdrawal of share capital

44. Shares shall be Withdrawable only in accordance with the provisions of these Rules. Shares shall only be Transferable:
- (a) on death or bankruptcy; or
 - (b) in the case of a Member who is the nominee of an unincorporated body, on a change of nominee(s) and only to the new nominee(s); or
 - (c) otherwise by operation of law.
45. Shares may be withdrawn by Members upon giving three months' notice in Writing to the Society (though the Board retains sole discretion to return money paid for them) 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 the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit.
- (c) The Board may, at their sole discretion, suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the Board suspends the right to withdraw. Where the suspension is for a fixed period, such period may be extended from time to time by the Board.
- (d) During any period when the right of withdrawal has been suspended under the provision immediately above, the Shares of deceased Members may, if the Board agree, be withdrawn by their personal representatives upon giving such notice as the Board may require.
- (e) The amount to be paid to a Member on withdrawal shall be the amount paid up or credited on the Shares to be withdrawn, except where the Shares are subject to a reduction in their value in accordance with the provisions of these Rules.
- (f) Interest shall be payable on any Share in respect of which a notice of repayment has been given until the date of repayment.
- (g) Any Share withdrawn in accordance with these Rules shall be cancelled.

Reduction in Share Values

46. If the Society's Auditors (or any independent qualified accountants appointed for this purpose by the Board) certify at any time that the aggregate of the Society's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Board may determine that the amount of this excess, or part of it, shall be apportioned among the Members in proportion to (but not beyond) the amount of the nominal value of the Shares paid up and held by each Member. This apportionment shall be based on the value of the Shares paid up and held by each Member at the close of business on the date of such determination. The value of Shares held by each Member shall be reduced accordingly, provided that the value of Shares held by any Member shall not be reduced below the minimum shareholding as specified in these Rules.

Lien on Shares and Right of Offset

47. The Society shall have a lien on the Shares of a Member for any debt due to it by the Member and may offset any sum standing to the Member's credit with the Society in or towards payment of such debt.

UNTRACED MEMBERS

48. Where the Society has evidence that a Member no longer occupies the postal address shown in its register of Members then, subject to carrying out the following procedures, the Secretary may treat that membership as ceased, noting the date of cessation in the register of Members.
49. The Society may also use the following procedures as indicated where a former Member has withdrawn from membership and the Society is unable to contact the former Member with reference to any property in the Society.
50. The procedures are as follows:
- (a) Officers shall take all reasonable steps to establish whether the Member (or former Member) has filed a change to its registered office address with its registrar, if any;
 - (b) Officers shall attempt to contact the Member (or former Member) through other means to establish a correct postal address;
 - (c) Officers shall take all reasonable steps to establish whether the Member (or former Member) continues to be a live corporate body, unincorporated body, firm or partnership

51. If Officers are unable to establish contact with the Member (or former Member) and three months has passed since either receipt of evidence that the Member no longer occupies its postal address or any contact with a former Member, the Secretary shall:
- (a) Where a Member holds only a Member Share, amend the register of Members to show that those memberships have ceased and shall cancel that Member's Member Share; or
 - (b) Where a Member holds a Member Share and additional Shares (and in relation to any property in the Society held by a former Member), send to the last known Address and take steps to publish an advertisement on its website and in any relevant local media stating that at the end of a notice period of two months the Society intends to amend the register of Members to show that those memberships have ceased and that the Society will cancel its Member Share and additional Shares. In relation to any former Member, the advertisement must state that any property not claimed from the Society will, in due course, be forfeited to the Society. Such advertisements must include contact details to enable a Member holding Shares (or former Member holding any property in the Society) to confirm their postal address.
52. Following this procedure and the end of any relevant notice periods, if a Member (or former Member) has not made contact with the Society to confirm a postal address, the Secretary shall amend the register of Members to show that membership has ceased. In relation to both Members and former Members, Shares shall be cancelled and the remaining amount standing to the credit of the Member (or former Member) in the share account of the Society, together with any sum of money representing interest or dividend credited to the Member (or former Member) in the records of the Society in respect of their Shares shall be transferred to the Society's suspense account.
53. After a period of three years the amount held in the Society's suspense account and credited to the Member (or former Member) in the records of the Society in respect of their Shares shall be forfeited to the Society.

GENERAL MEETINGS

54. The Society shall, within six months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notice calling it.
55. The business of an annual general meeting shall comprise:
- (a) The receipt of the accounts and balance sheet and of the reports of the Board.
 - (b) The receipt of the Auditor's report, where the Society has appointed an Auditor.
 - (c) The appointment of an Auditor, if required by law or by the Members.
 - (d) The election of the Board or the results of the election if held previously.
 - (e) The application of profits.
 - (f) The transaction of any other business included in the notice convening the meeting.
56. In accordance with the Co-operative Principle of democratic member control, the Society shall ensure that Members are provided with opportunities to participate in the governance of the Society, are presented with clear information about the operations of the business to enable Members to review the business planning and management processes and to ensure the Society manages itself in accordance with the Co-operative Values and Principles.
57. Members may submit resolutions to general meetings. The Board shall agree a process for the submission of Member resolutions and it shall be made available to members including on the Society's website.

Calling a General Meeting

58. General meetings shall be convened:
- (a) by the Secretary on receipt of the clear direction from the Board; or

- (b) upon a requisition in Writing, delivered to the Secretary at the registered office of the Society, signed for and on behalf of at least 20 Members. The requisition must state the reason for calling the meeting and the resolutions to be proposed.
59. In the case of a general meeting requisitioned by Members, the Secretary shall decline to act upon any requisition where s/he believes:
- (a) the authority of a signatory to be in doubt; or
 - (b) the resolutions proposed would, if passed, be ineffective (whether by reason of inconsistency with any enactment or with these Rules); or
 - (c) the resolutions proposed are defamatory of any Person; or
 - (d) the resolutions proposed are frivolous or vexatious; or
 - (e) the resolutions proposed would fetter the Board's right and duty to manage the affairs of the Society.
60. In the case of Members requisitioning a meeting as set out above; if six weeks elapses after the requisition is received by the Secretary and a general meeting has not been convened and the Secretary has not declined in Writing to act upon the requisition, the Members who made the requisition may call a meeting and shall be reimbursed by the Society for any costs incurred in convening such a meeting.

Notices

61. All general meetings shall be convened by giving 28 Clear Days' notice to all Members. Notices of meetings shall either be given to Members personally or sent to them at their Address, including by Electronic Means. Notices shall indicate the type of meeting to be convened, specify the date, time and place at which the meeting is to be held, and the business which is to be transacted at that meeting. A general meeting shall not transact any business other than that specified in the notices calling the meeting.
62. A notice sent to a Member's Address by post shall be deemed to have been duly served 48 hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at the meeting.
63. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend general meetings of the Society and to receive all notices of and communications relating to any general 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.
64. A general meeting may be held at shorter notice if agreed in Writing by 90% of the total membership.

Proceedings at General Meetings

65. Procedures for credentials of delegates and proceedings at any general meeting shall be determined by standing orders established by the Board from time to time.

Quorum

66. No business shall be transacted at a general meeting unless a quorum of Members is present.
67. Unless amended by Extraordinary Resolution, the quorum for a general meeting shall be 10 Members between them entitled to exercise 20% of the total votes held by Members.

Attendance and Speaking at General Meetings

68. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means.
69. In determining attendance at a general 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 each other.

70. The chair of the meeting may permit other Persons who are not Members of the Society to attend and speak at general meetings, without granting any voting rights.

Adjournment

71. If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chair must adjourn the meeting. In the case of a meeting convened by a requisition of Members, the meeting shall be dissolved if a quorum is not achieved within half an hour of the time the general meeting was due to commence.
72. The chair of a general meeting may adjourn the meeting whilst a quorum is present if:
- (a) The majority of Members present 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.
73. When the chair adjourns the meeting for those reasons set out in these Rules, they may specify the date, time and place to which it will stand adjourned or delegate the re-convening of the adjourned meeting to the Secretary.
74. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

Voting

75. Only the Voting Representative of a Member will be eligible to cast a Member's vote at a general meeting. Only one natural person may be the Voting Representative of a Member. Members have the authority to determine the appointment of a Voting Representative.
76. A natural person may be the Voting Representative of more than one Member.
77. Voting entitlements will be calculated no more than 28 days prior to notice of a meeting being issued.
78. In accordance with the Co-operative Principle of democratic member control a resolution put to the vote at a general meeting shall be decided on a Show of Hands unless a Ballot is planned or demanded in accordance with these Rules.
79. A declaration by the chair that a resolution has on a Show of Hands been carried or lost with an entry to that effect recorded in the minutes of the general meeting shall be conclusive evidence of the result. Proportions or numbers of votes in favour for or against need not be recorded.
80. In the case of an equality of votes, whether on a show of hands or a Ballot, the chair shall not have a second or casting vote and the resolution shall be deemed to have been lost.

Ballot

81. A Ballot will use weighted voting on a resolution at a general meeting. In a Ballot each Member shall have one vote by virtue of their membership and additional votes allocated in proportion to subscription levels. The formula for additional votes shall be determined by the Board from time to time and documented in the standing orders for general meetings, or other appropriate Terms of Reference.
82. No Member shall hold more than 40% of the total votes allocated.
83. Weighted votes allocated to a Member in a Ballot must be cast in a single block and cannot be split.
84. A Ballot on a resolution may be demanded by the chair of a general meeting at any time.

85. A Ballot on a resolution may be demanded by a Member before or during a general meeting and must be seconded by another Member present at the general meeting.
86. Any demand for a Ballot following the result of a Show of Hands vote must be requested and the Ballot completed before the formal close of the meeting.
87. If a Ballot is duly demanded it shall be taken at such a time during the meeting in such a manner as the chair directs and shall not prevent the remaining business of the meeting from being transacted.
88. The result of the Ballot shall be deemed to be the resolution of the meeting at which the Ballot was demanded.
89. A demand for a Ballot may be withdrawn by the Person making it before the Ballot process begins.

Resolutions

90. Decisions at general meetings shall be made by passing resolutions. An ordinary resolution shall be passed unless an Extraordinary Resolution or special resolution is required under those circumstances set out below:
 - (a) The following decisions must be made by Extraordinary Resolution:
 - (i) Any amendment to the Society's Rules, provided that any such amendments are compliant with the Act;
 - (ii) The decision to wind up the Society.
 - (b) The following decisions must be made by special resolution and must be passed in accordance with the requirements for passing a special resolution in the relevant section of the Act and as set out in the rule titled 'Decisions to be made by special resolution' in these Rules:
 - (i) A decision to amalgamate or transfer engagements between societies;
 - (ii) A decision to convert the Society into a company, amalgamation with or the transfer of engagements to a company.
 - (iii) Ratifying an action by the Board that was found to be outside the capacity of the Society and relieving any Director of a liability incurred, if any, as a result of this action.
 - (c) Decisions not required to be made by Extraordinary or special resolution shall be made by ordinary resolution.
91. An Extraordinary Resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority of votes cast.

Decisions to be made by special resolution

92. A special resolution is one passed by the requisite majority required under the relevant section of the Act and where the appropriate formalities under those specific sections have been followed.
93. A special resolution is one passed in accordance with the following sections of the Act, s43 and s44 (Capacity of a society and relationship with its rules), ss109-114 (Amalgamations and transfers of engagements between societies and Conversion of society into company etc) and the Insolvency Act 1986 ss84-86 (Resolutions for, and commencement of, voluntary winding up).
94. Unless the Act specifically requires a special resolution to be passed at a general meeting, a special, an Extraordinary or ordinary resolution may be passed as a written resolution. A written resolution may consist of several identical Documents signed by one or more Members.
95. A copy of a written resolution must be sent in Writing to every Member and shall be accompanied by a statement of:

- (a) the date by which the resolution must be passed if it is not to lapse. Unless the Board agrees otherwise, that date should be 28 days from the date the first copy was circulated to Members; and
 - (b) the process by which the Member would signify agreement and communicate that to the Society.
96. A written resolution is passed when the required majority of eligible Members have signified agreement to it. A proposed written resolution lapses if it is not passed before the end of the lapse date.
97. A Member's agreement to a written resolution, once signified, may not be revoked. The agreement of a Member to a written resolution is ineffective if signified after the lapse date.

DIRECTORS

98. The Society shall have a Board of Directors consisting of individuals appointed and elected by nominating Members on the following basis:
- (a) Twelve seats reserved for those consumer owned co-operatives identified as retail consumer co-operatives to be distributed as follows:
 - (i) Six Directors appointed by the controlling board of the Co-operative Group Limited;
 - (ii) One Director appointed by the controlling board of Central England Co-operative Society Limited;
 - (iii) One Director appointed by the controlling board of The Midcounties Co-operative Society Limited;
 - (iv) Four Directors elected by and from retail consumer co-operative Members, excluding those Members above entitled to appoint to seats directly;
 - (b) One Director elected by consumer owned co-operative Members not eligible for appointment to any of the seats set out in the preceding sub-rules;
 - (c) Two Directors appointed by worker owned co-operative Members;
 - (d) One Director elected by enterprise owned co-operative Members including not but exclusively consortium and secondary co-operatives;
 - (e) One Director elected by mixed ownership co-operative Members including but not exclusively community and multi-stakeholder co-operatives;
 - (f) One Director elected by Co-operative Development Body Members;
 - (g) One Director elected by Federal Members.

Appointment of External Independent Directors

99. The Board of Directors may appoint up to two external independent Directors who need not be nominated by Members and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed period determined by the Board of Directors at the time of the co-option, subject to a review at least every 12 months. External independent Directors shall serve for a maximum term of office of 9 years and shall not be eligible for re-appointment as an external independent Director. External independent Directors may be removed from office at any time by a resolution of the Board.
100. The Board of Directors shall have the power to set the remuneration of external independent Directors and the amount shall be disclosed in published accounts.
101. No natural person who has served as a Director of the Society within the last three years shall be eligible for co-option as an external independent Director.

Appointment and Elections

102. Directors appointed by Named Members (The Co-operative Group Limited, Central England Co-operative Society Limited and The Midcounties Co-operative Society Limited) must hold a senior position within that co-operative either as a Director, senior executive or member of a board or committee with significant delegated powers embracing the monitoring of performance and co-operative values and principles for that co-operative.
103. Named Members with appointed Directors will not be eligible to participate, nominate or vote in any elections to the Board of Directors.
104. In order to stand for election to the Board of Directors, individuals must be nominated by a Member in the category of membership that is electing to the seat. All Members in that category of membership will be eligible to vote in that election (subject to the Rule immediately above).
105. All elections and appointments shall be subject to such regulations and procedures for election and nomination as may be determined from time to time by the Board and overseen by the Secretary.
106. No Director shall be appointed to serve on the Board in more than one capacity at any one time.

Terms of Office

107. All elections and appointments shall be for three years, retiring Directors shall be eligible for re-election or reappointment subject to a maximum of three consecutive terms of office.

Casual Vacancies

108. Vacancies in elected Board seats will remain until the next election cycle unless the Board agrees to hold an additional election in order to fill a vacancy.
109. Vacancies in appointed Board seats will be filled as soon as practicable by a new appointment to the seat. This appointment will be filling a casual vacancy until the next Annual General Meeting when a new three year term of office for that seat will begin. A Director appointed to fill a casual vacancy may, or may not, be reappointed for that new term of office.
110. The Board reserves the power to appoint Directors to vacancies if it deems this necessary to ensure the Society is able to continue to operate effectively. Any Directors appointed in these circumstances will serve only until the next Annual General Meeting.

Board Education and Training

111. In accordance with the Co-operative Principle of education, training and information, Directors must agree to undertake training during their term of office as deemed appropriate by the Society. This training will include information on the roles and responsibilities of being a Director of a society which is also a co-operative.

Powers and Duties of the Board of Directors

112. The business of the Society shall be managed by the Board who shall exercise all the powers of the Society except those powers that are required by the Act or under these Rules to be exercised by the Members. In particular the Board shall determine the level of interest payable and terms of withdrawal applicable on Shares and may establish different levels of interest and terms of withdrawal.
113. In exercising its powers, particularly in relation to procurement, the Board shall endeavour to set and be guided by policies that encourage the procurement of goods and services from co-operatives with a view to fostering the Co-operative Principle of co-operation among co-operatives.
114. All decisions made by a Board meeting or by any natural person acting as a Director shall remain valid even if it is later discovered that there was some defect in the calling of the meeting, in the Director's appointment or that the individual had previously been disqualified from acting as a Director.
115. No Terms of Reference made by the Society in general meeting shall invalidate any prior act of the Board which would have been valid had those terms not been made.

Delegation

116. Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules to any Person or committee, which may consist of Members of the Society, and such other Person as the Board may choose, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit. The Board will agree a schedule of matters that may not be delegated and that must be reserved for Board decision.
117. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
118. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

Subcommittees

119. The Board may from time to time appoint subcommittees to carry out work on its behalf, constituted in such manner and on such timescales as it considers fit.
120. The Board shall establish:
- (a) A remuneration committee the purpose of which shall include approval of a high level framework for reward and employee benefits;
 - (b) An audit committee the purpose of which shall include oversight of financial reporting, the system of internal controls, internal and external audit and the approval of audit fees.
121. A subcommittee to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Rules which govern the taking of decisions by Directors.
122. The Directors may make terms of reference for all or any subcommittees, provided that such terms of reference are not inconsistent with these Rules.
123. All acts and proceedings of any subcommittee must be fully and promptly reported to the Directors and at least to the next Board meeting.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Calling a Meeting of the Board of Directors

124. Any Director may, and the Secretary at the request of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must indicate the date, time and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with each other.

Proceedings of a Meeting of the Board of Directors

125. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
126. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that natural person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.
127. Questions arising at any meetings of the Board shall be decided by a majority of votes. In the case of an equality of votes the chair shall not have a casting vote and the vote shall be lost.

128. No resolution shall be valid if the only votes in favour are the votes of Directors nominated by the same Member.
129. A written resolution, circulated to all Directors and signed by a simple majority of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.
130. The Board of Directors may, at its discretion, invite other Persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum.

Quorum

131. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 51% of the Directors.
132. If at any time the total number of Directors in office is less than the quorum required, the Directors are unable to take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

Chairing Board Meetings

133. The chair shall facilitate meetings of the Board of Directors. If they are absent or unwilling to act at the time a meeting proceeds to business then the vice chair will facilitate the meeting. If the vice chair is also absent or unwilling to act Directors present shall choose one of their number to be the chair for that meeting.

Declaration of Interest

134. A Director shall declare an interest in any contract or matter in which s/he has a personal, material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter.

Fees and Expenses

135. The Society may pay an annual fee to Directors in line with a policy approved by a general meeting of the Society.
136. The Society may pay any reasonable expenses which the Directors properly incur in connection with their attendance at meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Society.
137. The Society may pay expenses and loss of earnings allowances to representatives of Members engaged in activity at the request of the Society, including whilst serving on committees and other member groups. The payment of loss of earnings allowances will be made in accordance with any policy which is approved by a general meeting of the Society.

Eligibility to serve on the Board

138. No natural person can be appointed or elected to be a Director if they:
 - (a) are an Employee of the Society;
 - (b) are disqualified by law from acting as a Director or as a charity trustee;
 - (c) are an undischarged bankrupt
 - (d) in the written opinion, given to the Society, of a registered medical practitioner treating them, they have become physically or mentally incapable of acting as a Director and may remain so for more than three months;
 - (e) have, in the last three years, been removed as an eligible Director by the Board of the Society.

139. A natural person ceases to be eligible to serve as a Director if:
- (a) the nominating Member removes its endorsement of them;
 - (b) the nominating Member ceases to be a Member of the Society or ceases to exist;
 - (c) they become an Employee of the Society;
 - (d) they are disqualified by law from acting as a Director or as a trustee;
 - (e) they are an undischarged bankrupt;
 - (f) in the written opinion, given to the Society, of a registered medical practitioner treating that natural person, the person concerned has become physically or mentally incapable of acting as a Director and may remain so for more than three months.
 - (g) they are removed by the Board of the Society.

Removal of an Eligible Director

140. A Director that is eligible to serve in the role may be removed from the Board by a resolution of the Board passed by 75% of the Directors present, including those not present in person, but excluding the Director whose removal is proposed at that meeting. Reasonable notice of the meeting and the proposal being put to the meeting must be provided to all Directors.
141. The Board may seek to remove a Director in line with the process above, if the Director:
- (a) Fails to declare an interest in any contract in which they have a personal financial or material interest, either directly or indirectly, or fail to disclose an interest in any other business which competes in a material way with the Society;
 - (b) Fails to a material extent to follow the Society's code of conduct for Directors;
 - (c) Fails to attend three meetings of the Board within a calendar year without good reason established to the satisfaction of the Board;
 - (d) Without good reason established to the satisfaction of the Board fails to undertake such personal training and development throughout their term of office as may be prescribed by the Board from time to time.
142. Where the Board seeks to remove a Director a fair and reasonable investigation, taking no longer than two calendar months, should take place before a resolution is put to the Board.

OFFICERS

143. The Board shall appoint from among their own number such Officers, which shall include a chair and may include a vice chair, as they may from time to time decide. These Officers shall have such duties and rights as may be bestowed on them by the Board or by law and any Officer appointed may be removed by the Board. A serving Officer who is not re-elected to the Board at the annual general meeting shall nevertheless continue in office until the first Board meeting following the annual general meeting.

SECRETARY

144. The Board of the Society shall appoint a Secretary on such terms and at such remuneration and upon such conditions as they think fit. Any Secretary so appointed by the Board may be removed by the Board.

DISPUTES

145. In the event of a dispute between the Society and a Member of the Society or a former Member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute or in the absence of agreement to be nominated by the Centre for Dispute Resolution (or successor

body). The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the county court (or in Scotland, to the sheriff). 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.

TERMS OF REFERENCE

146. The Society in a general meeting, or the Board of Directors, may from time to time make, adopt and amend such Terms of Reference in the form of bye-laws, standing orders, secondary rules or otherwise as they think fit for the management, conduct and regulation of the affairs of the Society and the proceedings and powers of the Board of Directors and subcommittees. Such Terms of Reference (if any) shall be made available to all Members on request. No Terms of Reference shall be made which are inconsistent with these Rules or the Act. All Members of the Society and the Board of Directors shall be bound by such Terms of Reference whether or not they have received a copy of them.

PAYMENT OF INTEREST ON SHARE CAPITAL

147. The Society may pay to Members interest on share capital at such rate or rates as determined by the Board from time to time, but not exceeding in any case 5% per annum or 3% above The Bank of England base rate, whichever is the greater. Different rates may be paid, graduated according to the amount of share capital in the Society held by a Member, or on the basis of other terms and conditions applying to Withdrawable Shares. 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 two years prior to the date of such determination as the Board decides. Any such payment to Members may only be made where the Society can reasonably afford to do so, having taken into account other liabilities and any contribution to the Society's reserves.

LIABILITY OF MEMBERS

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

APPLICATION OF PROFITS

149. The profits of the Society arising out of any surplus of its income from all sources, after providing for all expenses connected with the conduct of the said business, according to its Rules, shall be carried to a general reserve for the continuation and development of the Society.

AMALGAMATION WITH & TRANSFER OF ENGAGEMENTS TO AND FROM A SOCIETY

150. The Society may, by special resolution passed in the way required by s111 of the Act, amalgamate with, or transfer its engagements to, another society. The Society may also accept a transfer of engagements and assets by a resolution of the Board or by ordinary resolution at a general meeting.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION TO A COMPANY

151. The Society may, by a special resolution passed in a way required by s113 of the Act, amalgamate with, or transfer its engagements to, or convert to a company. In relation to calling a general meeting for the purpose of such resolution, the following provisions shall apply:

- (a) The Society shall give to Members not less than two months' notice of the meeting;
- (b) Notice of the meeting shall be posted in a prominent place at the registered office and at all business premises of the Society to which Members have access;
- (c) The notice shall be accompanied by a separate statement setting out for Members:
 - (i) the reasons for the proposal;
 - (ii) whether the proposal has the support of the Board of the Society;
 - (iii) what alternative proposals have been considered, and whether they are viable;

- (iv) a recommendation by reputable independent financial advisors that the Members should support the proposal rather than any alternative proposal.
- (d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where Members can obtain a copy of the Document.

COMMON OWNERSHIP

152. The Society is a common ownership enterprise. If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the Members, but shall be transferred to some other common ownership co-operative(s) that succeeds to its function. If such residual assets cannot be distributed in this manner they shall be transferred to some other organisation(s) whose purpose is to promote and support the co-operative movement and common ownership enterprises.

ADMINISTRATIVE ARRANGEMENTS

Means of Communication

153. In order to receive communications from the Society by Electronic Means, a Member must have first provided their consent. Where no express consent has been received the Society must communicate with the Member via postal means.
154. A notice sent to a Director's Address shall be deemed to have been duly served 48 hours after its posting. A Director may agree with the Society that notices or Documents sent to her/him in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Registers

155. The Board of Directors shall ensure accurate registers are maintained which shall include a register of Members, a register of Directors and a register of Officers.

Register of Members

156. The Board shall ensure that the register is maintained in accordance with the Act and that the particulars required by the Act are available for inspection and accessible without the need to disclose other particulars contained in the register.

Register of Directors and Officers

157. The Society shall maintain a register of Directors and Officers which shall include the following particulars:
- (a) Name of the Director and/or Officer;
 - (b) Address of the Director and/or Officer;
 - (c) The date on which they assumed office.

Amendments to Rules

158. Provided that requirements of the Act and these Rules are complied with, any of these Rules may be rescinded or amended or a new rule made by an Extraordinary Resolution at a general meeting of which 14 Clear Days' notice has been given, such notice to include details of the change(s) to be proposed at that meeting. No amendment of Rules is valid until registered by the Registrar. When submitting the 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 general meeting of the Society.

Copies of the Society's Rules

159. A copy of these Rules and any amendments made to them shall be made available free of charge to every Member upon admission to membership and shall be provided to any other Person on demand and on payment of the statutory fee chargeable for the time being in force.

Minutes

160. The Society shall ensure that minutes are kept of all:
- (a) Proceedings at general meetings of the Society; and
 - (b) Proceedings at meetings of the Board of Directors and its subcommittees.

Accounts

161. In accordance with the Act, the Board shall cause to be kept proper books of account with respect to the transactions of the Society, its assets and liabilities, and establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances.
162. The Board shall in respect of each year of account:
- (a) Prepare a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that financial year and which give a true and fair view of the income and expenditure of the Society for that financial year;
 - (b) Prepare a balance sheet giving a true and fair view of the state of the affairs of the Society;
 - (c) Ensure that the Society adopts and conforms to the accounting standards recommended by its audit committee. Any variation shall be reported clearly to the members in the Society's annual report.
163. The Society shall at all times keep a copy of the latest balance sheet of the Society together with a copy of the corresponding Auditor's report displayed in a conspicuous place at the registered office and on the Society's website.

Annual Return

164. Every year and within the period prescribed by the Act, the Secretary shall send the annual return in the prescribed form to the Registrar. The annual return shall be accompanied by:
- (a) A copy of the Auditor's report on the Society's accounts for the period covered by the annual return or a copy of such other report (if any) as is required by statute for such a period; and
 - (b) A copy of each balance sheet made during that period and report of the Auditor or other appropriate Person as required by statute on that balance sheet.
165. The Society shall on demand supply free of charge to any Member or any Person with an interest in the funds of the Society a copy of the latest annual return together with a copy of the Auditor's report (if any) on the accounts and balance sheet contained in the annual return and the Auditor's report (if any).

Audit

166. The Society shall, unless it meets the requirements under s83(2) or s84 of the Act, appoint an Auditor to act for each financial year to audit the Society's accounts and balance sheet.
167. The following persons shall not be appointed as Auditor of the Society:
- (a) An Officer or Employee of the Society;
 - (b) A person who is a partner or employee of, or who employs, an Officer of the Society.

168. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
169. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Society for the current financial year unless any of the exceptions set out in s93 of the Act apply.
170. Any ordinary resolution of a general meeting of the Society either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered and the notice is then served upon the Auditor. At least 14 days' notice of such resolution must then be given to Members of the Society in the manner prescribed in these Rules and in Writing to the Auditor(s).

Social Accounting and Reporting

171. In addition to any financial accounts required by the Act, the Society may undertake a review of its activities in order to understand and demonstrate to Members and stakeholders how its activities demonstrate the benefits and purpose of co-operating and how this 'co-operative difference' provides an impact to Members and other stakeholders.

Indemnity and Insurance

172. Subject to the following rule, any Director or former Director of the Society may be indemnified out of the Society's assets against:
- (a) Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Society;
 - (b) Any liability incurred by that Director in connection with the activities of the Society in its capacity as a trustee of an occupational pension scheme;
 - (c) Any other liability incurred by that Director as an Officer of the Society.
173. The above rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
174. The Directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any Director or former Director of the Society in respect of any loss or liability which has been or may be incurred by such a Director in connection with their duties or powers in relation to the Society or any pension fund or employees' share scheme of the Society.