

**Co-operative and Community Benefit Societies  
Act 2014 Rules of  
Lower Park Farm Co-operative Limited.**

---

**NAME**

1. The name of the society shall be Lower Park Farm Co-operative Limited.

**REGISTERED OFFICE**

2. The registered office of the society shall be at Lower Park Farm, Parkside Rossett, Wrexham, Clwyd LL12 0BN

**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 amending or in substitution of it for the time being in force;

**"Auditor"** means a person eligible for appointment as a company auditor under section 25 of the Companies Act 1989;

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

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

**"Chairman"** shall refer to the Officer appointed as such pursuant to Rules 81-83;

**"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;

**"Co-operative"** means the above-named society;

**"Co-operative Principles"** are the principles 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;

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

**"Digestate"** means both acidogenic digestate and methanogenic digestate, being the remnants of the original input material to the digesters that the microbes cannot use and the mineralised remains of the dead bacteria from within the Digester;

**"Digester"** means a machine or any plant designed for the process of bacterial fermentation of organic material in the absence of free oxygen or similar process of anaerobic digestion;

**"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 Co-operative;

**"Extraordinary Resolution"** means, unless the context requires otherwise, those decisions requiring an Extraordinary Resolution as provided for under Rules 71-73;

**"Founder Member"** means a subscriber to these Rules for the purposes of registration;

**"General Meeting"** shall mean a meeting as described in Rules 47-49;

**"Landowner"** shall mean such person or persons as farm, or run a farm business at the farm where the Digester is situated

**"Loan Stock"** unless explicitly stated refers to loan stock created under Rule 40;

**"Member"** has the meaning provided for in Rules 14-31;

**"Membership"** has the meaning provided for in Rules 14-31;

**"Notice"** has the meaning provided for in Rules 51-54 and 117;

**"Objects"** has the meaning as provided for in Rule 5;

**"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 provided for in Rules 81-85;

**"Participate" and "Participation"** mean buying from or selling to the Co-operative; using the services or amenities provided by it; or supplying services to carry out its business.

**"Person"** means a legal and/or natural person;

**"Registrar"** means the Registrar of 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 Co-operative;

**"Transferable Shares"** means shares that are transferable to another Person who also qualifies for Membership of the Co-operative in accordance with these Rules;

**"Withdrawable Shares"** means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Co-operative;

**"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 Co-operative is to pursue the Objects while conforming with its function as a co-operative and abiding by the internationally recognised co-operative values and principles of co-operative identity as defined by the International Cooperative Alliance.

## **OBJECTS**

5. The Objects of the Co-operative shall be to carry on the business as a co-operative and to carry on any other trade, business or service and in particular to purchase and operate one or more Digesters for the purposes of providing electricity, heat and Digestate from organic material to the Members of the Co-operative or to support or assist the Participation of the Members.

## **POWERS**

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

## **BORROWING**

7. The Co-operative 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 £2,000,000.
8. The Co-operative shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Co-operative, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Co-operative or its customers or Persons having dealings with the Co-operative.
9. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed such rate as is necessary to attract and retain the capital required to further the Co-operative's Object and Purpose.
10. The Co-operative 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 MEMBERSHIP**

11. The interest paid by the Co-operative on money borrowed from Members shall not exceed such rate as is necessary to attract and retain the capital required to further the Co-operative's objects and purpose.

## **FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY**

12. The Co-operative shall not engage in any activity that would require a permission from the Registrar to carry on that activity without first having applied for and obtained such permission or relevant exemption for that activity

## **INVESTMENT OF FUNDS**

13. The Co-operative may invest any part of its funds in the manner set out in Section 27 of the Act.

## **MEMBERSHIP**

14. The first Members of the Co-operative will be the Founder Members. The Co-operative may admit to Membership any individual, corporate body or nominee of an unincorporated body, firm or partnership which has paid or agreed to pay any subscription or other sum due in respect of Membership.
15. Any natural person, corporate body or nominee of an unincorporated body, firm or partnership which wishes to Participate in the Co-operative or operates in an associated

field of activity to the Co-operative or has an interest in supporting the Co-operative's business may be a Member.

16. In accordance with the Co-operative Principle of voluntary and open Membership, whilst the Co-operative shall undertake to encourage its stakeholders to become Members, Membership must be voluntary and as a result cannot be a condition of employment.
17. The number of Members shall be limited to the number required to allow the Cooperative to carry out its objects, in the opinion of the Board and at their absolute discretion, at any given time.

### **APPLICATIONS FOR MEMBERSHIP**

18. No natural person shall be admitted into Membership of the Co-operative unless they have attained the age of 16. All those wishing to become a Member must support the objects of the Co-operative and complete an application for Membership which shall include an application for at least the minimum number of shares in the Co-operative required by the Board at that time. The said application form and each application must be reviewed by the Secretary and the Secretary must make a recommendation to the Board as to whether the application should be approved.
19. A corporate body which is a Member shall by resolution of its governing body appoint a representative who may during the continuance of 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 Co-operative of its choice of representative.

In considering each application for Membership of the Co-operative the Board will have regard to / consider the ability of the proposed Member to actively Participate in the Co-operative. Where a person applies for Membership and they do not intend to actively Participate in the Co-operative they may be admitted as a Member if the Board considers that this will not prejudice the nature of the Co-operative as a bonafide Co-operative and that it will not adversely affect the Members who actively Participate in the Co-operative or where there are adverse effects that these are sufficiently outweighed by the potential contributions of that proposed Member in the opinion, whether reasonably or unreasonably, held by the Board

20. Priority on applications for Membership will be given based on:
  - (a) Ability to actively Participate in the Co-operative; and then
  - (b) Geographical proximity to the Digester to encourage local involvement with the Cooperative.

## **MEMBER COMMITMENT**

21. All Members agree to take an active interest in the operation and development of the Co-operative and its business and where possible to attend General Meetings and participate in the Co-operative. Members have a duty to respect the confidential nature of the business decisions of the Co-operative.
22. The Co-operative shall provide potential Members with information about what the role of a Member is within the Co-operative and will provide training in the skills required to be a Member and to participate in the operation of the Co-operative where the Cooperative considers the provision appropriate in its absolute discretion.
23. The Co-operative shall provide where it considers it appropriate in its absolute discretion ongoing education and training in co-operative values and principles and associated topics. The Co-operative shall support its Members by ensuring that General Meetings are accessible and encourage participation.

## **TERMINATION OF MEMBERSHIP**

24. A Member shall cease to be a Member of the Co-operative immediately he:
  - (a) Fails to hold the minimum shareholding; or
  - (b) Resigns in Writing to the Secretary;
  - (c) Is expelled from Membership in accordance with these Rules; or
  - (d) Dies, is wound up or goes into liquidation.

## **EXPULSION FROM MEMBERSHIP**

25. A Member may be expelled for conduct prejudicial to the Co-operative by an Extraordinary Resolution, provided that the grounds for expulsion have been specified in the Notices calling the meeting and that the Member whose expulsion is to be considered shall be given the opportunity to make representations to the meeting or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Co-operative) has been allowed to make representations to the General Meeting on the Member's behalf.
26. If on due Notice having been served the Member fails to attend the meeting the meeting may proceed in the Member's absence.
27. An expelled Member shall be paid the nominal value of shares held by them at the time of expulsion, subject to Rule 42.
28. No Member expelled from Membership shall be re-admitted except by an Extraordinary Resolution.

29. The Board may by unanimous vote suspend a Member until such a time as the Members are able to hold a General Meeting as required by Rule 27.

#### **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

30. Upon a claim being made by:

- (a) The personal representative of a deceased Member; or
- (b) The trustee in bankruptcy of a Member who is bankrupt; or
- (c) An Office Holder to a Member, not being a natural legal person,

to any property in the Co-operative belonging to such a Member, the Co-operative shall transfer or pay property to which the Office Holder has become entitled as the Office Holder may direct them.

31. A Member may in accordance with the Act nominate any individual or individuals to whom any of his property in the Co-operative at the time of his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a Member who has made a nomination the Co-operative 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 thereunder, subject to Rule 40.

#### **SHARE CAPITAL**

32. The shares of the Co-operative shall be of the nominal value of £1. The minimum shareholding required of a Member 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, or, failing such determination or requirement, shall be 250 shares. The Board may in its absolute discretion set varying minimum shareholdings based upon such criteria as it deems appropriate.
33. Applications for shares shall be made to the Board of the Co-operative who shall allot to Members, upon their admission, the share or 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. Shares shall be paid for in full on allotment.
34. If a Member who is required to withdraw from Membership under these Rules is unable to transfer their shares and the right to withdraw shares has been suspended, then the nominal value of their share capital shall be converted into loan stock under Rule 40.
35. Shares shall be Withdrawable only in accordance with the provisions of these Rules. Shares shall be non-Transferable except:

- (a) on death or bankruptcy; or
- (b) in the case of an unincorporated organisation or partnership, on a change of nominee and only to the new nominee.
- (c) in the case of shares which have been expressly allotted as transferable shares

#### **WITHDRAWAL OF SHARE CAPITAL**

36. Withdrawable Shares may be withdrawn by Members upon giving three months' Notice to the Co-operative (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 Co-operative.
- (b) A Member shall not be entitled to withdraw shares which would leave them with less than the minimum shareholding, unless they intend to terminate their Membership of the Co-operative.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) Where a Member wishes to withdraw their shares and at the end of the notice period required by this Rule 38 there are not sufficient funds available to the Co-Operative in the designated repayment fund the Co-operative shall issue loan stock to the Member under Rule 40.

37. Any share withdrawn in accordance with these Rules shall be cancelled.



38. Members may withdraw from the Co-operative by withdrawing all their shares in the Co-operative in accordance with these Rules or, if the right to withdraw has been suspended, by surrendering all their shares to the Co-operative. Upon such surrender the Board may at their discretion pay to the withdrawing Member the amount paid up or credited on the shares surrendered.

### **REDUCTION IN SHARE VALUES**

39. If the Co-operative's Auditors (or any independent qualified accountants appointed for this purpose by the Board) certify at any time that the aggregate of the Co-operative's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Members may determine by extraordinary resolution 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 for the purposes of withdrawal of shares, provided that the value of shares held by any Member shall not be reduced below the minimum shareholding as specified in these Rules.

### **LOAN STOCK**

40. Where the Co-operative is under an obligation to pay a sum of money to a Member or former Member when some or all of their Withdrawable Shares are withdrawn and either the said money is not available to the Co-operative or the Board decides in its absolute discretion that paying out the said money would or may cause the Cooperative to have insufficient funds available to carry out its purpose for that Financial Year then the Board may resolve that Loan Stock be issued to that Member or Former Member under this Rule 40 and subject to Rules 41-42 in lieu of the said payment.
41. Where the provisions of these Rules require that the Co-operative issue Loan Stock or the Co-operative decided to issue Loan Stock that Loan Stock shall be issued so that the holder receives the same interest at that time being paid on Withdrawable Shares unless the Board resolve otherwise.
42. Where Loan Stock is issued under Rule 40 the Co-operative shall make every reasonable endeavour to pay off the Loan Stock within a reasonable timescale following the approval of the accounts for the Financial Year in which the Loan Stock was issued. Where the Board considers it in the best interest of the Co-operative it may issue Loan Stock expressly excluding this Rule.

### **LIEN ON SHARES AND RIGHT OF OFFSET**

43. The Co-operative 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 Cooperative in or towards payment of such debt.

## **GENERAL MEETINGS**

44. The Co-operative 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.
45. The business of an Annual General Meeting shall comprise, where appropriate:
  - (a) The receipt of the accounts and balance sheet and of the reports of the Board and Auditor (if any).
  - (b) The appointment of an Auditor, if required.
  - (c) The election of the Board or the results of the election if held previously by ballot.
  - (d) The application of profits.
  - (e) The answers by the Board to written questions by Members. Such questions are to be received at least 14 days before the meeting. Where questions are not received 14 days before the meeting or are asked at the meeting the Board shall have the discretion to choose to reply to the Member in writing within 28 days rather than answer at the Meeting.
  - (f) The transaction of any other business included in the Notice convening the meeting.
46. The Co-operative will ensure that, in addition to the Annual General Meeting, at least three other member communications are provided for members annually. The member communications other than the general meeting will be via The Digest newsletter. The purpose of these communications is to ensure that Members are given the opportunity to participate in the decision-making process of the Co-operative, review the business planning and management processes and to ensure the Co-operative manages itself in accordance with the co-operative values and principles.

## **CALLING A GENERAL MEETING**

47. The Secretary, at the request of the Board of Directors may convene a General Meeting of the Co-operative. The purpose of the General Meeting shall be stated in the Notice of the meeting.
48. The Board of Directors upon an application signed by one-tenth of the total number of Members, or 100 Members, whichever is the lesser, delivered to the registered office of the Co-operative, shall convene a General Meeting. The purpose of the General Meeting shall be stated in the application for and Notice of the meeting. No business other than that stated in the Notice of the meeting shall be conducted at the meeting.

49. If within one month from the date of the receipt of the application the Board have not convened a General Meeting to be held within six weeks of the application, any three Members of the Co-operative acting on behalf of the signatories to the application may convene a General Meeting, and shall be reimbursed by the Co-operative for any reasonable costs incurred in convening such a meeting.

## **NOTICES**

50. The Directors shall call the annual General Meeting giving 28 Clear Days' notice to all Members. All other General Meetings shall be convened with at least 14 Clear Days' notice but may be held at shorter notice if so agreed in Writing by 90% of the Members.
51. Notices of meetings shall either be given to Members personally or sent to them at their Address or alternatively, if so agreed by the Co-operative in General Meeting, Notices of General Meetings may be displayed conspicuously at the registered office and in all other places of business of the Co-operative to which Members have access.
52. A Notice sent to a Member's Address shall be deemed to have been duly served 48 hours after its posting, where it has been posted by first class post or another service which provides for delivery on the next business day. 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.
53. All Notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions. A General Meeting shall not transact any business other than that specified in the Notices calling the meeting.
54. If the Co-operative has appointed an Auditor in accordance with these Rules they shall be entitled to attend General Meetings of the Co-operative and to receive all Notices of and communications relating to any General Meeting which any Member of the Cooperative 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.

## **QUORUM**

55. No business shall be transacted at a General Meeting unless a quorum of Members is present, including those not present in person. A quorum shall be 3 Members or 25% of the Membership, whichever is the greater.

## **CHAIRING GENERAL MEETINGS**

56. The Chairman shall chair General Meetings. If he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chairman for that meeting.

## **ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

57. A Member is able to exercise the right to speak at a General Meeting and is deemed to be in attendance when that 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 General Meeting to exercise their rights to speak or vote at it including by Electronic Means. 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.
58. The chairman of the meeting may permit other persons who are not Members of the Co-operative to attend and speak at General Meetings, without granting any voting rights.

## **ADJOURNMENT**

59. 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 chairman must adjourn the meeting. 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.
60. The chairman of a General Meeting may adjourn the meeting whilst a quorum is present if:
- (a) The meeting consents to that adjournment; or
  - (b) It appears to the chairman 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 chairman must adjourn the meeting if directed to do so by the meeting.
62. When adjourning a meeting the chairman must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.
63. If the meeting is adjourned for 14 days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the Notice of the original meeting.
64. 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**

65. In accordance with the Co-operative Principle of democratic member control, each Member shall have one vote on any question to be decided in General Meeting.

66. A resolution put to the vote at a General Meeting shall be decided on a show of hands unless a paper ballot is demanded in accordance with these Rules. A declaration by the chairman 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.
67. In the case of an equality of votes, whether on a show of hands or a poll, the chairman shall not have a second or casting vote and the resolution shall be deemed to have been lost.

### **PAPER BALLOT**

68. A paper ballot on a resolution may be demanded before or on the declaration of the result of the show of hands by three Members at a General Meeting.
69. If a paper ballot is duly demanded it shall be taken in such a manner as the chairman directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
70. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.

### **RESOLUTIONS**

71. Decisions at General Meetings shall be made by passing resolutions:
- (a) The following decisions must be made by Extraordinary Resolution:
- (i) Decisions to expel Members;
  - (ii) Decisions to dispose of assets of the Co-operative equivalent in value to one-third of the Co-operative's last published balance sheet, as provided for in these Rules;
  - (iii) Any amendment to the Co-operative's Rules;
  - (iv) The decision to wind up the Co-operative.
  - (v) The decision to convert the Co-operative to another form of incorporated person
- (b) All other decisions shall be made by ordinary resolution.
72. 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. Members who have not participated in the Co-operative in the 12 months prior to an Extraordinary Resolution being proposed may not vote in that Extraordinary Resolution.

73. Resolutions may be passed at General Meetings or by written resolution. A written resolution may consist of several identical Documents signed by one or more Members.

## **DIRECTORS**

74. The Co-operative shall have a Board of Directors comprising not more than 7 Directors, of whom :-
- a) No more than 1 shall be a Nominated Director appointed pursuant to paragraph 76 hereof
  - b) No more than 2 may be Executive Directors appointed pursuant to paragraph 77 hereof
  - c) No more than 2 may be Independent Directors appointed pursuant to paragraph 78 hereof
  - d) The remainder may be Elected Directors appointed pursuant to paragraph 79 and 86 hereof
75. The initial Directors of the Co-operative from registration until the first Annual General Meeting shall be appointed by the Founder Members.
76. The Landowner may appoint up to 1 Director.
77. Where the Co-operative has entered into a contract with an agent to supply exclusive administration and management services to the Co-operative the agent shall appoint such Executive Directors as it shall in its absolute discretion consider is necessary to manage the Co-operative on a day-to-day basis up to a maximum of 2. The Term of appointment of such Directors shall be in the discretion of the agent.
78. The Board of Directors may appoint up to a maximum of 2 Independent Directors 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 appointment, subject to a review at least every 12 months. Independent Directors may be removed from office at any time by a resolution of the Board of Directors.
79. The remaining Directors shall all be elected by general resolution pursuant to the provisions of paragraph 86 and must be Members of the Co-operative who are aged 18 years or more.
80. The Board of Directors may at any time fill a casual vacancy on the Board by co-option. Co-opted individuals must be Members of the Co-operative who are aged 18 years or more and will hold office as Director only until the next annual General Meeting.

## **OFFICERS**

81. The Secretary and Chairman and such other Officers of the Co-operative as required shall be proposed by the Board of Directors from amongst the Executive and Nominated Directors to the Membership at the first annual General Meeting.
82. Prior to the first Annual General Meeting the Secretary and Chairman shall be appointed by the Board without the need to seek approval from the Members.
83. The appointment of an Officer must be approved by an Ordinary Resolution, subject to this Rule 83. Where the Members vote against the appointment of a proposed officer the Board must propose a replacement from amongst the Executive and Nominated Directors.
84. At every subsequent annual General Meeting the Officers shall retire from office, and the Board shall propose replacements from amongst the Executive and Nominated Directors. A retiring Officer shall be eligible for re-election.
85. In a situation where none of the Executive or Nominated Directors is approved to be an Officer by the Members then a vote of no confidence in the Executive Directors shall be held. Where a vote of no confidence is held and at least 75% of the Members vote against the Board then they shall all retire. For the avoidance of doubt for a vote of no confidence to require the Executive Directors to retire, at least 75% of the whole Membership must vote against the Board, not only 75% of those present. Where the vote of no confidence does not have the requisite number of votes the Board as it stood at the beginning of the Meeting shall appoint officers without further recourse to the Members.

## **RETIREMENT CYCLE**

86. At the first annual General Meeting all Directors save for the Executive and Nominated Directors shall stand down. At every subsequent annual General Meeting one of the elected Directors shall retire from office. The Director to retire shall be the Director who has been longest in office since their last election. Where Directors have held office for the same amount of time the Director to retire shall be decided by lot. A retiring Director shall be eligible for re-election.

## **BOARD EDUCATION AND TRAINING**

87. In accordance with the Co-operative Principle of education, training and information, before accepting a position as Director an individual must agree to undertake training during their first year of office as deemed appropriate by the Co-operative. 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**

88. The business of the Co-operative shall be managed by the Board who may exercise all the powers of the Co-operative which do not require either by statute or these Rules a resolution of the Members.
89. All decisions made by a meeting of the Board of Directors or by any person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director.
90. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Co-operative shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct in standing orders.
91. Without prejudice to its general powers, the Board may exercise all the powers of the Co-operative to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Co-operative or of any third party.
92. No Resolution or Regulation made by the Co-operative in a General Meeting shall invalidate any prior act of the Board which would have been valid had that Resolution or Regulation not been made.
93. In accordance with the Co-operative Principles of democratic member control and member economic participation, the Board of Directors shall not be entitled to sell or otherwise dispose of assets (in a single transaction or series of transactions) equivalent in value to one-third or more of the total value of the last published balance sheet of the Co-operative without the approval of the Members by Extraordinary Resolution.

## **DELEGATION**

94. Subject to these Rules, the Board may delegate any of the powers which are conferred on them under these Rules to any Person or to a committee consisting of Members of the Co-operative, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.
95. The Board may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
96. The Board may revoke any delegation in whole or in part or alter any terms and conditions.



## **SUB-COMMITTEES**

97. A sub-committee to which the Board or 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.
98. The Directors may make regulations for all or any sub-committees, provided that such regulations are not inconsistent with these Rules.
99. All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **CALLING A MEETING OF THE BOARD OF DIRECTORS**

100. Any Director may, and the Secretary on the requisition 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**

101. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
102. 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 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.
103. 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 status quo shall be maintained and the Board may choose to refer the matter to a General Meeting of the Co-operative.
104. 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.

105. 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**

106. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors or 3 Directors, including those not present in person, whichever is the greater.
107. 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**

108. The Chairman shall chair meetings of the Board of Directors. If he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to chair that meeting.

### **DECLARATION OF INTEREST**

109. A Director shall declare an interest in any contract or matter in which he has a personal, material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter, unless the conflict has been declared to the Members and they have made an Ordinary Resolution that the Director may vote in Board Meetings in relation to that particular conflict of interest or in matters relating to that interest.

### **TERMINATION OF A DIRECTOR'S APPOINTMENT**

110. A person ceases to be a Director as soon as:
- a) The organisation they are representing removes their appointment;
  - b) The organisation they are representing ceases to have a power of appointment to the Board;
  - c) That person (unless they are an Executive Director) is removed from office by an ordinary resolution of the Co-operative in General Meeting, the Notices for which specified that the question of the Director's removal was to be considered;
  - d) That person ceases to be a Member of the Co-operative (unless they are a coopted external independent Director or Executive Director);
  - e) That person is prohibited from being a Director by law;
  - f) A bankruptcy order is made against that person;

- g) A registered medical practitioner who is treating that person gives a written opinion to the Co-operative stating that the person has become mentally incapable of acting as a Director and may remain so for more than three months;
- h) By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

### **LIABILITY OF MEMBERS**

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

### **APPLICATION OF PROFITS**

112. Profits of the Co-operative shall be applied as follows:

- a) First, to pay off such Loan Stock as has been issued upon the withdrawal of shares over the course of the previous financial year, starting with the first to be issued, unless the Board resolves otherwise based on extenuating circumstances, such as the extreme need of a member;
- b) Second to pay for the withdrawal of shares held by any members who wish all or some of their shares to be withdrawn;
- c) Third, to pay off loans to the Co-operative as the Board shall see fit, subject to the terms of the loan agreement in question;
- d) Fourth, where sufficient profits are available for withdrawing shares from members, the Board may in its absolute discretion withdraw shares from the remaining Members equally pro-rata their holdings of Withdrawable Shares, so long as the holdings do not fall below the minimum number of shares required by these Rules. Provided always that:
  - i. Where a Member has qualified for Enterprise Investment Scheme or Seed Enterprise Investment Scheme reliefs and has notified the Co-Operative, his shares shall not be withdrawn under this sub-Rule for the first three years after the Digester becomes operational.
  - ii. where withdrawing shares under this paragraph would lead to a Member having fewer shares than required for Membership at that time those shares shall not be withdrawn.
- e) Fifth, when all the Members left on the application of profits would have the minimum number of Withdrawable Shares or less then the profits shall be placed in a fund until such a time as the fund is at a sufficient level to withdraw all the Withdrawable Shares

then issued. At such a time the Members may pass a special resolution, in accordance with s.112 of the Act, converting the Co-operative into a private company limited by shares under such companies act as is in force at that time. The share capital for the said company shall be the transferable shares issued to Founding Members

### **AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION**

113. The Co-operative may, by special resolution passed in the way required by the Act, amalgamate with or transfer its engagements to any other society. The Co-operative may also accept a transfer of engagements and assets by resolution of the Board or of a General Meeting.
114. The Co-operative may, by special resolution passed in the way required by s.112 of the Act, amalgamate with or transfer its engagements to a company or convert itself into a company under the provisions of the Act.

### **DISSOLUTION**

115. The Co-operative may be dissolved or by wound up in any manner provided for by the Act.

### **ADMINISTRATIVE ARRANGEMENTS**

#### **MEANS OF COMMUNICATION**

116. A Member may provide their consent to receive communications from the Co-operative by Electronic Means.
117. A Notice sent to a Director's Address or to the Co-operative shall be deemed to have been duly served 48 hours after its posting where it has been posted by first class post or another service which provides for delivery on the next business day. A Director may agree with the Co-operative that Notices or Documents sent to 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.

### **SEAL**

118. If the Co-operative has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Co-operative. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

### **REGISTERS**

119. 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**

120. 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**

121. The Co-operative shall maintain a register of Directors and Officers which shall include the following particulars:
- a) Name of the Director;
  - b) Address of the Director;
  - c) The date on which they assumed office;
  - d) The date on which they vacated office; and
  - e) The position held by a Director if he is also an Officer and the date on which the Director assumed and vacated his position.

## **AMENDMENTS TO RULES**

122. 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 Co-operative.

## **COPIES OF THE CO-OPERATIVE'S RULES**

123. A copy of these Rules and any amendments made to them shall be given 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**

124. The Co-operative shall ensure that minutes are kept of all:
- a) Proceedings at General Meetings of the Co-operative; and
  - b) Proceedings at meetings of the Board of Directors and its sub-committees which include names of the Directors present, decisions made and the reasons for those decisions.

## ANNUAL RETURN

125. 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 Co-operative'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.
126. The Co-operative shall on demand supply free of charge to any Member or any person with an interest in the funds of the Co-operative 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).
127. The Co-operative shall at all times keep a copy of the latest balance sheet of the Co-operative together with a copy of the corresponding Auditor's report hung up in a conspicuous place at the registered office and displayed on the Co-operative's website (if any).

## AUDIT

128. Unless the Co-operative has disapplied section 83 of the Act under section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83 of the Act, to audit the Co-operative's accounts and balance sheet for the year. This provision also applies if the Co-operative is in its first financial year.
129. The following persons shall not be appointed as Auditor of the Co-operative:
- a) An Officer or Employee of the Co-operative;
  - b) A person who is a partner or employee of, or who employs, an Officer of the Cooperative.
  - c) Any person prevented from being appointed by the Acts.
130. The Board may appoint an Auditor to fill a casual vacancy occurring between General Meetings.
131. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Cooperative for the current financial year unless:
- a) A decision has been made by the Board to appoint a different Auditor or expressly decided that he shall not be re-appointed; or

- b) He has given notice in writing to the Secretary of his unwillingness to be reappointed;  
or
  - c) He is ineligible for appointment as Auditor of the Co-operative for the current financial year; or
  - d) He has ceased to act as Auditor of the Co-operative by reason of incapacity.
132. Any ordinary resolution of a General Meeting of the Co-operative 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 Co-operative at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Co-operative in the manner prescribed in these Rules and in Writing to the Auditor(s).

### **SOCIAL ACCOUNTING AND REPORTING**

133. In addition to any financial accounts required by the Act, the Members may resolve to undertake an account of the activities of the Co-operative which will endeavour to measure its co-operative, social and environmental performance using whatever methodology the Members deem appropriate. Following the completion of such an account the Co-operative shall report any findings to its Members and other stakeholders.

### **INDEMNITY AND INSURANCE**

134. Subject to the following Rule, any Director or former Director of the Co-operative may be indemnified out of the Co-operative'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 Co-operative;
  - b) Any liability incurred by that Director in connection with the activities of the Cooperative in its capacity as a trustee of an occupational pension scheme;
  - c) Any other liability incurred by that Director as an Officer of the Co-operative.
135. The above Rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
136. The Directors may decide to purchase and maintain insurance, at the expense of the Co-operative, for the benefit of any Director or former Director of the Co-operative 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 Co-operative or any pension fund or employees' share scheme of the Co-operative.

## INTERPRETATION

In these Rules unless the context otherwise requires: words importing any gender

include every gender; words importing the singular number include the plural number

and vice versa; words importing persons include firms, companies and corporations and

vice versa;

references to numbered clauses and schedules are references to the relevant clause in or schedule to this Agreement;

reference in any schedule to this Agreement to numbered paragraphs relate to the numbered paragraphs of that schedule;

any obligation on any Party not to do or omit to do anything is to include an obligation not to allow that thing to be done or omitted to be done;

the headings to the clauses, schedules and paragraphs of this Agreement are not to affect the interpretation;

any reference to an enactment includes reference to that enactment as amended or replaced from time to time and to any subordinate legislation or byelaw made under that enactment; where the word 'including' is used in this Agreement, it shall be understood as meaning

'including without limitation'; and

where the phrase is to a 'limited company' it shall be understood as including a limited liability partnership or any other incorporated legal person with limited liability.

| <b>Signatures of Founder Members</b> | <b>Full Names of Founder Members in BLOCK CAPITALS (no initials)</b> |
|--------------------------------------|--|
| 1.                                   | RICHARD JAMES TOMLINSON  |
| 2.                                   | SADIE MARY TOMLINSON   |
| 3.                                   | GEORGE JAMES TOMLINSON   |
| <b>Signature of Secretary</b>        | <b>Full Name of Secretary in BLOCK CAPITALS (no initials)</b>        |
| 1.                                   | DENISE NICHOLLS  |