



Rule Book 2009

Holyoake House, Hanover Street, Manchester M60 0AS

Rules of

Co-operatives UK Limited

Registered no: 2,783 R

Registered under the Industrial and Provident Societies Acts 1965 – 2002 (“the Act”)

NAME

1. The name of the Society is Co-operatives UK Limited, and it will be referred to as “the Society” in these rules.

PURPOSE

2. 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:
 - reflect the aspirations of the founders of the Society to the creation of a Co-operative Commonwealth; and
 - are founded upon principles of social justice and democratic control, such as the International Co-operative Alliance (“ICA”) Statement on the Co-operative Identity, the Co-operative Principles published from time to time by the ICA or the principles of common ownership contained in the Industrial Common Ownership Act 1976.

OBJECTS

3. The objects of the Society are to pursue its purpose by:
 - 3.1. carrying on any industry, trade or business;
 - 3.2. spreading knowledge about, and promoting the values and principles of co-operation;
 - 3.3. supporting the growth and development of enterprises based upon principles of social justice and democratic control;
 - 3.4. providing its members with services;
 - 3.5. representing its membership at a national level and with the European and international co-operative movements;
 - 3.6. promoting 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;
 - 3.7. strengthening and enlarging the co-operative movement;
 - 3.8. fostering a sense of shared ownership and interdependence amongst its members.

POWERS

4. The Society has the power to do all things necessary or expedient for the fulfilment of its objects, but does not have the power to receive money on deposit. In particular, the Society has the power to:
 - 4.1. summon its members to and hold a Congress, or special Congress;
 - 4.2. summon or invite members or categories or groups of members to attend sectional or other group meetings;
 - 4.3. publish a code of best practice for its members (or categories of members) for corporate governance and to promote, monitor and report on compliance;
 - 4.4. promote, monitor, enforce and report on compliance with accounting standards;
 - 4.5. publish standards for the commercial, co-operative, social and other performance criteria of its members, and to promote, monitor and report on the performance of members against such standards;
 - 4.6. either itself or through others act as a conciliator, mediator, arbitrator or adviser in the resolution of disputes between its members;
 - 4.7. grant pensions, allowances, gratuities and bonuses, and either by itself or in conjunction with any other society or company to establish and participate in pension or superannuation schemes and to make contributions thereto and to enter into any Trust Deed or any other documents for this purpose and to act as trustee or joint trustee of such scheme and of any fund established thereby and to act as such trustee or joint trustee through or by the Board;
 - 4.8. draw, accept, make, endorse, discount and negotiate bills of exchange and promissory notes and other negotiable instruments;
 - 4.9. purchase, feu, hold, sell, charge, mortgage, exchange, develop, rent, lease or sub-lease lands of any tenure in the United Kingdom or elsewhere, and to erect, pull down, repair, alter or otherwise deal with any building thereon and to acquire and grant rights, privileges and easements in, over or in respect of any land or any building thereon and to acquire any machinery, plant, property or rights which may be necessary for or conveniently used with or may enhance the value of any other property of the Society;
 - 4.10. enter into any agreement for partnership or for sharing profits, union of interests, co-operation, joint venture or reciprocal concession with any society, company, corporation or person carrying on or engaged in or about to carry on any business or transaction capable of being conducted so as directly or indirectly to benefit the Society and to acquire shares, stocks or debentures in any such society, company or corporation and if any such agreement shall so require to depute the management of any business or adventure to any representative or agent as may be agreed on and to confer all necessary powers on any such agent or representative;
 - 4.11. obtain from time to time upon such terms and conditions as it thinks fit advances of money for the purpose of the Society and to mortgage or charge any of the Society's property or assets (including its uncalled

capital) and to issue debentures and other securities provided that any such mortgage, charge, debenture or other security may be given or issued as a continuing security to cover any sum or sums due from time to time by the Society to any person or body with which it may have a banking account or transact banking business;

- 4.12. undertake (whether gratuitously or otherwise) the office of trustee, custodian trustee, managing trustee, administrator or executor or nominee and to undertake, execute and administer either alone or jointly and whether gratuitously or otherwise trusts of all kinds and provide services to persons or bodies in relation to them;
- 4.13. apply for, promote and obtain any Act of Parliament, legislation, Charter, privilege, concession, licence or authorisation of any government, state, municipality or supranational body, or any other department or authority, or enter into arrangements with any such body and to oppose any proposed legislation (whether primary or secondary), proceedings or applications.

REGISTERED OFFICE

5. The registered office of the Society is Holyoake House, Hanover Street, Manchester M60 0AS. The registered office may be changed at any time by resolution of the Board.

MEMBERSHIP

6. The members of the Society are those whose names are entered in the register of members. Subject to these rules, membership of the Society is open to bodies corporate, firms and organisations who support the purpose and objects of the Society, co-operative principles and practice and who agree to be bound by these rules, any regulations and agreements from time to time in force and who agree to pay the annual subscription.

CATEGORIES OF MEMBERSHIP

7. Upon admission to membership each member shall be allocated a membership category by the Secretary. Subject to these rules, the level of service, subscriptions and reporting for each category shall be determined from time to time by the Board and detailed in service level agreements for each category.

The categories of membership are as follows:

- 7.1. Co-operative Enterprises; this category shall be further divided into three sub-categories:
 - 7.1.1. Consumer co-operatives and bodies associated with consumer co-operatives.
 - 7.1.2. Worker co-operatives and democratic employee-owned businesses.
 - 7.1.3. All other co-operative enterprises which do not fall with 7.1.1 and 7.1.2 above.
- 7.2. Mutual Enterprises, which shall include businesses and enterprises developed, promoted or supported by the Society under rule 3.3.

- 7.3. Co-operative development bodies
 - 7.4. Federations. This category shall include federations and associations that represent sectoral co-operative or mutual interests.
 - 7.4.1 Co-operative enterprises that are members of such federations or associations shall be eligible for membership of Co-operatives^{UK} in terms of Rule 7.1 above, but may opt to be affiliate members.
 - 7.5 Affiliates, including unincorporated bodies whose constitution complies with co-operative principles.
 - 7.6 Associates.
8. The rights of consumer co-operatives and bodies associated with consumer co-operatives, worker co-operatives and democratic employee owned businesses and co-operative development bodies as members of the Society in connection with meetings, elections, representation on the Board and voting under these Rules may not be altered except by resolution of the Society in general meeting or referendum. Other categories may be amended or further divided into sub categories as determined by the Board from time to time and the Board may re-name, amend definitions or introduce new categories as appropriate provided that the Board shall not take any action under this Rule which has the effect of reducing the number of votes to which any member is entitled as a member of the Society.

ADMISSION TO MEMBERSHIP

- 9. Application for membership shall be in writing in such form as the Board shall approve. The Board has responsibility for determining whether the applicant is entitled to membership and may delegate that responsibility to an officer of the Society or a sub committee who may admit the applicant to membership if appropriate in accordance with any policy or guidelines approved by the Board.
- 10. Applicants for membership shall be deemed by such application to accept and to agree to abide by these rules and any regulations established by the Board from time to time, including the submission of all reports and financial statements and the completion of statistical and other surveys required by the Society under its powers to achieve its objects as set out in these rules.

REMOVAL OF MEMBERS

- 11. A member shall cease to be a member if:
 - 11.1. the member gives notice of their intention to withdraw. Any member wishing to withdraw Subject to 11.1.1 from membership of the Society shall give a minimum of three months notice in writing (in the case of a society by resolution of the society's controlling board or committee)
 - 11.1.1. a member who has direct representation on the Board of the Society must give a minimum of one years notice in writing.
Such notice to be lodged with the Secretary who shall report the matter to the Board. Withdrawal of that member shall take effect at the conclusion of their notice period, provided all subscriptions due from the member up to the end of that period have been fully paid.

- 11.2. the member ceases to exist;
- 11.3. the Board resolves to remove them from membership, they having failed to pay any sum due to the Society, without prejudice to any proceedings that may be taken against them for the recovery of any outstanding amounts;
- 11.4. the Board determines they cease to meet the requirements and definitions of membership;
- 11.5. they are deemed to be guilty by the Board of conduct detrimental or likely to be detrimental to the Society or the Co-operative movement generally; that member may then be expelled from membership by resolution of the Board.

A list of new and lapsed members shall be published each year in the annual report.

SHARES

12. Every member shall hold one share and not more than one. Shares have the nominal value of 25p and shall be neither withdrawable nor transferable, shall carry no right to interest, dividend nor bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause, the amount subscribed for the share in question shall become the property of the Society.

SUBSCRIPTIONS

13. Every member shall make an annual subscription to the Society. Such subscription shall be at such rate as determined by the Board taking into account the trading relationship between the member and the Society and the size of the member's business or enterprise. Subject to rule 8, the Board shall have power to set different annual subscriptions for different categories of member, to grant rebates and to determine the procedure and method of payment.

MEMBERSHIP AND ELECTORAL SECTIONS

14. Membership sections shall be the means whereby representatives of members may meet together on a regular basis to discuss matters of common interest, exchange information and ideas, and provide an opportunity for consultation on all matters common to member organisations. Electoral sections shall be the means by which members appoint members of the Board of the Society.
15. Subject to Rule 8, the number of membership and electoral sections, their title, makeup, membership and operation shall be determined from time to time by the Board.

CODE OF BEST PRACTICE

16. The Board shall establish a series of codes of best practice on corporate governance and appropriate arrangements for implementing and monitoring pertinent to the different categories of membership. Members shall be committed to the implementation of their relevant code and comply with any requests for information relevant to the monitoring of that code.

GENERAL MEETINGS AND CONGRESS

17. The Society shall hold an annual general meeting within six months of the end of each financial year. The functions of the annual general meeting shall include

receiving the revenue account and balance sheet for the previous financial year and a report on the Society's performance in the previous year and appointing auditors. A Congress or special congress may constitute a general or members meeting for the purposes of these rules. Special general meetings of the Society may be convened at other times by the Secretary, either on an order of the Board, or upon a written requisition which meets the following requirements:

- 17.1. it is signed by 20 or more members;
 - 17.2. those members are drawn from at least three categories of membership (for which purpose the sub-categories of membership within the Co-operative Enterprises category shall be treated as separate categories);
 - 17.3. within each category or sub-category either 5 members or one tenth of the membership of the category or sub-category, whichever is less, are represented;
 - 17.4. it is accompanied by evidence of the authority of the signatory or signatories to make the requisition; the Secretary shall decline to act upon any requisition where he or she considers the authority of a signatory to be in doubt; and
 - 17.5. it specifies the resolution or resolutions to be proposed.
18. A special general meeting called in response to a members' requisition must be held within 42 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.
 19. The Society shall hold a Congress at such time as the Board resolves that it shall be held. The purpose and function of Congress is to enable the Society's members to meet as a body and to debate issues affecting the members generally or particular groups of members, and to pass resolutions as a collective statement of purpose or intention.
 20. Unless, without the permission of the Board, any payment for shares or annual subscription is outstanding from them in whole or in part, all members of the Society shall be entitled to attend annual or special general meetings or a Congress or a special Congress.
 21. Notice of the time, date and place of any Congress or general meeting shall be given:
 - 21.1. in writing circulated to members at their last known address in the register of members; or
 - 21.2. by such electronic means as determined by the Society when a member shall have previously agreed to this method; and
 - 21.3. by notice in the Society's journal and publication on the Society's website.
 22. Notice of a special Congress shall be given at least 28 clear days before the date of the meeting.
 23. Notice of the time date and place of any general meeting shall be given not less than 28 days before the date of the meeting. Notices or communications sent by post to

members at their registered address are deemed to have been duly served 48 hours after being posted. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. The proceedings at a general meeting are not invalid if there has been an accidental omission to send a notice to a member or members or the notice is not received by a member or members.

24. Procedures for credentials of delegates and proceedings at any Congress shall be determined by standing orders established by the Board from time to time.
25. No business shall be transacted at any Congress unless a quorum of members is present at the opening of Congress. No business shall be conducted at any general meeting unless a quorum of members is present when the vote is taken. 10 members entitled to exercise 20% of the total votes held by members of the Society shall be a quorum.
26. The Board shall have power to make provision for meetings to be held at more than one venue simultaneously and to provide for electronic communication between venues.

VOTES

27. On any resolution upon which the members are required to vote, whether at a general meeting or a Congress, each member shall have one vote by virtue of their membership and additional votes allocated by the Board in proportion to the levels of subscription made, provided that no one member shall have a vote which is equivalent to more than 40% of the total vote. At a general meeting or Congress, the full voting power of a member shall be exercised by one representative present in person duly appointed by the member in question. If the member was a group corporate member immediately prior to the registration of these Rules or if a member shall establish a structure involving lower committees as defined by the protocol on Group corporate membership it shall be for that member to determine the method in which its votes are to be cast subject to any relevant protocol issued by the Board. In the case of elections to the Board or a referendum, votes may be delivered by post or electronically. The votes allocated to members shall be calculated twice a year, at two key dates to be determined by the Board from time to time. In the absence of such determination the dates will be 31st December and 1st May. New members shall be allocated votes at the next appropriate allocation.

REFERENDUM

28. The Board may put any resolution, upon which the members are required to vote either at a general meeting or a Congress, to members in the form of a referendum. A voting paper detailing the proposal and an explanation and/or recommendation shall be sent to every member within such time as specified on the voting paper. If two thirds of the votes cast are in favour of the resolution it shall be deemed to be carried and be a resolution of the Society in general meeting or Congress (as appropriate).

BOARD OF DIRECTORS

29. The Society shall have a Board consisting of directors appointed and elected by members on the following basis:
 - 29.1. Seven directors appointed by the controlling board of the Co-operative Group (CWS) Limited;

- 29.2. One director appointed by the controlling board of Midlands Co-operative Society Limited;
- 29.3. One director appointed by the controlling board of The Midcounties Co-operative Society Limited
- 29.4. Five directors appointed to represent the electoral section of consumer co-operative members, excluding representatives from societies entitled to appoint directors directly;
- 29.5. Two directors appointed to represent the electoral section of worker co-operatives and employee owned businesses;
- 29.6. One director appointed to represent the electoral section of co-operative development bodies;
- 29.7. One director appointed to represent the co-operative enterprises that qualify for membership under rules 7.1.3;
- 29.8. One director appointed to represent the Federation members;
- 29.9. In addition the Board may co-opt up to two professional external directors to the Board provided that at all times the number of professional external directors shall be in the minority. A co-opted director shall serve for a fixed period determined by the Board at the time of co-option, subject to a review at least every twelve months, may be removed from office at any time by a resolution passed by a majority of the members of the Board, and shall be remunerated in an amount (to be disclosed in the published accounts) from time to time fixed by the Board. No person who has served as a director of the society within the last three years shall be eligible for co-option as a professional external director.
- 29.10. Subject to Rule 8 and provided that no single member shall have the right to appoint a majority of the Board members in any category of membership, the Board may at any time consider an appropriate review and amend the number of places and members who have the right to appoint directors to serve on the Board, in the light of changes to the membership of the Society, and shall record in the minutes of the Board such decision and the reasons for change.

In the case of members who have the right to appoint directors under Rule 29.1, 29.2 and 29.3, it shall be for them to determine how to select the directors appointed subject to any relevant protocol issued by the Board.

The Board shall review the structure established by this Rule on a four yearly basis beginning in 2007 in the light of any significant changes affecting members of the Society. Following any review, proposals for changes to the structure will be put to the Society in general meeting for approval.

No director shall be appointed to serve on the Board in more than one capacity at any one time.

APPOINTMENT

30. All prospective directors shall agree to undertake such training for office as shall be prescribed by the Board, which may include a structured training programme for

newly elected directors.

31. Members who appoint directors under rule 29.1, 29.2 and 29.3 may appoint one named alternate director, who may attend meetings in the absence of any of their nominated director(s). The power to appoint directors set out in Rule 29 and this rule shall be exercised once each year with effect from a date fixed by the Board. In the event of a vacancy arising on the Board other than upon a retirement in the normal course of events, the following provisions shall apply:
 - 31.1. In the case of a director appointed under Rule 29.1, 29.2, or 29.3, the appointing member shall have the right to appoint a new person to hold office until the next annual appointment date;
 - 31.2. In all other cases, unless the Board decides otherwise, a special election shall be held, the arrangements for the election shall be decided by the Board and the director elected shall hold office until the next election provided for by these Rules.
32. Directors appointed by named societies shall serve for one year; upon their retirement the Society in question shall be required to confirm their continuation or replacement, and that of their alternate. Directors appointed under Rule 29 must be members of the controlling board or committee of the appointing society or of a lower board or committee as defined by the protocol on group corporate membership which has significant delegated powers embracing the monitoring of performance and co-operative values and principles or must hold the office of Chief Executive, Secretary or any member of the Management Executive reporting to the Chief Executive.
33. Directors appointed from the electoral sections made up of consumer co-operative members shall be nominated by their society and shall be elected by all eligible consumer co-operative members through a national electoral college. Appointments shall be for two years and retiring directors shall be eligible for re-election. Directors nominated under this Rule must be members of the controlling board or committee of the appointing society or of a lower board or committee as defined by the protocol on group corporate membership which has significant delegated powers embracing the monitoring of performance and co-operative values and principles or must hold the office of Chief Executive, Secretary or any member of the Management Executive reporting to the Chief Executive. In order to ensure fair representation across the section of consumer co-operatives the Board shall determine the allocation of places and shall reserve the right to reserve places on the basis of geography, size or other criteria as considered fit.
34. Directors appointed from the electoral section made up of worker co-operatives and employee-owned businesses shall be drawn from and appointed by the worker co-op council, having been nominated by their organisation and elected by all the worker co-operative and employee owned business members, through a national electoral college. Appointments shall be for two years and retiring directors shall be eligible for re-election.
35. A director appointed from the electoral section made up of co-operative development bodies, shall be nominated by their organisation and elected by all the co-operative development body members, through a national election. Appointments shall be for two years and retiring directors shall be eligible for re-election.
36. A director appointed from the electoral section of co-operative enterprises as determined by rule 7.1.3 shall be nominated by their co-operative enterprise and

elected by a national election of all the members in membership as determined by rule 7.1.3 Appointments shall be two years and retiring directors shall be eligible for re-election.

37. A director appointed from the federation members shall be elected by and from those federation members. Appointments shall be for two years and retiring directors shall be eligible for re-election.
38. 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.

REMOVAL

39. Directors shall be removed from office if:
 - 39.1. Without good reason established to the satisfaction of the Board they fail to undertake such personal training and development throughout their term of office as may be prescribed by the Board from time to time;
 - 39.2. They fail 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;
 - 39.3. They have brought the Society into disrepute by virtue of their actions;
 - 39.4. They fail to a material extent to follow any code of conduct for directors adopted by the Society;
 - 39.5. They resign from office, or in the case of appointed representatives they are removed or replaced by the appointing society;
 - 39.6. They cease to be a member of the Society or organisation through which they were nominated to office or the Society or organisation through which they were nominated ceases to be a member of the Society;
 - 39.7. They become bankrupt or disqualified to serve as a company director under the Company Directors Disqualification Act 1986;
 - 39.8. They fail to attend three consecutive meetings of the Board without good reason established to the satisfaction of the Board;
 - 39.9. They are removed from office by resolution of a general meeting subject to a vote of three-fourths of members present and voting;
 - 39.10. They reach the age of 68 in which case they shall cease to hold office at the end of the Congress following their 68th birthday;
 - 39.11. They become an employee of the Society.
40. Removal of directors under 39.1 to 39.4 and 39.8 above, shall be subject to a three-fourths vote of the remaining directors and after a fair and reasonable investigation. During such period of investigation, which shall be no longer than two calendar months, the director in question shall be suspended from office and shall not be entitled to attend Board meetings or receive Board papers.

ORGANISATION

41. The affairs of the Society are to be conducted by the Board, the Chief Executive, and the members in order to fulfil the Society's purpose. The functions of the Board, Chief Executive and the members (both in general meetings and Congress), shall be exercised and performed in accordance with these Rules.
42. The function of the Board is to ensure that the affairs of the Society are conducted in accordance with its purpose, and to supervise in accordance with the schedule of delegated authority the Chief Executive. The Board's duties and powers, subject to these rules, are as follows:
 - 42.1. it may exercise all of the Society's powers;
 - 42.2. it shall develop and approve the policies, strategies and objectives to be pursued;
 - 42.3. it shall appoint, remove and fix the remuneration and terms of employment of the Chief Executive and any other executives it considers appropriate, and the Secretary;
 - 42.4. it may call upon the Chief Executive and/or the Secretary to report or procure a report in writing upon any aspect of the affairs of the Society;
 - 42.5. it shall determine from time to time the categories of transaction which require the approval of the Board;
 - 42.6. it shall approve the use of the Society's seal.
43. Directors may meet together for the despatch of business and may adjourn and otherwise regulate their meetings as they think fit. The Board may agree that its members can participate in its meetings by telephone, video or computer link. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting. A resolution in writing signed by all directors will have the same effect as a resolution passed at a meeting of the Board and may consist of several documents in the like form each signed by one or more director.
44. No business shall be transacted at a meeting of the Board until a quorum is present. Fifty one percent of the directors including not less than four directors appointed by the Co-operative Group (CWS) Limited shall be a quorum. No resolution shall be valid if the only votes in favour are the votes of directors appointed by the same member of the Society.

COMMITTEES

45. The Board may from time to time appoint committees and sub committees to carry out work on its behalf, constituted in such manner and on such timescales as it considers fit. Such committees shall come under the jurisdiction of the Board and shall make regular and prompt reports to it.
46. In particular
 - 46.1. The Board shall establish
 - 46.1.1. A Remuneration Committee consisting of directors equal in number to a minimum of 20% of the membership of the Board.

This Committee shall be constituted for the purpose of collecting and considering detailed information and making recommendation to the Board regarding the remuneration packages of staff.

- 46.1.2. An Audit Committee consisting of directors equal in number to a minimum of 20% of the membership of the Board. The duties of the Audit Committee shall include consideration and recommendation of the appointment of the Auditors, their fee, review of the half-year and annual financial statements before submission to the Board, review of procedures for internal controls and audits and such other duties as the Board may determine. The Chief Executive shall not normally attend the meetings of the Audit Committee but may be invited to do so for a specific purpose.
- 46.2. It may establish committees, comprising suitably qualified people appointed under procedures established by the Board, to deal with the following areas of activity:
 - 46.2.1. the development, maintenance, promotion and enforcement of appropriate accounting standards for the Society's members or groups of members;
 - 46.2.2. the development, maintenance and promotion of a code of best practice for corporate governance;
 - 46.2.3. the development, maintenance and promotion of standards for the commercial, co-operative, social and other performance criteria of members or groups of members.
47. Persons appointed and elected to serve on the Board or on committees of the Society may be reimbursed for travel and out of pocket expenses and the Board shall have power to make attendance allowance payments in accordance with any policy which it adopts and which is approved by the Society in general meeting.
48. The Chief Executive shall be ex-officio a member of all committees and sub committees of the Society, except a committee dealing with any matter in which he or she is personally concerned or the audit committee. He or she shall have the right to participate and speak, but shall not have the right to vote.

OFFICERS

49. The Board shall appoint a Chairperson who shall be regarded as Chairperson of the Society from its own number, and such other Officers as it considers fit.

SECRETARY

50. Provided the Board is satisfied that no prejudice to the good governance of the Society is caused by the arrangement, the Secretary of the Society may be the Chief Executive.
51. The functions of the Secretary shall include:
 - 51.1. acting as Secretary to the Board and any committee or sub-committee of the Board;

- 51.2. acting as Secretary to Congress;
- 51.3. summoning and attending all general meetings of the Society, Congress, and of the Board, and keeping minutes of those meetings;
- 51.4. keeping the register of members and other registers and books required by these rules;
- 51.5. preparing and sending to the Financial Services Authority and any other statutory body all returns which are required to be made.

CHIEF EXECUTIVE

- 52. The duties and powers of the Chief Executive are to carry out the day to day management of the Society's business in accordance with these rules. The Chief Executive shall have the power to act in the name of the Society. Any third party dealing with the Society in good faith and without prior notice of any irregularity is not to be concerned to see or enquire whether the powers of the Chief Executive have been properly exercised.

STANDING ORDERS AND REGULATIONS

- 53. The Society in general meeting, or at Congress or the Board may from time to time make, adopt and amend such regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they may think fit for the management, conduct and regulation of the proceedings and affairs of the general meeting, Congress, or the Board respectively (including in relation to the Board any committees or sub-committees), provided that such regulations are subject to these Rules which shall prevail where there is any inconsistency or conflict. All members of the Society and the Board shall be bound by such regulations whether or not they have received a copy of them.

ALTERATION OF RULES

- 54. No rule may be amended, rescinded or created except by the vote of a two thirds majority of the members present and voting on a card vote at a general meeting or by a two thirds majority of the votes cast in a referendum of members.
- 55. Proposals involving amendment of rules must be proposed by either
 - 55.1. the Board; or
 - 55.2. a written requisition which meets the requirements set out in Rules 17.1 to 17.5.
- 56. No amendment of rules is valid until it is registered. When submitting rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by the Financial Services Authority without reference back to a further special meeting of the society.

CONDUCT OF BUSINESS AND APPLICATION OF PROFITS

- 57. The Board may borrow, subject to any resolution of the members in general meeting, from any person or society, for the purposes of the Society, such sums of money, not exceeding £4,000,000, on such terms of repayment as are agreed

58. The rate of interest agreed to be given on any such advance (other than advances on bank overdraft and loans secured by mortgage or charge) shall not exceed a rate equivalent to 3 per cent per annum above The Co-operative Bank p.l.c. base rate or 5 per cent per annum whichever is the higher. In this rule "The Co-operative Bank p.l.c. base rate" means The Co-operative Bank p.l.c. base rate at the time of making the advance or at such time within the two years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within two years prior to its renewal or last renewal (if renewed more than once) as the Board may determine.
59. 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 reserve fund, which shall be applied in such manner as the Board, subject to any resolution of members, from time to time direct, to achieve the purpose and objects of the Society. The profits of the Society are not to be distributed to its members.
60. The Board may invest, in the corporate name of the Society, any portion of the reserve fund not previously allocated as mentioned above, in such manner as appears to be advantageous to the Society, provided that no such investment be made in the shares of any company or society with unlimited liability.

SEAL

61. The Society shall have a seal kept in the custody of the Secretary and used only by the authority of the Board. Sealing shall be attested by the signature of two directors or of one director and the Secretary.

COPIES OF RULES

62. Copies of the rulebook shall be available upon request to any member and any other person making a request, either electronically or by other means considered appropriate. The Society reserves the right to request a payment for the rules from any person or body who is not a member of the Society, subject to such amount as permitted by the Act.

ACCOUNTS

63. 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.
64. The Board shall in respect of each year of account:
- 64.1. cause to be prepared a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year.
 - 64.2. cause to be prepared a balance sheet giving a true and fair view as to the state of the affairs of the Society.
 - 64.3. ensure that the Society adopts and conforms to the Accounting Standards recommended from time to time by its Co-operative Accounting Standards

Committee. Any variation shall be reported clearly to the members in the Society's annual report.

65. The Board shall have power to prepare in addition, a revenue account or revenue accounts for less than one year of account and a balance sheet at the end of the period covered by such revenue account or accounts.
66. Every revenue account and balance sheet presented to the annual general meeting shall be accompanied by a report of the Board on the state of the Society's affairs.
67. Prior to being published any revenue account or balance sheet shall have previously been audited by the Society's auditor and shall include said auditor's report and any financial statements shall previously have been reviewed by the Society's auditor.
68. The Society shall keep a copy of the last audited revenue account and balance sheet on display in a conspicuous place at the registered office.

AUDIT

69. The Society shall in accordance with the Act appoint in each year a qualified auditor or auditors (qualified under the Act) to whom the accounts of the Society for that year shall be submitted for audit, and who have all such rights and duties in relation to notice of and attendance and right of audience at general meetings of the Society, access to books, the supply of information, reporting on accounts and otherwise as are provided by the Act.
70. Subject to the following rule the auditors shall be appointed by the Society at a general meeting, and the provisions of the Act shall apply to the re-appointment and removal and to any resolution removing or appointing another person in place of, any such auditors.
71. The Board may appoint an auditor to fill any casual vacancy occurring between general meetings.

ANNUAL RETURN

72. The Society shall make an annual return to the Financial Services Authority as required by the Act.

RIGHT OF INSPECTION OF BOOKS

73. Any member or person having an interest in the funds of the Society may inspect their own account and the files containing the names of the members at all reasonable hours at the registered office of the Society, or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by Congress.
74. Any 10 members, each of whom has been a member of the Society for not less than 12 months, may apply to the Financial Services Authority for the appointment of an accountant or actuary to inspect and report on the books of the Society. Such accountant or actuary shall have power to make copies of any books of the Society, and to take extracts therefrom at all reasonable hours at the registered office of the Society, or at any place where the books are kept.

INSPECTION BY ORDER OF FINANCIAL SERVICES AUTHORITY

75. It shall be the right of one-tenth part of the whole number of members, or if the number of members exceeds 1,000 members, of 100 members, by an application in writing to the Financial Services Authority, signed by them in the forms respectively provided by the Treasury Regulations in that respect -
- 75.1. to apply for the appointment of one or more inspectors to examine into the affairs of the Society and to report thereon;
- 75.2. to apply for the calling of a special meeting of Congress;
76. Every such application shall be made upon such notice to the Society, and be supported by such evidence for the purpose of showing that the applicants have good reasons for requiring such inspection to be made or meeting to be called, and that they are not actuated by malicious motives in their application, as the Financial Services Authority shall direct.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND DISSOLUTION

77. The Society may, by special resolution passed in manner prescribed by the Act, amalgamate with or transfer its engagements to any other registered society. The Society may also accept a transfer of engagements by resolution of the Board or of the members in general meeting.
78. The Society may at any time be dissolved -
- 78.1. by consent of at least three-fourths of the members representing three-fourths of the voting strength, testified by their signatures to an instrument of dissolution in the form provided by the Treasury Regulations in that behalf;
- 78.2. by winding up as is provided by the Act in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986.

SURPLUS ASSETS

79. If on the dissolution or winding-up of the Society there remain after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital, any assets whatsoever, such assets shall be transferred to:
- 79.1. a society or other body which in the opinion of the members is carrying out the same or a similar function to that previously carried out by the Society, provided that such a body is a co-operative; or
- 79.2. to one or more other societies in membership of the Society providing that such society or societies have the same or similar provisions in their rules providing that a surplus is distributed to another society or societies, rather than to its individual members;
- 79.3. in each case as may be determined by the members in a general meeting having regard to the purpose and objects of the Society.

DISPUTE RESOLUTION

80. Any dispute between a member, applicant for membership or former member of the Society or a director, candidate for Board membership or former director and the Society shall be referred in the first instance to mediation, the mediator to be appointed by the Centre for Effective Dispute Resolution or such body which succeeds to its function

INDEMNITY

81. Separate from any indemnity to which a director may be entitled, and subject to what is said in the rest of this rule, every director or other officer of the Society shall be indemnified out of the funds and assets of the Society against the following: all actions, claims, costs demands and expenses and any personal liability whatsoever whether civil or criminal arising out of or in connection with the exercise or purported exercise of their duties as a director or office of the Society. This indemnity excludes liability incurred under Section 62 of the Industrial and Provident Societies Act 1965, and liability for wilful default, fraud or dishonesty. No officer who has given security under Section 41 of said Act shall be indemnified for and to the extent of any sum of money due under such security. No person shall be indemnified against costs or expenses recovered from them by order of the Financial Services Authority. For the purposes of this rule, any reference to a section of the Act includes reference to any legislation replacing or amending it.

INSURANCE

82. The Society is authorised to purchase and maintain insurance for the purpose of:-
- 82.1. indemnifying the directors and officers of the Society against any liability which they or any of them might incur, in respect of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Society; and
- 82.2. indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to the directors and its officers under the first paragraph of this rule.

M A Lees	Co-operative Group Limited
Helen Seymour	Natural Food Store Limited
S M Bish	Ethos Public Relations Limited
John H Butler	Secretary

R/IP/RA7
Form H



INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Register No. **2783 R**

The amendment of the rules of **Co-operatives UK Limited** to which this acknowledgement is attached, is this day registered under the Industrial and Provident Societies Act 1965.

Date: **04 August 2009**

Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

M.Smith