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Co-operative and Community Benefit Societies Act 2014

Acknowledgement of registration of a rule amendment

This document acknowledges the registration of the amendment of the attached rules under Co-operative and Community Benefit Societies Act 2014 for:

Society: Ecological Land Limited

Registration number: 30770 R

Date: **14 October 2022**



Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

X All Previous Rules Rescinded

Ecological Land Limited

Registered with the FCA under the Co-operative and Community Benefit Societies Act 2014, Reg. No 30770R.

1. Open and voluntary membership of the society

1.1. The name of the society is Ecological Land Limited.

1.2. The registered office of the society is at Unit 2, Wildgoose Space, 228 Mina Road, Bristol BS2 9YP.

1.3. **Objects**

The objects of the society are to benefit the community by pursuing this mission: to widen access to land for sustainable land-based uses, including but not limited to:

- local food, grown with minimal inputs
- renewable energy and fossil fuel independence
- reconnecting people and place though social and cultural activities
- forestry, fibres and other rural produce
- homemaking and community, and
- managed in accordance with co-operative principles described in 2.7., 2.8., 2.11. and 4.5. below.

1.4. The society has the aim of building membership within its stakeholder groups, and ensuring that its membership fully reflects the diversity of those groups and of the wider community.

1.5. **Classes of membership**

a) The membership of the society will be made up of persons from one or more of the membership classes defined in 1.5 f) and g)
b) Community members, who are those with the greatest stake in the society's services, play the principal role in the direction of the society. Non-community members do not have such direct involvement, though they may be investors, supporters, or otherwise interested parties. They are subject to limits on their powers, as specified in 2.7., 2.8., 4.2. and 4.5. below.
c) Each class of membership will have shares specific to that class issued to its members and these shares may have distinct rights and powers.
d) A person or organisation that has membership under more than one class will be requested to withdraw, cancel or transfer shares such that they have membership in one class only. If after three months this has not been done, the secretary may cancel the minimum number of shares necessary in order to ensure compliance.
e) Each class has a unique number, and where a person would be eligible to join in more than one class, membership will be allocated to the lowest numbered class that they are eligible for, unless the board rules otherwise.
f) The community membership classes are as follows: Class number:

Stewards: those with a lease or rental agreement on the Society's land 1

Landworkers: those engaged primarily in productive ecological land management	2	
Workers: those with a contract of employment with the Society		3

g) The non-community membership classes are as follows:

Supporters: individuals or organisations with a significant alignment with the Society's objectives		4
Investors	5	

1.6. **Applications for membership**

a) The society is open to applications for membership in the appropriate class without discrimination, subject to a membership policy agreed by the board. This policy will be made available to current and prospective members, and will specify:

i. the responsibilities of membership that members are expected to comply with,

ii. the application procedure, which may include a reasonable probationary period,

iii. the minimum shareholding for membership in each class, which for community members must be set at between 1 and 50 shares (the application procedure may allow deferred or staged purchase of the minimum shareholding, provided at least one share is fully paid up).

iv. the transactions with the society, or other criteria, that qualify an applicant for membership in each class.

b) All community members must be aged sixteen or over. The board has the right to refuse membership where it believes there is good reason to do so.

(c) A person under 16 cannot be a member. But a member can hold shares on behalf of somebody who is under 16. The society has to treat those shares as belonging to that member (and not the child), for the purposes of rule 1.7 (which sets the greatest total value of shares a member can have in their name). Following that person's 16th birthday, they may become a member of the society and those shares can pass on to them.

1.7. **Shares held by members**

a) The maximum shareholding for any member that is not an Industrial and Provident Society is £100,000; if shares are to be issued that would cause a member's shareholding to exceed £50,000, this must be specifically authorised by a board resolution. Transferable shares may not be issued by the board unless in accordance with a resolution passed at a general meeting.

b) Within any class, shares can be issued for a special purpose and treated as separate from the main funds of the society. They may have different conditions, and may attract a different rate of interest, to other shares in that class. Members may hold both special purpose and ordinary shares, with no distinction being made for the purposes of qualification, voting and limits on total shareholding.

c) Shares are par shares priced at £1, with no possibility of exceeding that value. Their value can be reduced by the board only in the event that independent accountants certify that the society's liabilities, plus issued withdrawable share capital, have become more than the value of its assets. Where shares have been issued for a special purpose, the liabilities and assets will be calculated for that purpose only.

d) Shares may be converted between classes on request at the discretion of the

board, provided that:

i. the holder of shares has completed any process specified in the membership policy (referred to in 1.6. a) for the class to which they are converting, and

ii. there is no resulting increase in the value of the shareholding, and

iii. the conditions of any special purpose shares permit it.

e) All issues and transfers of shares are subject to the limits and regulations imposed by law; the board will obtain appropriate advice before issuing shares in order to raise capital.

f) In the event that any member has a debt owing to the society, the society may set off any sum standing to the member's credit including any loan money, interest, dividends. It may also retain shares, preventing withdrawal or transfer, until the debt has been settled.

1.8. **Cancellation of membership**

a) Membership of the society will be cancelled under the following circumstances:

i. at the discretion of the board, if the member is unable to provide evidence that they comply with any criteria for membership (referred to in rule 1.6. a above) that originally qualified them for membership;

ii. on receipt of a written request by a member with 50 or fewer shares for the cancellation of their own membership;

iii. if, over a period of two years, reasonable attempts to communicate with the member (including a written warning that membership may be cancelled if no response is received) elicit no response;

iv. if the member is a corporate body, and has been wound up, has gone into liquidation or has otherwise ceased to function according to its own rules; or

v. if the member is expelled. The member in question must be given written warning, and sufficient time to prepare an appeal to a general meeting. An expulsion requires a 75% vote at a general meeting, in which neither the member in question nor any member of their family may vote. Following such a vote, the expelled member may not be readmitted to any class of membership without a further resolution at a general meeting.

vi. if the member dies.

b) When a person's membership is cancelled, withdrawable and transferable share capital with a total value of £50 or less will be immediately repaid at par value. If the sum is larger and withdrawal according to 1.10 below is not possible, the board may transfer the shares to another class on a one for one basis provided that

i. the membership policy (referred to in 1.6. a) and cancellation policy (1.8. a) would allow that person to become a member in that class; and

ii. there will be no resulting increase in the value of the shareholding; and

iii. the conditions of any special purpose shares permit it.

iv. Otherwise, or if the board so chooses, they will convert the shares at par value into loan stock with a closing date no more than two years from the date of cancellation equivalent in value to the value of the shares at the date of the cancellation of membership.

c) Members may in accordance with the law nominate an individual or individuals to whom the full value of their property in the society should be transferred in the event of the society receiving proof of the member's death. If there is no nominee, then all property held by a deceased member shall be transferred to their personal representative upon request. The society will also transfer property in the society

held by a bankrupt member to their trustee in bankruptcy upon receipt of a valid claim.

1.9. **Register of members**

a) A register of members is kept at the registered office, and will include:

i. the name and address of every member;

ii. the number and class of shares held by each member;

iii. any loans or other property held by members;

iv. the date on which the member's name was entered on the register, and the date on which they ceased to be members;

v. the names and addresses of directors and officers of the society, the positions held by them, and the dates on which those appointments began and ended.

vi. While a member shall be allowed at all reasonable hours to inspect their own account, information in (b) and (c) above will be kept confidential other than for administrative necessity.

1.10. **Withdrawal of shares**

a) Shares carry no absolute rights of withdrawal. The board may at its sole discretion:

i. repay a fixed proportion (less than 100%, unless memberships are cancelled in accordance with 1.8. above) of all shares in a class;

ii. allow the withdrawal of shares in one or more classes on request, subject to whatever limits or period of notice the board may think prudent;

iii. permit no withdrawals (other than small sums on cancellation, as described in 1.8. c) for a fixed period of time or disallow withdrawals indefinitely.

iv. If a member wishes to withdraw their share capital, they should notify the society in writing that they would like it to purchase its shares from them, enclosing the appropriate share certificates.

b) Where withdrawals are permitted, they must take place in the order that the requests were received (allowing for any period of notice) and all members must be treated impartially.

c) Shares may be issued with conditions that further restrict withdrawal, but may not offer terms that are not permitted under these rules.

1.11. **Transfer of shares**

a) Any issue of transferable shares must take place only after the board has obtained appropriate legal advice and if a resolution has been passed regarding transferable shares as in 1.7 a).

b) Transferable shares will be labelled accordingly and are not ordinary shares. Transfers will be registered on receipt of a completed deed of transfer, provided that the transferee is eligible for membership in accordance with the membership policy referred to in 1.6. a) above. The board may refuse to register the transfer of a share to a person of whom they do not approve.

2. Democracy

2.1. The society has a general aim of consulting with, encouraging participation from and responding to its membership.

2.2. The sovereign body of the society is the general meeting, which will appoint a board of directors to manage the society, and may convene a Commonwealth Council to provide oversight in accordance with rule 6.7.

2.3. The business of the general meeting and board is governed by such standing orders as may be adopted by a general meeting; these will remain in force until they are amended or repealed by a general meeting. Such standing orders may not contradict these rules but may allow for the taking of a vote (though not one addressing only the conduct of the meeting or the order of business) to be deferred to allow for the development of consensus.

2.4. Where shares are held by an organisation (incorporated or unincorporated), its rights will be exercised by a person who is nominated by that organisation in accordance with their rules. That person will cease to do so if for any reason that nomination is no longer sustained by the member organisation.

2.5. The society will have a secretary and a treasurer. They may be appointed or replaced by a general meeting. If a general meeting does not appoint them, the board will do so.

2.6. **General meetings**

a) Within each class of membership, voting at general meetings is on the basis of one member, one vote.

b) General meetings will be convened by the board as follows:

i. Annual General Meetings, held within six months of the close of the society's financial year;

ii. at the request of the Commonwealth Council;

iii. at the request in writing of 5 or more members, provided that they amount to at least 15% of the membership (rounded up), or 30% of the membership in any one class (rounded up);

iv. in the event of the number of elected directors falling below five, or in the event that more than 49% of the directors are not community members;

v. in the event that the board fails to secure the appointment of a secretary and a treasurer;

vi. at any other time deemed appropriate by the board.

c) All members, and any auditor or accountants appointed by the society, will be notified of the time and place of the general meeting in writing to their registered address or (where the member has supplied suitable contact details) by electronic communication, no less than fourteen days before the date of the meeting. The notice must inform members:

i. how to propose resolutions and stand for election to the board;

ii. what resolutions have been received by the Secretary.

2.7. **Resolutions at general meetings**

a) All members have the right to propose resolutions. If a resolution is proposed that includes any of the actions listed in 2.7. c) and d) below, its content must be provided to the secretary in time for inclusion in the notice of the general meeting, which must be sent to members no less than 14 days before the date of the meeting. Otherwise, resolutions may be proposed in the course of the meeting, in accordance with any standing orders that are in force.

b) Votes will be conducted on a show of hands; at any point during the general meeting, any member may request that the result of any vote be verified with a count.

c) Resolutions require a clear majority of the vote at the general meeting to be in favour to pass, except the following resolutions require more than 75% support:

i. resolutions to change the conditions attached to shares;

ii. amendments to these rules;

iii. empowering the board to allot transferable shares (such resolutions must specify a period of time after which they will lapse, and limits to the number of shares that may be allotted);

iv. resolutions to wind up or dissolve the society (on which only community members may vote);

v. expulsion of a member in accordance with 1.8. a) v. (above);

vi. dissolution of the Commonwealth Council.

d) The following proposals are special resolutions that must be passed and confirmed in accordance with the law:

i. amalgamation with, or transfer of engagements to, another society;

ii. conversion to a company;

iii. A proposal to disapply the audit requirement (see 5.4.).

e) Certain proposals may, even if they fail to achieve a majority, nonetheless constitute a petition that the society must comply with if they achieve the support of one third of the voting strength in a general meeting. They are:

i. the board to publish its policies regarding social investment of liquid assets, equal opportunities, health and safety and/or corporate social responsibility;

ii. the board to begin the process of convening a Commonwealth Council, in accordance with rule 6.7.

2.8. **Voting by classes**

a) If any member requests that a vote be counted rather than taken on a show of hands, the votes cast by each class will be weighted (that is, treated as being a greater or lesser amount) to ensure that the final proportions of votes cast by each class of membership are fixed as follows:

Class number	% share of voting strength (totalling 100%)
1 and 2 combined	50%
3	25%
4 and 5 combined	25%

Votes for each class shall be counted separately. Before combining them, the votes cast for or against (and abstentions) shall be established as proportions of the members of that class present. Then the percentage share of voting strength allotted to that class, as indicated above, shall be applied to each. The votes for and against, along with abstentions, shall be established by aggregating the figures for each in each class.

The following qualifications apply to this rule:

i. if the effect of this rule would be to give a person more than 25% of the total voting strength in a meeting attended by four or more community members, then for the duration of that meeting only the voting share for the class to which they belong will be reduced, and the voting share of other community member classes increased pro rata.

ii. If a class has no members in attendance, the shares of the voting strength for other classes are unaffected.

iii. a motion to suspend weighted voting may be passed provided it has unanimous support. Following such a motion, votes will be on a simple one member, one vote basis, subject to the votes of non-community members

being capped at no more than 25% of the overall vote (applying, if necessary, the method described above to achieve this).

iv. Special resolutions listed in 2.7. d should be voted on without any weighting of votes.

b) No amendment may be made to these rules that would allow non-community members to have more than 25% of total voting strength at any general meeting, or would cause any class of community members to have less than 25% of the total voting strength, or would change the meaning of this sentence.

2.9. **Board**

a) The maximum number of board members is twelve, and the minimum number is five. Casual vacancies may be filled by co-option. Any directors that have been co-opted to the board will resign or stand for election at the next available general meeting.

b) At all times 51% of board members must be community members in accordance with rule 4.5 below; however, up to two Executive Directors may join the board as additional non-voting members.

c) For so long as the number of community members is less than ten, unless a general meeting resolves to hold elections all community members will be automatically appointed to the board (though they may decline to accept the appointment) and 2.9. d) will not apply.

d) At all subsequent annual general meetings a third of the board, being those who have served longest, will resign so that those wishing to continue must seek re-election.

Resolutions to elect each candidate will be voted on in turn until there are no vacancies remaining. The order in which candidates are voted on may be determined by standing orders; if not, candidates that have served longest on the board will be first. If some candidates have served for an equal length of time, those that have been members longest will be first.

e) Larger and more complex co-operatives may require directors with suitable skills and experience. Standing orders may require that candidates that have met such requirements should be voted on first; if that is the case, the board must convene a Commonwealth board to manage the process of qualification and nomination.

f) All members have the right to stand as candidates, subject to any reasonable nomination procedure specified in standing orders. No one can serve on the board if they:

i. have resigned in writing to the secretary;

ii. are not a member, or the nominated representative of a member organisation;

iii. are removed from office by a resolution passed by a general meeting;

iv. fail to attend three consecutive meetings without adequate explanation;

v. commit fraud, or any act of financial impropriety, or failed to disclose when standing for election any previous offence of this type, or contravene rule 4.5.;

vi. are an undischarged bankrupt or otherwise prohibited by law from acting as a director of a company or society.

g) The board may also appoint other officers in addition to the Secretary and Treasurer, and form subcommittees, as it sees fit, and in accordance with any standing orders. Officers shall have the powers and duties specified by law and by the board, and may be removed by a majority decision by the board. The board may also convene consultative committees composed of members of the society, which may be elected or unelected, for any purpose.

h) Directors and officers may be reimbursed for any expenses incurred in the course of carrying out their duties. Directors may receive an attendance allowance and may be paid wages, but only for services actually performed for the society, and in accordance with a pay policy submitted to the next available general meeting for approval.

i) If standing orders provide for the board selecting and/or recommending candidates for the board (for example, independent professional non-executive directors), the board must ensure that a suitable programme of training, mentoring and apprenticeship is available such that members of the society can qualify for selection and/or recommendation.

2.10. **Quorum**

a) No business will be transacted at any general meeting unless a quorum is present. A quorum is present if:

i. there are three or more community members present; and

ii. there are two members present from any class in which there are more than ten members; and

iii. there are five members present from any class in which there are more than fifty members.

b) A quorum is present at a board meeting if three directors are present.

c) If standing orders permit, a member may be considered present if they are participating through a live electronic link.

2.11. **Member control**

No amendment may be made to these rules that would allow non-community members to have more than 25% of total voting strength at any general meeting, or would cause any class of community members to have less than 25% of the total voting strength, or would remove this clause.

3. Application of Profits

3.1. The society has the general aims of creating common wealth, building an indivisible reserve and providing a return on investment no more than is necessary to attract and retain the capital it requires.

3.2. The society may borrow up to a maximum of £10,000,000 and may issue debt securities provided that this does not amount to receiving money on deposit. Any interest paid on share capital held by community members, or on funds borrowed from community members will not exceed the highest rate for fixed term business lending published by the Co-operative Bank. In keeping with co-operative accounting practice, interest on share capital is considered a business expense and is not included in profits.

3.3. The society will not normally transfer assets for less than full consideration, except for purposes specified in 3.4. below. This rule does not prevent the board:

a) setting variable rates of interest payable on community and non-community share capital according to the trading performance of the society, provided that this is consistent with 3.1. and 3.2. above;

b) paying bonuses, incentives and other rewards to members and employees, provided that this is in pursuit of the society's mission in paragraph 1.3.

Some interest and dividend payments will be 'key decisions' requiring the process specified in rule 4.7.

3.4. **Application of annual profits and restriction on use**

Pursuant to regulations made under section 1 of the Co-operatives and Community Benefit Societies Act 2003, all of the society's assets are subject to a restriction on their use. The society must not use or deal with its assets except:

a) where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;

b) to pay a member of the society the value of their withdrawable share capital or interest on such capital;

c) to make a payment pursuant to section 24 (proceedings on death of nominator), 25 (provision for intestacy) or 26 (payments in respect of mentally incapable persons) of the Industrial and Provident Societies Act 1965;

d) to make a payment in accordance with the rules of the society to trustees of the property of bankrupt members or, in Scotland, members whose estate has been sequestrated;

e) where the society is to be dissolved or wound up, to pay its creditors; or

f) to transfer its assets to one or more of the following:

   i) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;

   ii) a community interest company;

   iii) a registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;

   iv) a charity (including a community benefit society that is a charity); or

   v) a body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.

Any expression used in this rule which is defined for the purposes of regulations made under section 1 of the 2003 Act shall have the meaning given by those regulations.

3.5. **Division on dissolution**

In the event of the winding up or dissolution of the society the assets of the society will first, according to law, be used to satisfy its debts and liabilities (including the payment of interest on share capital). In the event that any assets remain to be disposed of after its liabilities are satisfied, share capital will be repaid at par value if sufficient funds are available, and in proportion to the size of holding if not, in accordance with any restrictions in 3.4. above. The remaining assets will be transferred to an asset locked organisation(s) supporting common ownership enterprises or other objects of the society, subject to any restrictions in 3.4. above, as may be nominated by the members at the time of or prior to the dissolution. If no such organisation is nominated, the assets will be transferred to The Ecological Land Trust (charity number 1158032); or failing that the Permaculture Association (registered charity - number 1116699 and SC041695) and failing that to Kindling Farm Limited (a community benefit society – no. 7283). In the event that for whatever reason any residual assets cannot be transferred as described above, they will be given for charitable purposes. No amendment will be made that would reduce the amount given to social and charitable purposes, or remove this sentence.

4. Autonomy and independence

4.1. The society has the general aims of maintaining its autonomy and independence and empowering members and other stakeholders at the most local level possible.

4.2. **Limitation on powers**

For the avoidance of doubt the society shall not engage in any activity by virtue of any of these rules that would require a permission from the Prudential Regulation Authority or Financial Conduct Authority (or any body that succeeds their functions) to carry on that activity without first having applied for and obtained such permission.

4.3. **Diversity of finance**

Withdrawable shares or debt securities will not be issued, or loans received, if it would result in one natural person holding more than a quarter of all withdrawable share capital, or of all debts; or if it would exceed the limits specified in 1.7. a).

4.4. **Proxy voting**

Proxy voting at general meetings will be permitted on special resolutions and on other resolutions that have been given in full with the notice for the general meeting.

4.5. **Outside interests on the board**

a) If, following a general meeting, the number of directors is less than the maximum (see 2.9. a), other members may be co-opted by the board to fill vacancies.

b) No one may be elected or co-opted to the board if doing so would result in community members forming less than 51% of the board.

c) All directors will, on taking office, indicate in a register of interests any material interests they have, or positions that they hold in other organisations, that might cause conflict with the objects of the society. All directors will declare any such conflict of interest that they have in respect of any business before the board and will withdraw from votes in respect of that matter unless:

i. so many directors are conflicted on an issue that the board would not be quorate, or

ii. the Commonwealth Council determines that the interest will not lead to significant conflict.

4.6. **Contracts**

The board will regularly review all contracts and undertakings to ensure that the society continues to be controlled by its membership.

4.7. **Key decisions**

a) The board, on behalf of the society, may make any contract, and carry on any activity, that is within the law and in the opinion of the board, may benefit the society's objects, including the contracting of loans and debt securities and the investment of funds. However, the following issues are designated 'key decisions':

i. the sale, transfer or disposal of assets worth in excess of £500,000 to the same buyer;

ii. a mortgage or charge on its property with a value in excess of £500,000; or borrowing that would have the effect of increasing the debt/equity ratio of the society by more than 50%.

iii. issuing loanstock, debentures or other debt securities with a value of more

than £50,000;

iv. investing in corporate bodies in which the society will have more than 50% of the value or voting strength of the share capital;

v. remuneration of employees, where the pay differential within the society exceeds 3:1;

vi. any payment of co-operative dividend to community members other than one made to employees in accordance with their contract of employment;

vii. compulsory redundancies;

viii. nomination of Directors to the board, where the board itself plays an active role in this;

ix. any payment of interest on share capital that is more than 3% above or below inflation. Such payments are also subject to the limit specified in rule 3.2.

b) Any key decision that is authorised by a resolution at a general meeting may be implemented immediately without further consultation. If no such resolution is passed, then:

i. If a Commonwealth Council (see 6.7. below) has been convened, key decisions must be brought to its attention no less than two weeks before they come into effect; and if a majority of the Commonwealth Council request further consultation, the proposal may not be enacted until the board and the Commonwealth Council both have a majority in favour.

ii. If a Commonwealth Council has not been convened, or at its request, notice of the key decision will be brought to the attention of the membership by means of a public notice, electronic communication or other communication likely to be received by most members in sufficient time for a general meeting to be called by the members (in accordance with 2.6. b) before the decision comes into effect.

4.8. **Approved nominees**

a) The board can designate an individual or incorporated organisation as an 'Approved Nominee' who can apply for membership on behalf of others as well as on their own behalf. When applying on behalf of others, the approved nominee must fully identify those persons and the value of the shares that they are applying for.

Rules 4.8. b) – f) do not have effect unless an approved nominee is appointed in accordance with 4.8. a)

b) The board will consider all applications made through an approved nominee in the same way as specified in 1.6 above, and will not unreasonably refuse to accept them.

c) The board can at any time withdraw the status of approved nominee if it is satisfied that the nominee is not behaving in an honest, transparent and responsible manner towards either the members they nominate or the society. The nominee must inform prospective members that they intend to represent of any circumstances under which they might not act on the members' instructions; and how, if at all, they can end representation by the approved nominee.

d) The register of members will record the name of the approved nominee alongside the details of any member they represent, and in general all communication, including communications required by these rules, will be conducted through the nominee.

e) The first time that the board appoints an approved nominee, they must adopt standing orders for proxy votes at general meetings that allow the approved

nominee to vote on behalf of the members they represent by default. However, members represented by an approved nominee can participate in person instead if they so choose. No approved nominee can control more than 5% of community member voting strength in a general meeting, nor can all approved nominees together control more than 25% of community member voting strength.

f) Any payments that are due from the society relating to shares associated with an approved nominee will be made to the approved nominee. Any communication from an approved nominee will be treated as if it were made by the holder of the shares to which it relates.

g) In all other respects, members associated with an approved nominee will have the rights and obligations set out in these rules.

5. Education and information

5.1. The society has a general aim of educating its members and employees (particularly in co-operative principles, managing the society and fulfilling their role in the society) and of supporting education in the wider community (particularly where it would promote co-operation).

5.2. **Public identity**

a) If the trading name does not include the word 'co-operative' then the society will clearly identify itself as either a mutual or democratic social enterprise, or community enterprise in all its official publications.

b) At least once a year, the society will provide at least one communication to its members that either lists the co-operative principles, profiles other mutual societies, or advises members how they can become more involved in one or more other democratic social enterprises.

5.3. **Provision of information**

a) A copy of these rules, and any amendments made to them, will be given free of charge to every member on admission or on request. The board will accommodate any reasonable request to explain or clarify the meaning of the rules, and justify its interpretation of them.

b) The following information will be recorded, retained and made available at no charge to members:

i. agendas and minutes;

ii. quarterly management accounts (unless the annual turnover of the society is below £10,000);

iii. annual returns and any other documents submitted to the Financial Conduct Authority (or any body that succeeds its function);

iv. job descriptions and contracts of employment of staff employed;

v. documents relating to the member making the request.

c) No information will be provided to a member or any other person, or made available for general viewing, that would disclose details of the financial transactions of another member with the society, other than with their permission. If the board refuses a request for information, it must explain what reason it has for withholding the information.

5.4. **Presentation of accounts**

a) During each financial year, the society will appoint a person qualified to the standard required by law who is neither a member nor an employee of the society

to audit the society's accounts and balance sheet for the year.

b) The board will appoint such a person whenever a vacancy arises, and the appointment will be confirmed at the next available general meeting, and at every annual general meeting.

c) If the law permits the society to be eligible to disapply the obligation to appoint a qualified auditor, the general meeting will consider a resolution to disapply the audit requirement each year. Such a resolution will be passed only if less than 20% of the total votes are cast against; and less than 10% of the total number of eligible voters cast their vote against.

d) If the accounts, any social accounts as specified in 7.2., and any accompanying report from the auditor or social reporting panel are not available at an annual general meeting, or they are not accepted by a general meeting, another general meeting will be called within two months to consider them.

5.5. **Annual Return**

Every year, and in accordance with the requirements of the law, the Secretary will send the annual return relating to the society's affairs for the required period to the Financial Conduct Authority (or any body that succeeds its function), together with:

a) a copy of any auditor's report for that period that may be required by law;

b) a copy of each balance sheet made during that period.

6. The wider co-operative movement

6.1. The society has the general aim of supporting the development and growth of the co-operative movement.

6.2. In preparing contracts for the purchase of goods and services larger than £1,000, the board should ensure that other co-operative enterprises are given a reasonable opportunity to bid alongside other potential suppliers.

6.3. If the liquid assets and investments of the society exceed £10,000, the board will prepare a policy on social investment which seeks to ensure that investments made by the society contribute to its mission as much as possible, and do not at any time have impacts that work against that mission.

6.4. The board has the power to make any investments it considers prudent, provided they are consistent with any policy it has adopted and published.

6.5. A designated person should have overall responsibility for relations with the wider co-operative movement, and should maintain contacts with national and regional co-operative organisations.

6.6. No agreement will be entered into with any enterprise, co-operative or otherwise, that would have the effect of exploiting a monopoly or other dominant market position to the detriment of the community.

6.7. **The Commonwealth Council**

a) The Commonwealth Council is an oversight body that does not operate immediately following incorporation, but which can be activated at a later date, for example if the society has become larger and more complex; plays an important role in the co-operative sector locally; is facing divisive or controversial decisions; or wishes to offer an additional voice to minority groups or classes within the membership. The Commonwealth Council may be convened by the board at any time, or by a resolution of the members at a general meeting, or following a petition of the members in accordance with clause 2.7. e) ii.

Rules 6.7. b) – f) do not apply unless enabled in accordance with 6.7. a)

b) The Commonwealth Council will be free to consider any matter affecting the society, may publish its views on any matter, and may summon any employee or officer of the society to attend their meetings and answer questions relating to the business of the society. It can be dissolved only by a resolution at a General Meeting carried with more than 75% of votes.

c) The size and procedures of the Commonwealth Council will be determined by its standing orders, which will be prepared by the board. It must have no fewer than four members.

d) If the Commonwealth Council has responsibility for qualification and nomination of directors in accordance with 2.9. e), it will (in consultation with the board) establish objective requirements for qualification that can reasonably be met by at least some existing community members; and seek sufficient nominees meeting these criteria to ensure a contested election.

e) In addition to the members of the society, invitations to apply for membership of the Commonwealth Council will normally be publicised among the following stakeholders, unless they are specifically excluded by the board:

i. Those eligible for membership under 1.5. f) and 1.5. g);

ii. Employees, volunteers, service users, local residents, significant suppliers and customers, and investors, that would not normally be eligible for membership;

iii. Anyone who was previously a member of the society within the last five years; and

iv. Any co-operative that may be considered relevant due to geography, similarity, common membership or trading relationship;

g) If at any time following such invitations fewer than eight people express willingness to serve on the Commonwealth Council, or if all but three candidates come from a single one of the categories listed in 6.7. e), the board may suspend it until the next General Meeting due to lack of interest. Applications for membership will be considered according to the standing orders in force, subject to the requirements that:

i. the process of selection for membership of the Commonwealth Council should be impartial, fair, transparent, and non-discriminatory; and

ii. members of any one of the four categories listed in 6.7. e) should not have a majority of votes on the Commonwealth Council, and no more than one person may sit on both the Commonwealth Council and board.

h) Members of the society engaged in a dispute relating to the society may request the Commonwealth Council to mediate between them and shall do so before elevating any such dispute to the board or to the membership as a whole.

7. Sustainable development

7.1. The society has the general aim of evaluating its impact on the community and the environment in which it operates, and developing policies that reduce harmful impacts and increase positive impacts.

7.2. Social accounts

a) The board is responsible for preparing annual social accounts. These will consist of quantitative and qualitative data relating to the agreed indicators of achievement. They should cover, and clearly distinguish between, outputs (what the society has done), outcomes (what the direct effects of this have been) and impacts (what indirect changes can be reasonably attributed to the society's activities in this and previous years).

b) The indicators used should clearly correspond to the aims and objects in these rules, and should allow where possible for comparison with other accounting periods.

7.3. Social accounting panel

a) At least one month before being presented to the annual general meeting, the social accounts will be verified by a social accounting panel which will consider:

   i. to what extent the accounts are comprehensive;

   ii. whether the information gathered is reliable and reasonably interpreted;

   iii. whether the indicators used should be changed in order to better correspond to the aims and objects of the society;

   iv. whether the aims and objects of the society remain relevant or require modification.

b) The panel should be chaired by an independent, qualified social auditor, unless a general meeting allows for the current or following year's social audit panel to be:

   i. chaired by a lay social auditor, or

   ii. chaired by a member of the society, in which case the chair of the panel may not be a board member, unless more than half the members of the society are directors.

c) The panel will be made up of members of the society approved by the board and Commonwealth Council (if it is active). If the membership of the society is more than 20, there will be at least three members of the panel in addition to the chair.

Signatures of Members	Full Names of Members in BLOCK CAPITALS (no initials)
1. Dylan Lindo Jones	Dylan Lindo Jones
2. Cathy Yexley	Cathy Yexley
3. 	Stella Peyerl
Signature of Secretary	**Full Name of Secretary in BLOCK CAPITALS (no initials)**
1. Sonia Sinanan	Sonia Sinanan

Accepted as a model by the Financial Services Authority 2014

Somerset Co-operative Services CIC

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