

Rules of Coed Talyan Land Trust Limited

Registered under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society as a Somerset Rules 2022 Multistakeholder Community Benefit Society.

1. **Open and voluntary membership of the society**

1.1. The name of the society is Coed Talyan Land Trust Limited

1.2. The registered office of the society is at Coed Talyan, Bethlehem, Llangadog, SA19 9DR.

1.3. Objects

The objects of the society are to benefit the community by:

Providing access to land, technology and resources for the purpose of developing agroecological co-sufficient community farms, including but not limited to:

- Locally grown food, fuel and fibre in accordance with the principles of agroecology
- Reconnecting people with local food production through the framework of food sovereignty
- The development and implementation of local renewable energy systems in accordance with the principles of agroecology
- Reconnecting people and place through land-based practices and traditional land management skills
- Regenerative forestry and woodland management
- Developing co-operative models of regenerative rural enterprise
- Modelling and providing low-impact living solutions
- Facilitating the building of homes embedded in co-sufficient community economies in particular by actively pursuing the exemplary establishment at Coed Talyan of three or more One Planet Developments as defined by the Technical Advice Note 6 associated with the Planning Policy Wales documentation of the Welsh Government or defined by such successors to said Technical Advice Note as may from time to time arise
- Ensuring a full and diverse Steward Membership representative of a wider community of practice.
- Providing marketing, administration and business planning services

managed on a not-for-profit basis in accordance with co-operative principles described in 1.4, 2.1, 3.1, 4.1, 5.1, 6.1 and 7.1 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 drawn from one or more stakeholder groups, corresponding to the different type of involvement those stakeholders have with the society. In order to reflect and balance the distinct contributions that these different groups make, they may each be given a separate class of share.
- b. Core members belong to a defined community, which may form around a purpose, locality, experience or common interest that is welcoming, broad and diverse and not selective or artificially exclusive. Supporter members do not have such direct involvement, though they may be investors or otherwise interested parties. They wish to associate themselves with the community and contribute to it while acknowledging that they should not compromise its autonomy; so they are subject to limits on their powers, as specified in 2.8 and 2.9 below.

- c. Each class of share will be available to the specified stakeholders and may have limits on the degree to which they can contribute to the governance of the society, as well as opportunities to organise as a group within the society.
- d. A person or organisation that has membership under more than one class will be requested to withdraw, cancel or convert 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 of directors rules otherwise.
- f. The core membership classes are as follows: Class number:

<p>Home Members (<i>those individuals with a lease agreement for housing on the society's land, for a defined OPD plot, that is or will be their primary residential address</i>)</p>	<p>1 (45%)</p>
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<p>Steward Members (<i>those individuals or organisations actively engaged in the society's objects; and/or engaged primarily in agroecological production on the land or elsewhere in a practical or advisory capacity; and/or engaged in the ecological land management objectives of the society in a practical or advisory capacity; and/or engaged the values and principles of Food Sovereignty; and/or in engaged in organising under the ICA Co-operative identity, value and principles.</i>)</p>	<p>2 (30%)</p>
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- g. The supporter membership class is as follows: Class number:

<p>Supporter Member (<i>individuals or organisations with a significant alignment with the society's objects</i>)</p>	<p>3 (25%)</p>
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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 core 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 core 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. *The board shall ensure that the number of Steward Members is at least 20.*
- d. *Subject to rule 1.6 a. above prospective Steward Members are nominated by any existing member and elected by the membership as a whole, under the following conditions:*
 - i. *weighted voting will be suspended for the election of Steward Members.*

- ii. *Steward Members are elected by a simple majority.*
- e. *If the number of Steward Members is less than 20 the board must publish an action plan to increase the Steward Members to fulfil rule 1.6 c above.*
- f. *If the number of Steward Members is less than 20 the Social Impact Report (5.5 a. ii.) must present an explanation as to why the membership does not fulfil rule 1.6 c. above and an action plan to increase Steward Members by the next AGM.*
- g. *If, before a general meeting the number of Steward Members is less than 20, the board may co-opt willing and voluntary Supporter Members to serve as temporary Steward Members until the requisite number of Steward Members are elected. In the case of such a general meeting;*
 - i. *a request for willing and voluntary Supporter Members to serve as temporary Steward Members must be made at least 14 days in advance of the general meeting.*
 - ii. *the number of Supporter Members co-opted is limited to 25% of the resulting total core membership class present.*

1.7. Shares held by members

- a. The maximum shareholding for any member that is not a Registered 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.
- 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 and may be transferred only in the event of the death, bankruptcy or legal incapacity of a shareholder who is a natural person; in the event of merger or acquisition if the shareholder is a body corporate; and to an alternate nominee if the shareholder is a partnership or unincorporated association. 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 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 or interest. 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 or refused under the following circumstances:
 - i. at the discretion of the board, if the member is unable to provide evidence that, at some point in the last six months, they met the criteria for membership (referred to in rule 1.6 a above) that originally qualified them for membership, and they have not secured a transfer to a class that they do qualify for;

- 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 in accordance with 1.8 d below and is still subject to consequential exclusion.
 - vi. if the member dies.
- b. When a person's membership is cancelled, 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.
- 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.
- d. Expulsion of a member may be initiated by any officer of the society empowered by the board to do so, or by the board itself. The member in question must be given written notice, and sufficient time to prepare an appeal. Their rights of membership may be suspended during this period, but only for a maximum of two months. The warning must specify a reason for expulsion that a reasonable person would agree made their continued membership against the interests of the society. The appeal may be considered (or the expulsion approved, if no appeal is received) by the board, or by a general meeting. Following such a vote, the expelled member will not be readmitted to any class of membership for a period of time to be specified in the written notice.

1.9. Register of members

- a. A register of members is kept at the registered office, and will include:
- i. the name of every member;
 - ii. the address and other contact details, and whether electronic communications are to be used;
 - iii. the number and class of shares held by each member;
 - iv. any loans or other property held by members;
 - v. the date on which the member's name was entered on the register, the date on which they ceased to be members, and any restrictions on future membership arising from 1.8 d above;
 - vi. the names, membership numbers and dates of birth of members serving as directors and officers of the society, the positions held by them, the dates on which those appointments began and ended, and any conditions applying to future board

membership arising from 2.9 i below.

- b. While a member shall be allowed on reasonable notice to inspect extracts from the register, the personal data of identifiable individuals will be protected in accordance with law and best practice.

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, all members must be treated fairly and impartially, taking account of the order in which withdrawal requests were received.
- c. Shares may be issued with conditions that further restrict withdrawal, but may not offer terms that are not permitted under these rules.

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 wider input and oversight in accordance with rule 6.7. Within each class of membership, voting at general meetings is on the basis of one member, one vote.
- 2.3. Where a member is 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.
- 2.4. 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 of directors will do so.
- 2.5. Standing Orders
 - a. The business of the general meeting and board may be governed by standing orders (that is, those policies and secondary rules that directly address the method by which the registered rules are implemented). These may be adopted from time to time by the board or by a general meeting, though in the event of any conflict any standing orders adopted by a general meeting will overrule any chosen by the board. Such standing orders may not contradict these rules on any matter, and are void insofar as they do so.
 - b. Standing orders may or may not provide for additional means by which members can raise concerns within the society and contribute to resolving them, including but not limited to:
 - i. local or specialist groups of members both elected and appointed
 - ii. consultative procedures and discussion forums open to some or all members
 - iii. opportunities within meetings for ordinary members present to contribute spontaneously
 - iv. appeal and investigatory procedures to address grievances, injustices and complaints
 - c. Inclusive decisions may be facilitated with standing orders that provide for consensus-building activities in the decision making process. They should also ensure that when an issue has been raised at a board or general meeting by a voting member, a point of decision on that issue should be reached within a short enough period of time that no otherwise available options are timed out. Subject to that constraint, standing orders may be adopted that require or enable consensus building and inclusive development of proposals prior to the point of decision, and these may or may not include:
 - i. procedures for testing consensus or measuring levels of agreement
 - ii. development and evaluation of alternative, contingent or qualified proposals
 - iii. wider consultation and impact assessments
 - iv. preparatory meetings with a range of stakeholders and/or disputants
 - v. extended and structured discussion of proposals within meetings
- 2.6. General meetings
 - a. Annual General Meetings will be convened by the board of directors within six months of the close of the society's financial year, which must include the following items on their agendas:
 - i. presentation of accounts and reports specified in 5.5 below
 - ii. appointment of auditors, or disapplication of audit requirements, as required by 5.5 below

- iii. election of a board of directors as required by 2.9 below
- iv. ratification of any key decisions in 4.7 below
- b. The directors will also convene general meetings
 - i. at the request of the Commonwealth Council;
 - ii. 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);
 - iii. in the event of the number of elected directors falling below three, or in the event that more than 25% of the directors are not core members;
 - iv. in the event that the board fails to secure the appointment of a secretary and a treasurer;
 - v. at any other time deemed appropriate by the board.
- c. All members, and any auditor or accountants appointed by the society, will be notified 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. the reason for the meeting, being one of the causes listed in (b) above
 - ii. the time and place of the meeting
 - iii. the means by which participation through a live electronic link will be enabled, if any
 - iv. how to propose resolutions
 - v. how to stand for election to the board (unless circulated previously, in which case nominations received should be included)
 - vi. what accounts or reports are to be presented
 - vii. the content of resolutions received by the secretary or proposed by the board.
 - viii. Advice on how to obtain information specified in 5.4 (b)

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. Otherwise resolutions may be proposed in the course of the meeting, provided that is in accordance with any standing orders that are in force.
- b. Votes will be conducted on a show of hands, and the presiding officer shall declare a provisional result on the basis of whether they judge that the vote would pass if it was counted; at any point during the general meeting, any member may request that the result of any vote be verified with a count. When the meeting is closed, any provisional result should be considered settled.
- 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, other than a change of registered office;
 - iii. the rate at which interest is paid on shares, if it is lower than a figure given in an offer document on which members may have based their investment decision;
 - iv. resolutions to wind up or dissolve the society;
 - 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 requires a two thirds

majority of the members present and voting. This must be confirmed at a second meeting held between 15 and 30 days after, at which the same vote will require only a simple majority.

- ii. amalgamation with, or transfer of engagements to, or conversion to a company; which requires two meetings as in i above but in which the first threshold is three quarters rather than two thirds; and in addition 50% of all members in all classes with any voting rights must have cast a vote
- iii. a resolution to disapply the audit requirement is treated like resolutions in (c) above, except
 - 1. there is an 80% threshold rather than the usual 75%;
 - 2. less than 10% of the total number of members (irrespective of class) should have voted against
 - 3. the conditions in 5.5 (e) below should also be met
- iv. a resolution for winding up due to insolvency is resolved using a Companies Act special resolution and 2.8 below does not apply – the Secretary should secure legal advice prior to the meeting
- 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 (see 6.3), co-operative movement engagement (see 6.5), equal opportunities, health and safety and/or socially responsible procurement (see 6.2);
 - ii. the board to begin the process of convening a commonwealth council, in accordance with rule 6.7.

2.8. Voting by classes

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	45%
2	30%
3	25%

Votes for each class will 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 resulting figures for each in each class. The following qualifications apply to this rule:

- a. These situations may lead to a different approach to weighting:
 - i. If supporter members able to vote (including proxies) make up 25% or less of those present, weighted voting may be suspended provided that all present, or all but one, consent to it. For the remainder of the meeting, votes will be counted without any distinction between membership classes
 - ii. The strength of each supporter member's vote should be no greater than that of any core member. If at the start of a meeting this would not be the case and weighted voting has not been suspended, then for the purpose of voting in that meeting only the presiding officer must merge the supporter member class with the core member class having the lowest individual voting strength.
- iii. In a vote on a special resolution that would transfer engagements to a company or

demutualise the society (see 2.7 d ii) the votes of supporter members will not be counted.

- b. No amendment may be made to these rules that would allow supporter members to have more than 25% of total voting strength at any general meeting, or would cause any class of core members to have less than 25% of the total voting strength, or would change the meaning of this sentence.
- c. Votes to elect directors are conducted in the same way as other resolutions. If there are fewer candidates than vacancies any member may first propose a motion to elect all the candidates as a single group. Otherwise, resolutions to elect each candidate will be voted on in turn until there are no vacancies remaining (or the remaining candidates are ineligible under rule 2.9b).
- d. When directors are voted on individually, the order in which they are voted on will be determined by whichever one of the methods described below is specified in standing orders, and if no method has yet been specified the general meeting should immediately vote on which to adopt for that and subsequent general meetings. The methods that may be adopted are:
 - i. candidates may be ordered by a secret ballot in which each member present gives a score of one to their least favoured candidate, two to their next favourite, and so on such that their most preferred candidate is given a score equal to the number of candidates standing. The candidates are then voted on in descending order of their total score.
 - ii. as for (i) above, except that if all classes with members present have at least three members present, scores are totalled for the members in each class separately. This may give rise to classes expressing a different order of preference, and this is resolved as follows. The preferred candidate of class number 1 is voted on first (and then the second favourite from that class, if its voting strength is 50% or more); then the most preferred candidate not yet voted on of the next class; and so on for the remaining classes, with the process repeating as required. If two classes are equal in voting strength they should follow the numbering order in these rules.
 - iii. candidates are voted on in descending order of how long they have been core members of the society; where that is equal, in descending order of membership in any class; where that is equal, in descending order of the length of time they have served on the board; and if that too is equal, in alphabetical order.
 - iv. candidates are voted on in ascending order to the length of time they have previously served on the board, so that newer candidates are considered first; where that is equal, as (iii) above.
 - v. candidates are considered in an entirely random order.
- e. In addition to the ordering method described above, standing orders may
 - i. specify certain groups that have historically been underrepresented in co-operative governance, and require either that they are separately ordered and voted on prior to other candidates; or ranked either one or two places higher in the order than would otherwise have been the case
 - ii. require that candidates that opted out of a reasonable preparatory process that was available to them prior to the general meeting be considered for election to the board after those that did complete it.

2.9. Board of directors

- a. The number of directors on the board (counting only those with voting rights) must be no more than twelve, and no less than three. The notice for any General Meeting at which board members may be elected may specify that for the purposes of that meeting only the upper limit will be reduced after nominations have closed by the smallest amount necessary to achieve a contested election (though it cannot be reduced below eight). The board may co-opt members on to the board as directors to fill vacancies at

any time. All candidates for election or co-option must declare that none of the grounds for expulsion in 2.9 g apply to them.

- b. All board decisions must have the support of a majority of board members present and voting. No supporter members may be elected or co-opted to the board if doing so would result in core members forming less than 75% of the board.
- c. Standing orders may allow the holders of up to three posts in the society to automatically join the board as non-voting Executive Directors. These unelected Directors will sit on the board only as they continue to hold a post identified in standing orders as giving rise to such an ex-officio directorship; and they continue to be in all other respects willing and eligible under these rules to do so.
- d. For so long as the number of core members is less than ten, unless a general meeting resolves to hold elections all core members will be automatically appointed to the board (though they may decline to accept the appointment) and 2.9 (e) will not apply.
- e. The founders of the society will be the first directors. At all subsequent annual general meetings *at least* a third of the board, being those who have served longest, will resign so that those wishing to continue must seek re-election.

In addition, at any general meeting empowered to elect directors, any directors that have been co-opted to the board since the last such general meeting must resign and then seek re-election if they wish to.

- f. Larger and more complex societies may require directors with suitable skills and experience. Standing orders may allow the board to endorse or recommend some candidates but not others for election (provided the number of endorsements is either more, or less, than the number of vacancies); if that is the case, the board must convene a Commonwealth Council to supervise the process of qualification and nomination, rather than choose its own composition. The board can always report objectively on the relevant qualifications of candidates, or on the extent of candidates' participation in any preparatory process that was open to all members to take part in.
- g. All members have the right to stand as candidates, subject to any reasonable nomination procedure specified in standing orders. No one can stand for the board, be co-opted to the board, or remain 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 (in which case they are treated as if they were a member in the same class as that organisation, for the purposes of board membership only; a nomination can be withdrawn at any time in accordance with the member organisation's decision making processes);
 - iii. they are subject to one of the conditions in 2.9 i below;
 - iv. have an unspent conviction for (or are awaiting trial for) fraud, offences involving harassment, antisocial behaviour or violence, or any act of financial impropriety, or failed to disclose when standing for election any previous offence of this type; or
 - v. are an undischarged bankrupt, or otherwise prohibited by law from acting as a director of a company or society.
- h. A director can be removed from office by a resolution passed by a two thirds of the other directors present and voting at a duly convened board meeting (or by a simple majority at a general meeting) if that director:
 - i. is in breach of one or more of the co-operative's published rules, policies or procedures, or a contract with the co-operative, or fails to attend three consecutive meetings without good cause; and
 - ii. has been given at least one week's notice of the resolution to remove; and
 - iii. has failed to fully remedy the breach (or has no possibility of doing so); and
 - iv. has had the opportunity to respond to all board members with an explanation or with

undertakings.

- i. A vote to remove a director in accordance with 2.9 h may include the following provisions
 - i. a suspension of the removal for a fixed period subject to binding undertakings; with the removal to take immediate effect in the event that those conditions are not met.
 - ii. a ban from the board for a period of up to three years.
 - iii. a claim that the actions of the director met the standard of gross misconduct, in which case they will be suspended as a director on receipt of the notice of the resolution, and remain so until the vote on their removal is held.
- j. 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 the board. The board may also convene consultative committees composed of members of the society, which may be elected or unelected, for any purpose.
- k. 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.
- l. 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 all the following conditions are met:
 - i. *the lesser of 3 Home Members and all of the Home Members are present; and;*
 - ii. *the lesser of 8 Steward Members and all of Steward Members are present; and;*
 - iii. *the lesser of 10% of Supporter Members and 10 Supporter Members are present;*
 - iv. If any core member present would have more than 25% voting strength, the core classes having satisfied their respective quorum requirements shall be combined with a voting strength of 75% with all the members of the combined core class each having a vote of equal weight.
- b. A quorum at a board meeting is three voting directors, or two thirds (rounded down) of the total number of voting directors, whichever is greater.
- c. A member is present if they are participating in the meeting either in person or through a live electronic link. The board of directors shall ensure that such electronic attendance is facilitated for all general meetings.

2.11. Member control

No amendment may be made to these rules that would allow supporter members to have more than 25% of total voting strength at any general meeting, or would cause any class of core 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 core members, or on funds borrowed from core members will not exceed the highest rate for fixed term business lending published by ICOF Ltd (company no. 01109141). In keeping with co-operative accounting practice, interest on share capital is considered a business expense and is not included in profits.
- 3.3. Application of profits
 - a. 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
 - i. setting variable rates of interest payable on core and supporter share capital according to the trading performance of the society, provided that this is consistent with 3.1 and 3.2 above;
 - ii. paying bonuses, incentives and other rewards to employees, provided that this is in pursuit of the society's objects in paragraph 1.3.
 - b. A sum no less than 5% of profits, and comprising at least 30% of social and charitable payments, will be used to benefit the community by supporting mutuals and the growth of the social economy, in a manner consistent with the objects of the society, and in partnership with federal and specialist support bodies.
- 3.4. Restriction on use of profits
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 Co-operative and Community Benefit Societies Act 2014;
 - 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.

g. 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:

- a. first, according to law, be used to satisfy its debts and liabilities (including the payment of interest on share capital);
- b. 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;
- c. 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 following organisation:

Name: Cwmpass

Charity, CIC or asset locked CBS: asset locked CBS

Reg. Number: 24287R

- d. If this is for any reason not possible, the recipient will be the Co-operative College (charity number 1159105);
- e. In the event that for whatever reason any residual assets cannot be transferred as described above, they will be given for charitable purposes.
- f. 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. Financial and contractual autonomy

- a. Withdrawable shares or debt securities that would result in one natural person holding more than 10% of all withdrawable share capital, or of all debts (or that would exceed the limits specified in 1.7a), require the board to agree measures that will ensure that the lender (or their assigns) cannot unduly influence the future management of the society.
- b. The board of directors will regularly review all contracts and undertakings to ensure that the society continues to be controlled by its membership.

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 of directors

- a. 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. Subsidiarity

- a. If the board is satisfied that a subset of members in one or more classes have a relationship with the society that is distinct from that of other members, for example by living in a relatively isolated location, enjoying the benefits or impacts of some of the society's activities and not others, or having distinctive requirements for communication with the society, or in other ways, then it will implement an action plan to ensure that decision-making that disproportionately affects those members is more accessible and accountable to them.
- b. In the event of a petition by five members or 15% of those identified as having a distinctive interest as described in 4.6a (whichever is greater), the board must convene a consultative meeting of all such members; and either publish the action plan referred to in 4.6 a or seek independent and qualified advice as to whether a plan is needed.
- c. If an interest group meeting resolves by a majority vote that a current or proposed action plan is inadequate, then it can empower up to three named members of the society to put an alternative proposal to the next general meeting (for example, convening a Commonwealth Council with interest group representation).

4.7. Key decisions

- a. The board of directors, 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 £100,000 to the same buyer;
 - ii. any conflicted decision relying on rule 4.5 b i above;
 - iii. a mortgage or charge on non-residential property that would have the effect of increasing the debt/shareholder funds ratio of the society to more than 2:1;
 - iv. issuing debt securities to private individuals, or with the option to transfer, with a value of more than £50,000;
 - v. investing in corporate bodies in which the society will have more than 50% of the value or voting strength of their share capital;
 - vi. remuneration of employees, where the pay differential within the society exceeds 4:1;
 - vii. remuneration of directors, and endorsement of candidates for the board;
 - viii. compulsory redundancies;
 - ix. the level of pay for workers who are not voluntary, but will not be legally entitled to the highest rate of statutory minimum wage (including outsourcing of work previously carried out by employees);
 - x. expenditure on legal advice with the purpose of reducing compliance with statutory regulation or with contractual and legal obligations to other mutual societies or co-operatives;
 - xi. any payment of interest on share capital that is more than 3% above or below inflation (see also rule 3.2);
 - xii. a change to the rate at which interest is paid on shares, if it is lower than a figure given in an offer document on which members may have based their investment decision (see also rule 2.7 c iii).
- b. Key decisions can be authorised in the following ways:
- i. by a resolution at a general meeting;
 - ii. 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;
 - iii. If a Commonwealth Council has not been convened, or at its request, the potential for a key decision to be taken within six months will be brought to the attention of the membership, for example in the content of a regular newsletter, as a formal notice, or in some other communication (electronic or printed) likely to be received by most members in sufficient time for a general meeting to be called and attended by the members (in accordance with 2.6 b) before the decision comes into effect;
 - iv. If the board does not include two members from each of two member classes, or in any case for decisions 4.7 a ii or vii, then paragraph 4.7 b iii above cannot be applied, and either 4.7 b i or b ii must be used instead.

4.8. Approved nominees

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. Any such appointment may prevent Community Shares Standard Mark approval]

- a. 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.
- b. 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.

- c. 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.*
- d. 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 core member voting strength in a general meeting, nor can all approved nominees together control more than 25% of core member voting strength.*
- e. 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.*
- f. 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. Education Committee

- a. Within six months of each AGM, the board will review the resources and personnel allocated to an Education Committee to ensure that they are adequate to enable the society to best achieve its objects in rule 1.3. This may include the option of delivering its functions through the board, without convening it as a separate body; or combining its functions with those of the Commonwealth Council.
- b. The terms of reference for an education committee will include, but not be limited to:
 - i. facilitate the advancement of co-operative education at all levels through targeted programming specific to the seven principles of co-operation;
 - ii. promote and share co-operative educational advice and resources to advance members' educational objectives;
 - iii. contribute to the economic sustainability of the society through educational programming and opportunities;
 - iv. work collaboratively within the co-operative movement to deliver educational opportunities for members and youth;

5.4. 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 advertised in the notice of all general meetings, with advice on how full copies may be obtained promptly and without charge:
 - i. standing orders relating to the meeting in question;
 - ii. a list of key decisions taken or consulted on since the last AGM, and how they were resolved;
 - iii. a guide to the rights and responsibilities of directors and the process for members to put themselves forward for election;
 - iv. details of other ways for members to participate in the governance of the society;
 - v. a list of policy documents covering standards and procedures that apply to the full range of the society's activities, including any policies required by 2.7 (e) i;
 - vi. the most recent action plans or reports prepared in the last three years in line with 4.6 (b) or 5.3 (a).
- c. The following information will be recorded, retained and made available at no charge to members on request:
 - i. agendas, minutes and papers presented to general meetings in the last five years;

- ii. quarterly management accounts (unless the annual turnover of the society is below £25,000);
 - iii. annual returns submitted to the FCA, HMRC and federal bodies;
 - iv. responses to statutory consultations made by the society;
 - v. job descriptions and line management of any staff employed, and statistics relating to staff disputes and grievances, workplace injuries and staff retention;
 - vi. documents relating to the member making the request.
- d. 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.
- e. The board may redact portions of documents provided to members for reasons of commercial confidentiality or personal privacy provided it is clear and where this has been done.

5.5. Presentation of accounts and reports

- a. At each AGM the following reports must be presented:
- i. Accounts for the previous financial period;
 - ii. A social impact report (see rule 7.2) for the previous financial period.
- b. The following may be included in the above reports, but if published separately should also be available for members to discuss and vote on:
- i. A report from the Commonwealth Council, if it is convened (see 6.7);
 - ii. A report relating to the Education Committee (see 5.3 a).
- c. During each financial year, the society will normally appoint a person qualified to the standard required by law who is neither a member nor an employee of the society to either audit the society's accounts and balance sheet for the year or prepare an independent accountant's report; and a social auditor if required to do so by 7.3 (b) below.
- d. The appointments will be confirmed at the next available general meeting, and at every annual general meeting subsequently unless and until the obligation is removed.
- e. If the law permits the society to be eligible to disapply the obligation to appoint a qualified auditor, the board may put to a general meeting a resolution to disapply the audit requirement each year. Such a resolution will have effect if the voting threshold specified in 2.7 (d) is met, and additionally
- i. the society must have turnover and assets below the threshold specified in law;
 - ii. the society must not have taken deposits (that would constitute a regulated activity) since the last period for which accounts have been filed;
 - iii. the society must not be the parent of any subsidiary corporate body.
- f. If the accounts and reports in 5.5 (a) are not presented to an annual general meeting, or fail to win majority approval, another general meeting must be called within 28 days, or otherwise as directed by the AGM, and directors must take all reasonable steps to ensure that reports are presented to that meeting that the membership can support. If other reports (including a review of support for an Education Committee (see rule 5.3 a), any report from the Commonwealth Council (see rule 6.7), a report of consultations on any key decisions (see rule 4.7), are not accepted, the board (with the Commonwealth Council and Education Committee when appropriate) must publish an action plan to secure member support for future reports within two months; if any report is rejected in a second consecutive year, then a general meeting must be called within four months to consider an improved version.

5.6. 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).

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 of directors should ensure that 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 of directors will prepare a policy on social investment which seeks to ensure that investments made by the society contribute to its objects as much as possible, and do not at any time have impacts that work against those objects.
- 6.4. The board of directors 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, should attend meetings of the Education Committee (or other body serving its function – see rule 5.3) 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

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.

- a. The Commonwealth Council may be convened by the board of directors 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. In the absence of a Commonwealth Council, functions that it might have carried out will remain the responsibility of the board. *Rules 6.7 b – f do not apply unless a Commonwealth Council has been so convened.*
- 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 of directors. 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 core 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 Council will normally be publicised among the following stakeholders, unless they are specifically excluded by the board of directors:*
 - 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;*

- f. 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 Council, and no more than one person may sit on both Council and Board.*

6.8. Disputes and conflicts

- a. Standing orders, or other procedures that have been adopted, may provide for members to refer disputes to the Commonwealth Council as part of grievance, disciplinary or complaints procedures (either as first recourse, or as part of an appeals process). If there is any evidence of a criminal act the police should be fully informed before any other action is taken.*
- b. If the dispute cannot be resolved according to standing orders, by the Commonwealth Council or the board, whether because*
 - i. one or both parties to the conflict sit on the body that would normally be responsible;*
 - ii. the body in question does not feel it has the capability to manage the conflict;*
 - iii. it is not covered by existing procedures, or concerns their adequacy;*
 - iv. it is argued that it is a decision by the body in question that has created the conflict;*
 - then the parties should promptly agree to seek independent support from others in the co-operative movement locally, respected figures in the local community or from relevant federal bodies. If this cannot be done, an accredited mediator or arbitrator should be contracted.*

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 impacts

- a. The board of directors is responsible for preparing an annual social impact report. These will consist of quantitative and qualitative data for a set of indicators selected by the social impact reporting panel; which in turn should relate clearly to the objects in 1.3 above.
- b. Indicators 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).
- c. The indicators should allow where possible for comparison with other accounting periods. If an indicator used in a previous accounting period is to be withdrawn, the reason for its withdrawal should be stated alongside a final measurement.
- d. The report should identify areas where the findings suggest that performance can be improved, and may include directions to the board to develop new plans and policies addressing these areas, adopt or withdraw indicators (including suggested methods of data capture), review the aims and objects with a view to amendment, and/or report to members on progress. The report will not direct the board in ways that would otherwise impact on resource allocation or workloads.

7.3. Social impact reporting panel

At least one month before being presented to the annual general meeting, the social accounts will be prepared or reviewed 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 aspirations of members for steady improvements in social impact are sufficiently addressed;
 - iv. whether consequential actions have been identified and specified;
before deciding whether to commend the report to the meeting, or refer it back for improvement.
- b. The panel should normally be chaired by an independent, qualified social auditor. However, a general meeting may choose to accept a current or subsequent year's report approved by a panel chaired by a member of the society provided that they have not served as a board member in the previous two years (this requirement is waived if more than half the members are also board members).
- c. The panel will be made up of members of the society approved by the board and commonwealth council (if convened).

Signatures of members:



Full names in block capitals:

JAMES SCRIVENS



SARA TOMMERUP



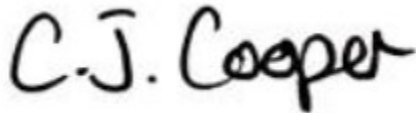
MATT TARNOWSKI



PAUL GRANJON



CHARLOTTE GRANJON




CHRISTOPHER JOHN COOPER

Secretary:



JAMES SCRIVENS

Accepted as a model by the Financial Services Authority 2020

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