

The meeting was held at Council Chambers, Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8QH at 11:30am on 11<sup>th</sup> March 2011.

Kate Priestley, Chair of the Board, welcomed 76 members plus their guests and other staff (who are not members of the Society) to the meeting and went on to introduce the opening speaker.

Ed Mayo, Chief Executive of Cooperatives UK, and a member of the Society, gave the introductory address.

Patricia Alexander, Managing Director, presented a report on the Society's activities during 2009/10. Tim Morgan, Finance Director, gave a presentation on the financial results for the year and then, along with members of the Society's Management Team and Non-Executive Directors, responded to questions from members.

Q: What is the Board's policy on use of reserves? At what point do we decide the reserves for lending losses is adequate?

A: Tim Morgan

The Board is already reflecting on the question about use of reserves and will consider a paper about this at its May meeting.

The rules of the Society restrict what we can do with reserves and, in most cases, to direct them towards specific activities requires the approval of members first.

The Board is unlikely to seek to allocate further surpluses to the specific lending loss reserve as this restricts the flexibility to use these reserves for other purposes.

Q: What is our recent experience of bad debts and what have we learnt from management of risky accounts?

A: Tim Morgan

Across the life of the Society, the charge for bad debts is about 7% of our top line income.

There is a trend of bad debt being higher over the past 3 years (costs about double the long-term trend) although there is no discernible pattern. We probably have to expect higher risk of lending losses in the current worldwide recession and aftermath but we do have rigorous prudential limits in place. The Board is keeping under review its lending policies and a watchful eye on follow-up procedures in this difficult climate.

A: Kate Priestley

Some of our riskier lending is to producers that you would want us to support. We have to get the balance right – using our investors' money as they want us to use it.

Q. Re. scope of fair trade and range 1) what products can't become Fairtrade certified and 2) how can a producer be Fairtrade certified and not organic?

A: Patricia Alexander

Not sure on the first one in much detail as the Fairtrade Foundation certifies products, although crafts are always going to be much harder because of the variation techniques, labour costs and materials. The dilemma in the fair trade world is in trying to help and widen the reach. Do we concentrate on existing products and producers and try to increase impact or do we encompass every product and every producer?

2- Fairtrade standards state that the environment has to be taken into account where possible and feasible. It doesn't specify the non-use of pesticides. Many farmers are trying to move towards joint Fairtrade and organic certification although there is a cost to them to do this.

Q: As a moral dilemma, we know from history that increasing standards of living leads to an increase in the world's population. How do the earth and its resources cope with this? Is it "wrong" to save lives? How do we solve this devil's paradox?

A: David Nussbaum

We don't have an exact answer but there are three things that generally lead to population stability; getting people out of poverty, the education of women, and the availability of contraception.

Important to note that regarding the population of the world – average fertility rates are decreasing worldwide; at the same time average life expectancy is increasing. This means there is still an increase in the world's population, but it is starting to slow and projections suggest that human population numbers will peak in the medium term and then start to decline.

Human resource consumption – to provide all the resources we humans consume and absorb all the waste we create, we currently would need one and a half planet earths. Indeed, if everyone in the world lived the way we do in the UK, we would need three planets! So, the challenge to sustainability is not only human population but also the contribution to consumption especially of the wealthier nations.

Fair trade – the kind of lifestyles fair trade is presenting are closer to 'one planet' especially as regards the developed world and therefore you can argue that increasing the scope of fair trade is helping with the overall issue not exacerbating it.

Q: (from a member who had been on a Traidcraft tour and met Hugo). The Fairtrade label is so complex that some small farmers may be losing out due to the costs involved. Should we therefore be supporting riskier lending to those outside certified fair trade?

A: Tim Morgan

There is a recognised concern that the Fairtrade label has become difficult to acquire because of cost and that the emphasis on different parts of the standards varies from one part of the world to another. SI remains open to considering alternative ways of verifying that a customer is “fair trade” but the Fairtrade certification system of FLO (Fairtrade Labelling Organisation) is widely respected and internationally credible. We certainly intend to continue using this for the foreseeable future.

Q: (from a member on Council) Mark Hayes’ challenge of living cooperative values, to the AGM last year appears to have attracted a disappointing lack of progress. What is the Board doing to increase member involvement? For example contested elections?

A: Kate Priestley

Agree that it is a challenge and we are aware that some members would like more contact and involvement whilst others are content or seeking to minimise this. We are raising this precise question with members attending today, as part of the workshop discussions after lunch.

Kate Priestley drew the question session to a close and asked Tim Morgan, as Secretary, to conduct the voting on resolutions and report the outcome of the postal ballots. Resolutions were approved as follows (where applicable the proxy votes were also reported and in each case were also strongly in favour of the resolutions):

- 1 the Society’s accounts for the year ended 30<sup>th</sup> September 2010 and the reports of the directors and the Auditor were received; (Unanimous)
- 2 the Society’s Social Accounts for the year ended 30<sup>th</sup> September 2010 and the report of the Social Audit Panel were received; (Unanimous)
- 3 members indicated their satisfaction with the arrangements for determining the pay of executive directors that are the subject of the report by the Remuneration Committee in the Directors’ report; (For 69, Against 1, Abstain 6)
- 4 the firm of Baker Tilly UK Audit LLP were re-appointed as the Auditor of the Society and the directors were authorised to fix the remuneration of the Auditor for the year ending 30<sup>th</sup> September 2011 (For 72, Against 2, Abstain 2)
- 5 a report from the Moderator of the Council was received;

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- 6 public declarations of support for the Society's object from all candidates for election were received.
- 7 the results of the postal ballot for the election of the following members of the Society as directors for the year were received:-

<b>Name</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
David Buffham	868	35	72
David Nussbaum	911	11	53
Carol Wills	923	14	38

- 8 the results of the postal ballot for the election of the following members of the Society as members of Council for the year were received

<b>Name</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Jo Bird	932	7	36
Stephen Sanders	837	37	101
Malcolm Nunn	917	5	53
Jason Watkiss	858	33	84

The formal AGM closed at 1pm

Members meeting reconvened at 2pm following lunch.

Elisabeth Wilson (Business Development Manager) led a session explaining more about the work of the overseas team which featured short documentary films about SI's work in Peru (Candela) and Kenya (Monda).

Members were then invited to participate in a session of roundtable discussions, mixing with other members and staff and considering three particular questions about the future of the Society.

Andrea Wilkinson presented a summary of the work of the Foundation.

Kate Priestley closed the meeting with thanks to members for attending and those who had worked to make the event a success. She noted that she was very much looking forward to a visit to Rwanda in May, to see some of the work which SI Foundation has been facilitating there for the last three years.

Meeting Closed 16.00