

Shared Interest Society Limited
PREAMBLE

The society is a Christian initiative which grew out of and continues to express the work and objects of Traidcraft Exchange and in which existing investors in the Ecumenical Development Cooperative Society (EDCS) under the auspices of Scottish Churches Action for World Development (SCAWD) became the major initial investors. The society embodies their joint vision of a new economic order based on love and justice, and carried on their work in a new dimension. The society was founded on 30 March 1990.

Revised Rules
(registered under the
Industrial and Provident Societies Act 1965)
ALL PREVIOUS RULES RESCINDED

Schedule

Register Number : 27093R

Name of the Society : Shared Interest Society Limited

Registered Office : 2, Cathedral Square, Groat Market,
Newcastle upon Tyne, NE 1EH (from 2006)

Minimum shareholding : 100 shares of £1 each (Rule replaced from 29 July
1996)

Borrowing Limit : ten times the Society's paid up share capital

- 1 The NAME of the society shall be as set out in the Schedule.
- 2 The REGISTERED OFFICE shall be at the place set out in the schedule, or such other place as the directors may from time to time determine.
- 3 The OBJECT of the society shall be to carry on the business of providing financial services, especially for production and trade, in a manner which reflects the principles of love, justice and stewardship which are fundamental to the faith of the Christian Church and are accepted by many other people of goodwill and compassion and in order to promote wholesome, dignified and sustainable employment for the benefit of people in need in any part of the world, particularly in poor countries.
- 4 The society shall have POWER to do all things necessary or expedient for the fulfilment of its object, including without limitation:

- (1) to INVEST funds of the society by the authority of the directors in accordance with the Act;
- (2) to BORROW and to guarantee or become liable for the payment of money, or for the performance of any obligation, and to secure such payment or performance in any manner including by the mortgage or charge of any of its property or assets, upon terms and conditions determined from time to time by the directors, provided that:
 - (a) the society shall not carry on a deposit-taking business within the meaning of the Banking Act;
 - (b) the amount of money borrowed and for the time being remaining undischarged shall not exceed the amount set out in the Schedule;
 - (c) the interest payable on borrowings, other than from institutions authorised under the Banking Acts and by way of secured loan, shall not exceed the minimum rate of interest necessary to obtain and retain borrowings required to carry out the object of the society.

APPLICATION OF PROFITS

5 The net profits and property of the society from whatever source derived shall be applied as follows:

- (1) in paying interest on the share capital at such rate as may be determined by the directors from time to time, but not exceeding the minimum rate necessary in the opinion of the directors to obtain and retain the capital required to carry out the object of the society;
- (2) in setting aside to a reserve fund such amount if any as the directors may determine which shall be applied in meeting any contingency affecting the business of the society as the directors may recommend and as a general meeting may by ordinary resolution determine;
- (3) in paying a rebate on the charges made by the society to persons other than members provided that such rebate does not exceed the amount recommended by the directors and is declared by ordinary resolution;
- (4) in setting aside to an education fund such amount if any as a general meeting may by ordinary resolution determine for the purpose of promoting education related to the object of the society;
- (5) in setting aside to a common fund such amount if any as a general meeting may by ordinary resolution determine to be used for such charitable purposes as the directors shall from time to time determine.

Any profits not required for application as aforesaid shall be carried forward.

- 6 The society may by special resolution passed in manner prescribed by the Act, AMALGAMATE with or TRANSFER ITS ENGAGEMENTS to any other society or company or CONVERT itself into a company under the Companies Acts provided that
- (a) the objects of such society or company are similar to or compatible with the object of the society; or
 - (b) after provision for the satisfaction of all its debts and liabilities and the repayment of the share capital (together with any interest due thereon), the value of the remaining property of the society has been transferred in the furtherance of the society's object to some other institution or institutions having objects similar to or compatible with the object of the society.
- 7 The society may be DISSOLVED:
- (a) by winding up in manner provided by the Act; or
 - (b) by an instrument of dissolution signed by three-fourths of the members for the time being, in the form prescribed by Treasury Regulations;

provided that after the satisfaction of all its debts and liabilities and the repayment of the share capital together with any interest due thereon, the remaining property of the society shall not be distributed amongst the members of the society, but shall be transferred in the furtherance of the society's object to some other institution or institutions having objects similar to or compatible with the object of the society, or insofar as the property is not transferred, shall be held for charitable purposes.

MEMBERSHIP

- 8 The members of the society shall be the persons whose names are entered in the register of members. The directors may in their discretion admit to membership any individual persons over the age of sixteen years (including the nominees of bodies unincorporate), societies, companies and local authorities (being bodies corporate).
- 9 No member other than a registered society shall have an interest in the shares of the society exceeding such amount as may be prescribed by the Act (' the maximum shareholding').
- 10 The minimum shareholding shall be defined as such number of fully paid shares as a general meeting may determine subject to the Act, or failing such determination, the number set out in the Schedule. (Rule replaced 29 July 1996).
- 11 An application for membership shall be in such form as the directors may prescribe and shall contain an application for at least the minimum shareholding. Upon the directors approving an application for membership the applicant shall for the purpose of the rules be deemed to be a member and the number of shares applied

for shall be issued to the applicant whose name shall be entered forthwith in the register.

- 12 A member who is a nominee of a body unincorporate shall have entered against the member's name in the register the name of the body unincorporate by whom the member has been nominated.
- 13 A member shall cease to be a member upon ceasing to hold any shares or in the case of a body corporate on ceasing to be a body corporate or upon expulsion under the following rule.
- 14 Members may be expelled forthwith by resolution of a general meeting for conduct deemed detrimental to the society, provided that notice of the conduct alleged against them is given to them at least one calendar month before the meeting at which the resolution is to be considered and they are given an opportunity thereat to answer such allegations.
- 15 No person who has been expelled from membership shall be re-admitted except by resolution of a general meeting.
- 16 Any persons who have been expelled from membership shall be paid the full sum paid or credited on any shares in the society held by them at the date of the resolution for their expulsion and their shares shall be cancelled, provided that any amount due but not paid shall not be a debt against the society.

SHARE CAPITAL

- 17 The shares in the society shall be of the nominal value of £1 and shall be withdrawable only and not transferable except on death or bankruptcy.
- 18 Shares shall be paid for in full on allotment, provided that each member may hold one share partly paid in addition to the minimum shareholding.
- 19 The directors shall allot to members upon their admission the shares for which they have applied, and subject to the Act, shall allot from time to time any share or shares subsequently applied for, and may determine to credit interest on share capital by the allotment of further shares.
- 20 Shares may be held jointly by up to four members. An application for the withdrawal of any share or shares held jointly shall be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid. Any one of the joint holders of a share or shares may give a valid receipt for the payment of any interest payable thereon.
- 21 If the auditors or any independent qualified accountants appointed for the purpose by the directors certify at any time that the aggregate of the society's liabilities and the amount of its issued share capital exceeds its assets then (unless in the meantime the excess has been removed) the directors may determine that the amount of the excess or any part of it shall be apportioned among the members in proportion to but not beyond the amount of the nominal value of the shares paid

up and held by each member at the close of business on the date of such determination and the appropriate number of shares held by each member shall be cancelled accordingly notwithstanding that the number of shares held by any member may thereby be reduced below the minimum shareholding.

22 Shares may be withdrawn by members upon giving six months' notice to the society provided that:

- (a) all withdrawals shall be paid in the order in which the notices were received by the society;
- (b) except where a member withdraws from the society as provided for by the following rule members shall not be entitled to withdraw shares so as to leave them with less than the minimum shareholding;
- (c) the directors may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;
- (d) the right to withdraw may by resolution of the directors be suspended either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the resolution suspending the right to withdraw is passed by the directors. Where the suspension is for a fixed period such period may be extended from time to time by a resolution of the directors;
- (e) during any period when the right of withdrawal has been suspended under clause (d), the shares of deceased members may, if the directors so determine, be withdrawn by their personal representatives upon giving such notice as the directors may require;
- (f) the amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn;
- (g) interest shall be payable on any share in respect of which a notice of withdrawal has been given until the date of repayment;

and any share withdrawn in accordance with this rule shall be cancelled.

23 Members may withdraw from the society by withdrawing all their shares in the society in accordance with the preceding rule or, if the right to withdraw has been suspended as provided for in that rule, by surrendering all their shares to the society. Upon such surrender the directors may in their discretion pay to the withdrawing member the amount paid up or credited in the shares surrendered.

TRANSFERS ON DEATH OR BANKRUPTCY OF MEMBERS

24 Members may nominate any person or persons to whom any of their property in the society at the time of their death shall be transferred. On receiving satisfactory

proof of death of a member who has made a nomination the directors shall if and to the extent that the nomination is valid under the Act either transfer or pay in accordance with the Act the full value of the property comprised in the nomination to the person entitled thereunder.

- 25 Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the society belonging to the deceased or bankrupt member the directors shall transfer or pay such property to which the claimant has become entitled as the claimant may direct them.
- 26 On the decease of a joint holder of any share it shall be registered in the name of the survivor or survivors.

GENERAL MEETINGS

- 27 In addition to any other meetings in that year, the society shall within the first six months of each financial year hold an annual general meeting at a time and place determined by the directors, of which the business shall include the laying before the members by the directors of a revenue account and balance sheet for the preceding financial year, the election of directors, and the appointment of auditors.
- 28 Meetings may be called by the directors and, on the direction of the Council or upon the written requisition of 50 or one tenth of all the members, stating the purpose of the meeting, the secretary shall call a meeting to take place within eight weeks of receipt of such direction or requisition. At least 21 clear days' notice in writing of every general meeting shall be given to all the members and to the auditors. No business shall be transacted a meeting except as specified in the notice, which shall include the names of any candidates for election as directors and may include any business (including a motion for a resolution) proposed by the directors or the council.
- 29 No business shall be transacted at any meeting unless at least the greater of seven members and one twentieth of the total membership entitled to vote are present or represented. The moderator shall be appointed by the directors present from among their number, or in the absence of all directors by the members present or represented.
- 30 Every member entitled to vote at a general meeting shall have one vote, and may appoint another member to attend and, on a poll, to vote in his or her place, and may direct the proxy how to vote. A poll may be demanded by the moderator or by any three members present or represented. No member may represent more than one other member, except that the moderator may be directed to vote for or against a resolution as proxy by any number of members. A form of proxy shall be in writing, signed by the appointor and shall be in such form as the directors may prescribe.
- 31 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint

holders who may not attend a meeting except as a proxy or exercise any right conferred by these rules on a member; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

- 32 The directors may determine to submit a resolution for decision by postal ballot, other than any resolution required by statute to be passed at a meeting of the society, or resolutions for the appointment or reappointment of auditors or for the removal of auditors before the expiration of their term of office.

The directors may determine within one month after a resolution has been considered at a meeting to submit it for decision by postal ballot. If the resolution was passed at the meeting its operation shall be suspended until the decision of the postal ballot.

THE COUNCIL (Rule change from 27th April 2000)

- 33 A Council may be appointed from among members who are not otherwise officers, employees or representatives of the Society and who have expressed publicly their wholehearted endorsement of the society's object.

The Council may require the directors to give a report to a meeting of the Council on the progress of the society's business and to answer questions on any aspect of the society's business other than matters confidential to particular persons. The directors shall take due account of but not be bound by the views of the Council.

- 33A There shall be nine seats on the Council, of which six shall be termed "randomly nominated". The provisions of these rules for retirement by rotation shall apply to the randomly nominated and to the other seats as two independent groups.

- 33B The following provisions shall apply to the randomly nominated seats.

Three randomly nominated seats shall be filled by male and three by female members.

If a randomly nominated seat is vacant, other than upon the retirement of a council member who is seeking re-election, the secretary shall invite a member of the appropriate gender to become a candidate for election to fill the vacancy, selected by lot from among all members of the appropriate gender who have not been previously so elected and are entitled to vote and in membership for more than one year. (If a society, company or local authority (being bodies corporate) has been admitted to membership then the gender of the principal representative of the society, company or local authority will determine whether the society, company or local authority is eligible for selection). If that member declines the invitation, the secretary shall invite a further member selected by lot as before until a member has accepted the invitation. No other candidates shall be eligible for election to fill the vacancy.

A candidate shall accept the secretary's invitation by confirming in writing: their willingness to be elected; their wholehearted endorsement of the society's object and a

brief statement of their views on the society's current position and policies; together with their full name, address, and age.

- 33C At each annual general meeting ("AGM") one-third of the Council members who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but, if there is only one Council member who is subject to retirement by rotation, that Council member shall retire.
- 33D The Council members to retire by rotation shall be those who have been longest in office since their appointment or last re-election, but as between persons who became or were last re-elected Council members on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 33E Save as provided below, a retiring Council member shall be eligible for re-election without nomination and if not re-elected shall retain office until the end of the meeting.
- 33F No person other than a retiring Council member shall be eligible to be a candidate unless that person is a member and either that person is nominated by the Council following, in normal circumstances, notice of the vacancy being given to all members or has been randomly nominated.

Any candidate may withdraw from the election by notice to the society, up to and including the date of the election.

- 33G Elections of Council members shall be conducted either at the AGM or, if the directors so determine, by postal ballot. If there is a contest for the office of Council member in that the number of candidates (including retiring Council members seeking re-election) exceeds the number of vacancies, the vacancies shall be filled by those candidates securing the most votes.
- 33H If there is no contest then any candidate (including any retiring Council members seeking re-election) shall be deemed elected or re-elected at the AGM unless an ordinary resolution of which notice has been given shall be passed not to fill at that meeting the vacancy which the candidate in question would have filled.
- 33I The office of a Council member shall be vacated and the Council member shall not be eligible for re-election if that Council member: -
- (a) resigns from office by notice to the society; or
 - (b) is removed from office by ordinary resolution; or

(c) on the date of the annual general meeting has served continuously as a council member for six years. Breaks in service of less than 10 months in length shall be considered continuous service.

(d) ceases to be a member.

- 33J The provisions of these rules governing the expenses and proceedings of Directors shall apply to the Council as appropriate.

DIRECTORS (Rule change from 27 April 2000)

- 34 Not less than three members who are willing to act and who have expressed publicly their wholehearted endorsement of the society's object shall be appointed as directors. Directors shall be elected or re-elected at the annual general meeting. Any director may be removed from office by a general meeting.
- 34A The directors may appoint as a director, to fill a vacancy or as an additional director, a member who has not been a candidate for election during the preceding twelve months. Directors so appointed shall retire at the AGM immediately following their appointment.
- 34B At each annual general meeting ("AGM") one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but, if there is only one director who is subject to retirement by rotation, that director shall retire.
- 34C The directors to retire by rotation shall be those, except directors holding an executive office, who have been longest in office since their election or last re-election, but as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 34D A retiring director shall be eligible for re-election without nomination and if not re-elected shall retain office until the end of the meeting
- 35 The directors shall be entitled to such remuneration as the society may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

POWERS OF DIRECTORS

- 36 Subject to any directions given by resolution of a general meeting, the business of the society shall be managed by the directors who may exercise all the powers of the society which are not by statute nor by these rules nor by resolution of a general meeting conferred solely upon a general meeting.
- 37 The directors may delegate any of their powers to any committee consisting of two or more directors. Any such delegation may be made subject to any conditions the

directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.

38 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the society for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his or her powers.

39 Subject to these rules the directors may regulate their proceedings as they think fit. The secretary may call a meeting of the directors, and shall do so at the request of any director.

40 No business shall be transacted at any meeting of the directors unless three directors are present, or at any committee unless two directors are present. If the number of directors in office is less than three, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

SECRETARY & SEAL (Rule change from 27th April 2000)

41 The secretary which term shall include any deputy secretary appointed by the directors, shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them. The secretary shall prepare and send all returns to be made to the Registrar and cause to be made all the necessary entries in all registers required by these Rules or by the Act to be kept by the society. The secretary shall keep charge of the seal which shall only be used by the authority of the directors. Sealing shall be attested by the signatures of a director and the secretary.

The secretary shall duly convene and attend all meetings of the society, Council and directors and shall make and maintain proper minutes.

AUDIT AND ANNUAL RETURN

42 The society shall in accordance with sections 4 and 8 of the 1968 Act appoint in each year one or more auditors to whom the accounts of the society for that year shall be submitted for audit as required by the 1968 Act, and who shall have such rights in relation to notice of and attendance and audience at general meetings, access to books and the supply of information, and otherwise, as are provided by the 1968 Act.

In the case of any auditors so appointed who are qualified auditors under section 7 of the 1968 Act the provisions of sections 5 and 6 thereof apply to their re-appointment and removal and to any resolution removing them or appointing another person in their place.

INDEMNITY

43 Without prejudice to any indemnity to which directors may otherwise be entitled, any directors or other officers or auditors of the society shall be indemnified out of the assets of the society against any liability incurred by them in or about the execution and discharge of the duties of their office or in defending any

proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the society.

ALTERATION OF RULES

- 44 Any or all of Rule 3 (object), Rule 5 (application of profits), Rule 6 (amalgamation, transfer of engagements and conversion), Rule 7 (dissolution), and this Rule (alteration of rules) may be altered by unopposed extraordinary resolution. Any other of these rules may be rescinded or altered, or any new rules may be made by extraordinary resolution.
- 45 No amendment of rules is valid until registered.

INTERPRETATION

- 46 In these rules, except where the context otherwise requires:
- 'the Act' means the Industrial and Provident Societies Act 1965 including any statutory modification or re-enactment thereof for the time being in force;
- 'the 1968 Act' means the Friendly and Industrial and Provident Societies Act 1968 including any statutory modification or re-enactment thereof for the time being in force;
- 'the Banking Act' means the Banking Act 1987 including any statutory modification or re-enactment thereof for the time being in force;
- 'moderator' means the person whose function it is to conduct the business of a meeting in an orderly manner;
- 'extraordinary resolution' means a resolution of the society passed by a majority of not less than three-fourths of such members as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given;
- 'unopposed extraordinary resolution' means an extraordinary resolution with no vote cast against the resolution.

A notice or communication sent by post to the registered address of a member shall be deemed to have been duly given 48 hours after it was posted.

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