

Rules of
SMART ENERGY CO-OPERATIVE LIMITED

(Registered under the Industrial and Provident Societies Acts 1965-1978)

NAME

1. The name of the Society (referred to in these Rules as "the Co-operative") shall be

Smart Energy Co-operative Limited.

OBJECTS

2. The objects of the Co-operative shall be to carry on any trade, business or service as principals or agents which may seem to the Co-operative to be conducive to its interests generally, and to the interests of the community the co-operative is established to serve.

POWERS

3. The Co-operative shall have power to do all things necessary or expedient for the fulfilment of its objects and in particular:
- (a) to establish and contribute to pension or superannuation schemes for any persons who are or have been employed by the Co-operative and their dependants;
 - (b) to make gifts to ex-employees of the Co-operative or their dependants in cases of hardship;
 - (c) to make gifts and donations for social or charitable purposes.

REGISTERED OFFICE

4. The Registered Office of the Co-operative shall be at:

15 – 16 Woodlands Farm, Spring Lane, Cookham Dean, Berkshire, SL6 9PN

MEMBERSHIP

5. The Committee may admit to membership any person or corporate body, or the nominee of any unincorporated organisation or firm, who or which is living, working or active within the community served by the Co-operative, and who or which has agreed to pay to the Co-operative any subscription or other sum due in respect of membership.
6. Applications for membership shall be in such form as the Committee may from time to time direct and shall contain an application for at least one share in the Co-operative.
7. The Co-operative shall keep at its registered office a register of members in which the Secretary shall enter the following particulars:
- (a) the name and address of every member;
 - (b) a statement of the number of shares held by each member and that £1 has been paid, on each share;
 - (c) a statement of other property, whether in loans or otherwise, held by each member;
 - (d) the date on which each member's name was entered in the register as a member and the date on which any member ceased to be a member;
 - (e) the names and addresses of the Committee members and officers of the Co-operative, of the offices held by them respectively, and the dates on which they assumed and vacated office.

8. A copy of these Rules and any amendments made to them shall be given free of charge to every member upon admission to membership and shall be provided to any other person on demand and on payment of the statutory fee chargeable for the time being in force.

SHARE CAPITAL

9. (a) The shares of the Co-operative shall be par shares of the nominal value of £1.00. Every member shall hold no less than one share in the Co-operative and no more than the maximum permitted by law.
- (b) Shares shall be withdrawable only in accordance with the provisions of these Rules.
- (c) The Committee shall allot to members upon their admission the shares for which they have applied, and shall allot from time to time any share or shares subsequently applied for. Shares shall normally be paid for in full upon allotment, but the Committee may at its discretion permit a member to defer payment provided that at least one share is paid for in full.
- (d) During any period when the total number of members of the Co-operative exceeds ten the Committee shall seek to ensure that no one member holds more than twenty per cent of the total shares issued by the Co-operative and may direct any member to withdraw shares to maintain this ceiling on individual shareholding.

WITHDRAWAL OF SHARE CAPITAL

10. Subject to clauses (c) and (d) below, shares may be withdrawn by members upon giving thirteen weeks' notice to the Co-operative, provided that:
- (a) All withdrawals shall be paid in the order in which the notices were received by the Co-operative.
- (b) The Committee may waive any notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit.
- (c) Except by consent of the Committee not more than one-tenth of the issued share capital at 1st January in each year, including all sums under notice of withdrawal at that date, shall be withdrawable during the ensuing year.
- (d) The right to withdraw may be suspended by the Committee 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 Committee. Where the suspension is for a fixed period, such period may be extended from time to time by the Committee.
- (e) During any period when the right of withdrawal has been suspended under clause (d), the shares of a deceased member may, at the discretion of the Committee, be withdrawn by her/his personal representative upon giving such notice as the Committee may require and subject, as regards the amount payable on withdrawal, to such deduction as the Committee may from time to time decide.
- (f) Except where otherwise provided in these Rules, the amount to be paid to a member on withdrawal shall be the amount credited on the share or shares to be withdrawn.
- (g) Any share withdrawn in accordance with this Rule shall be cancelled and, except as provided for in section 57 of the Act, any amount remaining unpaid on such share shall cease to be due to the Co-operative.

LIEN ON SHARES

11. The Co-operative shall have a lien on the shares of a member for any debt due to it by the member and may set off any sum standing to the member's credit including any loan money, interest and dividends in or towards the payment of such debt.

CESSATION OF MEMBERSHIP

12. A member shall cease to be a member if s/he or it:
 - (a) ceases to qualify for membership under the provisions of Rule 5; or
 - (b) is wound up or goes into liquidation (if a corporate body) or is the nominee of an unincorporated organisation or firm which is wound up or goes into liquidation; or
 - (c) is the nominee of an unincorporated organisation or firm which removes or replaces her/him as its nominee.

If a member is required to withdraw from membership under this Rule and the right to withdraw shares has been suspended, then the nominal value of her/his/its share capital shall be converted into loan stock upon such terms as may be agreed between the Committee and the member, provided that such agreement shall require the repayment of the loan within a period not exceeding three years.

13. A member may withdraw from the Co-operative by withdrawing all her/his/its shares in the Co-operative in accordance with Rules 10 and 11. In the event that the right to withdraw has been suspended a member may withdraw by surrendering all her/his/its shares to the Co-operative. Upon such surrender the Committee may at their discretion pay to the withdrawing member any amount not exceeding the nominal value of the shares surrendered.

14.
 - (a) A member may be expelled for conduct prejudicial to the Co-operative by a resolution carried by a majority of at least two-thirds of those members voting at a Special General Meeting of the Co-operative of which due notice has been given, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the member whose expulsion is to be considered shall be given the opportunity to state her/his/its case to the meeting. If on due notice having been served the member fails to attend the meeting the meeting may proceed in the member's absence.
 - (b) An expelled member shall be paid the nominal value of shares held by her/him/it at the date of the expulsion or, if at the time there is in force a suspension of the right to withdraw share capital, then the value of the shares shall be converted into loan stock on such terms as may be agreed between the member and the Committee, provided that such agreement shall require the repayment of the loan within a period not exceeding three years.
 - (c) No member expelled from membership shall be re-admitted except by a resolution carried by a majority of at least two-thirds of members voting at a General Meeting of which due notice has been given.

GENERAL MEETINGS

15. An Annual General Meeting shall be held within six months of the close of the financial year of the Co-operative, the business of which shall comprise:
 - (a) The receipt of the accounts and balance sheet and of the reports of the Committee and auditor (if any);
 - (b) The appointment of an auditor, subject to Rule 54 (b);
 - (c) The election of Committee members (or the announcement of the results of the election if held previously by ballot);
 - (d) The application of profits;
 - (e) The transaction of any other business included in the notice convening the meeting.
16. In addition to the Annual General Meeting, Ordinary General Meetings shall be held at approximately quarterly intervals or at such other level of frequency as may be decided from time to time by the Co-operative in General Meeting.

17. A Special General Meeting shall be convened either upon an order of the Committee or at the request of three members of the Co-operative or ten per cent of the membership, whichever is the greater.
18. A General Meeting shall be convened by at least fourteen days' notice unless all members of the Co-operative agree to hold a General Meeting with shorter notice. Notices of meetings shall either be given to members personally or posted to them at their registered address or alternatively, if so agreed by the Co-operative in General Meeting, notices of General Meetings may be displayed conspicuously at the registered office and in all other places of business of the Co-operative to which members have access. Notices shall specify the time, date and place at which the meeting is to be held and, in the case of an Annual or a Special General Meeting, details of the business which is to be transacted at that meeting. An Annual or a Special General Meeting shall not transact any business other than that specified in the notices calling the meeting.
19. A notice sent by post to a member's registered address shall be deemed to have been duly served forty-eight hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any member shall not invalidate the proceedings at the meeting.
20. If the Co-operative has appointed an auditor in accordance with Rule 54 (a) they shall be entitled to attend General Meetings of the Co-operative and to receive all notices of and communications relating to any General Meeting which any member of the Co-operative is entitled to receive. The auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an auditor.

PROCEEDINGS AT GENERAL MEETINGS

21. A corporate body which is a member of the Co-operative shall appoint a representative who shall during the continuance of her/his appointment be entitled to exercise in any General Meeting of the Co-operative all such rights and powers as the member organisation would exercise if it were an individual person. The Co-operative shall require such notification of an organisation's appointed representative as the Committee may from time to time decide.
22. No person shall be entitled to vote on any question at a General Meeting other than an individual member of the Co-operative or the duly appointed representative of a corporate body which is a member.
23. Every member shall hold one vote only on each question to be decided. Except where otherwise specified by these Rules or by the Act, questions shall be resolved by a simple majority of votes cast.
24. No business shall be transacted at a General Meeting unless a quorum is present in person. Unless and until otherwise decided by the Co-operative in General Meeting, a quorum shall be one tenth of the members of the Co-operative or five members, whichever is the greater.
25. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned until a day between seven and fourteen days after the date set for the original meeting, and all members shall be given such notice as is practicable. If at such an adjourned meeting a quorum is not present within half an hour after the time set for the meeting, then the members present shall constitute a quorum.
26. The Chairperson of the Co-operative shall preside at every General Meeting. In the event of her/his absence or unwillingness to act, the members present shall choose one of their number to be Chairperson of the meeting.

27. The Chairperson may with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for twenty-one days or more, notice of the adjourned meeting shall be given as in the case of the original meeting; otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
28. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a secret ballot is, before or on the declaration of the result of the show of hands, demanded by at least three members present. Unless a secret ballot be so demanded, a declaration by the Chairperson that a resolution has on a show of hands been carried or lost with an entry to that effect in the book containing the minutes of the proceedings of the Co-operative shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against such resolution.
29. If a secret ballot is duly demanded it shall be taken in such a manner as the Chairperson directs, provided that no member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
30. The demand for a secret ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a secret ballot may be withdrawn.
31. In the case of an equality of votes, whether on a show of hands or on a ballot, the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.
32. The Co-operative may invite other persons who are not members to attend General Meetings, with or without speaking rights and without voting rights.

AMENDMENTS TO RULES

33. Any of these Rules may be rescinded or amended or a new Rule made by a vote of three quarters of those members of the Co-operative voting at a Special General Meeting of which fourteen clear days' prior notice has been given, such notice to include details of the change(s) to be proposed at that meeting. No amendment of Rules is valid until registered by the Financial Services Authority.

COMMITTEE OF MANAGEMENT

34. The Co-operative shall have a Committee comprising not less than three and not more than fifteen persons. The initial Committee members from incorporation until the first Annual General Meeting shall be appointed by the founder members of the Co-operative.
35. A Committee member shall, subject to Rule 42 below, hold office until the end of the next Annual General Meeting following her/his election. Retiring members shall be eligible for re-election at the Annual General Meeting at which they retire.
36. New Committee members shall be elected in accordance with such procedures as may be adopted by the Co-operative from time to time, provided that only members of the Co-operative and representatives of organisations which are members may stand for election to, or nominate persons to stand for election to the Committee.
37. The Committee may at any time co-opt any member of the Co-operative or the representative of an organisation which is a member to fill a casual vacancy in the Committee, provided that

at no time shall more than one-third of the members of the Committee be co-opted members. A casual vacancy shall be deemed to exist if the number of Committee members should drop below the minimum prescribed in these Rules or below the number elected at the preceding Annual General Meeting.

38. In the event that the size of the Committee should drop below the minimum number of members prescribed in these Rules, the members of the Committee may act to increase their number or to call a General Meeting of the Co-operative, but for no other purpose.
39. A Committee member shall declare an interest in any contract or matter in which s/he has a personal material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter except where that interest is shared with a majority of the other members of the Committee.
40. Committee members shall only be entitled to fees or remuneration for services actually rendered to the Co-operative, whether as employees or otherwise.
41. Committee members may be paid all reasonable and proper expenses incurred by them in attending and returning from meetings of the Committee or General Meetings of the Co-operative or in connection with the business of the Co-operative.
42. The office of Committee member shall be immediately vacated if s/he:
 - (a) resigns her/his office in writing to the Co-operative; or
 - (b) ceases to be a member of the Co-operative for any reason whatsoever (or is the representative of a corporate body which ceases to be a member); or
 - (c) is removed from office by a majority vote of the Co-operative at a Special General Meeting, the notices for which specified that the question of the Committee member's removal was to be considered; or
 - (d) in the opinion of a majority of the Committee, fails to declare her/his interest in any contract as referred to in Rule 39; or
 - (e) is absent from three successive meetings of the Committee during a continuous period of twelve months without special leave of absence from the Committee and they decide that s/he has by reason of such absence vacated office; or
 - (f) becomes bankrupt or, in the opinion of a majority of the Committee, incapable on medical or psychological grounds of carrying out the functions of a Committee member.

HONORARY OFFICERS

43. Members of the Committee shall elect a Chairperson, Secretary and Treasurer of the Co-operative from amongst their own number. Any honorary officer so appointed may be removed or replaced by a majority vote of the Committee at any time, or by a majority vote of the members at a Special General Meeting the notices for which specified that the matter was to be raised.

POWERS AND DUTIES OF THE COMMITTEE

44. The business of the Co-operative shall be managed by the Committee who may pay all expenses of the formation of the Co-operative as they think fit and may exercise all such powers of the Co-operative as may be exercised and done by the Co-operative and as are not by statute or by these Rules required to be exercised or done by the Co-operative in General Meeting, provided that any arrangement involving the disposal or mortgaging or charging (as security for debt) of assets equivalent in value to one-third or more of the total value of the last published balance sheet of the Co-operative must be ratified by a Special General Meeting before such arrangement is entered into.

45. No regulation made by the Co-operative in General Meeting shall invalidate any prior act of the Committee which would have been valid had that regulation not been made.
46. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Co-operative shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Committee shall from time to time direct.
47. Without prejudice to its general powers, the Committee may exercise all the powers of the Co-operative to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Co-operative or of any third party.

PROCEEDINGS AT COMMITTEE MEETINGS

48. The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The Secretary shall at the request of two or more Committee members summon a meeting of the Committee at any reasonable time by giving all Committee members reasonable notice of the date, time and venue for the meeting and the general nature of the business to be considered.
49. The quorum necessary for the transaction of business at a Committee meeting shall be one half of the members of the Committee, provided that no meeting shall be quorate if one half or more of those present are co-opted Committee members.
50. At every Committee meeting the Chairperson of the Co-operative shall preside, but in the event of her/his absence or unwillingness to act the members present shall choose one of their number to be Chairperson of the meeting.
51. The Committee shall cause proper minutes to be made of all the proceedings of the Co-operative, of the Committee and of any sub-committees. All such minutes shall be open to inspection by any member of Committee at all reasonable times.
52. Questions arising at Committee meetings shall be decided by a majority of votes of those present. In the event of a tied vote the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.

BORROWING

53.
 - (a) The Co-operative shall have power to borrow money from its members and others for the purposes of the Co-operative providing that the amount outstanding at any one time shall not exceed £10,000,000.
 - (b) The Co-operative shall have power to mortgage or charge any of its property, including the assets and undertakings of the Co-operative, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Co-operative or its customers or persons or corporations having dealings with the Co-operative.
 - (c) The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a Building Society or Local Authority shall not exceed 6½% per year or 3% above the base lending rate of the Co-operative's bankers at the commencement of the loan, whichever is the higher.
 - (d) The Co-operative may receive from any persons donations or loans free of interest towards its work but shall not receive money on deposit.

AUDITORS

54. (a) Subject to clause (b) below, the Co-operative shall appoint in each financial year an auditor qualified under section 7 of the Friendly and Industrial and Provident Societies Act 1968 to audit the Co-operative's accounts and balance sheet for the year.
- (b) The Co-operative shall (subject to Rule 54 (c)) be exempt from the obligation to appoint a qualified auditor if during the preceding financial year it met such criteria regarding low levels of income and/or expenditure or other factors as to qualify it for statutory exemption from the need to appoint qualified auditors.
- (c) The members of the Co-operative shall in general meeting vote every year to allow the Co-operative to apply the audit exemption. Such a resolution shall be deemed to have been passed if less than 20 per cent of the total number of votes cast are against the resolution and less than ten per cent of the members of the co-operative cast their votes against the resolution.
- (d) None of the following persons shall be appointed as auditor of the Co-operative:
- an officer or employee of the Co-operative;
 - a person who is a partner or employee of or who employs an officer of the Co-operative.
- (e) The first appointment of an auditor shall be made within three months of the registration of the Co-operative and shall be made by the Committee if no General Meeting is held within that time. The Committee may appoint an auditor to fill a casual vacancy occurring between General Meetings. Except as specified in these cases, every appointment of an auditor shall be made by a resolution of a General Meeting of the Co-operative.
- (f) An auditor for the preceding financial year shall be re-appointed as auditor of the Co-operative for the current financial year unless:
- (i) a resolution has been passed at a General Meeting appointing someone else as auditor or providing expressly that s/he shall not be re-appointed; or
 - (ii) s/he has given notice in writing to the Co-operative of her/his unwillingness to be re-appointed; or
 - (iii) s/he is ineligible for appointment as auditor of the Co-operative for the current financial year; or
 - (iv) s/he has ceased to act as auditor of the Co-operative by reason of incapacity.
- (g) Any resolution of a General Meeting of the Co-operative either to remove an auditor from office or to appoint another person as auditor shall not be effective unless notice of the proposed resolution has been given to the Co-operative at least twenty-eight days prior to the meeting at which the resolution is to be considered. At least fourteen days' notice of such resolution must then be given to members of the Co-operative in the manner prescribed in Rule 18 and in writing to the auditors.

ANNUAL RETURN

55. Every year and within the period prescribed by statute, the Secretary shall send to the Financial Services Authority the annual return, in the form prescribed by the Financial Services Authority, relating to its affairs for the period required by the Act to be included in the return together with:
- (a) a copy of the report of the auditor on the Co-operative's accounts for the period included in the return or a copy of such other report (if any) as is required by statute for such period, and;
 - (b) a copy of each balance sheet made during that period and of the report (if any) of the auditor or other appropriate person as required by statute on that balance sheet.
56. The Co-operative shall on demand supply free of charge to any member, or to any person with an interest in the funds of the Co-operative, a copy of the latest annual return together with a copy of the auditor's report on the accounts and balance sheet contained in the return.

57. The Co-operative shall at all times keep a copy of the latest balance sheet of the Co-operative together with a copy of the corresponding auditor's report hung up in a conspicuous place at the registered office.

PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

58. (a) 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 Co-operative belonging to the deceased or bankrupt member, the Co-operative shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
- (b) A member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Co-operative at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a member who has made a nomination the Co-operative shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the person entitled thereunder.

APPLICATION OF PROFITS

59. The profits of the Co-operative shall be applied as follows in such proportions and in such manner as may be decided by the Co-operative at the Annual General Meeting:
- (a) first, to a general reserve for the continuation and development of the Co-operative;
 - (b) secondly, in paying dividends on issued share capital at a rate not exceeding 10 per cent;
 - (c) thirdly, in making payments for social or charitable purposes within the community served by the Co-operative.

SEAL

60. If the Society has a seal it shall be kept in the custody of the Secretary and used only by the authority of the Committee of Management. Sealing shall be attested by the signature of two members of the Committee of Management or of one member of the Committee of Management and the Secretary for the time being. If the Society does not have seal, a document which would have previously required to be sealed, should be signed by a member of the Committee of Management and secretary or two members of the Committee of Management and accompanied by a written statement that the document has been executed by the society as if under common seal.

INVESTMENT OF FUNDS

61. The Co-operative may invest any part of its funds in the manner set out in Section 31 of the Industrial and Provident Societies Act 1965.

REGULATIONS

62. The Co-operative in General Meeting or the Committee may from time to time make, adopt and amend such regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they may think fit for the management, conduct and regulation of the affairs of the Co-operative and the proceedings and powers of the Committee and sub-committees. No regulation shall be made which is inconsistent with these Rules or the Act. All members of the Co-operative and the Committee shall be bound by such regulations whether or not they have received a copy of them.

DISSOLUTION

63. The Co-operative may be dissolved by the consent of three quarters of the members by their signatures to an instrument of dissolution, or by winding up in a manner provided by the Act. If on the winding up or dissolution of the Co-operative any of its assets remain to be disposed of after its liabilities are satisfied and the repayment at par value of share capital and any loan stock held by members and former members and any dividends due to members, these assets shall not be distributed among the members, but shall be transferred instead to some other non-profit, co-operative or charitable body or bodies subject to at least the same degree of restriction on the distribution of surpluses and assets as is imposed on this Co-operative by virtue of these Rules, as may be decided by the members at the time of or prior to the dissolution.

DISPUTES

64. In the event of a dispute between the Co-operative or its Committee and a member of the Co-operative or a former member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute. The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the County Court (or in Scotland, to the Sheriff).

INTERPRETATIONS

65. In these Rules, "the Act" refers to the Industrial & Provident Societies Acts 1965 to 1978 or any Act or Acts amending or in substitution for them for the time being in force.

Signatures of Founder Members	Full Names in BLOCK CAPITALS (no initials)
1.
2.
3.
Secretary: