

RULES
of
ANM GROUP LTD

(Registered under the Industrial & Provident Societies Act 1965 on 13th July, 1995)

Registration No. : 1231R (S)

RULES of ANM GROUP LIMITED

incorporated under the Industrial and Provident Societies Act 1965 under Register No. 1231R(S) and whose registered office is at Thainstone Centre, Inverurie, Aberdeenshire AB51 5XZ.

All previous Rules rescinded.

INTERPRETATION

In construing these Rules, the following words and expressions shall have, respectively, the meanings herein stated, provided that such meaning does not conflict with the subject matter or the context.

1. Words importing the singular or plural number respectively, including the plural and singular numbers; words importing the masculine gender include the feminine gender.
2. The words "he", "him" and "person" include a company or society.
3. "Auditor" means a person eligible for appointment as a society Auditor under the Act.
4. "Ballot" means the use of a paper or other instrument (including secure electronic means) to give a secret vote.
5. "company" means any body corporate other than a society.
6. "Investment Scheme" means an investment scheme available to Members, operated by the Society, and in which a Member's investment funds must remain invested for a period of either 3 years or 5 years, depending on the particular investment scheme, the terms of which can be varied by the Board of Directors from time to time.

7. "Investment Shares" are Shares of £1.00 each in the capital of the Society held by a Member with a nominal value of at least £10,000 and which Shares are deemed "Investment Shares" by virtue of the fact that the Member holds Shares of an aggregate nominal value of at least £10,000. For the avoidance of doubt, where the nominal value of an Investor Member's holding of Shares in the Society falls below £10,000, all of that Member's Shares are deemed to be Trading Shares, and such Member will become a Trading Member.
8. "Financial Year" means an annual accounting period ending on 31 December.
9. "Lands" include lands with buildings thereon and all other heritable subjects.
10. "Member" shall mean an individual, a society or a company duly admitted to membership of the Society and holding the requisite number of Shares.
11. "Shares" means Trading Shares and Investment Shares;
12. "society" means any society registered under the Act or deemed so to be.
13. "The Act" means the Co-operative and Community Benefit Societies Act 2014, and any Act or Acts amending or in substitution for it for the time being in force.
14. "Trading Member" a Member that has access to, use of and the benefit of the services of the Society and who is not deemed a User Investor Member.
15. "Trading Shares" are Shares of £1.00 held by a Trading Member in the capital of the Society from time to time and which Shares are deemed "Trading Shares" by virtue of the fact that the Member holds Shares of an aggregate nominal value equivalent to less than £10,000.
16. "Transferable" in relation to Shares means Shares that are transferable to another Person who also qualifies for membership of the Society, in accordance with these Rules.

17. "User Investor Member" means a Member that (a) has access to, use of and the benefit of the services of the Society and (b) holds Investment Shares.
18. "Withdrawable" in relation to Shares means Shares with the associated right for the Member to withdraw their shares and receive in return the value of their share from the Society.
19. Any reference to the "Registrar" is a reference to the Financial Conduct Authority or its statutory successor carrying on the relevant function.

NAME, OBJECTS ETC

1. NAME

The name of the society shall be ANM Group Limited, hereinafter referred to as "the Society".

2. REGISTERED OFFICE

The Registered Office of the Society shall be at Thainstone Centre, Inverurie, Aberdeenshire AB51 5XZ. The Registered Office may be changed by a resolution of the Board. In the event of any change in the situation of the Registered Office, notice of such change shall be sent by the secretary within 14 days thereafter to the Registrar in the form prescribed by the Registrar.

3. OBJECTS

The objects of the Society shall be to carry on the business of salesmen, agents, merchants and dealers in livestock and dead meat, farm produce and other productions of the soil, feeding stuffs, seeds, manures, chemicals, implements and all other substances and effects required, used or produced in agriculture or in connection therewith or with the cultivation of the soil or pertaining thereto and that either wholesale or retail; to import, export or purchase the said commodities, to prepare the same for market, consignment or manufacture, or otherwise utilise the same; and to sell and dispose of such substances, products, materials and articles either in raw, manufactured or other state; to carry on the business of butchers, slaughterers of cattle and other animals, carriers, auctioneers, licensed valuers and commission agents and to engage in and carry on the industry of

agriculture including farming and stock raising, forestry, estate and farm management, market gardening, horticulture, poultry keeping and bee keeping in all their branches and generally every business or trade pertaining or allied to the said business or industry; to carry on business by way of loan or otherwise with security; to grant guarantees for payment of any loan or money or the performance of any contract or obligation; to receive and take money on deposit on such terms and conditions as the Directors may deem expedient; to carry on and transact every kind of insurance business other than life insurance and generally and without prejudice to the foregoing generality to carry on any other trades, industries or businesses which may appear to further the fore-going objects or which may be conducive to the attainment of the objects of the Society.

4. POWERS

The Society shall have full powers within the scope of the Act and the Rules to do all things necessary or expedient for the accomplishment of its objects, including the power to enter into and to enforce contracts with Members and others, and to deal in any way, whether by purchase, sale or letting or otherwise, with land or buildings; to promote any other society or company for the purpose of carrying on any business which the Society is authorised to carry on; to enter into partnership or into any arrangement for sharing profits or interests with any individual, firm, society or company carrying on or about to carry on any business or transaction which the Society may legally carry on; to enter into any trade or other combination or agreement with any individual, trade, society or company, to become affiliated to any agricultural organisation and whether affiliated or not to contribute to the funds of the said organisation.

SHARES

5. SHARES

- 5.1 Shares shall be of the nominal value of £1.00 each which shall be payable in full on application. Shares shall be transferable but not withdrawable and shall be repayable only as provided for elsewhere in these Rules.
- 5.2 The share capital of the Society shall consist of Trading Shares and Investment Shares which shall constitute separate classes of shares with separate rights attached to them as provided for in these Rules.

- 5.3 No Investment Share shall be Transferrable or Withdrawable under these Rules during participation of a Member in an Investment Scheme.
- 5.4 Where a User Investor Member ceases to satisfy the criteria of a User Investor Member, that Member shall be deemed to be a Trading Member, and all Shares held by that Member shall be deemed to be converted from Investment Shares to Trading Shares.
- 5.5 Where a Trading Member satisfies the criteria of a User Investor Member, by virtue of holding Shares in the Society of an aggregate nominal value of at least £10,000, that Member shall be deemed to be a User Investor Member, and all Shares held by that Member shall be deemed to be converted from Trading Shares to Investment Shares.
- 5.6 On the death, bankruptcy or loss of mental capacity under section 1(6) of the Adults with Incapacity (Scotland) Act 2000 of the User Investor Member and upon receipt of the grant of confirmation, the making of the bankruptcy order or the determination of lack of capacity (as the case may be), the Society shall cancel such User Investor Member's shares and return the amount paid up on the Investment Shares to the User Investor Member's personal representatives, trustee in bankruptcy or attorney or otherwise (as the case may be).

6. JOINT OWNERSHIP OF SHARES

A share or shares may be held by two or more persons jointly, any one of whom may give a valid receipt for any interest or dividend payable in respect thereof. Any notice required under these rules to be given to Members need not be given to a Member who is a joint holder of any shares other than the joint holder who is first named in the Register of Members as holding those shares, and joint holders of any shares may require to be named in any order they choose.

7. LIEN ON SHARES

- 7.1 The Society shall have a lien on the shares of any Member for any debt due to it by him and may set off any sum credited to the Member

thereon in or towards the payment of such debt, and such lien and set off shall extend to all loan money, interest, dividend and bonuses standing to the Member's credit.

- 7.2 The Board of Directors (in these rules, referred to as "the Board") may, after the expiration of 14 days' notice in writing, sell and transfer the whole or part of the shares of any Member indebted to the Society at the amount standing to his credit in respect of such shares, and apply the proceeds of such sale, after payment of any expenses incurred in relation thereto, in or towards the discharge of the debt, and in payment over of the balance thereof to such Member without being responsible for any loss occasioned thereby. Any transfer so made shall extinguish all rights of such Member in the share or shares so transferred.

MEMBERSHIP

8. MEMBERS

- 8.1 The membership of the Society shall consist of the Members of the Society as at the date of the registration of these Rules and of all such other persons as the Directors may from time to time admit.
- 8.2 For the avoidance of doubt, any Member that has either:-
(i) transferred their entire shareholding in the Society to another party, or
(ii) given notice to the Society of the cessation of their membership,

shall no longer be a Member.
- 8.2 Application for membership shall be made in such form as the Directors may specify from time to time and shall be accompanied by a payment in full for the share or shares required to be held by the applicant when a Member.
- 8.3 The Society shall have the following categories of Members:-

(a) Trading Members – who will have the rights as specified in these Rules.

- (b) User Investor Members – who will have the rights as specified in these Rules.

9. **SHARES TO BE HELD BY MEMBERS**

Without prejudice to the rights of existing Members of the Society, (i) each person becoming an individual Member and each society and each company becoming a Member on or after 5th April 1994 but before 5 April 2013 shall hold at least 100 shares (ii) each person becoming an individual Member and each society and each company becoming a Member on or after 5 April 2013 but before 22 April 2020 shall hold at least 200 shares, and (iii) each person becoming a Member on or after 22 April 2020 shall hold at least 500 shares. With effect from 22 April 2020 no Member, other than a society, shall have an interest in the shares of the Society exceeding £20,000 in nominal value or the limit for the time being provided by statute (in either case the “**Limit**”), provided, however, that any such Member having an interest in the shares of the Society in excess of the Limit as at 22 April 2020 shall not be required to divest himself of such excess unless, and in the manner, prescribed by statute, as the case may be. If, and for so long as a Member holds less than 500 shares then subject to such Member giving his written consent to the Society, any dividends thereon shall be retained by the Society and credited to such Member's share capital with the Society in return for which there will be issued to that Member such number of additional Shares as have a nominal value equal to the amount of such retained dividend.

10. **CESSATION OF MEMBERSHIP**

- 10.1 A Member shall cease to be a Member of the Society if they:-
- (a) withdraw from the Society by notice in writing signed by the Member and delivered or sent to the Secretary at the Registered Office;
 - (b) are expelled from membership in accordance with these Rules;

(c) die, are wound up or go to liquidation.

10.2 Upon occurrence of any of the above events, such Member's shares shall be cancelled. Subject always to the Society being in a position to do so (which shall be at the discretion of the Board having regard to all relevant circumstances) the Society shall within the period of three months of the date of occurrence of the events listed in clause 10.1(a) and clause 10.1 (b) (failing which, at any time thereafter, subject as aforesaid) repay on any shares held by him a sum not exceeding the amount paid up.

11. **UNTRACED MEMBERS**

If any Member fails to advise the Society of a change in his address or the Society is otherwise unable to make contact with any Member at the address of such Member shown in the Register of Members, the Society shall be entitled to send a notice to such Member at the address for him shown in the Register of Members by registered or recorded delivery post to the effect that if he does not furnish the Society with his new address within 21 days he is liable to be expelled from membership of the Society and to have his shares in the Society cancelled. If a Member fails to respond to such notice within such period of 21 days the Board may without further notice expel him from membership of the Society, and either (i) cancel his shares and transfer the amount outstanding to the credit of such Member in respect of his shares to such charitable body as the Board sees fit; or (ii) transfer his shares to such charitable body as the Board sees fit.

12. **EXPULSION OF MEMBERS**

A Member may be expelled for conduct considered prejudicial to the Society by a resolution passed in General Meeting by not less than three-fourths of the votes given on the resolution, but no Member shall be expelled without first being given at least 14 days' notice of the meeting at which the resolution is to be proposed specifying the alleged

grounds for expulsion, and without being given an opportunity to attend the meeting to answer allegations or to make written representations to the Society which shall be read by the Chairman to the meeting. Subject always to the Society being in a position to do so (which shall be at the discretion of the Board having regard to all relevant circumstances) the Society shall within the period of three months of the date of the resolution of expulsion (failing which, at any time thereafter subject as aforesaid) pay the amount standing to that Member's credit in respect of any shares in the Society held by him at the date of the resolution of expulsion, and such shares shall be cancelled upon such payment being tendered, whether the Member accepts the tender or not. No expelled Member shall be re-admitted except by a resolution passed in General Meeting by a similar majority.

REGISTER OF MEMBERS AND OFFICERS

13. REGISTER OF MEMBERS AND OFFICERS

13.1 A Register of Members and Officers shall be kept at the Registered Office wherein the Secretary shall enter the following particulars:

- (a) the names and addresses of the Members;
- (b) a statement of the number of shares held by each Member and of the amount paid or agreed to be considered as paid on the shares of each Member;
- (c) a statement of other property in the Society; whether in loans or otherwise, held by each Member;
- (d) the date at which each person was entered in the Register as a Member and the date at which any person ceased to be a Member;
- (e) the names and addresses of the officers of the Society, with the offices held by them respectively, and the dates on which they assumed office.

13.2 A duplicate Register shall also be kept at the Registered Office wherein the Secretary shall enter all the aforesaid particulars other than those

mentioned in clauses 13.1 (b) and(c).

13.3 A person, all of whose shares have been transferred, forfeited or cancelled under these Rules shall cease to be a Member.

14. RIGHT OF INSPECTION

Any Member or person having an interest in the funds of the Society shall be allowed to inspect his own account and the particulars entered in the duplicate Register at all reasonable times at the Registered Office of the Society subject to such regulations, as to the time or manner of such inspection as may be made from time to time by the General Meetings of the Society.

TRANSFERS

15. BOARD'S CONSENT TO TRANSFERS

15.1 No transfer of shares shall be valid unless the Board's consent thereto has been obtained and the transfer is made in such form as the Directors may from time to time require. Every transfer of shares shall be registered by the Secretary making appropriate entries in the Register of Membership and no transfer shall be valid until registered and until the appropriate stamp duty, if any, has been paid.

15.2 The Board shall not consent to the transfer of shares to a person who is not a Member unless upon such transfer he will hold the number of shares required by Rule 9 to be held by a Member. Upon transfer to a person who is not a Member that person shall thereupon become a Member.

15.3 The Board shall not consent to the transfer of shares to a person (i) to the extent such transfer would result in that person, not being a society, having an interest in the shares of the Society exceeding the Limit (as

defined in Rule 9), or (ii) where that person is already a Member, not being a society, having an interest in the shares of the Society exceeding the Limit (as defined in Rule 9).

16. FEE ON TRANSFERS

No fee shall require to be paid to the Society on registration of transfers.

17. DISTRIBUTION OF PROFITS

17.1 The annual net profits as certified by the Auditor, such allowance, if any, as the Directors may deem necessary having before such certification been made for depreciation, bad debts or other contingencies shall be applied as follows:-

- (a) In the first place in setting aside such sums, if any as the Directors think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which the profits of the Society may be properly applied, and pending such application, may, at the like discretion, either be employed in the business of the Society, or be invested in such investments (other than shares of the Society) as the Directors may from time to time think fit.
- (b) In the second place, in paying to the Directors such sum or sums, if any, as may from time to time be voted as their remuneration by the Members in ordinary general meeting. All sums so voted shall be divided amongst the Directors in such manner as they themselves may from time to time determine.
- (c) In the third place, in paying to each User Investor Member that is a member of an Investment Scheme a dividend amount which provides a rate of return on that User Investor Member's Investor

Shares equivalent to the rate of return that such User Investor Member receives in the same period (to which the dividend relates) from the Investment Scheme in which that User Investor Member is participating.

- (d) In the fourth place, in paying to each User Investor Member that is not a member of an Investment Scheme, a dividend amount which provides a rate of return on that User Investor Member's Shares equivalent to the lowest rate of return available from any of the Society's Investment Schemes relative to the same period (to which the dividend relates).
- (e) In the fifth place, in paying to each holder of Trading Shares a dividend at a rate per annum not exceeding two per cent above the base lending rate from time to time charged by Clydesdale Bank Plc (trading as Virgin Money) on the sum or sums for the time being paid up thereon respectively, provided that where money has been paid up in advance of calls, on the footing that the same shall carry interest, such money shall not (while carrying interest) confer a right to participate in profits. Annual interest on share capital shall be apportioned on the basis of the number of completed calendar months for which the share capital has been held during the financial period in respect of which the interest is paid.
- (f) In the sixth place, in carrying forward such sum (if any) of the net profits of any year, as may be determined by the Annual General Meeting, to the following year, and so on from year to year.
- (g) In the seventh place, the balance of the said annual net profits may be allotted by way of bonus or dividend as follows:-
 - (1) Such part thereof as the Directors shall determine may be allotted to the persons in the employment of the Society, or such of them as the Directors may select, at the close of the period to which the division relates in proportion to the salaries or wages earned by them respectively during the said period, or in such other way as the Directors may prescribe, declaring that a list of employees entitled to participate and a statement of the amount of their salaries or

wages made up and authenticated by an official or officials of the Society instructed by the Directors to that effect, shall for the purpose of the allotment be accepted by all parties interested as conclusive and be unchallengeable, and

- (2) The remainder thereof may be paid to each Member by way of dividend, each Member receiving the same dividend per Share, regardless of the class or number of Shares held by them.

LOANS

18. LOANS

The Board may obtain loans from Members on such terms and subject to such security as the Board sees fit provided, however, that the aggregate amount of such loans outstanding at any time shall not exceed the value at such time of stock held under the Society's Stock on Agreement Scheme. The Board may obtain loans, overdraft and other facilities from Banks on such terms and subject to such security as the Board sees fit provided the aggregate amount of all indebtedness to Members and Banks does not exceed an amount equal to 80% of the Society's Group Net Asset Value. Notwithstanding the foregoing, the Board shall be entitled to borrow from Members, Banks and others on such terms and subject to such security as the Board sees fit such sums as the Board determines are required to fund the expansion of the Society through acquisition or otherwise.

19. INVESTMENTS

Any moneys of the Society may be invested by the Board in the following manner but not otherwise, namely in the narrower range securities within the meaning of the Trustee Investments Act, 1961, or in any investments authorised in Section 27 (1) and (2) of the Act.

GENERAL MEETINGS

20. ANNUAL GENERAL MEETING

The Annual General Meeting of the Society shall be held within six months from the Society's Financial Year end in each year at such time and place as the Directors may appoint, subject to any direction from previous General Meetings. All other General Meetings of the Society shall be called Extraordinary General Meetings. The business of an Annual General Meeting shall be to receive from the Directors a balance sheet showing the receipts and expenditure, funds and effects of the Society together with a statement of the affairs of the Society since the last Annual General Meeting and of their then condition, and the report of the Auditors thereon; to elect Directors, the Auditor or Auditors and such of the officers of the Society other than those whose appointment is given to the Directors and to fix the remuneration, if any, of the Directors. Any Member entitled to vote wishing to bring any matter before an Annual General Meeting of the Society shall give notice of motion to the secretary not sooner than the 1st nor later than the 15th of January of the year in which the meeting is to take place and such notice of motion shall be included in the notice convening the meeting.

21. EXTRAORDINARY GENERAL MEETING

Extraordinary General meetings duly convened by the Secretary, either on an order of the Directors or upon a requisition signed by not less than twenty Members and delivered to the Secretary stating the purpose of the proposed meeting. If the Secretary fails within 14 days to convene an Extraordinary General Meeting when so requested, the Members' signatory to the requisition may convene it by giving such notice as is mentioned in the following clause.

22. NOTICE OF GENERAL MEETING

22.1 At least 7 clear days' notice shall be given to each Member of every General Meeting.

22.2 The notice shall state the time and place thereof, the business to be transacted at such meeting and shall be notified to each Member by any one or more of the following methods:-

- (a) posted to each Member's home address as shown in the Registrar of Members from time to time;
- (b) sent to each Member's email address as notified to the Society from time to time;

- (c) via advertisement on the Society's website;
- (d) via advertisement in newspapers circulating in the district covered by the Society's operations.

22.3 No business other than that stated in the notice shall be brought before the meeting.

23. CHAIRMAN AT GENERAL MEETINGS

The Chairman of the Board shall preside as Chairman at all General Meetings of the Society. If he is not present within 15 minutes of the time appointed for holding the meeting the Vice-Chairman shall preside, failing whom the Members present shall appoint one of their number to be Chairman of the meeting.

24. VOTING AT GENERAL MEETINGS

24.1 Votes shall be first taken by a show of hands of the Members present in person but a poll may be demanded by at least five of such Members or by one or more, such Members holding or representing or entitled to vote in respect of at least one-tenth of the capital represented at the meeting.

24.2 If a poll be demanded it shall be taken in such manner and at such time and place as the Chairman presiding at the meeting shall direct and the result of such poll shall be deemed to be the Resolution of the Society. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question of which the poll has been demanded.

24.3 Every Member present at the meetings except a Member who is a joint holder of shares, to whom under Rule 6 notices need not be sent, shall have one vote and votes may be given either personally or on a ballot by proxy. The Chairman shall have one vote and in the case of an equality of votes, whether on a ballot or on a show of hands, he shall be entitled to a second or casting vote.

24.4 The voting procedure hereinbefore described shall not be applicable to the election of persons to the Board of Directors, which situation shall be governed by the procedures outlined in Rule 30.

25. PROXIES

25.1 The instrument appointing a proxy shall be in writing under the hand of the appointer, or, if the appointer is a company or society, either under its common seal or under the hand of an officer or attorney so appointed.

25.2 No person shall act as a proxy unless either he is entitled on his own behalf to be present and vote at the meeting, or he has been appointed to act as proxy for a company or society. The instrument appointing a proxy shall be deposited at the Registered Office of the Society not less than forty-eight hours before the time for holding the meeting at which it is to be used, and in default the instrument of proxy shall be in the form prescribed by the Directors of the Society from time to time.

26. REPRESENTATION OF SOCIETIES OR COMPANIES

A society or company that is a Member shall be entitled to be represented at General Meetings by any person it may appoint under its seal or by way of resolution of its board. Such person during the continuance of his appointment shall be eligible for election to the Board.

27. QUORUM AT GENERAL MEETINGS

A quorum at General Meetings shall consist of 5 Members. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business.

28. PROCEDURE IF NO QUORUM IS PRESENT

If within half an hour from 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 to such day and at such time and place as the Members present may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.

29. PROCEDURE AT AN ADJOURNED GENERAL MEETING

The Chairman may, with the consent of a majority of the Members present at 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 any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

30. BOARD OF DIRECTORS

- 30.1 The Society shall be managed by a Board of Directors of such number, being not less than 8 and not more than 11, as shall be determined from time to time by the Board. Only Members of the Society who are aged 16 years or more may be appointed as Directors. The Board shall be entitled to appoint and to remove from office as a Director of the Society the person who is from time to time employed as Chief Executive ("the Chief Executive"). If so appointed, the Chief Executive shall be entitled to hold office as a Director of the Society only for as long as he remains employed as the Chief Executive. The Board shall also be entitled to appoint and to remove from office as a Director of the Society up to three individuals, each of whom is an employee of or consultant to the Society or one of its subsidiaries (each an "Executive Director"). Any Executive Director shall be entitled to hold office as a Director of the Society only for as long as he remains an employee of or consultant to the Society or one of its subsidiaries. The following provisions of the Rule 30 relating to the Directors at Annual General Meetings (including the requirement to hold or be deemed to hold shares in the Society) shall not apply to the Chief Executive or to any Executive Director. Furthermore, none of the Chief Executive or any Executive Director shall (i) be counted for the purposes of calculating the number of Directors who are to retire at any Annual General Meeting (ii) be counted for the purpose of calculating the number of Directors to be determined by the Board from time to time.
- 30.2 A Director will, subject to the re-election provisions hereafter contained, be elected to serve in office for a maximum period of nine years, which

maximum period may be extended by an additional period of up to six years in office as Chairman, Vice-Chairman or Deputy Vice-Chairman (applying to those offices in aggregate), said further period to be subject to the approval of the Board.

30.3 In the case of directors and office-bearers in post at 25th July 2001 and aforesaid periods shall run from 25th July 2001.

30.4 At each Annual General Meeting one fourth of the Board, or if their number is not a multiple of four, the number nearest to, but not greater than one fourth, shall retire from office, but shall be eligible for re-election. The order of retirement shall be determined so far as practicable by priority of election, but if necessary by ballot of the directors.

30.5 The Society at the Annual General Meeting at which a Director retires in the manner foresaid, may fill up the vacated office by electing a person thereto, but no person shall be eligible for election to the office of Director at any Annual General Meeting unless not sooner than the 1st nor later than 5.00 p.m., on the 15th day of January of the year in which the Meeting is to take place, there shall have been left at the Registered Office of the Society, a nomination in writing in the form prescribed by the Secretary from time to time, signed by twenty Members duly qualified to attend and vote at the meeting for which such nomination is given nominating such person for election, except in relation to the nomination of a retiring or co-opted director, eligible for election, which shall only require to be signed by one such Member, together with a Notice in writing signed by that person of his willingness to be elected. Where it is ascertained by the Chairman of the Board of Directors of the Society that more such duly lodged valid nominations have been received than vacancies be created on the Board hereinbefore described, the Chairman shall make appropriate arrangements with the Secretary of the Society for the holding of a postal ballot of all Members between 16th January and the date of the Annual General Meeting. Every Member shall be entitled to vote in the postal ballot, but there shall be no proxy votes. The result of such ballot shall be declared to the Members of the Society by the Chairman at the Annual General Meeting and the Members duly elected by such ballot shall take and hold office as Directors from the date of the Meeting. The result shall be binding on the Members of the Society.

In the event of there being an equal number of nominations and vacancies on the Board, no postal ballot shall be required and the Members so nominated shall be deemed to be elected.

- 30.6 To be eligible for election as a Director, a Member shall hold in his own right or be deemed in accordance with Rule 26 hereof, to hold shares of the nominal value of at least £500.
- 30.7 In the event of a casual vacancy occurring on the Board, the Board may, except in the case of the first casual vacancy occurring after 24th October 1988, which shall not be filled, appoint any Member of the Society to fill the vacancy and the Member so appointed shall hold office only until the next Annual General Meeting when he shall be eligible for re-election, but shall not be counted for the purpose of obtaining a number of Directors to retire by rotation at the meeting.
- 30.8 The Board may delegate such part of their duties to an Executive Committee or any other Sub-Committee as they may from time to time determine.

31. DUTIES OF THE BOARD

The Board shall have full power to superintend and conduct the business of the Society according to the Rules thereof, and they shall in all things act for and in the name of the Society.

32. MEETINGS OF BOARD

- 32.1 Meetings of the Board shall be held at such place, date and hour as may be agreed by them from time to time. The Chairman or, if he be not present, the Vice-Chairman, failing whom the Deputy Vice-Chairman shall preside. Unless otherwise determined by a General Meeting, a quorum at Board Meetings shall consist of three Members excluding any Executive Director.
- 32.2 Every question shall be decided by a majority of votes and if votes are equal the Chairman of the meeting shall have a casting vote in addition to his vote as a Member.
- 32.3 Any Member of the Board may call an Extraordinary General Meeting

thereof by giving seven clear days' notice in writing to the Secretary, but at such meetings no other business than that specified in the notice shall be taken into consideration.

33. ELIGIBILITY FOR BOARD

- 33.1 A Member or a person who represents a Member in accordance with Rule 26 shall be eligible for election to the Board unless:
- (a) he is bankrupt or has suspended payment or compounded with his creditors;
 - (b) he does not have the minimum shareholdings specified in Rule 30.

34. DISQUALIFICATION OF DIRECTORS

- 34.1 The office of a Director shall ipso facto be vacated:
- (a) if he is absent from four consecutive meetings of the Board without special leave of absence from the Board expressed by a duly recorded resolution;
 - (b) if he ceases at any time to be a Member of the Society except in the case of the Chief Executive or an Executive Director;
 - (c) if he ceases to be eligible for membership of the Board under Rule 33 except in the case of the Chief Executive or an Executive Director;
 - (d) if he sends in a written resignation to the Board and the same is accepted or not being accepted is not withdrawn within seven days;
 - (e) if he is removed under Rule 35;
 - (f) if representing a Member that Member ceases to be a Member.

35. REMOVAL OF DIRECTORS

The Society in General Meeting may, by resolution, remove any Director before the expiration of his period of office, and may by resolution appoint another person in his stead. The person so appointed shall hold office only for as long as his predecessor would have held office, but shall be eligible for re-election.

36. REMUNERATION OF DIRECTORS

The Directors shall be entitled to be reimbursed for all travelling, hotel and subsistence expenses properly and reasonably incurred by them in attending meetings of the Board and the Society or otherwise in connection with their duties as Directors. Save for the Chief Executive and any Executive Directors who shall be entitled to remuneration in accordance with their respective contracts with the Society or one of its subsidiaries, the Directors shall be entitled only to such remuneration for their services as may be approved at a General Meeting of the Society.

37. DIRECTORS BECOMING SURETY

Should any Member of the Board, with the consent of the Board, become surety for any debt or liability incurred on behalf of the Society, he shall not be removed from office without his consent until such liability has ceased.

38. DISCUSSIONS AT MEETINGS

No political or sectarian discussion or resolution shall be raised, or proposed, at any meeting of the Society or Board.

OFFICERS

39. CHAIRMAN, VICE-CHAIRMAN AND DEPUTY VICE-CHAIRMAN

39.1 The Board shall at its first meeting following the Annual General Meeting in each year elect from among its own number but excluding the Chief Executive and each Executive Director a Chairman, Vice-Chairman and Deputy Vice-Chairman of the Board, who shall hold office until the corresponding meeting in the following year, but who shall be eligible for re-election or election as any Office Bearer.

39.2 Any, or each of them, may be removed at any time by a resolution of the Board at a meeting called for that purpose and such meeting shall fill the vacancy or vacancies. If any or each of them shall resign from office a meeting of the Board shall be convened, and such meeting shall fill the vacancy or vacancies.

39.3 In filling a vacancy or vacancies the following rules shall be applied:

- (a) Where a vacancy for Chairman arises, the offices of Vice-Chairman and Deputy Vice-Chairman shall also be vacated. The Board, acting by majority, shall fill the position of Chairman; the position of Vice-Chairman shall be filled by the new Chairman's nominee; and the position of Deputy Vice-Chairman shall be filled by the new Vice-Chairman's nominee, but in each case without prejudice to the provisions of Rule 39(2).
- (b) Where a vacancy for Vice-Chairman or Deputy Vice-Chairman arises, in either case without a vacancy for Chairman also arising, each such position shall be filled by the Board, acting by majority.

40. OTHER OFFICERS

40.1 The Board shall appoint and may remove a Secretary and such other officers as they may deem necessary, and shall determine their remuneration and respective duties in addition to those set out in the Rules. The Secretary of the Society shall:

- (a) summon and attend all meetings of the Society and of the Board, and of any sub-committee if so required by the Board, and shall keep minutes of such meetings;
- (b) have charge of all moneys, books, documents and other property of the Society; and, if required by the Board shall keep the accounts in such manner as they direct;
- (c) keep all the books relating to shares and loans required to be kept under the Rules of the Society;
- (d) make all necessary returns relating to the business of the Society, and shall prepare and send all returns required to be made to the Registrar;
- (e) in these and all other things act in the discharge of his duties under the direction and control of the Board.

41. SECURITY BY OFFICERS

Every officer having receipt or charge of money shall, before taking upon himself the execution of his office, become bound, either with or without a surety as the Board may require, in a bond according to one of the forms set forth in the Schedule 1 to the Act, or give the security

of a guarantee Society in such sum as the Board may direct, sufficient to cover moneys of the Society ordinarily in his hands from time to time.

THE SEAL

42. USE OF THE SEAL

- 42.1 The Seal of the Society shall be of steel and shall have the Society's name engraven in legible characters thereon, and shall not be affixed to any document without the expressed authorisation of the Board. The date of such authority shall be mentioned on the instrument to which the Seal is attached and shall be attested by the signature of one member of the Board.
- 42.2 For avoidance of doubt, documents can be executed on behalf of the Society in the following manner:-
- (i) by affixing the Seal to the document, such Seal to be attested by the signature of one member of the Board;
 - (ii) by the signature of two members of the Board;
 - (iii) by the signature of one member of the Board and of the Society's secretary;
 - (iv) by the signature of one member of the Board or of the Society's secretary, or of an authorised signatory in the presence of a witness who also signs, as such.

43. CUSTODY OF SEAL

The Seal shall be kept in the custody of the Secretary, or such other officer as the Board shall direct.

USE OF NAME

44. USE OF NAME

The registered name of the Society shall be kept painted or affixed on

the outside of every office or place in which the business of the Society is carried on, in a conspicuous position, in letters easily legible, and shall be engraven in legible characters on its seal and shall be mentioned in legible characters in all business letters, notices, advertisements, and other official publications of the Society and in all bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods purporting to be signed by or on behalf of the Society, and in all bills of parcel, invoices, receipts and letters of credit of the Society.

ACCOUNTS, AUDIT AND ANNUAL RETURNS

45. BOOKS OF ACCOUNT

The Directors shall cause to be kept proper books of account with respect to the transactions of the Society, its assets and liabilities, and establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances in accordance with Sections 75 and 76 of the Act.

46. AUDIT

46.1 There shall be appointed in each year of account a qualified auditor to audit the Society's accounts and balance sheet for that year. In this rule "qualified auditor" means a person who is a qualified auditor under section 91 of the Act.

46.2 None of the following persons shall be appointed as auditor of the Society:

- (a) an officer or servant of the Society,
- (b) a person who is a partner of or in the employment of or who employs an officer or servant of the Society, or
- (c) a body corporate.

46.3 Save as provided in paragraph 46.4 of this rule every appointment of an auditor shall be made by resolution of a general meeting of the Society.

46.4 The Board may appoint an auditor to fill any casual vacancy occurring

between general meetings of the Society.

- 46.5 An auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by a general meeting or by the Board) shall be reappointed as auditor of the Society for the current year of account (whether or not any resolution expressly re-appointing him has been passed) unless
- (a) a resolution has been passed at a general meeting of the Society appointing somebody instead of him or providing expressly that he shall not be re-appointed, or
 - (b) he has given to the Society notice in writing of his unwillingness to be re-appointed, or
 - (c) he is not a qualified auditor or is a person mentioned in paragraph 46.2 of this rule, or
 - (d) he has ceased to act as auditor of the Society by reason of incapacity.

Provided that a retiring auditor shall not be automatically re-appointed if notice of an intended resolution to appoint another person in his place has been given in accordance with paragraph 46.6 of this rule and the resolution cannot be proceeded with because of the death or incapacity of that other person or because that other person is not a qualified auditor or is a person mentioned in paragraph 46.2 of this rule.

46.6 A resolution at a general meeting of the Society

- (a) appointing another person as auditor in place of a retiring auditor, or
- (b) providing expressly that a retiring auditor shall not be re-appointed

shall not be effective unless notice of the intention to move it has been given to the Society not less than twenty-eight days before the meeting at which it is to be moved. On receipt by the Society of notice of such an intended resolution, the Society shall forthwith send a copy of the notice to the retiring auditor. If it is practicable to do so the Society shall give notice to its Members of the intended solution at the same time and in the same manner as it gives notice in accordance with these rules of the meeting at which the resolution is to be moved or if that is not practicable, by advertisement not less than fourteen days before the said meeting in a newspaper circulating in the area in which the Society

conducts its business. Where the retiring auditor makes any representations in writing to the Society with respect to the intended resolution or notifies the Society that he intends to make such representations, the Society shall notify the Members accordingly as required by section 95 of the Act.

46.7 The Auditor shall in accordance with section 87 of the Act, make a report to the Society on the accounts examined by him and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which he is appointed.

47. ANNUAL RETURN

Every year not later than the date provided for by the Act, the Secretary shall send to the Registrar the annual return in the form prescribed by the Registrar relating to its affairs for the period required by the Act to be included in the return together with

- (1) a copy of the report of the auditor on the Society's accounts for the period included in the return, and
- (2) a copy of each balance sheet made during that period and of any report of the auditor on that balance sheet.

48. COPIES OF ANNUAL RETURN

The Secretary shall be supplied with copies of the last annual return, together with the report of the auditor on the accounts and balance sheet contained in the return, and shall supply such a copy gratuitously to every Member or person having an interest in the funds of the Society, on demand.

NOMINATIONS AND PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

49. NOMINATIONS AND PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

49.1 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 Board 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.

49.2 A Member may in accordance with the Act nominate any person or persons to whom (subject to the provisions of the Act as to amount and the persons to whom a valid nomination may be made) any of his property in the Society at the time of his death shall be transferred. On receiving satisfactory proof of death of a Member who has made a nomination the Board shall if and to the extent that the nomination is valid under the said 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.

STATUTORY APPLICATIONS TO THE REGISTRAR

50. APPLICATIONS TO THE REGISTRAR

50.1 The requisite number of Members may in accordance with the Act apply to the Registrar:

- (1) for the appointment of an actuary or accountant to inspect the books of the Society and report thereon,
- (2) for the appointment of an inspector to examine into the affairs of the Society and to report thereon, or
- (3) for the calling of an Extraordinary General Meeting of the Society.

ARBITRATION

51. ARBITRATION

If any dispute shall arise between a Member or any person aggrieved, who has for not more than six months ceased to be a Member, or any person claiming through such Member or person aggrieved, or under the Rules, and the Society or an officer thereof, it shall be decided failing agreement by the Sheriff Principal of Grampian, Highland and Islands or any of his Sheriffs at Aberdeen.

DISSOLUTION OF THE SOCIETY

52. DISSOLUTION

52.1 The Society may at any time be dissolved by the consent of three-fourths of the Members, testified by their signatures to an instrument of dissolution, or by winding-up in manner provided by the Act.

52.2 In the event of the Society being dissolved by instrument of dissolution or by voluntary winding-up no Member shall receive in the dissolution any amount exceeding his paid up share capital together with the interest or dividends (if any) due and any other moneys to which he may then be entitled under these rules. As to any surplus funds remaining after paying all debts and expenses of the winding-up or dissolution by instrument as the case may be and after paying to the Members the full amounts to which they are respectively entitled under the foregoing provisions of this Rule the liquidator, in the case of a voluntary winding-up and the Board, in the case of an instrument of dissolution, shall treat and supply such surplus as if it were profit available for distribution as bonuses to Members under Rule 17 but payable only to the Members who have done business with the Society during each of the seven last completed financial years and the broken period prior to the dissolution and in proportion to the business done during that period by such shareholders with the Society or at the discretion of the liquidator of the Board, as the case may be, in proportion to the profits earned by the Society on such Members' business during that period.

COPIES OF RULES

53. COPIES OF RULES

It shall be a duty of the Board of Directors to provide the Secretary with a sufficient number of copies of the Rules to enable him to deliver to any person on demand a copy of such Rules, and the duty of the Secretary to deliver such copies accordingly.

AMENDMENT OF RULES

54. MODE OF AMENDING RULES

The Rules may be amended by addition, deletion, or revision, by resolution of a three-fourths majority at an Extraordinary General Meeting, but no addition, deletion, or revision shall render a Member liable in any way to increase his liability to contribute to the Share or Loan Capital of the Society unless he expressly consents, in writing, to that being done. No amendment of Rules is valid until registered.