

# **SECONDARY RULES OF PEC RENEWABLES LIMITED**

**PEC Renewables Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014, registration number 32286R.**

**These secondary rules have been established, in accordance with clause 93 of the Rules of the Society in order to direct the management, conduct and proceedings of PEC Renewables Limited.**

This document should be read in conjunction with the primary rules of PEC Renewables Limited.

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## **1.0 Membership and Shareholdings in the Society**

### **1.1 Becoming a member of the society**

Members must complete an application for membership. The Directors approve applications for membership or can choose to delegate this responsibility. A community benefit society is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership.

### **1.2 Membership criteria**

In order to become a member of the society the applicant must meet the below criteria:

- Be over 16 years of age
- Agree with the objectives of Society
- Fill in an application form
- Apply for the minimum shareholding

Responsibilities of members include attending general meetings and take an active interest in the operation and development of the society.

### **1.3 Member's voting rights**

At the society's annual general meeting (and other general meetings of the society), each member has one vote. Members will have one vote each irrespective of the number of shares they may hold.

### **1.4 Shares**

Members are shareholders, paying £1 for each share they hold. All shares in the society are classed as ordinary shares.

The society may issue some shares as designated for a particular purpose. Those shares may carry a risk or return which is different from that for other shares.

Members of the society must have a minimum shareholding of 50. A member's total shareholding cannot exceed the maximum the law allows. Currently that is £100,000. But that limit does not apply if the member is a community benefit society.

Members that withdraw their shares will no longer be members of the society.

### **1.5 Confirmation of shares**

When shares are issued, the society will provide a share certificate in respect of those shares. At that time a member's details will be entered into the society's register of members.

The society will take reasonable steps to verify the identification of members. The society will retain a copy of all documents seen to verify the identity of a member.

### **1.6 Withdrawal of shares**

Shares shall be withdrawable only in accordance with the provisions of the society's primary rules. Shares shall not be transferable except on death or bankruptcy.

When members withdraw shares, the society may return the money paid for them. All shares withdrawn shall be cancelled. If shares are withdrawn the society will pay any interest accrued to the date of withdrawal.

When members apply to withdraw shares, they will need to complete a withdrawal form (as set by the society's directors); comply with any procedures the society's directors may set; and produce evidence of identity (if not previously provided)

Shares may be withdrawn on 3 months' notice. All withdrawals shall be in the order in which the notices are received by the society. The return of Members' capital can be achieved by PEC Renewables purchasing the Shares back from the Members.

Members must return their share certificates to the society 3 months after providing notice of withdrawal.

From time to time, the society may suspend (or limit) a member's right to withdraw shares for a fixed period or indefinitely.

If requests for Shares to be bought back are oversubscribed (i.e. greater than the amount the Directors deem appropriate to acquire) the amount of capital acquired per Member will be pro-rated according to their proportional holdings.

If requests for Shares to be bought back are less than the Directors deem appropriate to acquire, then the Board may decide to repay Member capital early on all such requests in a given year.

## **1.7 Loss of a share certificate**

The members of the society are those whose names are on the register of members.

So, at their discretion, the directors may allow the society to replace a lost or destroyed share certificate. The directors may set conditions for the replacement. Members will have to meet those conditions before the society can issue the replacement.

## **1.8 Interest on shares**

The society may use its property and profits only to promote its objects. The society will not pay members any dividend, bonus or other share in profits. However, the Society can pay interest on shares.

From time to time the directors will issue a share offer when others will have the opportunity to buy shares in the society and become a member. The share offer document will detail the minimum shareholding and expected interest rates and the directors should set a maximum rate of interest. The society will not pay a rate of interest that is higher than needed to fund the society's activities. In setting the rate, the society's directors will take particular account of the society's community purpose, with the expectation of a social dividend, rather than personal financial reward.

The directors of the society will set the rate of interest and it will be a variable interest rate. On an annual basis, the Board will make a recommendation to the annual general meeting, for the level of interest payable to members.

The actual interest rate payable should only be determined after the financial year end, when the profit for the period is known and the board is in a position to make recommendations to the annual general meeting of members about the application of profits.

The intended share interest rate will normally be set by the Board at the outset of each year. The interest payment will usually be made following the annual general meeting. Each annual general meeting will also

forecast the level of interest that the society will hope to pay for the year ahead. The interest paid may be reduced if operating surpluses are lower than expected.

The society may issue some shares as designated for a particular purpose. Those shares may require an interest rate which is different from that for other shares. The directors may also recommend a different interest rate is payable on shares against these different purposes to reflect differing performance, should this arise.

Payment of the Members' interest and repayment of capital is not guaranteed and will be subject to PEC Renewables earning sufficient operating surplus and having sufficient cash reserves.

## **1.9 Death or bankruptcy of a member**

For shareholdings where the member has no nominee and their personal representatives have applied for probate of letters of administration, the society will transfer the shares to the member's personal representative. The society must see the probate letter or letters of administration.

After the society has transferred the member's share to their personal representative, the personal representative may apply to withdraw the share, but cannot exercise any other membership rights for that share.

After the society receives written proof that a member is bankrupt, the trustee of their estate may apply to withdraw the share. The trustee cannot exercise any other membership rights for that share.

## **1.10 Conversion of the Society**

The society may convert itself into a company, amalgamate with another society or company, or transfer its business to another society or company. The society or company (into which the society converts, or with which it amalgamates, or to which it transfers its business) must have objects similar to those of the society, in line with the Co-operatives and Community benefit Societies Act 2014.

Members are not to benefit financially if the society converts, or transfers its business or is wound up.

## **2.0 Meetings & Code of Conduct**

### **2.1 Meetings**

Meetings of the Board and the sub committees are the way for PEC Renewables to conduct its strategic business between general meetings. The rules for General and Board meetings are contained in the Society's Rules. Board meeting minutes are available on request and any member who wishes, can also attend.

All members will be notified of where and when a General meeting will be held and the principal matters it will discuss. It will be chaired by a director. Minutes will be recorded. Members will be asked to sign in at all meetings.

As set out in PEC Renewable's Rules, all resolutions, recommendations are passed by vote normally conducted by show of hands, and a simple majority is normally sufficient. Specific instructions for other voting matters and the vote of the Chair are contained in the Rules. Electronic voting can be used, where appropriate.

Those attending General meetings will be expected to adhere to normal good standards of behaviour and members will seek permission of its Chair before addressing the meeting.

## **2.2 Code of Conduct**

The Chair will introduce each agenda item and will be responsible for balancing the need to ensure all members can put forward their views with the level of detail they wish, and the need to move the business of the meeting forward. The Chair will introduce Members in the order that they have expressed their wish to speak.

Members must act appropriately and treat people and organisations with respect; never being derogatory in their speech or manner.

Members must act in a way that is fair and unbiased, in the society's best interest, and not seek to gain any advantage for themselves, family or friends. This will also be for the public best interest.

Members must allow everyone to take part without interruption or intimidation and treat everyone equally.

Members must not act or speak in a way that may be perceived as bullying, abusive, or discriminatory.

The Chair has the right to ask a Member to leave a meeting, temporarily or for the remainder of the meeting if their behaviour does not meet the requirements.

If the Member refuses to leave, the Chair has the right to adjourn the meeting.

If a Member has been requested to leave but does not agree with this decision, they must however leave the meeting and write to the Chair to address their concerns.

## **2.3 Complaints**

If a member has any concerns in relation to any aspect of the operation of the Society, or any decision made by the Board, then these should be addressed, in writing, to the Chair of PEC Renewables or alternatively the Company Secretary, who will review this and respond directly to the complainant.

## **3.0 Policies and Procedures**

### **3.1 Adopting and reviewing policies**

The Board of Directors will approve policies and procedures which must be followed. Each policy and procedure will have version number, date of approval and date of review.

The Board may delegate reviews and revisions of policies and procedures to sub-committees or staff members. All policies and procedures are reviewed at least, annually to ensure that they are fit for purpose. Any major changes or revisions to established Policies and procedures will be subject to approval by the main Board.

### **3.2 Commercial confidentiality**

Directors are accountable to the members and the Board normally conducts its business affairs in a manner transparent to the society membership. However some information is commercial in confidence,

or should otherwise remain private (such as if it concerns an issue which might lead to a court hearing), and therefore may not be shared with the wider membership without potentially placing PEC Renewables Ltd at risk, or the directors in breach of their duty to act in the best interests of the society, or both.

### **3.3 Procedures for share applications**

The directors of the society will, from time to time, set the procedures and forms to be used for applying for shares and for the minimum allowable shareholding. Those procedures should include the following:

The directors will obtain legal advice, to confirm that any proposed financial promotion:

- a. Does not contain any untrue or misleading statement; and
- b. Gives a reasonable and fair description of the risks associated with holding withdrawable shares in this society; and
- c. Complies with any voluntary code or guidance which the society may, from time to time, agree.

For this rule, a proposed financial promotion is any document issued by the society to promote the issue of shares (or anything else which might be considered an investment if issued by a company, such as a bond, for example).

***Adopted by the PEC Renewables Board on 14<sup>th</sup> April 2016***