

*The
Constitution
of
The Free State Projects
Economic, Social and Citizen
Upliftment and Development
Primary Co-operative
Limited.*

(The - Co-op.)

An Apology to Members

This document was prepared along guidelines prepared by the registrar and follows a format dictated by the registrar.

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NAME

1. The name of the co-operative is "THE FREE STATE PROJECTS ECONOMIC, SOCIAL AND CITIZEN UPLIFTMENT AND DEVELOPMENT PRIMARY CO-OPERATIVE LIMITED" and has the abbreviated form of "FREE STATE PROJECTS CO-OP. LTD".

FORM OF CO-OPERATIVE

2. This is the constitution of a business undertaking formed as a primary co-operative with limited liability in terms of the provisions of the Co-operatives Act (Act 14 of 2005).

DEFINITIONS USED IN THIS CONSTITUTION

3. [1] In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached in the Co-operatives Act (Act 14 of 2005) shall have a similar meaning and -

"the Act" and "the Co-operatives Act" Means the Co-operatives Act, 2005 (Act 14 of 2005);

"co-operative" and "the co-operative" Means THE FREE STATE PROJECTS ECONOMIC, SOCIAL AND CITIZEN UPLIFTMENT AND DEVELOPMENT PRIMARY CO-OPERATIVE LIMITED that is incorporated in terms of the Act;

"entrance fee" Means a once off fee payable to obtain membership of the co-operative, and which is paid on application for membership;

"membership fee" Means an annual fee payable towards the running of the co-operative, and which may be paid off in equal monthly instalments;

"member loan" Means a loan made by a member to the co-operative in terms of clause 56 of this constitution;

"scribe" Means the person so appointed by the supervisory committee to act as secretary of the supervisory committee. This person may not simultaneously serve as secretary of the board and vice versa;

"supervisory committee"	Means a committee of members that may be constituted in terms of the constitution of a primary co-operative to exercise supervision over the board to ensure the constitution and by-laws of the co-operative are upheld at all times and to be the creative, intuitive, integrative, philosophical, strategic, holistic, problem solving, steering and supervisory body of the co-operative; this being the second highest authority of the co-operative subject to the authority of a general meeting. Supervisors must hold at least one other role within the co-operative as per clause 10[3][c]. At their own discretion the chairperson of the supervisory committee may be known as the chairperson, chairwoman or chairman of the co-operative;
"board"	Means a board of director members constituted in terms of the Act to be the logical, analytical, divisional, practical, tactical, specific, solution implementing, executive and business-minded body of the co-operative which is the third highest authority of the co-operative subject to the authority of a general meeting and that of the supervisory committee. The chairperson of the board shall be known as the lead executive officer of the co-operative;
"ballot"	Means a secret ballot in which it is not known who votes for what;
"investor member"	Means a non-human legal entity which invests financially in the co-operative whose sole benefit received from the co-operative is the dividend or interest payout on shares owned;
"reserve fund"	Means the indivisible reserve fund of the co-operative;

"patronage proportion"	Means the proportion which the value of the transactions conducted by a member with a co-operative during a specified period bears to the value of the transactions conducted by all members with a co-operative during the same period; insomuch that it may be also considered that a member's time spent working for the co-operative and subsequent remuneration for said time would count as a transaction with the co-operative, patronage proportion would also mean the proportion which all time spent by a member working for the co-operative during a specified period bears to the time spent by all members working for the co-operative during the same period;
"incentive goals"	Means goals as determined at an annual general meeting that a member may seek to achieve in order to qualify for bonuses at general meetings, as described in clause 61 of this constitution. Such goals could possibly include: developing ways to make tasks easier or redundant, developing better educational and skill-building goals and techniques, mastering a skill, increasing the quality of a process or product, creating or finding new products and markets, refining a more elegant constitution and making the co-operative more creative, adaptable, or capable;
"share tokens"	Means share certificates that are for one thousand [1000] shares or less;
"the registrar"	Means the Registrar of Co-operatives;
"second of the supervisory committee"	Means the person so appointed by the supervisory committee to act in place of the chairperson of the supervisory committee;

<p>“basic share of benefits and services”</p>	<p>Means the material benefits and services that are provided equally to all members in good standing with the co-operative in terms of clause 5[2] and clause 10[1][b] of this constitution. This basic share of benefits and services counts towards any remuneration owed to the member by the co-operative and is, in whole or in part tradeable, via a modified share transfer form, with other members should a member not use or want any part of their share;</p>
<p>“resolution”</p>	<p>Means each and every resolution or decision which general meetings, the supervisory committee or the board is authorised to decide as declared in this constitution or the Act and any other possible resolution or decision. Supervisory committee resolutions shall overrule board resolutions and general meeting resolutions shall overrule both supervisory committee resolutions and board resolutions should they conflict - subject thereto that the board, with its acknowledged professional experience relating to the financial and commercial dealings of the co-operative will in these matters be the preferred advisory body to the supervisory committee and to general meetings not withstanding the supervisory committee's usual role;</p>
<p>“team”</p>	<p>Means an organisational unit within the co-operative of any size or structure working to perform an acknowledged function or fulfil a need within the co-operative and which can be created or disbanded by a decision at a general meeting, the supervisory committee, the board or ad hoc as needed in urgent or emergency situations by members themselves;</p>

"team leader" Means the person elected as the responsible person for the team by members of the team. Team leaders fulfil a co-ordination or regulatory function for the team in addition to their regular duty within the team. Team leaders do not form part of the management of the co-operative even though they might be members of management of the co-operative when performing the task of a team leader. Team leaders assume all responsibility for the actions of the team's members and for the team itself;

"role" Means a job, task or other duty which the co-operative requires to be done for the production of its benefits and services or for its own internal functioning;

- [2] The clause headings in this constitution have been inserted for administrative convenience only and will not be taken into account in its interpretation.
- [3] In this constitution, unless inconsistent with or otherwise indicated by the context -
- [a] any reference to the singular includes the plural and vice versa;
 - [b] any reference to a natural person includes legal persons and vice versa;
 - [c] gender based pronouns have not been used.

PLACE OF BUSINESS

4. The main place of business of the co-operative is situated at 6 Harper Road, Bedfordview, Johannesburg, Gauteng.

OBJECTIVES

5. The objective of the co-operative is to promote the social, economic and environmental welfare of its members and more particularly -
- [1] To help members uplift and develop themselves to their full potential by providing a supportive, accepting and encouraging environment of creativity, challenge and change - as allowed by the available surplus and the member's imagination in making use of this environment.
 - [2] To provide a complete scope of benefits and services to its members for the purpose of furthering their upliftment and development - as allowed by the available surplus and the member's imagination in making use of these opportunities. This includes but would not be limited to providing food, transportation, clothing, housing, education and skills, employment and entrepreneurial opportunities, the creation and expansion of networking opportunities both inside and outside the country, bulk purchasing capability on products and any other benefit or service conducive to living a happy, healthy life as such a life is allowed by the just laws of the Republic of South Africa.
 - [3] To consider the wider needs of the community, the country and any geographical location or area in which the co-operative operates or has members and to seek to maintain good links with other co-operatives and non-members in a spirit of friendly co-operation and mutual aid, as embodied in the ideas found in this constitution and in international co-operative principles.
 - [4] To become a body that improves South Africa as a whole as embodied in the ideas found in this constitution and in international co-operative principles.
 - [5] To spread the co-operative method of empowering people and conducting business as embodied in the ideas found in this constitution and in international co-operative principles.

DESCRIPTION OF BUSINESS AND ANY RESTRICTIONS ON BUSINESS

6. [1] The business of the co-operative includes but is not limited to the production of food(s), fuel(s) and fibre(s) and other related or derivative benefits and services for the direct provision of benefits and services to members or to be sold on the open market to raise funds to provide for member benefits and services.
- [2] Any amount of business is allowed with non-members and other business enterprises, which are not excluded in terms of clause 6[3] of this constitution, subject thereto that such business dealings are related to furthering the co-operative's objectives.
- [3] The co-operative is restricted from any business dealings with repressive regimes, arms dealers and manufacturers, fission based atomic energy interests, national politicians and those others which can be reasonably shown to be dishonest, dishonourable or ungoodly.

MEMBERSHIP

Requirements for membership and restrictions of membership

7. [1] The requirements are that a member -
- [a] is a natural person, unless an investor member;
 - [b] is over the age of 18 years;
 - [c] will be able to make use of the co-operative's benefits and services;
 - [d] agrees with the co-operative's objectives;
 - [e] is able to accept the rights and responsibilities of membership. The person or entity may then, on application to the board, become a member of the co-operative.
- [2] The co-operative reserves the right to deny membership to any prospective member should the co-operative not have the ability to provide benefits and services or a role to the new member and for any other reason that does not constitute unfair discrimination.
- [3] For any disputes arising or any other circumstances requiring reference to national law, that law shall be the law of the Republic of South Africa.

Application for membership

8. [1] Application for membership shall be made on the form(s) provided for that purpose, and must be accompanied by the entrance fee.
- [2] The board must consider every application for membership and has the right to accept or reject an application.
- [3] The board must, within three [3] months after receipt of an application for membership, notify the applicant of its decision and, in the event of an application for membership being rejected, any amount paid by the applicant to the co-operative must be refunded to them with interest, calculated according to the average inflation rate over the period that the co-operative held the person's money.
- [4] The prospective member must have the objectives of the co-operative and the rights and responsibilities of membership explained to them and must agree with them.
- [5] A person becomes a member of the co-operative after a one [1] month probationary period commencing after such date as their application for membership has been accepted by the board.

Entrance fee and membership fee / subscription fee

9. [1] An entrance fee of ten [10] Rand must be paid on application for membership. This fee is non-refundable under any circumstances on cancellation of membership or if the member is expelled under the provisions of the relevant sections contained in this constitution.
- [2] Each and every member must pay a membership fee of one hundred and forty-four [144] Rand annually. A member may pay off the membership fee in equal monthly instalments. This fee is non-refundable under any circumstances on cancellation of membership or if the member is expelled under the provisions of the relevant sections contained in this constitution.
- [3] Entrance fee and membership fee monies paid to the co-operative shall be held in an interest bearing account known as the entrance and membership fee account.

Rights and responsibilities of members

10. [1] Members' Rights -

- [a] Members have the right to be creative in shaping their living and working environments, whatever their role, in a way that makes their lives or roles easier or more effective and does no harm to other members or the environment as a whole;
- [b] Members have the right to a claim on the basic share of benefits and services which the co-operative provides, provided they are a member in good standing and making headway to meet their responsibilities. This claim cannot under any circumstances be taken away while a person is still a member of the co-operative. Actual delivery of any part of this basic share of benefits and services may be suspended should the member be suspended but the value of benefits and services owed to them during suspension must be made note of and given to them, minus any penalties, once the matter is resolved unless their membership is cancelled;
- [c] Members have the right to participate in as many roles as they choose to take on, in any part of the co-operative and at any level provided they are willing to gain the necessary education and skills required for competent participation;
- [d] Members have the right, while working in any team within the co-operative, to democratically remove and replace their team leader at any time, providing that doing so does not impinge on the team's ability to function; failing that - members have the right to form separate teams with one another in order to fulfil the same task as, and to compete with and improve upon, any existing teams; should they feel that they cannot work with the team leader or with the members of the existing team and do not constitute a democratic majority within that team. Such actions shall be regulated by the supervisory committee;

- [2] Members are asked to remember that these rights are provided, as with all rights, not to be a license for complicity, but instead to be a mandate for action.

... clause is continued on page 14

[3] Members' Responsibilities -

- [a] Members are required to be creative in shaping their living and working environments, whatever their role, in a way that makes their lives or roles easier or more effective and does no harm to other members or the environment as a whole;
- [b] Members are required to conduct themselves in an honest, honourable and goodly manner towards members and non-members of the co-operative;
- [c] Members are required to contribute to the co-operative by taking up a role or roles that they can be productive in. Roles are to be undertaken in a spirit of wholeness for the role itself, the need that created the role and the end results the role produces;
- [d] Members are required to start, and then over time, make a study of, comment on and seek to understand in workshops as organised by members: the co-operative's constitution, by-laws, operations manual, goals, projects, methodologies, membership, the Act the co-operative is registered under, "The Aristos" by John Fowles as well as any other detail that will help the member flourish in the supportive, creative and experimental environment that the co-operative seeks to provide;
- [e] Members are required to continually work towards uplifting and developing their consciousnesses and their physical, emotional, intellectual, spiritual, moral and ethical selves by either conventional or unconventional means, at an even and considered pace. "Considered" meaning that not everything needs to be tackled at once, but that everything should be tackled evenly and in the spirit of balanced personal development;
- [f] Members are required to provide feedback to other members about how they think and feel they and other members are progressing in meeting their responsibilities, as is done in other responsible peer review processes;

[g] Members are required to produce and maintain their own skills sheet which is to list a member's skills and talents, whether professional or day to day, and past and present roles and other members' ratings and opinions of those skills, talents and performances in those past and present roles in order to facilitate the peer-review mechanism between members regarding performance in roles;

[h] Members are required to vote on every issue that can be voted on should they be in physical or electronic attendance at any meeting;

[4] Attempting to deny these rights to others or serious or repeated minor infractions of these responsibilities may result in the suspension or expulsion of the member under clause 19 of this constitution or the application of disciplinary measures under clause 21 of this constitution.

ISSUE OF SHARES AND MINIMUM SHAREHOLDING

11. The co-operative will issue shares such that -
- [1] Shares are only ever issued fully paid up. Payment can be in any of the forms accepted by the co-operative, subject to what the co-operative is able to or can accept at the time.
 - [2] Shares may be transferred between members via the share transfer form and these transfers must be recorded by the board who will update the respective member's records.
 - [3] Shares held by members are a store of value and are not used as a basis to determine the weighting of any member's vote, patronage proportion payouts, bonus payouts or any other financial calculation relating to the paying out of monies to members except for the payout of the actual shares.
 - [4] The minimum number of shares is one [1] and this share is issued gratis when membership is approved by the board.
 - [a] This first share and only this first share is referred to as the member's membership share and members are requested not to sell, transfer or use this share as any form of security in any way;
 - [b] Ownership of this membership share represents membership of the co-operative and must be surrendered should membership end for any reason including death of the member;
 - [c] A membership share token must be issued to all members along with this share;
 - [5] There is no maximum percentage on shareholdings held by any member.
 - [6] The methods of payment accepted by the co-operative in exchange for all shares except the membership share are: any national currency, any type of diesel (or an equivalent amount of energy as contained in the necessary number of metric litres of co-operative produced biodiesel), or labour. All transmission costs would be paid by whoever is making the payment.

... clause is continued on page 17

- [7] Share certificates are only issued for share numbers greater than one thousand [1000], however share tokens may be issued in smaller denominations to be determined by the board according to the member's choice. The issuing to the member of share tokens of any denomination or number of shares results in an equivalent number of shares being deducted from the co-operative's records of shares owned by the member. A share statement detailing shares owned by the member that have not been issued as share tokens can be requested should further proof of ownership of shares be required. Interest is not paid on shares that have had share tokens issued against them.
- [8] Additional shares may be issued to a member according but not limited to: length of membership acting in the form of a small multiplier on shares owed to the member, incentive goals successfully achieved, or the provision of an accepted form of payment from the member to the co-operative as set out in clause 11[6] of this constitution.
- [9] The shares of a member who has died may in terms of this clause be transferred to a member or members of that deceased member's family or another person or persons appointed by the member's will or by the executor of the deceased member's estate subject to the approval of one of these options by the board. In the event of such transfer not taking place, the shares of the deceased member shall be credited to the general reserve fund of the co-operative.
- [10] When membership in the co-operative is cancelled in any other way, shares which have not been issued to the member will be paid out in cash or diesel according to the member's choice, at the co-operative's earliest convenience or after six [6] months and from the reserve fund if necessary, whichever is shorter.
- [11] The nominal value of the co-operative's shares is set at six [6] Rand a share. Furthermore, the co-operative values its shares for the purpose of re-purchasing them from members or the open market, if it is able to, as being the current mean average of the selling price of one [1] metric litre of co-operative produced biodiesel.

SHARE TRANSFER FORM

We, the undersigned, declare the transfer of _____ shares in
**THE FREE STATE PROJECTS ECONOMIC, SOCIAL AND CITIZEN
UPLIFTMENT AND DEVELOPMENT PRIMARY CO-OPERATIVE LIMITED**
(the co-operative), from _____ (seller)
to _____ (purchaser), according to an
agreed value acceptable to both of us.

I _____ (seller) am aware of the current
national currency value of my shares and I accept
_____ from the purchaser in exchange
for them and ask the co-operative to reflect this transfer
in its records.

Signed at _____ this ____ day of _____ 2 _____

Signed by:

Seller

Purchaser

LIABILITY OF MEMBERS

12. The liability of any member is limited to an amount equal to any monies owed by the member to the co-operative.

TRANSFER OF MEMBERSHIP

13. Membership may not be transferred.

CONDITIONS AND PROCESSES FOR CANCELLATION OF MEMBERSHIP

Cancellation on death

14. [1] Since membership may not be transferred the membership of a member is cancelled upon their death and any financial holdings of the member either of shares or interest in the deferred bonus payment fund must be transferred in terms of clause 11[9] of this constitution for the shares, and clause 62[3][b] of this constitution for their interest in the deferred bonus payment fund.

Cancellation on change of place of residence

15. [1] The membership of a member who no longer resides in the area served by the co-operative may on application of the member or by decision of the supervisory committee be cancelled by special resolution.

Cancellation when a member is non-active

16. [1] Whenever a member does not actively participate in the activities of the co-operative for a period of two [2] months such a member shall be notified of the co-operative's intention to cancel their membership via the person's chosen method of communication with the co-operative (usually in writing), or
- [2] If a member has neglected to notify the co-operative of any change in their address, whereby the co-operative is prevented from contacting them their membership may be cancelled by special resolution.

[3] Once membership has been cancelled, for a period of three [3] years, a member who wishes to engage or participate in any new enterprise or work for any existing enterprise that is in competition with the co-operative on any level, or that deals in the same products or services that the co-operative does, must furnish the co-operative with the contact details of their new business partners or company and inform their new business partners or company of their previous involvement with the co-operative.

WITHDRAWAL OF MEMBERSHIP

17. [1] Members must give one [1] months notice of intent to withdraw to the board. The resignation of a member comes into effect at the first meeting of the board held after the co-operative has received the written resignation of the member.

[2] The membership of a member who has resigned shall be cancelled by resolution. Upon such cancellation, the entrance and membership fees concerned are forfeited.

[3] The period of responsibility for supervisory committee and board members, and other management positions is set at twelve [12] months and for regular members it is set at six [6] months. This includes legal liability should the co-operative engage or be engaged in legal action.

[4] Once they have withdrawn, for a period of three [3] years, a member who wishes to engage or participate in any new enterprise or work for any existing enterprise that is in competition with the co-operative on any level, or that deals in the same products or services that the co-operative does, must furnish the co-operative with the contact details of their new business partners or company and inform their new business partners or company of their previous involvement with the co-operative.

18. Any debt owed to the co-operative which a member or their estate is liable for shall be paid in full before the co-operative shall be obligated to pay any amount owing to the member concerned.

CONDITIONS AND PROCESSES FOR SUSPENSION AND EXPULSION

19. [1] A member who repeatedly contravenes a provision of this constitution or who refuses to comply with such provision or to meet a duty or responsibility imposed on them by the Act, this constitution or which they agreed to meet, may -
- [a] by special resolution be suspended as a member for a period not longer than twelve [12] months from the date on which they are suspended;
 - [b] by special resolution be expelled from the co-operative.
- [2] Once expelled, for a period of three [3] years, a member who wishes to engage or participate in any new enterprise or work for any existing enterprise that is in competition with the co-operative on any level or that deals in the same products or services which the co-operative does must furnish the co-operative with the contact details of their new business partners or company and inform their new business partners or company of their previous involvement with the co-operative.
- [3] The suspension of a member may be revoked by special resolution at any time.
20. [1] Before a member can be suspended or expelled in terms of clause 19 of this constitution, they have to be given prior notice of the intention of the board via that member's chosen method of communication with the co-operative (usually in writing).
- [2] The notice to such member must contain the following particulars -
- [a] the reasons for the proposed suspension or expulsion;
 - [b] a time when and place where the member may appear in person, with or without witnesses, before the board or to which they may send a written statement signed by themselves setting out their objections to the proposed suspension or expulsion.

- [3] The board must notify the member in writing if it has decided to suspend or expel them, of -
- [a] the date on which their suspension or expulsion comes into effect;
 - [b] period of time during which the suspension will apply; and
 - [c] penalties to be imposed or what disciplinary measures will be taken.
- [4] In the event of cancellation of membership the member forfeits their entrance and membership fees and the amount paid in respect thereof must be credited to the reserve fund of the co-operative.

Disciplinary measures

21. [1] A member who repeatedly contravenes a provision of this constitution or who refuses to comply with such provision or to meet a duty or responsibility imposed on them by the Act, this constitution or which they agreed to meet, may -
- [a] be barred from voting at general meetings or any or all committee meetings;
 - [b] be barred from attending general meetings or any or all committee meetings;
 - [c] have any or all transactions with the co-operative suspended for the period of their suspension;
 - [d] have any or all of the benefits and services which the co-operative provides suspended, transferred, re-assigned or otherwise adjusted;
 - [e] have any other disciplinary measure as decided by their peers and the supervisory committee imposed upon them.

MANAGEMENT OF THE CO-OPERATIVE

General

22. The managers of the co-operative, whether the supervisory committee members, board members or members of any other body appointed by either the supervisory committee, the board, or by the general membership, exist for and by the general membership of the co-operative and for the furthering of the co-operative's objectives. Managers at any level in the co-operative are trusted servants of the co-operative and its members, and serve to further the interests of such. Education and information regarding the management, financial records, etc. of the co-operative shall always be available to members, as organised by members.

Board members

23. [1] Board members can only be nominated and elected according to the professional and business skills they would bring to the co-operative and have to be members of the co-operative when taking up a board position.
- [2] The affairs of the co-operative must be managed by a group of board members consisting of a minimum of three [3] and a maximum of twelve [12] members. The board members must exercise the powers of and perform the executive and commercial duties of the co-operative.
- [3] Any vacancy shall be regarded as a casual vacancy to be filled in terms of clause 31 of this constitution.
24. Without prejudice to the provisions of clause 31 of this constitution, board members shall be elected at the annual general meeting.

Powers of and restrictions on board members

25. [1] The general powers of the board are -
- [a] to manage the affairs of the co-operative on behalf of the members and oversee the day to day business activities and functionality of the co-operative, subject to the provisions of this constitution;
 - [b] to further the success and the objectives of the co-operative;
 - [c] to implement the will and resolutions, whether special or ordinary, of the members and the supervisory committee of the co-operative.
- [2] The restrictions on the board are -
- [a] to be determined by resolutions should they be necessary.

Persons not competent to be board member

26. No person shall hold the office of board member if -
- [1] They are of unsound mind.
 - [2] They are an unrehabilitated insolvent.
 - [3] They have an incapacitating penchant for alcohol or other drugs.
 - [4] They are a director of a non-co-operative undertaking which in the opinion of the board or the supervisory committee trades in competition with the co-operative.
 - [5] They have at any time been convicted (whether in the Republic of South Africa or elsewhere) of theft, fraud, forgery, perjury, or any offence involving dishonesty, dishonour or ungoodliness.
 - [6] They have been a leading or empowered member of a repressive regime, management at an arms dealer or manufacturer or fission based atomic energy interest or have held a national political office and those others which can be reasonably shown to be dishonest, dishonourable or ungoodly.

Term of office of board members

27. [1] The term of office of the board members of the co-operative shall be two [2] years.
- [2] Retiring board members are eligible for re-election.

Nomination of board members and voting for board members

28. [1] Candidates for the position of board member shall be nominated openly for a specific position on the board at the annual general meeting.
- [2] Subject to the provisions of clause 26 of this constitution any member, including a retiring board member, qualifies for election as board member only if they are elected at the annual general meeting.
- [3] Positions on the board can only be filled if -
- [a] there was a specific candidate for that position and the person has gained a majority share of the vote of the membership and the none of the above share of the vote was not larger than their share of the vote;
 - [b] if insufficient or no candidates are nominated to fill a position on the board, such vacancies shall be regarded as casual vacancies to be filled in accordance with clause 31 of this constitution;
29. Whether the method to be followed in electing board members be by ballot or by show of hands shall be as determined by the chairperson of the meeting, subject to the provisions of clause 50[2] of this constitution;
30. At the election of board members a member shall vote for as many candidates as are applying for specific positions on the board and if available for their second, third, fourth, nth, choice of candidate and those candidates receiving the highest number of votes for each position as determined via the modified Borda count method of voting shall be declared elected.

Filling a vacancy on the board

31. Any vacancy occurring on the board during the year shall be filled until the next annual general meeting by a member appointed by the board, subject to the recommendations of the supervisory committee and to the provisions of clause 26 of this constitution. At the said annual general meeting a member shall, subject to the provisions of this constitution, be elected to fill the vacancy. Any board member elected at such annual general meeting shall not hold office for a period longer than the unexpired portion of the period of office of the board member whose office became vacant.

Conditions for vacation of board office

32. A board member shall vacate their office -
- [1] if they become incompetent in terms of clause 26 of this constitution to hold the office of board member; or
 - [2] if they absent themselves from more than three [3] consecutive ordinary meetings of the board without its leave or generally show disinterest in the co-operative's decision making processes; or
 - [3] upon the expiry of fourteen [14] days, or such shorter period as may be approved by the board, after they have resigned as a board member of the co-operative.

Conditions and processes for the appointment of the chairperson, vice-chairperson and acting chairperson of the board

33. [1] At the first meeting of the board held after the formation meeting and thereafter at the first meeting of the board held after every annual general meeting of members or when the necessity arises, the board members shall elect from among themselves a chairperson and vice-chairperson.
- [2] The vice-chairperson shall act as chairperson whenever last named is absent or unable to act as chairperson, and if both the chairperson and vice-chairperson are absent or unable to carry out the functions of the chairperson, the board must elect another board member to be acting chairperson during such absence or incapacity.

34. The chairperson of the board of the co-operative shall vacate the office of chairperson if they -
- [1] cease to be a board member of the co-operative; or
 - [2] resign as chairperson; or
 - [3] are relieved of the office of chairperson.
35. The provisions of clause 34 of this constitution shall be applicable mutatis mutandis to the vice-chairperson and the acting chairperson of the board.

Board meetings and the quorum for board meetings

36. [1] A monthly, or more frequently as needed, meeting of the board must be convened by the chairperson of the board or any two [2] board members of the co-operative.
- [2] The majority of board members in physical or electronic attendance or represented shall constitute a quorum of a meeting of the board.
- [3] Questions arising at a meeting of the board shall be addressed or resolved by a majority of the board members physically or electronically present or represented at the meeting and in the case of an equality of votes, the chairperson of the board or the person acting as chairperson shall have a casting vote in addition to their deliberative vote.
- [4] The board shall produce a report of each meeting and all actions taken after each meeting and forward such to the scribe of the supervisory committee.

By-laws

37. The board has the power to make by-laws, provided they are not repugnant to the letter and spirit of this constitution.

Delegation of powers to a committee

38. [1] The board may delegate one or more of its powers to a board member, manager member or to a committee appointed by the board.
- [2] Any board or committee member or manager so appointed must in the exercise of the powers so delegated, abide by such rules as they may be made, or determined by this constitution or the Act and follow such instructions as they may be issued by the board.

Supervisory committee

39. [1] The members of the supervisory committee shall be mindful of the definition of "supervisory committee" in this constitution and seek to pro-actively involve and educate themselves about the business dealings, industrial processes, internal organisation, operations and other aspects of the co-operative in order to properly exercise their roles in the supervisory committee with reference also to the letter and spirit of this constitution.
- [2] The supervisory committee shall consist of a minimum of three [3] and a maximum of twenty-four [24] members elected at the annual general meeting. Members of the committee must be members of the co-operative who have been able to meet their responsibilities as members and who are able to put forward reasonable evidence, in terms of the definition of the supervisory committee, of being able to serve on such a committee.
- [3] The term of office of each member shall be five [5] years. Any vacancy shall be regarded as a casual vacancy to be filled in terms of clause 31 of this constitution. Retiring members are eligible for re-election.
- [4] The supervisory committee and its members shall be empowered and bound by the provisions of clauses 22 to 38 of this constitution except for clauses 23, 25 and 27 of this constitution. In the same way as these provisions refer to and bind the members of the board, they shall refer to and bind the members of the supervisory committee.
- [5] The supervisory committee must perform the following auditing functions for the co-operative -
- [a] financial reporting to these ends -
 - [i] to attest the financial statements which the treasurer and/or the appointed manager is required to prepare each month;
 - [ii] to review, and challenge where necessary, the actions and judgement of the board in relation to the co-operative's financial statements before submission to, and approval by, the board and before clearance by the auditors; while also paying particular attention to:

... clause is continued on page 29

- [iii] critical accounting policies and practices, and any changes in them;
 - [iv] decisions requiring a significant element of judgement;
 - [v] the extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
 - [vi] the clarity of disclosure and that relevant people have received the disclosure;
 - [vii] any significant adjustments arising from the audit;
 - [viii] the going concern assumption;
 - [ix] compliance with accounting standards and statements of recommended practice
 - [x] compliance with constitutional and other legal requirements;
 - [xi] any other subsequent topics, as defined by the supervisory committee.
- [b] internal financial control and risk management to these ends -
- [i] to review the co-operative's procedures for detecting fraud and reacting to whistleblowing, and ensure that arrangements are in place by which members may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
 - [ii] to review the board's reports, if any, on the effectiveness of the systems for internal financial control, financial reporting and risk management;
 - [iii] to monitor the integrity of the co-operative's internal financial controls;
 - [iv] to review the statement in the co-operative's annual financial statements on the co-operative's internal financial control and risk management framework;

... clause is continued on page 30

- [v] to assess the scope and effectiveness of the systems established by the board to identify, assess, manage and monitor financial and non-financial risks.
- [c] internal audit duties to these ends -
- [i] to ensure that financial statements are drawn up in conformity with internationally accepted accounting best practices;
 - [ii] to verify that the co-operative has maintained adequate records in accordance with the requirements of this constitution and any applicable act of law;
 - [iii] to report generally as to whether the assets and facilities of the co-operative are being properly managed;
 - [iv] to at least every three [3] months examine a percentage of member statements or ledger cards to verify the balances;
 - [v] to similarly report on any other matter the external auditors are required to report on in terms of this constitution and any applicable act of law;
 - [vi] to apply these internal auditing functions both annually and in a spot-check manner in respect of each financial year.
- [d] external audit duties to these ends -
- [i] to oversee the co-operative's relations with the external auditor;
 - [ii] to consider, and make recommendations on the appointment, reappointment and removal of the external auditor;
 - [iii] to approve the terms of engagement of the external auditor and the remuneration to be paid, if any, in respect of audit services provided;
 - [iv] to assess the qualification, expertise, resources, effectiveness and independence of the external auditors annually;

... clause is continued on page 31

- [v] to discuss with the external auditors, before the audit commences, the nature and scope of the audit;
- [vi] to review, with the external auditors, the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit adjustments; levels of errors identified during the audit, obtaining explanations from the board and where necessary the external auditors, as to why certain errors remain unadjusted;
- [vii] to review the audit representation letters before consideration by the board, giving particular consideration to matters that relate to non-standard issues;
- [viii] to discuss with the external auditors their views on the strengths and weaknesses of the systems of internal control;
- [ix] to assess, at the end of the audit cycle, the effectiveness of the audit process;
- [x] to review and monitor the formal report from the external auditors of their audit findings, and the responses, where appropriate, from the board;
- [xi] to develop and recommend to the board the co-operative's policy in relation to the provision of non-audit services by the external auditor and that the provision of such services does not impair the external auditors' independence;

[e] form an audit sub-committee for the purpose of executing these auditing functions for the co-operative. This audit committee shall be comprised of at least three members, these being one supervisory committee member and other members with the necessary industry experience and qualifications to perform these auditing functions who shall prepare general reports regarding these tasks for presentation to the board and for possible inclusion in the co-operative's financial statements. Such reports shall specifically include -

[i] a summary of the auditing functions of the audit sub-committee;

[ii] the names and qualifications of all the members of the audit sub-committee active during the relevant period;

[iii] the number of audit sub-committee meetings held in the financial year and attendance by each member;

[iv] the way the audit sub-committee has discharged its responsibilities.

[f] apply these auditing functions towards any company subsidiaries of the co-operative.

[6] By majority vote, if deemed necessary for the proper conduct of the business of the co-operative, the supervisory committee may recommended for suspension any officer, manager or board member. The board shall follow through and at the next general meeting the supervisory committee shall present a report and recommendation to the members concerning such actions.

[7] The supervisory committee shall receive and investigate any complaint, any breach of the constitution or the by-laws, any team schisms, or any other appeal made by members concerning any aspect of the co-operative. The supervisory committee may seek any relevant information that it requires from any member of the co-operative and all members are directed to co-operate with these requests.

[8] The supervisory committee shall also in their way work to further the success the co-operative and the fulfilment of its objectives by acting as ambassadors, mediators, merchants, witnesses & etc.

GENERAL MEETINGS

40. [1] The co-operative must hold -
- [a] its first annual general meeting within eighteen [18] months of the registration of the co-operative;
 - [b] subsequent AGMs within six [6] months after the end of the preceding financial year;
 - [c] general meetings quarterly.
- [2] The annual general meeting must -
- [a] appoint an auditor;
 - [b] approve a report of the board on the business affairs of the co-operative for the previous financial year;
 - [c] approve the financial statements and auditor's report where applicable for the previous financial year;
 - [d] approve a report of the supervisory committee on the co-operative's progress in achieving its objectives for the previous financial year;
 - [e] elect or confirm any new members to the supervisory committee;
 - [f] elect or confirm any new members to the board;
 - [g] decide on the future business of the co-operative; and
 - [h] by decision by each individual member appoint proxies for purposes of voting and proxies should be people who can undertake the responsibilities of such a position as described in clause 49[2] of this constitution.
- [3] A vote on a resolution or request for consideration of an issue may be tabled by any member within fifteen [15] minutes of the start of the meeting but such petitions may be deferred for up to six [6] months as urgency dictates, both in terms of the existing business the co-operative must deal with and in terms of the urgency of the member's petition.
- [4] Resolutions in lieu of a meeting may not be passed.

Minutes of general meetings

41. [1] The scribe of the supervisory committee or the secretary of the board or a person appointed by the chairperson of the meeting must -
- [a] cause minutes of general meetings to be kept in one of the official languages of the Republic; and
 - [b] keep the minutes at the registered office of the co-operative.
- [2] Minutes in respect of any general meeting must be -
- [a] provided to members on request; and
 - [b] presented for approval at the next general meeting.
- [3] The minutes of any general meeting, signed by the chairperson of the meeting, or a resolution adopted in terms of the constitution of the co-operative is, in the absence of evidence to the contrary, proof of the outcome of the vote or the resolution.

Special general meetings

42. [1] The co-operative may from time to time in addition to its general meetings hold special general meetings of its members to dispose of any urgent matter relating to its affairs specifically set out in the notice convening the meeting.
- [2] A person elected by the meeting shall act as the chairperson of a special general meeting.

Convening of meetings

43. [1] An annual general meeting shall be convened on the authority of the board.
- [2] A special general meeting shall be convened -
- [a] by at least twenty [20] percent of the supervisory committee members of the co-operative; or
 - [b] by at least twenty [20] percent of the board members of the co-operative; or

... clause is continued on page 35

[c] by at least twenty [20] percent of all the members of the co-operative; provided that such members have beforehand in writing petitioned the supervisory committee to convene such a general meeting and the meeting was not convened within twenty-one [21] days reckoned from the date the petition was lodged, or if for any reason there are no supervisory committee members to whom such a petition can be addressed.

[3] Any meeting convened in terms of clause 43[2][c] of this constitution by the petitioners shall, as far as possible, be convened and held in the same manner as is prescribed for meetings convened and held by the supervisory committee and any reasonable expense incurred by the petitioners in securing the names and addresses of members, in sending notices of the meeting to them and hiring accommodation for the holding of the meeting may if so resolved by the meeting, be refunded to the petitioners by the co-operative.

Notice of general meetings

44. [1] A general meeting shall be convened by at least fourteen [14] days notice and notices shall be sent to each and every member of the co-operative, via their preferred means of communication, be it by post, electronic medium or standing notice at an agreed location.

[2] The notice convening the meeting shall in addition to the time and place of the meeting state any agenda items should they be known.

[3] A notice may be delivered personally, forwarded by post to the member at their registered address, emailed to a registered email address of the member, faxed to the registered fax number of the member or sent via SMS to the registered cellphone number of the member.

[4] While reasonable efforts must be made to ensure that members received their message and know about the meeting, non-receipt by any member of a notice of a general meeting of the co-operative does not render such meeting invalid.

- [5] If a notice of a meeting is returned to the co-operative because the member to whom it was sent is no longer resident at the registered address or the email address, fax number or cell number does not exist or does not function, the co-operative shall be relieved of its responsibility to send further notices of meetings to the member concerned unless the member makes an appearance and requests that such notices be sent to their new address.

Quorums

45. [1] A quorum for a general meeting shall be constituted -
- [a] by eighty [80] percent physical or electronic attendance or representation of the entire membership; also
 - [b] by the physical or electronic attendance of both the chairperson of the supervisory committee and the chairperson of the board. One of them may be represented by the second in command of their body; also
 - [c] by actual physical attendance of no less than five [5] percent of these groups if they exist within the co-operative: youth, elder, maturing, women, men and any special interest group or members with a declared point of view or position on a resolution raised at the meeting and under vote. Members may belong to any number of these groups except the obviously mutually exclusive ones;
46. No item of business shall be transacted at any general meeting unless a quorum of members is present during the time when the meeting is considering that item, however a non-quorum but sizeable meeting can recommend a resolution and that resolution must float to near the top of the agenda of the next quorum meeting.
47. [1] If within one [1] hour from the time appointed for the meeting a quorum is not present, the meeting -
- [a] if convened by members or in consequence of a petition of members, must be cancelled;

[b] if otherwise convened, may go ahead and discuss issues subject to clause 46 of this constitution and the meeting must be repeated on the same day in the next week at the same time and place, or if that day is a public holiday, to the next day following which is not a public holiday.

[2] If the same hall or building is not available for an adjourned meeting it may be held at another venue within convenient distance if members are advised of the change of venue either by notice posted at the original venue or by some other means.

Chairperson of a general meeting

48. [1] The chairperson of the board or in their absence the vice-chairperson of the board or in the absence of both, a supervisory committee or board member elected by the meeting shall act as chairperson of a general meeting or a special general meeting convened in terms of the provisions set out in this constitution.

Voting by members

49. [1] At all meetings of the co-operative, each member shall have one vote. Voting may be by show of hands, ballot or via an electronic medium. Should there be more than two options available to vote for, the system described in clause 30 of this constitution must be used.

[2] Members may choose a proxy as they see fit for any type of meeting. Proxies must have proof of their authority to represent the member with them at the meeting. If the agenda was known by the member not present the proxy's proof of authority should contain how the person wants to vote on issues on the agenda or specific refusal by the member to pre-vote, which the proxy would put forward. Postal voting must be by secure, verifiable means. No person may act as proxy for more than fifteen [15] percent of the membership.

50. [1] Any matter for decision by any meeting shall be decided by means of a vote on a show of hands or by ballot, and based on democratic principles. In every vote including votes by ballot members of the supervisory committee and the board must vote by show of hands and their names and details of the vote must be recorded for the public record.
- [2] A vote by ballot shall not be held unless it is demanded by at least five [5] percent of members present at the meeting who are entitled to vote.
- [3] A vote by ballot must be held in such manner as the chairperson stipulates. The number of scrutineers must be at least three [3] and is limited to fifty [50]. Potential scrutineers may be nominated by anyone and must then be selected at random via a suitably random method chosen by the chairperson of the meeting to determine the result of the vote that must be declared by the chairperson of the meeting as the resolution of the meeting.
- [4] A declaration by the chairperson that a resolution has, on a show of hands or by ballot, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive proof thereof, without evidence as to the number or proportion of votes recorded for or against such resolution.
- [5] All votes where there is not a "none of the above" option shall have this option added to the ballot.
- [6] Abstentions to the vote are to be counted as well and clause 50[1] will apply also to abstentions.
51. If no objection is raised in terms of the provisions of this constitution against the validity of any vote cast at the meeting, whether on a show of hands or by ballot, every vote cast at the meeting that has not been disallowed shall for all purposes be deemed to be valid.
52. In the case of an equality of votes, whether on a show of hands or in a vote by ballot, the chairperson of the meeting shall have a casting vote in addition to their deliberative vote.
53. Every matter submitted to a general meeting for resolution, except for a matter requiring a special resolution, shall be determined by a simple majority of votes recorded at the meeting.

Special resolutions

54. Attributes pertaining to special resolutions are as follows -

- [1] A resolution shall be termed a special resolution if the notice by which the general meeting was convened specified particulars of the proposed resolution and stated the intention to propose same as a special resolution, or if calls for a resolution to be a special resolution are made by fifteen [15] percent of members present at the meeting who are entitled to vote and the issue at hand can be reasonably shown to merit being decided by special resolution.
- [2] That they have to be passed by no less than sixty-seven [67] percent of the members present, both in a vote on the show of hands and a vote by ballot, except;
- [3] That any resolution relating to the amendment of the constitution of the co-operative, of the winding up of the co-operative or relating to the dissolution or amalgamation of the co-operative shall be passed by at least ninety-five [95] percent of the votes (or eighty [80] percent should the total membership of the co-operative fall to five [5] members) of all the members of the co-operative, both in a vote on the show of hands and a vote by ballot.

PROHIBITED AND PERMITTED LOANS AND SECURITY

55. [1] The co-operative may give financial assistance by means of a loan or the provision of security to -
- [a] employees of the co-operative or to any of its members, if the financial assistance is available to all members on substantially the same terms;
 - [b] any person on account of expenditures to be incurred on behalf of the co-operative.
- [2] The co-operative may not give financial assistance in terms of clause 55[1] of this constitution whether directly or indirectly if there are reasonable grounds to believe that -
- [a] the co-operative, after giving the financial assistance, will be unable to pay its liabilities if they become due. For this purpose, when calculating the realisable value of the assets of the co-operative, any amounts provided as financial assistance in the form of a loan and any assets pledged or encumbered to secure a guarantee must be excluded;
 - [b] the co-operative has reasonable belief or is shown reasonable proof that the financial assistance will be used in a dishonest, dishonourable or ungoodly manner.

RESTRICTIONS RELATING TO UNSECURED MEMBER LOANS

56. [1] The co-operative shall not borrow or raise money or overdraw a banking account except on authority of a special resolution; provided that the co-operative may borrow or raise money or overdraw a banking account without the said authority of a special resolution up to an amount not exceeding one half of the annual aggregate of the reserve fund.
- [2] The board may, if so authorised by members in terms of clause 56[1] of this constitution, in addition to the loans secured from the commercial banks or any other financial institution, further raise loans from members subject to the following conditions -
- [a] No loan from any individual member shall amount to less than one thousand [1000] Rand and, for the purpose of this paragraph, every successive loan from any particular member shall be regarded as a separate loan;
 - [b] No loan shall be repaid within twelve [12] months after receipt;
 - [c] Interest shall be paid on loans at a rate per annum to be determined by the board from time to time;
 - [d] An acknowledgement of debt shall be issued in respect of each loan;
 - [e] The acknowledgement of debt shall be freely transferable by means of a cession duly registered by the co-operative;
 - [f] Receipt of each loan shall be acknowledged by the following acknowledgement of debt, which shall incorporate either of the conditions [b] or [c] mentioned below -

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ACKNOWLEDGEMENT OF DEBT

We, the undersigned, board member and secretary of **THE FREE STATE PROJECTS ECONOMIC, SOCIAL AND CITIZEN UPLIFTMENT AND DEVELOPMENT PRIMARY CO-OPERATIVE LIMITED**, hereinafter called the co-operative, hereby acknowledge having received the sum of R _____.

from _____ (name)

of _____ (address)

hereinafter called the owner, subject to these conditions -

[a] Interest at the rate of ___% (___ percent) per annum or such rate as the board may determine from time to time, shall be payable to the owner on _____ or at the date of repayment.

[b] The owner shall not have the right to demand payment, but the co-operative, after having had the loan for not less than twelve [12] months, may repay such loan at any time after having given not less than thirty [30] days notice of its intention to repay such loan.

OR

[c] The loan shall be repayable on the _____ day of _____ 2_____ which may not be less than twelve [12] months from the date of this acknowledgement of debt; provided that the board of the co-operative may defer the repayment if the circumstances of the co-operative at the date of repayment of the loan, render such deferment necessary; provided further that the board of the co-operative shall submit for confirmation to the first succeeding general meeting of members its resolution to defer payment of a loan and if the resolution is not confirmed by that meeting of the co-operative, the loan shall be repaid within seven [7] days of the date of such meeting.

Signed at _____ this _____ day of _____ 2_____

BOARD MEMBER
(Signature)

SECRETARY
(Signature)

BANKING ACCOUNTS

57. [1] The co-operative must open a general banking account of the current account type in the name of the co-operative in which all monies received and not deposited in account [2], [3], [4] or [5] below shall be deposited as soon as possible after receipt thereof. This account's chequebook shall be held by the financial board member.
- [2] The co-operative must open a reserve fund account of the savings/investment account type in the name of the co-operative in which all the monies of the reserve fund are to be kept. The monies in this fund are not divisible amongst the members and should only be used for the repayment of any urgent debts. Interest generated on this account shall be split sixty-five [65] percent towards the reserve fund account and thirty-five [35] percent towards the research and development fund account.
- [3] The co-operative must open a research and development fund account of the savings/investment account type in the name of the co-operative in which the monies relating to the research and development efforts of the co-operative are to be kept.
- [4] The co-operative must open an entrance and membership fee account of the savings/investment account type in the name of the co-operative in which all monies received for entrance and membership fees are to be kept. The principal monies in this account may not be spent. Fifty [50] percent of the monthly interest earned on this account must be paid out to members by a monthly system as such a system is determined at a general meeting.

- [5] The co-operative must open a deferred bonus payment fund account of the long term savings/investment account type in the name of the co-operative in which all monies received in terms of clause 62 of this constitution are to be kept. Monies from this account may be invested in other suitable long term savings/investment options for the benefit of all registered contributors of the deferred bonus payment fund as allowed by resolutions by a majority of the supervisory committee and a majority of the board. Members may pay in extra monies into the fund should they wish to do so. The monies associated with this account are the sole property of the contributing members and the co-operative shall under no circumstances have any claim to them.
- [6] Payments made from any account of the co-operative shall be issued by the secretary of the board, except for the research and development account's payments which shall be issued by the chairperson of the co-operative. Payments are to be jointly authorised by the chairperson of the co-operative and by the financial member of the board. All officers who are authorised to make such payments must furnish adequate security for the co-operative if it is requested.

FINANCIAL RECORDS

58. [1] The co-operative must keep such accounting records as are necessary to fairly and accurately reflect the financial state of affairs and the business of the co-operative and to explain the transactions and financial position of the business of the co-operative.
- [2] The accounting records shall be kept at the registered office of the co-operative and shall be available at all times for examination by the general membership, the supervisory committee and the board members.
- [3] The financial year of the co-operative will be from the 17th of April each and every year until the 16th of April the very next year.

AUDITOR

59. The members must appoint an auditor at each annual general meeting, to hold office until the close of the next annual general meeting.

SURPLUS

60. The surplus resulting from the business operations of the co-operative after any financial year shall be distributed to members according to patronage proportion; provided that -

- [1] at least seven [7] percent is set aside as an indivisible reserve in the reserve fund.
- [2] at least seven [7] percent is set aside to provide for a research and development fund that will explore advancements towards helping the co-operative meet its objectives as stated in clause 5 of this constitution.
- [3] at least twenty-five [25] percent is set aside to provide for an imaginatively crafted bonus and incentive scheme for the provision of bonuses available to members that successfully compete for them and which shall be paid to them in terms of clause 61 of this constitution.
- [4] at least three [3] percent is set aside for investing in new business people and businesses that the membership deems worthy of investment.
- [5] and at least thirty-six [36] percent goes towards the constitutional commitments of the co-operative as stipulated in clause 5 of this constitution.

PAYMENT OF BONUSES

61. [1] The provisions allocated in clause 60[3] of this constitution must be allocated to qualifying members according to their achievement of incentive goals and the amount allocated to a member must be determined according to the relative value of the achievement to the co-operative, which may be applied in one or more of the following ways -
- [a] by paying it out either wholly or partly in cash;
 - [b] by paying it out either wholly or partly in fully paid-up member shares -
 - [i] provided that any amount owed to the member which is insufficient to fully pay up a share is paid out in accordance with paragraphs [a] or [c] of this clause;
 - [ii] provided that notice will be given to each member of the number of shares purchased for the member;
 - [iii] provided that such shares will either be issued or transferred in terms of clause 11 of this constitution; and
 - [iv] provided that a record of shares issued is made and if required share certificates or share tokens issued and forwarded to members.
 - [c] by setting it aside in whole or in part according to the member's wishes in the deferred bonus payment fund for future payment to the member.
- [2] Interest on share capital or bonuses declared payable to members, except amounts transferred to the deferred bonus payment fund, does not earn interest from the co-operative.
- [3] Any interest on share capital or any bonus remaining unclaimed for a period of three [3] years from the date on which such interest or bonus was declared payable may, by resolution, be declared forfeit and added to the reserve fund of the co-operative.

DEFERRED BONUS PAYMENT FUND

62. [1] The deferred bonus payment fund must be invested separately according to the stipulations of clause 57[5]
- [2] All amounts transferred to the deferred bonus payment fund shall be credited in the respective names of the members in the books of the co-operative.
- [3] The interests of members and former members in the deferred bonus payment fund must be repaid to them in the following circumstances and subject to these conditions -
- [a] when the fund has been functioning for one [1] year, the interests built up by members and former members during the first year of the fund shall be repaid in whole or in part, according to the individual member's wishes, to those concerned; the following year the interests built up during the preceding years and in that year of the fund shall be refunded in whole or in part to those concerned, et sequentes;
- [b] on the death of a member or former member the interest of the deceased in the fund may in terms of this clause be transferred to a member or members of that deceased member's family or another person or persons appointed by the member's will or their estate in perpetuity subject to the approval of one of these options by the board. In the event of such transfer not taking place, the interests of the deceased in the deferred bonus payment fund shall be credited equally to the remaining members of the deferred bonus payment fund;
- [c] when membership in the co-operative is cancelled in any other way, the interest of the member concerned in the fund shall be repaid to them as it becomes repayable in terms of paragraph [a] of this clause; provided that the entire interest in this fund of a former member shall be given to the member should the member so request this;
- [d] the amounts payable to a member or former member shall in terms of this clause be applied after consideration of any payment of any amount due to the co-operative by such member or former member;

... clause is continued on page 48

[e] any amount to the credit of a member or former member in the deferred bonus payment fund whether living or dead remaining unclaimed for a period of three [3] years from the date it becomes payable to them may by resolution be declared forfeit and shall be credited equally to the remaining members of the deferred bonus payment fund; provided that such a transfer shall not be made unless the member or former member concerned or their listed beneficiaries as determined in terms of clause 62[3][b] of this constitution has first been warned of the proposed transfer by means of a notice sent to their last address, as entered in the register of members or otherwise recorded in terms of clause 62[3][b] of this constitution and they have been given an opportunity of six [6] months to claim the amount.

[4] A living member's or living former member's interest in the fund may not be transferred.

AMENDMENT OF THIS CONSTITUTION

63. [1] The constitution of the co-operative may be amended by special resolution only as determined in clause 54[3] of this constitution.
- [2] Amendments to the constitution shall be clearly identified by clause number and coloured highlighting and shall have minutes of the relevant meeting approving the clauses being amended submitted also.

LIQUIDATION

64. In case of liquidation the patronage proportion must be determined for either the fifteen [15] years which preceded the commencement of the winding up of the co-operative, or the period for which the co-operative has existed, whichever period is the shorter.

DISSOLUTION AND AMALGAMATION

65. [1] The co-operative may be dissolved by special resolution passed in terms of clause 54[3] of this constitution at a special general meeting called specifically for that purpose. Upon dissolution and in terms of the provisions of the Act the assets of the co-operative shall be realised, all liabilities shall be paid, all savings shall be refunded to members and any surplus thereafter be apportioned to members in proportion to the patronage proportion of each member determined for a period of fifteen [15] years, or the period for which the co-operative has existed, whichever period is the shorter.
- [2] The co-operative may be amalgamated by special resolution passed in terms of clause 54[3] of this constitution at a special general meeting called specifically for that purpose; provided further that all the members of the amalgamated co-operative have a common bond as determined by examination of this constitution, especially in terms of clauses 5, 6 and 10 and that the requirements of the Act with regard to the amalgamations of co-operatives are complied with.