

A Co-operative Code for Effective Governance

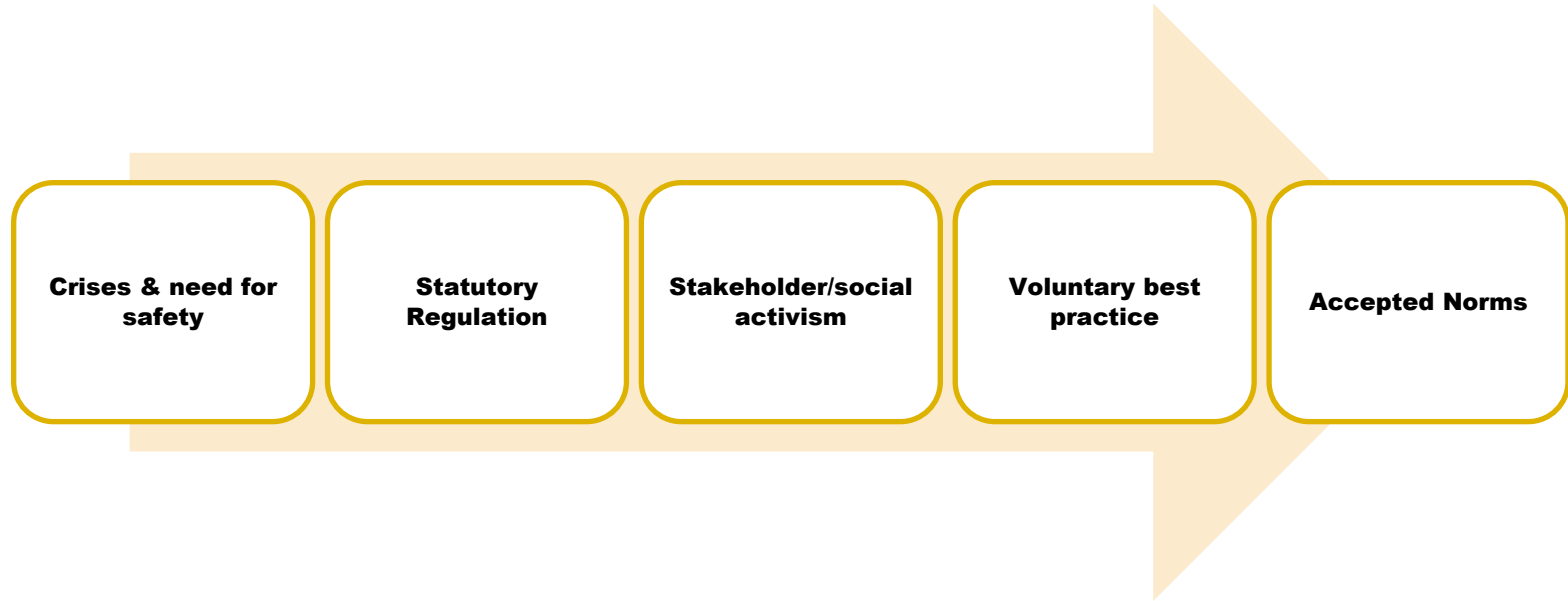
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Practitioners Forum 2018



#PF18



Tory Green Paper 2016

...must rise to the challenge of restoring faith in big business...” and “...deliver growth, opportunity and choice for all”

The Green Paper focussed on:

- **Executive Pay**
- **Strengthening the employee, customer and wider stakeholder voice (inc. communities, supply chains and the environment)**
- **Corporate governance in large privately-held businesses**

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THE UK CORPORATE GOVERNANCE CODE

JULY 2018

Consultation

June 2018

The Wales Corporate Governance Principles for Large Private Companies

UK Corporate Governance Code

Designed to:

- **Set higher standards of corporate governance to promote transparency & integrity in business**
- **Attract investment in the UK for the long term, benefitting the economy and wider society**

UK Corporate Governance Code – structure & reporting

The 2018 Code :

- Is shorter & sharper, with fewer provisions
- Has renewed focus on the Principles
- Has flexibility on compliance through Comply or Explain
- Promotes high quality & meaningful reporting on the Provisions “How they have been applied” rather than whether they have
- Highlights the role of investors & their ability to engage and challenge

UK Corporate Governance Code

Broadens the definition of governance and emphasises the importance of:

- **Positive relationships between companies, shareholders & stakeholders (inc. the workforce)**
- **A clear purpose & strategy aligned with healthy corporate culture**
- **High quality board composition & a focus on diversity & succession**
- **Remuneration which is proportionate and supports long-term success**

Strengthening the employee, customer and wider stakeholder voice (inc. communities, supply chains and the environment)

The revised UK Corporate Governance Code includes a high level principle that says:

- Director appointed from the workforce/advisory panel
- Designated executive director
- Explain stakeholder engagement practices in the Annual Report

5 Key Principles of the Code

- Board leadership & company purpose
- Division of responsibilities
- Composition, evaluation & succession
- Audit, risk & internal controls
- Remuneration

Governance of Large Private Companies

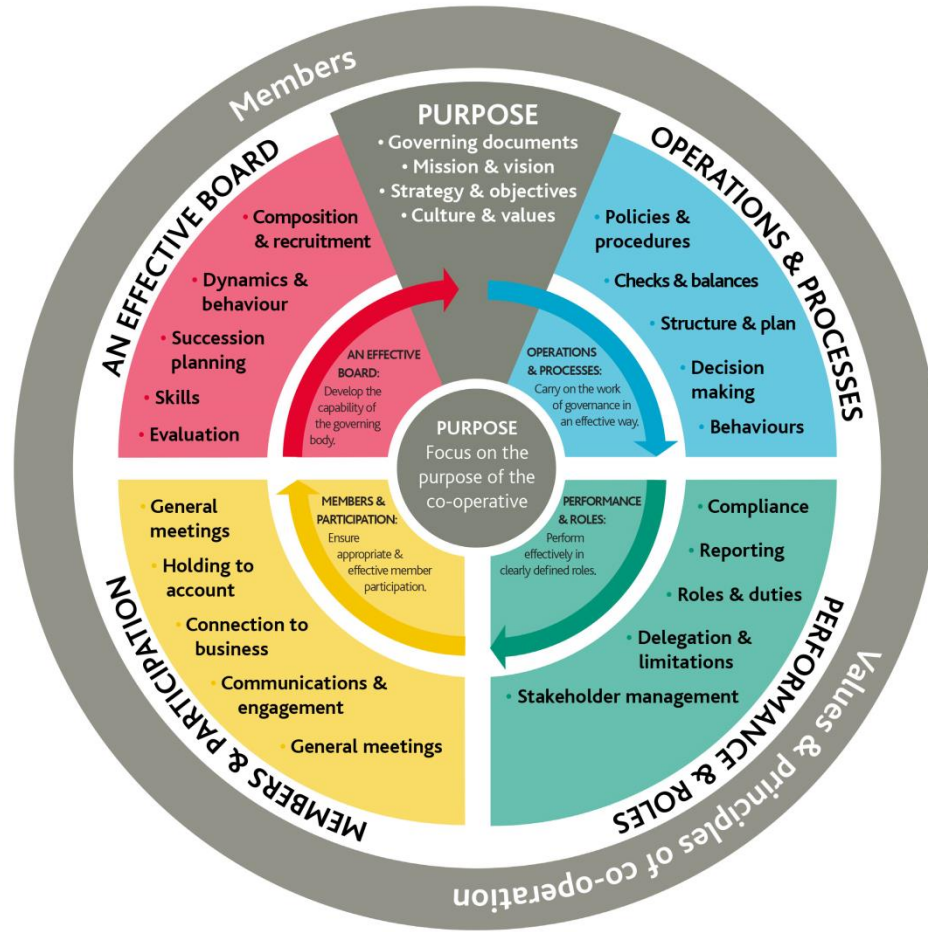
A set of draft principles for large companies that are not subject to the same level of reporting as listed companies. Voluntary principles designed on an apply or explain basis.

For companies that satisfy either or both of the following conditions:

- More than 2,000 employees
- A turnover of more than £200 million, and a balance sheet of more than £2 billion

Governance of Large Private Companies – draft Principles

- Purpose
- Composition
- Responsibilities
- Opportunity & Risk
- Remuneration
- Stakeholders



Co-operatives UK Code - Principles

- **Member Voice, Participation & Engagement**
- **Co-operative Leadership and Purpose**
- **Roles and Responsibilities**
- **Board Composition, Succession and Evaluation**
- **Risk, Financial Management & Internal Controls**
- **Remuneration**

Member Voice, Participation & Engagement

- 1. Co-operatives are member-owned and controlled democratic organisations that demonstrate a clear chain of accountability between the members and the board.**
- 2. Members have clearly defined democratic rights and responsibilities and should actively hold the board to account for the performance and success of the co-operative. The Members should ensure that the co-operative's policies and procedures are aligned with its purpose, values and culture and that they have regard to the International Co-operative Alliance Values and Principles.**

Member Voice, Participation & Engagement

- 3. The Board should promote a vibrant democracy and should communicate with members in ways that encourage active, democratic member participation. It should implement policies and procedures that encourage members to use their democratic rights and actively engage with the co-operative. There should be opportunities for members to exercise their democratic rights including meetings and a formal and transparent election process.**

Co-operatives UK Code - Principles

Review each of the Principles:

- Is there anything missing?
- Consider whether you could apply them in your co-op
- Consider what actions your co-op could take to apply the Principles

Next Steps

- Finalise the Principles
- Draft the Provisions
- Launch the Code for consumer retail societies alongside detailed guidance
- Consider consultation & roll out to all co-ops