

**The Channel Islands Co-operative
Society Limited (“the Society”)**

Guidance Notes for Prospective Directors - 2022

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1. The Society

Incorporation

The Society is registered under the Industrial & Provident Societies Act 1965-1978 (Industrial & Provident Societies (Channel Islands) Order 1965-1978) and has its registered office in the Island of Jersey. The Mutual section of the UK's Financial Conduct Authority acts as Registrar for Industrial & Provident Societies, or Co-operatives.

Co-operative Principles

In order to attain and retain co-operative status an organisation must conform to the International Co-operative Alliance's Statement of Co-operative Values & Principles. The Society embraces and is defined by these principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation amongst Co-operatives
- Concern for Community

History

May 1919	Jersey Society Founded
June 1919	First Shop opened in 41 New Street
July 1930	Control passed to CWS Ltd
June 1940	Occupation of the Channel Islands
May 1945	Liberation of the Channel Islands
March 1947	Guernsey Society Registered
May 1955	Local Control
November 1955	The Channel Islands' Society established by the merger of the Jersey and Guernsey Societies
Turnover 1956	£403,173
Members 1956	6,162
Turnover 2020	£185 million
Members 2021	129,696

Membership

The Society is a wholly independent Co-operative owned by its members. Each member has one vote, its shares cannot be traded, or aggregated into large shareholdings and each share carries equal voting rights.

On 10 January 2021, which was the start of the last financial year, the Society had 129,696 members, 45,913 were from Guernsey and 83,783 from Jersey.

Business Activities

The Society's principal business activities are: food and non-food retail, sub-post offices, fuel forecourts, pharmacies and funeral services. The Society also has a substantial property portfolio.

Business Scale – A Few Figures

The following figures are quoted as at 10 January 2021, being the end of the last financial year for which audited accounts are available:

Turnover	£185 million
Gross Profit	£54.93 million
Operating Profit	£7.23 million
Profit before Member Payments	£8.03 million
Net Assets	£165.5 million
Colleagues	1,149 (501 full-time & 648 part-time)
Property	£131 million

The Society has defined its Vision, Mission, Values and Strategic Goals which are as follows:

Vision

The Society's vision is:

"To make a real difference to the communities we serve".

Mission

The Society's Mission is:

"To develop and protect long-term member value".

Values

The Society's values are:

- Co-operation:** Embracing the Co-operative principles in everything we do
- Openness:** Honesty and trustworthy in what we say and how we behave. Being prepared to listen
- Passion:** Pride in our business, determination to succeed and radiating positive energy
- Empowerment:** Providing opportunity, encouraging contribution and involvement, believing in our people
- Recognition:** Ensuring our colleagues are appreciated, valued and rewarded for their achievements

2. The Board of Directors

Governance

The Society's Board is predominantly non-executive and operates within a formal governance structure designed to promote high-performance Board, with a balanced focus on strategy, risk management, compliance, talent management, oversight, support and challenge.

The Board has adopted and complies with the International Co-operative Alliance's Values & Principles, which define the basis on which co-operative businesses operate. The Board also seeks to comply with the Co-operative Corporate Governance Code: 2019, (the "Code"). The Society's mechanisms for complying with the Code are detailed in its Annual Report & Accounts for the year ended 10 January 2021. The Code closely resembles the UK Corporate Governance Code and sets the expectation that the Board's of co-operative businesses will comply with key provisions of English company law, irrespective of their business form.

The Board has clearly defined role and set of responsibilities. It sets formal objectives for itself and has established a triennial performance review conducted by a third-party organisation. The Board has also set a Financial Policy which governs the appraisal of business opportunities, the management of cash and borrowing levels.

The Society's governance processes are subject to regular review.

The Society's constitution is contained in its Rules, which are similar to a company's Articles of Association. The Rules can be found at www.channelislands.coop/your-society/members/our-society-rules/.

Day-to-day management of the Society's business is delegated to the Executive Leadership Team, subject to a set of Matters Reserved to the Board and the financial limits set by the Internal Control Policy.

Composition

The Board currently comprises 9 Directors. There is 1 Executive Director, 1 Director appointed to fill a casual vacancy, 5 elected Directors and 2 appointed Directors. The current Directors are:

Name	Status	Basis of Appointment
Michael McNally	President	Elected
Jill Clark	Director	Elected
John Refault	Director	Elected
Jon Bond	Director	Elected
Graeme Smith	Director	Elected
Jennifer Carnegie	Director	Appointed
Simon Todd	Director	Appointed
Mark Cox	Director and Chief Executive Officer	Appointed ex-officio

Jill Clarke and John Refault will come to the end of their term on the Board in May 2022 so that elections will be held in May 2022 in order to appoint 1 Director in Guernsey and 1 Director in Jersey.

Committees

The Board has 3 Committees that are formally established under terms of reference that are reviewed annually.

The Audit Committee, the Risk Committee and the Recruitment & Remuneration Committee are composed as follows:

Audit Committee		Risk Committee		Recruitment & Remuneration Committee
Jon Bond (Chair)		Graeme Smith (Chair)		Jennifer Carnegie (Chair)
Graeme Smith		Jon Bond		Jill Clark
		John Refault		
		Simon Todd		

In addition to attending all Board meetings Mark Cox, Chief Executive Officer attends meetings of the Committees by invitation but is not a member of any Committee.

Louise Read, Chief Financial Officer attends Board and Committee meetings by invitation.

Members of the wider Executive Leadership Team attend Board and Committee meetings by invitation.

3. Directors' Duties & Responsibilities

Responsibilities

Serving as a Director of the Society is a substantial responsibility, similar to being a Director of a company or a Trustee, and can result in personal liability for breach. The Society operates Money Services business in both Guernsey and Jersey which are subject to regulation and oversight by the Guernsey and Jersey Financial Service Commissions respectively. These regulators require compliance with their Codes of Conduct and Directors can be personally liable for breach of these requirements in certain circumstances.

When exercising his or her powers or discharging his or her duties, a Director must:

- act honestly in good faith with a view to the Society's best interests; and
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Directors must also:

- exercise their powers in accordance with any statutory limitations;
- act in accordance with the Society's Rules;
- exercise their powers for a proper purpose;
- not limit their discretion (through obligations to others);
- not make secret profits;
- not place their personal interests before those of the Society; and
- supervise delegated functions.

Directors may also be held personally liable for wrongful or unlawful trading.

The Society's Rules allow the Society to indemnify Directors in respect of liabilities incurred honestly and holds insurance against Directors' and Officers' liabilities. However, there are circumstances in which it is unlawful for the Society to indemnify Directors against liabilities they may incur, whether directly or through insurance cover.

General Duties

The Directors' general duties in the Society include the duty to:

- provide leadership for the Society;
- oversee the work of the Chief Executive and the Executive Leadership Team (who have delegated authority for the day-to-day management of the business);
- be accountable to the members;
- determine the strategic aims of the Society;
- approve business plans and budgets;
- approve the Society's talent management and resourcing strategy;
- determine the Society's values and ethos;
- ensure that Risk Management is properly addressed in the Society;
- set the Society's Risk Appetite;
- act within the Board's powers (contained in the Society's Rules);
- exercise independent judgement;
- not accept benefits from third parties;
- declare their interests in any transactions or matters to be considered by the Board; and
- be fully prepared for all Board meetings.

Time Commitment

Directors are required to work in accordance with the Society's business requirements. There are normally at least 7 Board meetings a year and each of the Board's Committees meets at least 3 times a year.

Board meetings will normally be held during normal working hours, typically between 2.00pm and 6.00 pm and Committee meetings will normally be held between 5.30 pm and 7.30 pm on weekday evenings. Circumstances permitting, all meetings will be held in Guernsey and Jersey alternatively between the host islands on as even a basis as possible.

Board and Committee meetings address complex financial and technical matters and require significant preparation time.

Directors are also expected to attend occasional functions, when circumstances permit, such as the annual long-service award dinner and will be offered the opportunity to represent the Society at conferences in the UK arranged by the Co-operative Group and Co-operatives UK (a consultative and advisory organisation for co-operative businesses).

Digital Board and Committee Packs

The Society does not issue paper Board or Committee packs. All such documents are issued digitally through a Diligent Board portal, which can be accessed securely on the laptop computer which Directors are provided exclusively with for use on the Society's business. All Directors must be competent computer users, although any special requirements will be met in accordance with the law.

Remuneration

Directors' remuneration is set by the members. Directors are currently remunerated annually at the following rates:

	President	Committee Chair	Director
Guernsey	£19,733.23	£16,246	£13,246
Jersey		£16,156	£13,156

Training and Development

The Society is committed to training and development for its colleagues, senior executives and Directors. As part of the Board's governance framework Directors are required to undertake relevant training, including regulatory training relating to the Society's Anti-Money Laundering and Countering the Financing of Terrorism ("AML & CFT"), and training required as part of the Board's skills development plan.

All Directors are required to undertake and successfully complete formal certified training courses as necessary as part of the Board's training and development programme. Primary subjects include Health & Safety, Finance, Governance and other Technical subjects relevant to a Director's legal responsibilities.

The Guernsey Financial Services Commission recently issued guidelines on the minimum criteria for licensing individuals to hold specified positions in business as operating running Money Services, such as the Directors of the Society. The Guernsey Financial Services Commission will assess each application on its merits and 'Fit & Proper Persons' will be required to meet a set of key standards with regard to: competency, probity, and solvency. All Directors' appointments following election will be conditional on being licensed by the Guernsey Financial Services Commission. In addition, each candidate will be required to provide a satisfactory certificate of Basic Disclosure Certificate from Disclosure Scotland, and evidence of their qualifications before being eligible to stand for election.

Insurance

The Society maintains the following insurance policy which are relevant to Directors:

- Directors' and Officers' Liability insurance;
- Personal Accident Insurance; and
- Trustees' Liability Insurance, for any Director who also serves as a Trustee of the Society's defined benefits pension scheme.

Please note that for the reasons detailed above there may be circumstances in which the Directors' & Officers' Liability insurance may not be used to indemnify a Director subject to certain regulatory penalties.

4. Eligibility to Stand for Election

The eligibility, application process and key dates for those wishing to stand for election as a Director of the Society are contained in Rule 10.19 of the Society's Rules and are available on our website at:

www.channelislands.coop/your-society/members/our-society-rules/

Please refer to the Check List in the Documents section of the Candidates Application Portal for further details.

5. Eligibility to Stand for Election

Details of the application process are contained in the Checklist for Members applying to Stand for Election.