



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

Guidance Notes for Prospective Directors - 2023

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1. The Society

1.1 Incorporation

The Channel Islands Co-operative Society Limited, registration number 14672R, (the "Society") is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 with the Mutuals Public Register of the FCA and is governed by the Industrial and Provident Societies Act 1965 -1978 (Industrial and Provident Societies (Channel Islands) Order 1965-1978), and has its registered office at Co-operative House, 57 Don Street, St Helier, Jersey JE2 4TR.

1.2 Co-operative Principles

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, namely:

- 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

1.3 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 formed by the merger of the Jersey and Guernsey Societies
Turnover 1956	£403,173
Members 1956	6,162
Turnover 2021-2022	£181.6 million
Members 2022	129,249

1.4 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 9 January 2022, which was the start of the last financial year, the Society had 129,249 members, 45,773 were from Guernsey and 83,476 from Jersey.

1.5 Business Activities

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

Additionally, the Society provides financial services through the issue of withdrawable share capital.

1.6 Legislative obligations and Regulatory oversight

Given the Society's range of activities, the Society must ensure it complies with a broad range of legislation. Further, it is subject to specific regulatory oversight and / or supervision in areas such as Pharmacy, Data Protection, Health & Safety, Information Security and Financial Services, including the prevention and detection of money laundering, countering the financing of terrorism and countering proliferation financing.

1.7 Business Scale – A Few Figures

The following figures are quoted as at 10 January 2022, being the end of the last financial year for which audited accounts are available:

Turnover	£181.6 million
Gross Profit	£51.4 million
Trading Profit	£6.0 million
Profit before Member Payments	-£441 thousand
Net Assets	£177,640 million
Colleagues	1,118
Property	£131 million

1.8 Vision, Mission, Values & Strategic goals

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

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

2.1 Governance

The Society's Board is predominantly non-executive and operates within a formal governance structure designed to promote high-performance, 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 9 January 2022. 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.

2.2 Composition

The Board currently comprises 9 Directors. There is 1 Executive Director, 5 elected Directors and 3 appointed Directors. The current Directors are:

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

2.3 Appointments

Each candidate is subject to screening and 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.

Further, all Directors' appointments following election are subject to the no objection of both the Jersey Financial Services Commission and Guernsey Financial Services Commission.

2.4 Committees

The Board has three 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
Michael McNally (Chair)	Graeme Smith (Chair)	Jennifer Carnegie (Chair)
Graeme Smith	Michael McNally	Jill Clark
Simon Todd	Simon Todd	Jennifer Bridge

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, along with the Society's appointed regulatory Key Persons attend Board and Committee meetings by invitation.

3. Directors' Duties & Responsibilities

3.1 Responsibilities

Serving as a Director of the Society is a substantial responsibility, similar to being a director of a company or a trustee. Failure to uphold these responsibilities could result in personal liability for any breaches. This is particularly so where the Society is subject to regulatory oversight or supervision, where legislation sets out the expectations of directors and where failings identified in the conduct of directors may lead to regulatory sanction which can include personal liability.

When exercising their powers or discharging their 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.

3.2 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.

3.3 Time Commitment

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

Board and Committee meetings will normally be held during normal working hours. Circumstances permitting, all meetings will be held in Guernsey and Jersey alternating 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).

3.4 Digital Board and Committee Packs

The Society does not issue paper board or committee packs. All such documents are issued digitally through a 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.

All directors will be provided with a Society email account and a laptop or tablet. Directors must abide by the Society's policies relating to the usage of non-Society email accounts and equipment.

3.5 Remuneration

Directors' remuneration is set by the members.

Between £0 and £10,000	Directors
Between £10,000 and £20,000	Board Chair & Committee Chairs

3.6 Training and Development

The Society is committed to training and development for its colleagues, senior executives and directors. As part of the Board's adopted Governance Framework, directors are required to undertake relevant training, including Health and Safety, anti-money laundering and countering the financing of terrorism and countering proliferation financing, data protection, information security and training required as part of the Board's skills development plan.

3.7 Insurance

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

- Directors' and officers' liability insurance;
- Personal accident insurance; and

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 any civil penalty imposed by any of the regulatory bodies under relevant legislation in either Island.

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 checklist in the Documents section of the Candidates Application Portal for further details.

End.