



Being a Director

Would you like to help run The Midcounties Co-operative?

The role of a Midcounties director

To help members consider whether they might wish to stand for the Board, the following information provides more detail on the nature of the role of a director in Midcounties, the types of issues the Board deals with and important items of a more practical nature.

1. The nature of the role

As a first step, it is helpful to note that the 'role, responsibilities and tasks of the Board' and the 'role description and person specification of a director' have been defined by the Board. The first of these develops and clarifies the expectations for the Board as a whole, while the second sets out the attributes the Board seeks for its members. The two documents are attached at the end of this document.

The Society is a large and complex organisation. It employs over 8,500 people in a number of consumer-oriented businesses and plays an important social role in the community. It is owned and controlled by its members, a fundamental principle of co-operation, and co-operative values underpin all its activity.

The Board of directors is accountable to the Society's members. It is responsible for setting the Society's objectives and strategy and ensuring these are delivered in an assurance framework that promotes long term success.

Being a director involves serious obligations, including legal and moral responsibilities, as spelt out in the Society's Purpose Statement and Governance Code, and in legislation.



Being an effective member of the Board does not demand formal qualifications or first-hand experience of business management. It does however require a willingness to come to grips with sometimes complicated business and ethical issues, an ability to acquire a level of understanding sufficient to enable informed judgments about matters which come to the Board, and a willingness to contribute to discussion and debate in the Board room.

It also involves a commitment of time to other areas of the Board's work. For example, by sitting on committees and working groups set up by the Board, and, more widely, by representing the business both within and beyond the Society at meetings and events.

While, the amount of time a director contributes to their duties will vary considerably according to factors such as what committees they serve on and on personal circumstances, in all cases it extends well beyond simply preparing for and attending monthly Board meetings and should not be underestimated.

2. The Board

Listed below are a number of the key items that have been discussed in the Board room over the last year. While this is by no means all the work undertaken by the Board, it is indicative and provides an insight into the nature of the matters that come before the Board.

Over the last year the Board has reviewed and approved the Society's budgets for the year and its longer-term three-year plan. It has continued to monitor the financial and non-financial performance of the Society on a regular basis. It has approved a number of key capital projects and a series of distributions to be made to members and other key stakeholders. It has agreed restructuring arrangements in its Food Retail business. It has regularly reviewed the decisions of its Committees. It has approved the Society's annual report and accounts and it has agreed a number of acquisitions and disposals of trading sites.



As noted, this list is not exhaustive, but it does provide an indication of the matters that come before the Board. You will need to be comfortable that you can contribute to these and other similar matters before you put yourself forward to stand for the Board.

3. Practical matters

The items set out below are of a more practical nature but do need to be taken into consideration.

Who can be a director?

Anyone who has been a member of the Society for at least one year can become a director. However, there are some conditions:

You must:

- Have spent at least £500, in the 12-month period finishing one month prior to their nomination, with any of the Society's various businesses.

You must not:

- Have any material conflicts of interest with the Society (this includes your immediate family).
- Be an undischarged bankrupt.
- Be disqualified to act as a director under the Companies Act.
- These conditions are set out more formally in rule 10.10 of the Society Rules.

How do I become a director?

You will need to be elected by your fellow members. We ask for nominations to stand for election during June - July each year. You will see posters displayed in our stores and branches and there will be information on our website.



You will need to review certain information provided by the Society, attend a candidates' forum and complete a certification as part of the nomination process.

You will also need to complete a nomination form.

You will have to write 250 words about why members should elect you as a director and provide bullet point information on your Why you want to stand for the Board, What you can contribute, your commitment to co-operation and qualifications for the role. This will be published in a candidates' address booklet which is circulated to members with their voting papers.

Elections are held in September/October each year when we ask members to vote on those candidates nominated for election.

Meetings

It is important you attend the Society's Board and members' meetings. We hold 11 Board meetings each year. Seven are held on a Monday evening from 5.30pm until approximately 9.00pm and four are held on a Saturday usually lasting until late lunchtime, with presentations and discussion sessions on the Friday evening beforehand. The Society's AGM takes place in May and a series of Half Year meetings are held in October. The Board also has a number of Committees and working groups and it is likely you will participate in at least one of these.

Meeting venues – meetings are normally held at the Society's Head office in Warwick. Transport and hotel accommodation can be provided if required, and the costs of childcare/elderly care are also reimbursed.

Fees - directors are paid a fee which currently stands at £9,907 per year.

Term of office - the term of office is 3 years. You will then need to seek re-election.

Time commitment – it is worth reiterating that while the amount of time a director contributes to their duties will vary considerably according to factors such as what committees they serve on and on personal circumstances, in all cases it extends well



beyond simply preparing for and attending monthly Board meetings and should not be underestimated.

More information If you have any queries regarding the above, please contact Edward Parker, Secretary & Head of Governance on 01926 516 006 or email edward.parker@midcounties.coop. He will be pleased to help.



ROLE, RESPONSIBILITIES AND TASKS OF THE BOARD¹

- .1 The **role** of the Board is to represent the members who own and control the Society while subscribing to the co-operative values and principles that underpin all we do. This involves setting the strategic course of the Society and ensuring the efficient planning and running of the business to deliver benefit to members and their communities in line with internationally recognised co-operative Values and Principles.
- .2 The Board's key **responsibilities** are to:
 - a) represent members and be accountable to them;
 - b) uphold the co-operative model;
 - c) set strategy to deliver the goals of the Society;
 - d) understand risk and agree key mitigation plans;
 - e) ensure good governance;
 - f) ensure a sound control environment;
 - g) comply with legal and regulatory duties;
 - h) agree high level plans and projects;
 - i) monitor progress against plans and secure assurance;
 - j) ensure that culture is in line with our values;
 - k) hold the Chief Executive to account for the performance of the Society against its strategy and plans;
 - l) appoint the Chief Executive and Secretary;
 - m) engage in the process and approve appointment of Deputy Chief Executives;
 - n) approve the structure for the executive team reporting to the Chief Executive;
 - o) agree executive remuneration.
- .3 The Board fulfils its responsibilities through these **primary tasks** requiring Directors' involvement:
 - a) member meetings;
 - b) Board meetings, currently held monthly;
 - c) standing Committees established by the Board to exercise delegated responsibility, currently:
 - Audit and Risk Committee

¹ Agreed by the Board of directors at the Board meeting on 11 May 2015 (minute 15/85)



- Remuneration Committee
- Member Engagement Committee;

- d) other key standing structures, currently The Midcounties Co-operative Pension Trustee Board;
- e) ad hoc Working Groups;
- f) strategy sessions;
- g) quarterly Friday presentation/information/discussion evenings;
- h) a significant level of background reading, thinking and learning.

.4 Additionally, the Board is represented by directors in **other tasks:**

- a) key internal Society events such as store openings;
- b) major co-operative conferences and meetings;
- c) Member Engagement Committee-led events;
- d) visits to trading units;
- e) other conferences and events such as Fairtrade Fortnight;
- f) grant presentations and other community events.



ROLE DESCRIPTION AND PERSON SPECIFICATION OF A DIRECTOR²

- .1** The Board requires skills, experience and time from directors plus their commitment to co-operative values, capability, capacity and the right mindset.

The full breadth of the role is described below. No individual director will undertake every task set out in section e) in any given year but all other elements of the Role Description are the responsibility of all directors.

There is no suggestion that an elected director will completely fulfil the Person Specification set out in section 3, but simply that these define the full competency and skill set required of a team of effective directors on an effective Midcounties Board.

.2 Director Role Description

Directors need to:

- a) be co-operative
 - understand what it means to be co-operative and understand the co-operative difference
 - understand the co-operative movement and its underlying principles;

- b) ensure they are informed about the business
 - understand what Midcounties does
 - understand all current strategies and agree emerging strategies
 - understand the current business plans and agree the emerging plans
 - understand how Midcounties performs
 - understand how Midcounties is delivering change through current projects
 - understand Midcounties' resources;

- c) ensure they understand the context within which the Society operates and can represent Midcounties' interests accordingly
 - have an awareness of our key communities

² Agreed by the Board of directors at the Board meeting on 11 May 2015 (minute 15/85).



- understand Midcounties' key stakeholders
- represent the Board internally in the Society
- represent the Board externally in our communities and in the movement;

d) manage risk

- understand all key Society risks and their mitigation plans
- understand the relevant commercial, competitive and regulatory environments;

e) undertake the work of the Board³

- attend the AGM
- attend Board meetings - this involves significant preparation and responsibility
- attend Half Yearly Meetings
- serve on the standing Committees established by the Board to exercise delegated powers - this involves significant preparation, commitment and responsibility
- serve on the Member Engagement Committee
- serve as a director of The Midcounties Co-operative Pension Trustee - this involves significant preparation, commitment and responsibility
- serve on ad hoc Working Groups
- undertake other specified tasks that benefit from director inclusion;

f) operate as an effective member of the Board

- ensure the Board acts in the interests of the members and is accountable to them
- be mindful of the Board's Guiding Principles and Code of Conduct and so make contributions through courteous discussion, questioning and challenge
- make high quality, timely decisions
- support director colleagues in becoming effective.

.3 Director Person Specification

³ Directors will usually serve on at least one standing Committee or the Pension Trustee Board during their term of office.



In order to fulfil the Director Role Description **each director** must:

- a) be committed to the co-operative model;
- b) be ambitious to deliver benefit to members and communities;
- c) understand how co-operative values and principles - delivered at Midcounties through DOES⁴ - underpin all decisions.

In order to serve on a high-quality Board, **directors collectively** should have the capacity and capability to:

- d) read and understand a regular flow of complex information
 - analysing and distilling key issues
 - retaining enough to provide continuity of thinking across topics to analyse risk and opportunity;
- e) understand financial information in order to participate effectively in investment decisions, management of capital and cash flow tracking;
- f) exercise proper oversight of Midcounties' complex and by definition risk-taking businesses;
- g) identify the information needed for an effective Board and ensure good, summarised, timely information is available;
- h) expect and ensure effective governance in order to deliver sustained success;
- i) expect and ensure robust risk oversight and an appropriate control framework;
- j) understand the Board's current capabilities and limitations, and use this insight to mitigate any risks;
- k) operate at a strategic level without interfering in operational decisions;
- l) contribute actively to strategic discussion and conclusions, making timely decisions and accepting collective accountability for them;
- m) develop strategy, including on occasion suggesting new initiatives for the Society to consider;

⁴ Democracy, Openness, Equality and Social Responsibility – the Society's values.



- n) participate in and if elected, chair Committees, helping to ensure the right agenda, appropriate discussions and clear outcomes;
- o) appoint the right Executive leadership;
- p) contribute to a Board and Society culture reflecting the co-operative values of respect, fairness and member focus;
- q) interact effectively with colleagues, members and communities as an ambassador to support internal and external engagement with excellent interpersonal skills;
- r) operate effectively in discussion by keeping contributions appropriate in style, number and length; being both a listener and a participant;
- s) comply with the Board's Guiding Principles and Code of Conduct;
- t) understand and comply with directors' legal duties, including matters around conflicts of interests;
- u) attend Board and relevant Committee meetings unless good reason intervenes;
- v) be available for ad-hoc events as required to make a reasonable contribution.