



National Executive Committee (NEC) Handbook 2023

Welcome to this short guide to the NEC. I hope you find it a useful introduction.

Please take some time to look through it. It won't cover everything you need to know, so do please ask about any aspect of your role that is unclear. As Board Secretary, I am responsible for the effective corporate governance of the Party and for supporting the work of the NEC. Please do contact me in the first instance for anything relating to the NEC, Sub Committees or your own role.

I look forward to working with you during your time on the NEC.

Karen Wilkie
Board Secretary
board@party.coop
07930 415488

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The role of the NEC

The NEC is the National Executive Committee of the Co-operative Party. The Co-operative Party is a Political Party, registered with the Electoral Commission under the Political Parties, Elections and Referendums Act 2000.

The Co-operative Party is also registered as a Society under the Co-operatives and Community Benefits Society Act 2014. The NEC serves as the Board of Co-operative Party Ltd.

The NEC exercises all the powers of the Party, subject to the law and the rules of Co-operative Party Ltd. As set out in the rules it:

- appoints or removes the General Secretary, and determines the terms and conditions of appointment.
- approves an appointment by the General Secretary of other employees of the Party.
- receives reports on the business and activities of the Party from the General Secretary.
- approves an annual report, revenue account and balance sheet for each financial year.
- determines the Party's strategy and forward plans in consultation with the General Secretary.
- prepares and from time to time reviews the Party's membership strategy, its National Executive Committee Membership Policy, and when appropriate makes recommendations for change, including changes to the rules of Co-operative Party Ltd.

General guidance on the role and responsibilities of a Society Board and its Directors (NEC Members) is also set out in the Code of Governance, Co-operatives UK's 'Role of the Board' and 'The Essential Society Director', which accompany this Handbook.

Composition of the NEC

The NEC is elected to serve for three years, commencing from the NEC AGM (normally in June). It has:

- 1 member each from Northern Ireland, Scotland & NI and Wales. These are elected by one member, one vote by individual members.
- 8 members from England, 2 elected from each of the 4 electoral sections:
 - England East & London (East & London Regions)
 - England Midlands (East Midlands & West Midland Regions)
 - England North (NE & Cumbria, North West and Yorks. & Humber Regions)
 - England South (South East & South West Regions)
- 1 member elected by and from each of the BAME, (dis)Ability and LGBTQ Networks
- 1 Youth member, elected by one member, one vote by members aged 30 and under.
- 2 representatives from the Co-operative Group. These are nominated by the Co-operative Group in accordance with their own procedures.
- 2 representatives of the other Retail Societies.
- 1 member elected by non-retail societies and other affiliates
- 2 members of the Co-operative Parliamentary Group in Westminster. These are chosen by the Co-operative Party's MPs.
- 2 members elected by and from other Labour and Co-operative elected representatives (MSPs, MSs, London AM, Police & Crime Commissioners, Elected Mayors and councillors)

The Secretary General of Co-operatives UK or their nominee may also attend ex-officio.

The General Secretary (Joe Fortune – j.fortune@party.coop) attends each NEC meeting, as does the Board Secretary (Karen Wilkie – board@party.coop). Other staff attend as and when required.

Requirements to serve as a member of the NEC

To be and remain a member of the NEC, you must comply with the following requirements. These are set out in the Rules of Co-operative Party Ltd:

No person can be a National Executive Committee Member who:

- does not meet the age requirements for an officer of a co-operative society¹;
- is not an individual member of the Party
- refuses to sign a statement accepting the NEC Code of Conduct (see page 8)
- has been declared bankrupt or compounded with their creditors and has not been discharged
- is subject to a disqualification order made under the Company Directors Disqualification Act
- has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974

¹ i.e. must be aged 16 or over.

- fails to abide by any rules for the conduct of elections made by the National Executive Committee.

Anyone who no longer meets any of these requirements will immediately become ineligible to remain a member of the NEC.

The General Secretary

The General Secretary is appointed by the NEC. They manage the business of the Party and report on this to the NEC.

The Board Secretary

The Board Secretary is appointed by the NEC. They are responsible for advising the Party on all governance matters and for giving impartial advice in the best interests of the Party and its members. All NEC members have access to the advice of the Board Secretary.

The Board Secretary's functions (as set out in the Rules) include:

- acting as secretary to the National Executive Committee.
- keeping the register of members and other registers and books required by the rules.
- summoning and attending all meetings of the Party and National Executive Committee, and keeping the minutes of those meetings.
- acting as Returning Officer in any elections.
- publishing reports on the Party's work to members.
- preparing and sending returns to the Financial Services Authority and any other statutory body.

The Chair of the Co-operative Party NEC

The Chair is elected annually at the NEC of the AGM. They must have served on the NEC for at least one year to be eligible for election. A full role description for the NEC is set out in the appendix on page 30.

Governance

The National Executive Committee is the Board of Co-operative Party Ltd, a Society registered under the Co-operative & Community Benefits Society Act 2014.

As a registered Society under the Act, the Party is accountable to the Financial Conduct Authority (FCA).

The Party is also a Political Party registered under the Political Parties, Elections and Referendums Act 2000 and therefore also accountable to the Electoral Commission.

We submit our annual accounts and returns to the Financial Conduct Authority (FCA) and to the Electoral Commission. Returns to the FCA include details of the NEC and their other directorships and employment.

We are also required to send quarterly returns to the Electoral Commission detailing all subscriptions and donations to the Party - nationally and locally - and to comply with additional reporting requirements during elections.

Rule Book

Within the legislation, the Co-operative Party is governed by its Rules.

The Rules of Co-operative Party Ltd.

The Rules of Co-operative Party Ltd. are registered with the Financial Conduct Authority (FCA). These rules can only be changed at the Annual General Meeting (AGM) of the

Society (which takes place annually, normally at the same time as Annual Conference), and any changes come into effect only after they have been approved by the FCA.

Rules of the Party

The remainder of the Rule Book contains the rules for the Party and the model rules for party units. These are set by the NEC, subject to endorsement by Annual Conference. Any changes to these model rules overwrite rules agreed by local parties.

Policies and Procedures

The NEC agrees policies and procedures in line with the rules and updates these as necessary.

Co-operative Corporate Governance Code

The Party has adopted the Co-operative Corporate Governance Code, subject to the exception that the term of the Chair is not limited. *The Code should be read alongside this Handbook.*

NEC Code of Conduct

Members of the NEC are required in the Rules to sign and abide by the NEC Code of Conduct. This is set out in full on page 14.

Matters reserved for the Board

These help to clarify those matters that are for the Board to consider and to determine and others that are for the General Secretary, Board Secretary or staff team.

They are set out in full in the appendix on page 25.

NEC Personal Details and Statutory Reporting

The Party requires information on all NEC members in order to meet a range of statutory and administrative requirements and we have forms that we will ask you to complete and update annually. **Some of this information is a statutory requirement and you must ensure that it is completed and updated when required.**

- Information form – this includes the information we need to stay in touch with you as well as details required for our annual return to the FCA. You should also list anything that should be entered in the register of interests (see NEC Code of Conduct)
- Related transactions form – this is required each year for the audit. It lists your financial transactions with the Party, if you have any.
- Bank details – required by the Co-operative Bank for all our NEC members.

Meetings & Sub Committees

Since the pandemic, the NEC has normally met monthly on-line, with 2-3 in-person meetings per year over a full day or weekend.

March

This meeting receives the report of the Auditor and approves the annual report and accounts for the previous year, along with other business as required.

June

The June meeting is (normally) the AGM. The NEC elects the Chair, Vice-Chair and Sub-Committee members for the forthcoming year.

July

This is the strategy weekend, when the NEC reviews plans for the current and following year.

September

The NEC meets in September, normally by phone or video conference, to discuss the business of Annual Conference.

October

The NEC has a full meeting on the eve of Annual Conference and may meet during Conference to deal with urgent Conference business.

November

NEC will agree the plan and budget for the forthcoming year.

The NEC may establish advisory, consultative and other committees as required, consisting of members of the NEC and other local Party members if appropriate. Of these, two: the Remuneration Committee, to determine the terms and conditions of employment of the General Secretary and other staff; and the Audit Committee are required by the Society's Rules.

Audit Committee

The Audit Committee is normally Chaired by the Vice-Chair of the NEC. In accordance with best practice and the Code of Governance, its membership should include at least one person with relevant qualifications or experience.

The Audit Committee receives the monthly accounts and meets at least quarterly – normally before an NEC meeting – to discuss the finances of the Party and risk management.

The Terms of Reference for the Audit Sub Committee are set out in the appendix on page 25.

Remuneration Committee

The Remuneration Committee (sometimes referred to as S&R), includes the Chair, Vice Chair and, by custom and practice, a representative of the Co-operative Group as the

Party's largest subscriber. It meets as and when required to determine the terms and conditions of the General Secretary and other staff.

Policy Sub Committee

Policy Sub-Committee meets to discuss the policy programme for the Party. Normally five members are elected to it, but other members of the NEC have been welcome to attend.

Disputes Sub-Committee

The Disputes Sub Committee considers disciplinary issues referred to the NEC. Members subject to disciplinary measures by the NEC may appeal to the Disciplinary Committee (CPDC), which is a body elected from the membership at the same time as the NEC election.

Conference Arrangements Committee

The Conference Arrangements Committee governs the procedures for the business of Annual Conference. Four members are elected from the membership at Annual Conference and one member is elected by the NEC.

External appointments

The NEC can appoint two members to Labour's National Policy Forum, in addition to the General Secretary who is an ex-officio member.

The NEC also appoints the fraternal delegate to Labour Party national conference, to give the Co-operative Party's fraternal greetings.

Travel and Expenses

In most circumstances, travel and accommodation will be arranged by the Party.

For NEC meetings, please confirm with Joel Northcott (j.northcott@party.coop) as early as possible in advance of the meeting that you are attending and will required accommodation and/or travel to be booked for you.

For other meetings undertaken as part of the work of the NEC, please contact Joel who will book tickets for you. The Party has a limited budget for NEC travel within your nation/region – please check in advance with the General Secretary or Board Secretary that your trip can be authorised.

To claim expenses, you must:

1. Submit all receipts, together with a note detailing the event and date, to Dorota Kseba - d.kseba@party.coop
2. Do this within one month of the event

Subsistence

For NEC members who are required to travel to meetings and this has not been booked centrally, a standard amount - or **actual cost if less** can be reimbursed to cover hotel and meals.

Breakfast (travelling before 6.30am)	£10.00
Lunch (travelling before 12pm and after 2pm)	£15.00
Dinner (travelling after 9pm)	£25.00
Overnight*	£100.00

Any claims in excess of these authorised limits must be referred to the General Secretary or Board Secretary. All claims must be supported by receipts.

Hotel accommodation should be booked through the Finance Officer, Dorota Kseba, 020 7367 4155, d.kseba@party.coop.

Travel

Expenses should be kept to a minimum and the cheapest available means of transport used at all times. Rail travel should be at the most competitive rate possible i.e. 2nd class and booked in advance when feasible.

If there is no reasonable alternative to travel by car, the mileage allowance is 15p.

Sundries

Any items not included in the above headings, e.g. car park, toll fees, refreshments when travelling (not covered by meal allowances) must be accompanied by receipts.

Important

Expense claims that are not supported by vouchers/receipts will only be reimbursed in exceptional circumstances. Please ensure that all claims are made within one month of the event.

Staff

For all matters concerning the work of the Party, contact the General Secretary – j.fortune@party.coop, or, in his absence, the Assistant General Secretaries Emma Foody – e.foody@party.coop or Emma Hoddinott – e.hoddinott@party.coop.

For the anything relating to the work of the NEC or the governance of the Party, contact the Board Secretary – Karen Wilkie – board@party.coop.

For help arranging travel to NEC meetings or updating your details – Joel Northcott at j.northcott@party.coop

Audit Sub Committee (or expenses claims) – Dorota Kseba at d.kseba@party.coop

Policy Sub Committee – Daniel Monaghan – d.monaghan@party.coop

For a full list for all staff, see [here](#)

NEC Code of Conduct

This Code of Conduct (the 'Code') sets out the standards of personal behaviour and conduct required of NEC members. It is based on the model Co-operatives UK Code of Conduct for Co-operative Directors, except where requirements are set out in the Rules of Co-operative Party Ltd.

Every member of the NEC must sign an acknowledgement accepting their obligation to comply with this Code in its entirety.

Candidates seeking election to the NEC will be asked to confirm that they have read and understood it, and, if elected, must sign a similar acknowledgement confirming their obligation to comply with it.

Qualification for office

The Rules of Co-operative Party Ltd set out the criteria under which an individual is eligible to be a member of the NEC. A member of the NEC shall notify the Board Secretary immediately on becoming aware that they are not, or may no longer be, eligible to be a member of the NEC.

Commitment to Co-operative Principles

The Co-operative Party is established to *promote co-operative and mutual forms of economic, social and voluntary organisation, which are based on the principles of mutual ownership and democratic control, and to support political action in pursuance of the Values and Principles of the Co-operative Movement in the UK and internationally as defined from time to time by the International Co-operative Alliance.*

Each member of the NEC must discharge their responsibilities in a way that seeks to ensure that the Party remains committed to operating in accordance with the values and principles that are set out in the International Cooperative Alliance Statement of Co-operative Identity, which is the basis of all co-operative enterprises.

Carrying out the NEC's responsibilities

Being a member of the NEC brings with it a commitment to carry out all necessary duties and responsibilities that must be performed by the NEC (also known as the Board of Co-operative Party Ltd).

Each member of the NEC will:

- Understand and abide by their legal duties and responsibilities.
- Act in accordance with the Rules of Co-operative Party Ltd
- Attend every meeting of the NEC and of any committee or sub-committees of the NEC to which they are appointed, unless there is an unavoidable reason for non-attendance, in which case the member of the NEC shall notify the secretary of this.
- Prepare properly for every meeting by reading in advance any documents sent out for the purpose of the meeting.
- Arrive on time for every meeting fully prepared and able to take an active role in discussions and decision making.
- Ensure that information required by the Party for statutory and administrative requirements is completed and updated as necessary.

Standards of behaviour

In addition to fulfilling their legal duties, members of the NEC are expected to show high standards of behaviour in carrying out their responsibilities. This is necessary in order that the NEC can function properly as a board, that it can play its part appropriately in the Party's overall governance, and that the Party's good name and reputation is maintained.

Members of the NEC will observe the following general standards. These are in addition to the Party's Rules on Conduct:



- In their dealings with each other, staff and members, NEC members must treat people politely, fairly, and with dignity and respect.
- On public occasions and on all co-operative business, NEC members must behave with integrity and in a way that is appropriate for a member of the NEC of such an organisation. NEC members must not bring the Party into disrepute or prejudice its general good standing in any way.
- NEC members should behave in a way that demonstrates their belief in the values and principles and ethical stance of the Party and shall conduct themselves in a way that does not call these beliefs into question or prejudice the general good standing of the Party in any way.
- Members of the NEC will treat meetings of the NEC or of any committee or sub-committee of the NEC to which he or she is appointed, as formal occasions, and will:
 - Accept the authority of the chair of any meeting, expressing all questions and points of view through the chair.
 - Listen to the views of other members of the NEC with an open mind, seek advice or clarification where needed, express their own views, and come to their own decisions on individual matters in good faith in what they believe to be in the best interests of the Party, considering relevant factors and ignoring irrelevant factors.
 - Accept decisions made by the NEC in accordance with the law and Party's governing document, even if they disagree with it and voted against it if a vote was taken. This includes a commitment to support any decision of the NEC outside of NEC meetings
 - Not resort to behaviour that could be considered aggressive or intimidating, e.g. swearing, name calling, shouting, finger pointing.



- Keep to the agenda, raise other issues under 'any other business' according to agreed procedures, and not engage in discussions during the meeting that are not relevant to the issues of the meeting.
- Not present misleading information or behave in a way designed to mislead the NEC.
- Ensure that they do not attend any meetings under the influence of alcohol, or illegal or recreational drugs.

Confidentiality

NEC members will treat all information that they receive in their capacity as members of the NEC, and all discussions at NEC meetings or within committees or subcommittees of the NEC, as confidential.

NEC members will observe the following obligations of confidentiality:

- They will not disclose any information outside NEC meetings unless it is already in the public domain, or they are specifically authorised by the NEC to do so. This includes information about the Party's business, the deliberations of the NEC in reaching decisions, and the way individual member of the NEC voted on issues.
- They will not use any information for personal advantage.
- They will not pass information to any representative of the press or media and will refer any press or media enquiries to the Party's management executive.
- They will not make unauthorised copies of any documents.
- They will take proper care of any documents they receive as a member of the NEC, and store and dispose of them securely.

Conflicts of interest

Any National Executive Committee Member who has a material interest in a matter as defined below must declare such interest to the National Executive Committee and:

- may be present in any discussion of the matter unless a majority of the National Executive Committee Members objects to their presence, but
- shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted)

Any National Executive Committee Member who fails to disclose any interest required to be disclosed must permanently vacate their office if required to do so by a majority of the remaining National Executive Committee Members.

A material interest in a matter is any interest or contractual relationship (save for the exception referred to below) held by a National Executive Committee Member or their spouse or partner in any firm or company or business which, in connection with the matter, is trading with the Party, or is likely to be considered as a potential trading partner with the Party.

The exception which shall not be treated as a material interest is shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on any public exchange.

The Board Secretary must keep a register of NEC members' interests that is open to inspection by members.

Taking independent advice

The Co-operative Party's Senior Management Team is responsible for running the day to-day business of the Party. If one or more members of the NEC have any questions about any aspect of the Party's affairs, they should be raised in the first instance with the General Secretary.

If any member of the NEC, or any committee or sub-committee of the NEC, believes that it is essential for independent advice to be sought on any matter to enable them to properly perform their duties then this should be done through the Board Secretary. If the matter on which the advice is sought directly concerns the secretary, the advice shall be sought through the chair.

If one or more NEC members are dissatisfied with advice given, or the NEC fails to obtain their requested advice, they should raise the matter with the Board Secretary. The Board Secretary may take further independent advice if they consider it to be in the best interests of the Party to do so.

If the Board Secretary is involved in the matter in question and cannot be regarded as independent for the purposes of taking further advice, an appropriate employee shall act in place of the Board Secretary. If neither the Board Secretary nor any member of the management executive can be regarded as independent for the purposes of the matter, it shall be referred to the Secretary General of Co-operatives UK.

Induction and Ongoing Professional Development

New NEC members must complete the formal induction programme developed by the NEC to ensure that they can become as effective as possible, as quickly as possible, in their new role. Failure to do so without good reason is a serious breach of this Code.

NEC members should ensure that they are properly equipped to carry out their responsibilities. It is not sufficient to rely on current knowledge and experience. In order to keep pace with changing needs, and changing legal and financial obligations, NEC members need to undergo appropriate training and professional development on an ongoing basis.

All members of the NEC shall take part in any training that the NEC resolves that they should undertake. Failure to do so without good reason is a serious breach of this Code.

Hospitality and Gifts

NEC members must not, in their capacity as member of the NEC (or what might be perceived as their capacity as member of the NEC), receive from or give to any person or organisation any hospitality, gift or any other benefit, except in the following circumstances:

- Working meals or refreshments.
- Inexpensive items (less than £10 in value) such as free calendars.
- Hospitality in the course of the Party's business, which is disclosed to the Board Secretary and recorded in a register kept for this purpose.

NEC members must observe the terms of any policy that the Party might have concerning hospitality and gifts.

Serving on the Board of another organisation

NEC members who serve on the board of any other organisation must treat their roles as member of the NEC of the Party and member of the board of any such organisation as separate.

This means that:

- They must maintain confidentiality in relation to information they receive in one capacity, and not disclose any such information in the other capacity unless they are expressly authorised to do so.
- When making decisions as a member of the NEC of the Party, they must make such decisions in what they consider to be in the best interests of the Party, and when making decisions as a member of the board of another organisation, make them in what they consider to be in the best interest of that organisation.

Breach of this Code

All members of the NEC accept that they must comply with this Code if the NEC is to function and carry out its role properly and efficiently. Where any member of the NEC alleges that another member of the NEC is in breach of this Code, the following provisions will apply:

If the allegation is made in the course of a meeting, the matter is to be referred to the chair, who may:

- Request the member of the NEC alleged to be in breach to desist from any behaviour giving rise to the breach.
- Defer the matter to be considered by the NEC on a subsequent occasion.
- Adjourn the meeting.
- Request that the member of the NEC alleged to be in breach temporarily leaves the meeting for the matter to be discussed by the remaining NEC members present.
- Exclude the member of the NEC alleged to be in breach for the remainder of the meeting.

If the remaining members of the NEC are to consider an allegation of a breach of this Code at any time, the member of the NEC alleged to be in breach shall be given the opportunity to respond to the allegation.

If the remaining members of the NEC consider that a member of the NEC has committed a breach of this Code:

- The breach shall be recorded by the Board Secretary.
- The NEC may recommend that the NEC member in breach undergoes disciplinary action and/or training.

- The NEC may resolve to report the matter to the members at the next members' meeting.

A member of the NEC in serious breach of this Code may be removed from office by a resolution approved by not less than three-quarters of the remaining members of the NEC, provided that the remaining member of the NECs also consider that it is not in the best interests of the co-operative for that individual to continue as a member of the NEC.

Before any such resolution can be considered, the NEC member alleged to be in serious breach shall be notified in writing of the alleged breach and shall have an opportunity to answer the allegations made and to rectify the breach.

Co-operative values in practise – conduct at meetings

As a Party, our co-operative values should be reflected in our actions as well as our policies.

All members should feel welcome and encouraged to participate, in meetings, events and on social media. There is no place in Co-operative Party for intolerance or abuse.

To enable this, we will: -

- Make meeting and events accessible and welcoming, encouraging maximum attendance and participation
- Conduct all meetings in a friendly and co-operative manner, in accordance with the rules & standing orders and in a manner that enables all views to be heard
- Not tolerate discrimination based on age, gender, sexual orientation, marital status, disability, colour, race, ethnic origins or religion, or any form of personal abuse in meetings or on-line.

Social Media

1. The Co-operative Party recognises that social media and other forms of digital communications are a vital part of modern campaigning and communications.
2. We have an important part to play in political and public debates and a vital contribution to make in discussions about how to create a more co-operative United Kingdom. We should be loudly and proudly making the case for co-operation using all appropriate channels.
3. We are absolutely clear that the rules of the Co-operative Party apply just as much to activity that takes place on-line as it does to more traditional political activities like Party meetings.



4. Our co-operative values dictate that we will treat others with respect and not make personal attacks or abusive or intimidating remarks. Individual members not meeting these high standards in their conduct online may be subject to disciplinary action under Sections E and F of the Party's Rule Book.
5. High-profile members of the Party and those holding official positions within the Party including Party Officers, NEC members and elected representatives should be particularly mindful that their conduct online has the potential to reflect on the Party. Views expressed could be interpreted as reflecting the view of the Party even where this is not the intention.
6. We increasingly encourage local Co-operative Parties and networks to use digital and social media to build support for the Party and our ideas. However, Party Officers responsible for placing such content online must ensure that content is relevant to the work of the Co-operative Party; and that no content is placed on an official Co-operative Party communications channel which could bring the Party into disrepute or that is not consistent with the policy of the Party.
7. Content on official Co-operative Party social media channels in particular during both internal and external elections and selections must comply with the rules of those elections and selections. Communications using these channels must not be used to promote candidates in internal Co-operative Party elections or to promote Co-operative Party candidates in Labour Party selections unless the individual has been formally nominated as the Co-operative Party's candidate.

Appendices

Matters Reserved for the Board

The checklist on the following pages has been adapted from the Co-operatives UK model, produced to assist Boards and secretaries in preparing a schedule of Matters Reserved for the Board in accordance with good corporate governance practice.

Its purpose is to help clarify those matters that are for the Board to consider and to determine and others that are for the General Secretary, Board Secretary or staff team.

1. Membership issues

- a) Agreement of all aspects of membership policy.
- b) Encourage the growth of membership, its involvement in the affairs and participate in the governance of the co-operative in recognition that co-operatives are membership based.
- c) Reporting to members – i.e. frequency, location and content of members' meetings and through the annual report.
- d) Approval of high-level plans for the annual general meeting and other general meetings, including any draft agendas, proposed rule changes and any resolutions and corresponding documentation to be put forward to members at a general meeting.

2. Strategy and management

- a) All matters concerning the determination and operation of the Party's governing document (registered rules of Co-operative Party Ltd.), taking advice, where appropriate, from the Board Secretary.

- b) Responsibility for ensuring that the Party's affairs are conducted in accordance with its governing document, the best interests of the co-operative and its members, and in accordance with Co-operative Values and Principles.
- c) Approval and review of the Party's objectives, strategies and policies with a view to securing its long-term future, including review of performance against those objectives and strategies.
- d) Approval of the annual budget and any material changes to it.
- e) Oversight of the Party's operations ensuring:
 - i) Competent and prudent management.
 - ii) Sound planning.
 - iii) Maintenance of sound risk management and internal control systems.
 - iv) Compliance with statutory and regulatory obligations.
 - v) Review of performance in the light of the Party's strategic aims, business plans and budgets and ensuring that any necessary corrective action is taken.
- f) Approval of the extension of the Party's activities into new business or geographic areas.
- g) Approval of any decision to cease to operate all or any material part of the Party's business.

3. Financial reporting and controls

- a) Review of systems for ensuring compliance with all legal requirements including review and approval of the annual report and financial statements, letter of representation attesting to the accuracy of the financial statements supplied by the Party to the auditor and all accounting policies.



- b) Review of systems of audit, including receiving the auditor's report on the accounts and ensuring maintenance of a sound system of internal control and risk management including receiving reports on and reviewing the effectiveness of the Party's risk and control processes to support its objectives and strategies.
- c) Approval of capital expenditure and disposals in excess of £50,000 for an individual item.
- d) Approval of any changes in accounting policies or practices.

4. Internal Controls

- a) Ensuring maintenance of a sound system of internal control and risk management including:
 - i) Deciding the types of risk the Party is prepared to take.
 - ii) Monitoring the current risks the Party is facing and the risk register.
 - iii) Receiving reports on, and reviewing the effectiveness of, the Party's risk and control processes to support its strategy and objectives.
 - iv) Approving procedures for the detection of fraud and the prevention of bribery.
 - v) Undertaking an annual assessment of these processes.
 - vi) Approving an appropriate statement for inclusion in the annual report.

5. Contracts

- a) Approval of capital expenditure – a clear statement of delegated authority is essential. It should be clear which levels of capital spend require Board approval.
- b) Approval of all business acquisitions and disposals.
- c) Approval of all property acquisitions and disposals.

- d) Approval of all land and building leasing transactions.
- e) Approval of all funding arrangements proposed for the co-operative. In general, directors should seek independent external advice before considering proposals for property sale and leaseback transactions.

6. Constitution of the Board and senior staff appointments

- a) Ensuring adequate succession planning for senior staff.
- b) Selection of the chair and vice-chair(s) of the Board.
- c) Appointment of the General Secretary, including terms and delegated authority, their performance appraisal and their removal from office including compensation terms for loss of office.
- d) Approval of the management structure.
- e) Appointment or removal of the Board Secretary.
- f) Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the audit committee.
- g) Approval and review of the Party's HR policies.
- h) Approval of any amendments to the recognised Trade Union's terms and conditions.

7. Directors' fees and remuneration

- a) Determining the remuneration of the General Secretary, Board Secretary and other senior staff.
- b) Determining the remuneration of any professional external directors subject to the co-operative's governing document and member approval as appropriate.

8. Delegation of Authority

- a) The division of responsibilities between the Board and senior staff, which should be in writing.
- b) Approval of the terms of reference of NEC committees.
- c) Receiving reports from NEC committees on their activities.

9. Corporate Governance Matters

- a) Undertaking a formal and rigorous review [annually] of its own performance, that of its committees and individual NEC members and the division of responsibilities.
- b) Determining the independence of directors in light of their character, judgement, and relationships.
- c) Considering the balance of interests between members, employees, customers, suppliers and the community.
- d) Review of the Party's overall corporate governance arrangements.
- e) Receiving reports of the views of the Party's members to ensure that they are communicated to the Board as a whole.

10. Policies

- a) Approval of policies, including:
 - i) Code of Conduct for NEC Members.
 - ii) Bribery prevention policy.
 - iii) Whistleblowing policy.
 - iv) Equality & Diversity policy.



- v) Environment and Sustainability policy.
- vi) Health and Safety policy.
- vii) Tendering policy.
- viii) Human Resources policy, including any training structures in place.

Chair of the Co-operative Party NEC

Core Responsibilities

1. The Chair should provide leadership to the NEC, ensuring that it fulfils its role under the Rules of Co-operative Party Ltd (see above)
2. Chair the AGM of the Society ensuring compliance with the rules and that members are able to participate.
3. Be a member of the Policy-Sub Committee.
4. In between NEC meetings, working with the General Secretary and the Vice-Chair of the NEC to ensure the effective operational management of the Party in line with the agreed strategy and plans of the Party; and deal with any urgent issues that arise – seeking the views and input of the full NEC as appropriate. The Chair will report back to the NEC on such matters either at the next meeting of the NEC or in advance by other appropriate means e.g. by email or via a conference call.

Additional Duties

5. Working with the General Secretary, Vice-Chair of the NEC; the Chair and Vice-Chairs of the Parliamentary Group, provide a leadership role within the Party by:
 - being active, and being seen to be, actively advancing the co-op agenda personally



- representing the Party externally and to key stakeholders
 - being a sounding board for the General Secretary and Board Secretary
6. Working with the Board Secretary, oversee the effective corporate governance of the Party.

Supporting principles drawn from the Co-ops UK Code of Governance, as agreed by the NEC

1. The Chair should ensure that at all times the strategy of the Party is in line with the International Co-operative Alliance's Statement of Co-operative Identity and Values and Principles; and that the Party is working towards its agreed Strategic Objectives.
2. Care should be taken to ensure the integrity and independence of the relationship between the General Secretary and the Chair. The Chair should be confident of his or her ability to challenge the General Secretary where necessary.
3. The Chair should act as the primary link between the NEC and the General Secretary and Board Secretary.
4. They should promote an effective working relationship between NEC members and encourage the active engagement and participation of all the members of the NEC.
5. Individuals should be selected on the basis of their chairing skills, leadership capacity, interpersonal skills, ability to challenge the management executive and knowledge of the organisation.
6. A Chair should have served at least one year of office as an NEC member before being appointed to the role.

Co-operative Party Ltd Audit Sub Committee - Terms of Reference

1) Membership

- a) Members of the Committee shall be appointed by the Board.
- b) The Committee shall be made up of at least 3 members.
- c) All members of the Committee shall be members of the Board, at least one of whom should have recent and relevant financial experience.
- d) The Chair of the Board shall not be a member of the Committee.
- e) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, General Secretary, Board Secretary, Finance Officer, other Board (NEC) members, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- f) The external auditors will be invited to attend meetings of the Committee on a regular basis.
- g) The Vice Chair of the Board shall be a member of the Committee and its Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2) Secretary

The Board Secretary or their nominee shall act as the Secretary of the Committee.



3) Quorum

The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4) Frequency of Meetings

The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5) Notice of Meetings

- a) Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Board Members, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6) Minutes of Meetings

- a) The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- b) The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c) Minutes of Committee meetings shall be circulated promptly to all members of the Committee and once agreed, to all members of the Board.



7) Annual General Meeting

The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any questions on the Committee's activities.

8) Duties

The Committee should carry out the duties below for the Board:-

9) Financial Reporting

- a) The Committee shall monitor the integrity of the financial statements of the Board, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- b) The Committee shall review and challenge where necessary:
 - i) The consistency of, and any changes to, accounting policies; both on a year on year basis.
 - ii) The methods used to account for significant or unusual transactions where different approaches are possible.
 - iii) Whether the Board has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - iv) The clarity of disclosure in the Party's financial reports and the context in which statements are made; and
 - v) All material information presented with the financial statements, such as the operating and financial review

- c) The corporate governance statement (insofar as it relates to the audit and risk management).
- d) The Committee shall review the annual financial statements of the pension funds, where not reviewed by the Board as a whole.

10) Internal Controls and Risk Management Systems

The Committee shall:

- a) Keep under review the effectiveness of the Board's internal controls and risk management systems; and
- b) Review and approve the statements to be included in the annual report concerning internal controls and risk management, unless this is done by the Board as a whole.

11) Whistleblowing

The Committee shall review the Board's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

12) Internal Audit

The Committee shall:

- a) Monitor and review the effectiveness of the Board's internal audit function in the context of the Party's overall risk management system.
- b) Approve the appointment and removal of the head of the internal audit function.
- c) Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The

Committee shall also ensure the function has adequate standing and is free from management or other restrictions.

- d) Review and assess the annual internal audit plan.
- e) Review promptly all reports on the company from the internal auditors.
- f) Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- g) Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chair of the Board and to the Committee.

13) External Audit

The Committee shall:

- a) Consider and make recommendations to the Board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- b) Oversee the relationship with the external auditor including (but not limited to):
 - i) Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Party (other than in the ordinary course of business).
 - ii) Agreeing with the Board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy.
 - iii) Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Party



compared to the overall fee income of the firm, office and partner and other related requirements; and

- iv) Assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- c) Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage.
- d) The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.
- e) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- f) Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - i) A discussion of any major issues which arose during the audit,
 - ii) Any accounting and audit judgements, and
 - iii) Levels of errors identified during the audit.
- g) The Committee shall also
 - i) Review the effectiveness of the audit.
 - ii) Review any representation letter(s) requested by the external auditor before they are signed by management.
 - iii) Review the management letter and management's response to the auditor's findings and recommendations; and develop and implement a policy on the



supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

14) Reporting Responsibilities

- a) The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- c) The Committee shall compile a report to shareholders on its activities to be included in the Party's annual report.

15) Other Matters

The Committee shall:

- a) Have access to sufficient resources in order to carry out its duties, including access to the Party's secretariat for assistance as required.
- b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- c) Give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate.
- d) Be responsible for co-ordination of the internal and external auditors.
- e) Oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- f) At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.



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16) Authority

The Committee is authorised:

- a) To seek any information it requires from any employee of the Party in order to perform its duties.
- b) To seek any information it requires from any employee of the Party in order to perform its duties.
- c) To obtain, at the Party's expense, outside legal or other professional advice on any matter within its terms of reference; and
- d) To call any employee to be questioned at a meeting of the Committee