

The proposed reforms to the mix of elected and non-elected directors on the CICS board represents a major change in the fundamental nature of the governance of our mutually owned business. Indeed it would be a significant step away from the 2nd international co-operative principle - “member democratic control”.

Until quite recently all directors of the Channel Islands Co-op were directly elected by the membership. Then the rules were changed to reduce the number of directors elected by the membership from eight to six and to allow the CEO and two appointed NEDs to join the board. This was agreed in order to recognise the inherent tension between co-operative democratic principles and the need to ensure a proper range of commercial skills on our board.

However there remained a 2/3rds majority of democratically elected directors on our board and members were assured at the time that this safeguard would remain. Under the proposed new arrangements five of the six member elected directors could object to a course of action and yet be overruled. This is not co-operative democracy as it is traditionally understood.

While it is accepted that the rule changes would be permitted under the code recently issued by Co-operatives UK we believe the changes in that code have been driven – at least in part – by the need to legitimise the current governance arrangements of The Co-operatives Group which is Co-Operatives UK’s largest funder.

Many other successful regional Co-ops are not following suit and are steadfastly refusing to water down their democracies. Nor should the Channel Islands’ Co-op do so without very full and careful consideration. Democracy once lost will be very hard, if not impossible, to regain. Our mutual business has thrived for over 100 years while remaining democratically controlled but once that democracy is diluted it will be gone forever.

Similar concerns exist over the proposal to allow a non-elected director to become the society's president for the first time in its history and to extend the maximum term of non-elected NEDs from six to nine years.

Taken together these changes represent a major move away from a board moulded on co-operative principles, towards one more akin to a standard company board.

As two former, long serving, presidents of the CICS, who care deeply about our mutual business, we do not put this motion aggressively. Nor do we deny that there is a legitimate debate to be had around these issues. However if such major changes are to be implemented it should only be after full and proper consideration, and debate, at a traditional, physical, Special Members' Meeting and not at an on-line SMM.

These are landmark decisions which will change our businesses' governance forever, in ways which cause us considerable concern. While it is nobody's fault that the AMM or SMM are having to be held remotely this year we know of many members who do not feel comfortable in participating in such a seminal debate on-line. Indeed it seems highly likely that attendance will be much lower than at our traditional AMMs.

Accordingly we ask the board to defer the proposed rule changes referred to in motion 1 until an SMM to be held immediately after the 2022 AMM.

Peter Roffey + June Le Feuvre [past presidents]