

Lincolnshire Co-operative Limited (“the Society”)

Elected Directorships: Process Description

1. The Purpose of the Society’s Election Process

A diverse Board having a broad range of skills and experience is key to the long-term, sustainable success of the Society. The Board of Directors is committed to encouraging member participation in the Society’s election process, either as potential candidates or by voting, to ensure that democracy remains a core principle within the Society’s governance framework.

An effective election process ensures that the Society attracts and retains Directors that can:

- Represent the interests of the Society’s members, colleagues and other stakeholders;
- Hold the Society’s ELT to account in the discharge of its duties and responsibilities;
- Ensure the Society’s activities and decision making are aligned to the agreed strategy and the Society’s purpose;
- Demonstrate professionalism and integrity in all aspects of their role, acting at all times as ambassadors for the Society and champions of co-operative values;
- Provide effective leadership and contribute to a strong dynamic in the Board room that promotes appropriate challenge, curiosity and support;
- Understand the importance of good governance in the effective running of the Society;
- Interpret and question a broad range of financial, operational and commercial information;
- Support the work of the Board’s delegated committees;
- Discharge the general legal duties of a Director.

This Process Description should be read in conjunction with the Society Rule Book and in the event of any conflict of inconsistency between terms in both documents, the relevant term of the Society Rule Book shall prevail and apply.

2. Key Definitions

“Advisors” the external search and/or assessment provider appointed by the SGC to support relevant activities under this Process Description.

“Ballot” the process used for Society members to cast their vote and select Eligible Candidates for vacant Board positions.

“Board” the Society’s Board of Directors.

“Competency Framework” the Society’s competency framework overseen and maintained by the GS&GC.

“CPO” Chief People Officer, as that role is defined within the ELT.

“CPPO” Chief Purpose & Proposition Officer, as that role is defined within the ELT.

“Eligible Candidate” a candidate that meets the minimum eligibility criteria set out in the Society Rule Book covering (without limitation) minimum age, membership and proof of purchase with the Society.

“ELT” means the Society’s Executive Leadership Team.

“GS&GC” the Society’s Group Secretary & General Counsel, also referred to as the **“Secretary”** under the Society Rule Book, and who is assigned to act (amongst other duties) as returning officer in the election process.

“SGC” the Society’s Search & Governance Committee, the Terms of Reference for which are available at <https://www.lincolnshire.coop/about-us/board-of-directors>.

“Society Rule Book” the Society’s published Rule Book (as updated and amended from time to time).

“Voting Period” the period during which votes are cast by the Society’s members for an Eligible Candidate approved by the SGC to go through to the Ballot.

3. Role Specifications

The role specifications for a Society Director and each of the Board appointed positions (including President, Chair of the Board, and Committee Chairs) are maintained by the GS&GC and will be made available as part of the election process. The role specifications set out the duties and responsibilities associated with the relevant role, and provide an indication of the expected time commitment.

The Society’s governance is subject to regular review and the number, format and structure of meetings may change to accommodate anticipated activity in a given year.

4. The Role of the SGC and Advisors

The Board has delegated the oversight of Director search and election activities to the SGC in accordance with its Terms of Reference. The SGC will ensure the election process supports the development and maintenance of a Board with an appropriate size, structure and composition, and which democratically represents the interests of the Society’s membership.

An effective election process respects principles of accessibility, diversity, transparency and fairness in all respects. The stages and requirements set out in this Process Description have been designed to ensure:

- Any application formalities are strictly observed and enforced.
- A level playing field exists at all times, which ensures all candidates are treated equally. Existing Directors standing for re-election shall not be afforded any preferential or different treatment during the course of the election process.
- Decisions are made objectively and based on applied insight and considered debate within the relevant governance structures.
- The election process balances the need for: (i) new ideas and approaches, and (ii) a degree of continuity and stability, that supports the Board’s effective running and succession planning.

To give effect to these key principles, the SGC recognises that a balanced assessment of applicants without the risk of being influenced (unconsciously or otherwise) by bias or self-interest requires support from a wider representative group that includes input from non-Directors and external advisors. The assessment element of the election process is therefore supported by two roles within the ELT: the Chief People Officer (“CPO”, providing a ‘subject matter expert’ view on application and assessment outputs) and the Chief Purpose and Proposition Officer (“CPPO”, ensuring that candidate assessment has a membership and purpose lens applied to it).

The SGC will be independently advised by an external search advisor appointed on such terms as the SGC may agree from time to time having received a formal written proposal from the GS&GC.

5. Eligibility

The Society's membership team and the GS&GC are responsible for ensuring that any applicants can be progressed as Eligible Candidates. The decision of the GS&GC on whether any particular eligibility criteria are met shall be final.

The Society Rule Book contains the following provision concerning spend with the Society or (in the alternative) demonstration of significant commitment to the Society's purpose:

"A Person shall only be eligible for Board nomination or appointment if they fulfil the following criteria (where applicable). They:

...

must provide to the satisfaction of the Secretary proof of: (i) purchases made by them with the Society to a value of £500 in the twelve months immediately prior to the date of their nomination; or (ii) in the absence of having made such purchases, a significant contribution (financial or otherwise) to organisations, initiatives, schemes or activities in such a manner that demonstrates the Member's commitment to the Society's purpose (and the Board shall approve regulations that ensure a fair determination by the Secretary of any such commitment). For the avoidance of doubt, provisions (c)(i) and (ii) shall not apply when determining the eligibility for appointment of any Appointed Director;"

To ensure that the assessment of any purported eligibility under limb (ii) is objective, transparent and not open to individual bias or opinion by any individual involved in determining eligibility, the Board has agreed that the following general criteria must be applied by the Secretary:

- **Society Engagement:** The candidate must be able to demonstrate at least two (2) instances of member engagement (including attendance at members meetings or voting in elections, or a combination of both) within the last three (3) years; and
- **Alternative Contribution:** A time-based commitment of at least one (1) day per month over no less than a 12 month period within the last three (3) years, through volunteering or holding another trusteeship, directorship or similar role in an established co-operative, charitable or community-based organisation having objects or a stated purpose that is consistent with that of the Society, and operating within the Society's trading area.

Candidates are reminded to declare any interests that may be considered relevant to their application including, without limitation, any personal or professional relationships with existing colleagues of the Society, any personal interests in businesses that have an existing supplier or other commercial relationship with the Society, and any existing Directorships or senior positions with businesses that could be considered to be competitors of the Society.

Any interests declared in accordance with the above shall be carefully considered by the GS&GC. If the relevant declaration generates, or may generate, a significant conflict of interest that would, in the reasonable opinion of the GS&GC (having consulted with the SGC or external advisors, as appropriate), adversely impact the Eligible Candidate's ability to properly perform the role, the GS&GC may request the Eligible Candidate to take further action to resolve the matter (which, in certain cases, may require the Eligible Candidate to withdraw from the election process).

The information presented on the Candidate Management Portal shall state (amongst other matters) the following:

- The skills, experience and/or expertise that the Board would be particularly interested in obtaining from Eligible Candidates.
- The SGC, in any assessment process and its shortlisting of Eligible Candidates for the Ballot, will take into consideration the Board's succession planning requirements.

6. Applications

Applications from Eligible Candidates shall be submitted and managed using the Society's online candidate management portal. Applications submitted through any other means shall be automatically deemed void and disregarded. The Society reserves the right to request further information or clarification on any responses submitted once any application is received.

Eligible Candidates must provide details of a 'Proposer' and 'Seconder' to support their application. The Proposer and Seconder must confirm their support to the Eligible Candidate's application by the relevant application closing date.

7. Assessment Requirements

The GS&GC and/or the SGC shall be permitted to request further information or clarify any application after the relevant application closing date. Candidate assessment will then progress using the following two stage process:

Stage 1 – First Stage Basic Competency Assessment

Prior to engagement of the SGC, the GS&GC will undertake a first review of the applications received from Eligible Candidates. If the GS&GC reasonably believes that a candidate does not meet the Competency Framework, or has otherwise demonstrated through the information provided within their application that they will be unable to meet the requirements of the role specification for a Director, that candidate will not be progressed any further.

A written summary of any such decision (including clear reasons for the assessed lack of basic competency) will be prepared by the GS&GC and provided to the SGC. The decision of the GS&GC during Stage 1 shall be final and not subject to further review.

Eligible Candidates that are deemed appropriate to progress to Stage 2 shall be booked for assessment by the SGC's appointed external search advisor or tool.

Eligible Candidates shall also be invited to a short interview (in person or virtually) with the GS&GC and Chair of the Board. The interview shall be used as an opportunity to validate information provided in the Eligible Candidate's application, explore their motivations for wishing to join the Board and having the opportunity to ask questions about the role. For the avoidance of doubt, the interview shall not, of itself, be used as a basis to progress or reject any Eligible Candidate.

The outputs of the above assessments and interviews shall be collated (together with the Eligible Candidate's self-assessment against the Competency Framework) by the GS&GC into a written report for the SGC.

Stage 2 – Final Assessment by the SGC

The final assessment of candidates will generally take place at the meeting of the SGC that is immediately prior to commencement of the Voting Period.

The SGC shall invite the Society's CPO and CPPO to attend the meeting and copies of the GS&GC's written First Stage report shall be provided in advance of such attendance. The SGC shall properly consider any representations and views provided by the CPO and CPPO as part of its overall determination of Eligible Candidate suitability to proceed to the Ballot.

The SGC will then review each remaining Eligible Candidate's application and the individual reports prepared by the SGC's appointed external search advisor. Each Eligible Candidate shall be assessed against the following criteria and considerations:

- The self-assessment scoring provided in the application, and the extent to which the Eligible Candidate believes they are capable of fulfilling the basic requirements of the role;
- The extent to which the Eligible Candidate has qualifications, skills or experience that are desirable for the Society and which are not reflected (either sufficiently or at all) in the Board's then composition (and the GS&GC may produce a skills map to facilitate consideration of this point);
- The conclusions and scoring provided by the external search advisor (and the SGC shall hear from individual assessors who have prepared reports or otherwise conducted interviews to validate any such conclusions and scoring);
- The candidate's commitment to co-operative values and principles;
- The extent to which the candidate has demonstrated sufficient capability to meet the specific requirements of the role description and in particular:
 - Strategic thinking;
 - The ability to work collaboratively;
 - Business knowledge;
 - Interpretative and analytical skills, particularly in relation to financial and operational information;
 - Understanding of legal duties affecting Directors, the Board and the wider Society;
 - Experience of operating at Board level or within similar environments;
 - Appreciation of the distinction between a non-executive and executive role.

The SGC will then vote on whether to progress each remaining Eligible Candidate to the Ballot. In arriving at its decisions, the SGC shall not determine the relative merits between Eligible Candidates; only whether the criteria above have been sufficiently demonstrated for each Eligible Candidate to proceed to the Ballot. Subject to the assessment process described above, there shall be no limits on the basic number of Eligible Candidates who may proceed to the Ballot.

For the avoidance of doubt, only the SGC Board Committee members shall be entitled to vote. Voting shall be conducted on a simple majority basis.

In the event of a tied vote by the SGC members on any question of progression to the Ballot, the default position shall be that the relevant Eligible Candidate shall not proceed to the Ballot.

Decisions of the SGC will be final and subject only to review where the GS&GC is notified that there has been an alleged breach of the rules and requirements contained or referred to in this Process Description. Except where fraud, deception or conduct which is otherwise unlawful is established, any decision reached by the SGC which is subsequently found to be in breach of this Process Statement shall not automatically invalidate or otherwise void any subsequent decisions or appointments made in the relevant Election Process. Where there is a requirement to review any decision or appointment, the GS&GC will advise the Board on an appropriate course of action.

8. Preparation for Election

All Eligible Candidates will be notified of the SGC's decision and whether they are to proceed to the Ballot, or have been unsuccessful for the particular election year. To preserve the confidentiality and integrity of the SGC discussions, Eligible Candidates shall not automatically receive the reasons for a particular decision (and no material documenting any proposal or deliberations shall be made available to Eligible Candidates). Unsuccessful Eligible Candidates shall be given the opportunity to arrange a discussion with the GS&GC to understand the general areas of assessment that ultimately led to the SGC's decision.

Eligible Candidates proceeding to the Ballot will be invited to assist the Society's membership team in the preparation of appropriate election materials (including any public communications). The membership team will ensure that there is no prominence or favouritism shown to a particular Eligible Candidate in the presentation of any materials and to the extent that there has to be any ordering of candidates, the order shall be determined at random drawing names from a hat in the presence of at least two witnesses. Notwithstanding the foregoing restrictions, the SGC may request that the election materials note within relevant Eligible Candidate profiles: (i) particular qualifications, skills or experience deemed desirable to the development and proper functioning of the Board (by reference to the skills matrix overseen by the SGC); and/or (ii) any existing Directors who are deemed desirable for re-election because they are part of the Board's documented succession planning for key positions. The format of any such notes to be included within relevant Eligible Candidate profiles shall be subject to final approval by the GS&GC.

It is a core requirement of the election process that Eligible Candidates do not actively undertake, facilitate or procure any activity that is, or could reasonably be construed as, campaigning, canvassing, soliciting or otherwise actively attempting to influence the outcome of the Ballot (referred to in this Process Statement as "Restricted Activity"). For the avoidance of doubt, Restricted Activity shall include actively posting, or facilitating the posting of any material on social media channels or platforms concerning the election process or their own participation within it. Any Eligible Candidate found to be engaged in Restricted Activity shall be automatically excluded from the election process. In the event of any dispute or disagreement as to whether conduct constitutes Restricted Activity, the decision of the GS&GC (having consulted with the SGC and external advisors, as appropriate) shall be final.

9. Voting Period

The Voting Period shall be specified within the information made available as part of the application process. Votes cast outside of the Voting Period shall not be considered under any circumstances.

Members will be asked to cast a maximum number of votes up to, and not exceeding, the total number of vacant Board positions. For the avoidance of doubt, members may cast a lower number of votes than the total number of vacancies.

Each individual vote cast for an Eligible Candidate on the Ballot shall count as one vote only, and all votes shall carry equal weight.

Vote counting shall be undertaken by the Society's appointed external service provider. The Society will not undertake any vote counting or checks of its own and shall take the result provided by the relevant service provider as final. Any concerns regarding the voting process should be raised with the GS&GC, however no issues or defects that are subsequently found shall operate to automatically void or otherwise invalidate any appointments made for the relevant election year.

The Eligible Candidates having the highest number of votes shall be elected to the Board. In the event of a tie between two candidates for one available position, the external service provider shall notify the GS&GC of the two candidates in question. The GS&GC shall, in their capacity as returning officer, draw a name from

a hat to settle the tie or follow any other procedure pre-agreed with the SGC. Any such procedure must be undertaken in the presence of at least two (2) witnesses.

10. Announcement of Results

Eligible Candidates who progressed to the Ballot will be informed of the election results as soon as reasonably practicable after the close of the Voting Period. The GS&GC will, in consultation with the Society's Search & Governance Committee, determine an appropriate means of announcing the election results, and candidates shall be asked to provide an undertaking of confidentiality so that the result is not disclosed publicly or otherwise to any third party until the date of such announcement.

Shortly after announcement of the result, the successful Eligible Candidates shall be provided with a letter of appointment, a copy of the Society's Director Code of Conduct and other documentation necessary to confirm their appointment and induction as a member of the Board.

The Board has an objective to maintain a pipeline of future potential Directors from within the Society's membership. To help achieve this objective, Eligible Candidates that did not progress in the process but are viewed as having potential in the future will be actively encouraged to remain in contact with the Society, and the SGC will consider whether there are other opportunities to involve the relevant individuals in appropriate activities ahead of the next election year (ensuring at all times that such opportunities do not create any explicit bias or advantage towards the individual, and are opportunities that would be made available to any other potentially Eligible Candidate).

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