Employee Ownership Association

Response to the Corporate Governance Reform Green Paper

February 2017

EMPLOYEE OWNERSHIP ASSOCIATION
BETTER BUSINESS TOGETHER

EOA RESPONSE

Is there a need to improve public trust in large UK companies? If so, what actions do you think government and business can take?

Trust is essential to the effective and efficient functioning of markets. Where trust is high there is competitive advantage and sustainability as trusted brands and organisations attract investment for innovation, build employee engagement leading to improved productivity and retain loyal customers as advocates.

There is undoubtedly a need to rebuild public trust in business – the most recent Edelman Trust Barometer (2017) shows that trust in business has declined from 46% in 2015 to 33% in 2017.

However, it is arguable that there is an equal need to build higher levels of employee trust in the businesses in which they work – as the route to delivering better outcomes including higher levels of innovation, productivity and profitability.

Whilst legislation and regulation assist with compliance, the long term future of a trusted economy will be better served by businesses being encouraged and supported to do the right thing, not just the thing that is legal.

The routes to facilitate and enable this are embedded in the leadership and culture of the organisation and the levels of employee engagement and employee ownership.

Employee ownership is an established model and structure of business that has yet to reach its potential in the UK but which is ideally placed to contribute directly to Government's objectives of corporate governance reform and an economy that works for everyone.

Employee owned businesses are those which are partly or wholly owned by their employees, where all employees have the opportunity for ownership, either directly through shares or indirectly via a trust and where ownership is brought to life through meaningful engagement and representation of the employee voice.

The UK's employee owned businesses deliver over £30bn annually to UK GDP, and employ over 200,000 people and the largest 50 employee owned businesses out-performed growth in the UK economy in 2016, growing their combined turnover by 10.2% over the previous 3 years[1].

Employee owned businesses are demonstrably more productive, more resilient, more innovative and more profitable due to their higher levels of employee engagement, trust and long termism, and exist in every sector and geography of the economy and in every size of business.

Unsurprisingly with such high levels of employee engagement, employee owned businesses deliver all of this alongside a more responsible corporate governance structure.

[1] Top 50 Employee Owned Businesses 2016 http://employeeownership.co.uk/news/employee-ownership-proven-model-deliver-theresa-mays-better-britain/

Their structure of employee ownership, complemented by high levels of trust and transparency, supports a culture of shared ownership; being more inclusive and sharing wealth more fairly; being more representative, including employees being involved in decision making and on executive boards; being more engaging, normally having employee councils and forums; and by being more transparent, sharing information to enable better decision making and wider accountability. All of this is possible without diluting the ultimate and critical responsibility of management to manage.

The sector is rich with case studies of more effective corporate governance and the EOA and its members look forward to sharing these over the coming months as a follow up to this submission.

SECTION: EXECUTIVE PAY

Is there a need to further reform the executive pay framework? If so, what do you think needs to be done?

At a time when public trust in business is at an all time low and the average gap between the highest and lowest paid in listed organisations continues to widen, the topic of executive pay will continue to be high profile, with significant public condemnation of it when it is seen as disproportionate to average salaries in the company or to the most recent performance of the organisation.

In addition, there is growing discomfort from market investors in organisations that continue to ignore both their investors opinion, exercised through their vote and the growing public discontentment with executive pay. It is likely therefore that in the medium to longer term some of those businesses that continue to ignore such views will suffer as investors chose more selectively where to place their investments.

One clear opportunity to redress this is to ensure that the decision making in regards to executive pay is better informed and has more scrutiny, especially from the wider group of stakeholders, including the employees.

Employee owned businesses are exemplars of how employees can be involved, in a professional and meaningful way in informing such decisions and the EOA provides various case studies in its answers to the following questions.

1. Do shareholders need stronger powers to improve their ability to hold companies to account on executive pay and performance? If so, which of the options mentioned in the Green Paper would you support? Are there other options that should be considered?

Businesses are more likely to survive and thrive in the long-term when they balance the needs of the different stakeholders. Executive excess not only risks shareholder revolt (and ultimately the withdrawal of capital), it also risks reputational damage with customers, suppliers and employees.

There is increasing public dismay at reported disproportionate increases in executive pay in listed companies, relative to the other employees in the business and/or to the recent performance of the organisation. This dismay manifests itself in increasing levels of public mistrust of large listed business, which in turn impacts on the reputation of business in general.

Listed companies are therefore in a position to redress this by ensuring that the decisions they take regarding executive pay are proportionate, reflecting the need to maintain the confidence and trust of their shareholders and employees, and the wider general public as a whole.

It is therefore the view of the EOA that all shareholders, including employees, should have the opportunity to exercise more influence over executive pay.

The rationale for this is to ensure executive pay is proportionate to both the performance of the business at any one time and to the pay of the rest of the employees, upon whom the success of the business is dependent.

In employee owned businesses, the employee shareholders are usually involved in the oversight of strategy and decision making of the business in which they work, either through Employee Forums/Councils, or very often as Trustee Directors on a Trust or as a main Board Director.

The employee owned sector can therefore provide examples of how such influence might be exercised including at clothing manufacturers Rowlinson Knitwear and industrial door manufacturer Union Industries where employee shareholder representatives are involved in agreeing the pay of the respective MDs.

Specifically it is the view of the EOA that Option (v), strengthening the Code to be more specific on engagement over pay would be useful, especially with employee representatives.

Whilst every employee owned business operates differently, there are many examples of how such engagement can be facilitated including at SME Portland Gallery where an employee representative is involved in decision making for all employee salaries or Bristol Community Health, where an employee representative sits on the Remuneration Committee of this £74m turnover health care mutual business.

Whilst pay transparency has not been mentioned in the Green Paper, there is mounting evidence from the employee ownership sector of the belief in greater transparency around pay as a mechanism to further strengthen engagement. Examples of such broad transparency can be found in leading engineering consultancy Max Fordham and architect Cullinan Studio where there is complete transparency of pay.

2. Does more need to be done to encourage institutional and retail investors to make full use of their existing and any new voting powers on pay? Do you support any of the options mentioned? Are there other ideas that should be considered?

No response

3. Do steps need to be taken to improve the effectiveness of remuneration committees, and their advisers, in particular to encourage them to engage more effectively with shareholder and employee views before developing pay policies? Do you support any of the options set out in the Green Paper? Are there any other options you want to suggest?

Businesses that are wholly or partially owned by their employees are generally structured to enable the employee voice to be heard as part of informing strategic and operational decision making.

It is these self same businesses that are proven to be more resilient, more productive, more innovative and more enjoyable places to work.

To this end, it is the EOA's view that steps do need to be taken to improve the effectiveness of remuneration committees, particularly to encourage them to engage effectively with employees.

The EOA supports involvement of employees in the process, through their representative membership of the remuneration committee. It is the EOA's view that this should be done in listed and quoted companies as part of widening of the Code of Conduct for business to mandate for employee representation. However, in order that this is effective, the EOA recommends that such representation be accompanied by the education and sharing of information about the business performance with all employees.

Employee owned businesses understand that in order to empower employees and enable them to provide constructive and helpful contributions to the remuneration committee, they must have relevant and understandable information regarding the performance of the business and the wider sector. To this end employee owned businesses are more transparent, sharing performance targets and information with their employee shareholders and often assisting in their understanding of such information, in order that they can appreciate the context for decision making, and in some cases, contribute to it through their membership of remuneration committees.

There are numerous examples of how such engagement can be enabled including at international architects Make Ltd, tech start-up Outlandish and international engineering firm Mott MacDonald.

4. Should a new pay ratio reporting requirement be introduced? If so, what form of reporting would be most useful? How can misleading interpretations and inappropriate comparisons (for example, between companies in different sectors) be avoided? Would other measures be more effective? Please give reasons for your answer.

The EOA is mindful of the challenges that pay ratios can bring, for example, in leading to comparisons between different business forms and across different sectors.

It is therefore the EOA's view that if a measure is required to prevent this, that ratios should be sector-specific.

There are numerous examples of pay ratios being used in employee owned businesses, where all employees are fully aware of the pay ratio threshold in place between the highest and lowest or average pay including at Sheffield based School Trends, retailer, John Lewis Partnership, international chemical manufacturer Scott Bader, education mutual 3BM, health mutual Community Dental Services, and lighting manufacturer Mike Stoane Lighting.

5. Should the existing, qualified requirements to disclose the performance targets that trigger annual bonus payments be strengthened? How could this be done without compromising commercial confidentiality? Do you support any of the options outlined in the Green Paper? Do you have any other suggestions?

It would seem that the LTIP is not working as intended; it is neither long term nor simply an incentive, as the current average term of only 3 years is actually short term in a business lifecycle and the proportion of the overall pay package that the LTIP comprises has grown to a third.

It is therefore the view of the EOA that the current systems should be simplified and tied to longer term performance.

Employee owned businesses are structured to consider the long term health of the business and not the short term appetite of the shareholders. Therefore where individual incentives exist, they are generally linked to the long term health of the business, through share ownership, for example in architectural firm Stride Treglown and management consultancy Telos.

In addition, in employee owned businesses, there is generally a far more consistent and fair approach to reward and incentives in that it is not simply the retention and reward of the senior executives that is foremost. Indeed in some employee owned businesses, such individual executive incentives were sacrificed once the business became employee owned – for example in leading mutual Remploy and manufacturer Union Industries.

The EOA supports the establishment of more robust mechanisms to ensure that reward within businesses is proportionate and fair.

Employee owned businesses often use bonus payments as a means of reward, however, in most cases such bonus payments are universally applied to all staff as they are the result of dividend payments to the Trust which owns the equity of the business on behalf of the employees. Therefore often the level of the award is subject to decision making by a structure such as a Trust, which in itself has employee representation within it. This clearly demonstrates that employee representatives can be involved in decision making around remuneration and are able to put the interest of the business, and not themselves or their colleagues, first.

Examples of such for-profit employee owned businesses, where incentives or bonus are paid equally to ***all*** *staff on achievement of shared corporate targets include at employment mutual Remploy and electrical manufacturer PB Design.*

6. How could long-term incentive plans be better aligned with the long-term interests of quoted companies and shareholders? Should holding periods be increased from a minimum of three to a minimum of five years for share options awarded to executives? Please give reasons for your answers.

If shares are to be awarded to executives as part of a long term incentive plan, it is the view of the EOA that these should be better aligned to the long term interests of the health of the business and that therefore, three years is an insufficient period.

As has been evidenced in the previous answers, there are exemplar examples of employee owned businesses of every size and in every sector developing processes and approaches that appropriately ensure that there is no risk of management being incentivised to maximise short term pay-outs at the expense of viable long term strategies and the health of the business.

SECTION: STRENGTHENING THE EMPLOYEE, CUSTOMER AND WIDER STAKEHOLDER VOICE

Is there a need to strengthen the voice of employees and other stakeholders at board-room level in UK companies? If so, how do you think this would best be done? Is it possible to apply one approach to all large UK companies? How should a large UK company be defined?

Employees, consumers and suppliers are essential to the economic health and future success of any business, therefore it is the EOA's opinion that it is equally essential that their influence and their voice is heard as part of the decision making and performance management of the business.

As part of the current debate about reform of corporate governance, there is an emerging view from some parts of the economy that individual employees are not capable of being entrusted with such a role however, that somehow they are different to other people in similar positions and that they will not have the necessary understanding of the business in order to exercise their duties.

Whilst it is the case that each business is different, in terms of size, market and ownership structure, and it is therefore unlikely that one size fits all, there is clear evidence from the employee owned sector of how representation by employees at various levels, including at Board level, of decision making within the business can work and is highly beneficial.

Again the EOA provides various examples in the answers below which it hopes government will consider.

7. How can the way in which the interests of employees, customers and wider stakeholders are taken into account at board level in large UK companies be strengthened? Are there any existing examples of good practice that you would like to draw to our attention? Which, if any, of the options (or combination of options) described in the Green Paper would you support? Please explain your reasons.

The EOA believes nothing should dilute the ultimate responsibility of management to manage and to stand accountable for their decisions and actions. However employee owned businesses are more successful because of the way in which the interests of their various stakeholders are aligned for the long term. Many businesses sub-optimise because they behave in short-term tactical ways which prioritise some stakeholders above others causing conflict and division which does not allow them to unlock their potential.

Fundamental to businesses that are owned by their employees is the representation of their employee owners as part of this stakeholder group. Therefore the EOA and its employee owned members are pleased to provide a selection of examples of good practice which we would draw your attention to.

There is extensive evidence that strengthening the employee voice in these businesses leads to greater business performance. Evidence shows that 80% of employee owners would recommend their *organisation as a place to work*[2] *and the employee owned model can be an advantage in tackling the linked challenges of improving productivity*[3] *and creating sustainable economic growth.*

In almost half of the UK's employee owned businesses the employee voice is represented through employee Directors represented on the main Board. Demonstrating how this can effectively work in a variety of business types, sectors and sizes, the following are examples; employment services mutual business Remploy, law firm Stephens Scown, health care providers Stewartry Care, Bristol Community Health, CSH Surrey and 3BM, retailer the John Lewis Partnership and engineering consultancy Max Fordham.

In order to ensure this representation can be effective and enduring however, there is a requirement for training and support for employee Directors, ideally illustrated by the approach of health care provider Community Dental Services and chemical manufacturer Scott Bader.

In some cases the employee voice is represented through employee Directors of Trusts that own some or all of the equity of the business. Examples of this include architects Tibbalds, IT consultancy Agilisys, electrical manufacturer PB Design and printers Barnard & Westwood. In many cases this representation of employee elected Trustee Directors provides a mechanism for the employees to hold the Board to account, and in some cases to approve executive appointments, for example at engineering firm Gripple.

In the same way that every business is different, there are numerous other examples of how employee owned businesses demonstrate the importance they place on the employee voice having important representation outside of the Board or a Trust including; in the Shareholder Committee structure at international engineering consultancy Mott MacDonald, the Employee Forum structure at manufacturer Mike Stoane Lighting and the Governing Council structure at educational retail uniform provider School Trends.

Finally, the transparent reporting of financial and business information is an implicit feature of most employee owned businesses with employees, suppliers and customers/clients often being presented with detailed performance information. Exemplars of this approach to effective engagement is engineering firm Gripple, manufacturer Union Industries and healthcare provider Stewartry Care.

Recognising the economic benefits of strengthening the employee voice, the EOA supports the Government in continuing to incentivise and champion the employee ownership model as an exemplar for this and the EOA would welcome the opportunity to input as to how this could be done.

[2] Edinburgh Napier University, 2012
[3] Employee Ownership Association, *The economic case for EO*, http://employeeownership.co.uk/resources/facts-and-figures/

8. Which type of company do you think should be the focus for any steps to strengthen the stakeholder voice? Should there be an employee number or other size threshold?

The EOA represents companies of all sizes, from less than 10 employees to over 90,000 employees. Whilst the models and approaches used in order to represent the employee voice, and sometimes the customer voice, vary, the universal belief is that this engagement is only positive.

There is considerable evidence from within the sector of the value of this focus on employees and engagement with them; on profitability, resilience, productivity, staff retention and customer satisfaction. Therefore there is much to be learnt from the sector as listed and larger private companies seek to develop and improve their approaches to corporate governance.

However there are inevitably limits on what some companies can achieve, based on their size, and their age. A new start up of a few people for example would possibly find it onerous to have to comply to a Code of Conduct.

There is extensive evidence that greater engagement of employees leads to better business and therefore the EOA would promote the inclusion of this as part of the Corporate Governance Code of Conduct for large privately owned businesses as described in the Green Paper.

9. How should reform be taken forward? Should a legislative, code-based or voluntary approach be used to drive change? Please explain your reasons, including any evidence on likely costs and benefits.

The employee owned model of business is highly flexible, therefore its implementation in most cases is unique to the circumstances of the business, and dependent on its size and sector. Hence in most cases these same businesses will have developed different approaches to their governance as part of their unique ownership structures.

Therefore, recognising the different forms of private companies in the UK the EOA suggests that a voluntary approach is maintained, with non-listed companies able to refer to the Corporate Governance Code for guidance, whilst being allowed a degree of flexibility to report in an appropriate manner for their model.

SECTION: CORPORATE GOVERNANCE IN LARGE, PRIVATELY HELD BUSINESSES

Is there a need to extend elements of the UK's corporate governance and reporting framework to some privately-held businesses? If so, which elements and to which companies?

Every business regardless of its size should seek to act responsibly to its employees, customers, suppliers and the communities in which it exists. Therefore it is the EOA's opinion that encouraging all businesses to adhere to agreed codes of conduct in regards to corporate governance is a positive thing to do. However, given the different sizes and therefore capacity of businesses to adhere to such codes, the EOA would support this being a voluntary approach.

Again the EOA provides examples in its answers of the following questions of how this might be exercised in non-listed companies.

10. What is your view of the case for strengthening the corporate governance framework for the UK's largest, privately-held businesses? What do you see as the benefits for doing so? What are the risks to be considered? Are there any existing examples of good practice in privately-held businesses that you would like to draw to our attention?

The EOA represents employee owned businesses of all sizes, and a number are over 1000 employees, hence would qualify as part of description within this Green Paper as being 'the UK's largest privately-held businesses'.

Each of these employee owned businesses will exhibit, as part of its own unique approach to its governance, examples of the transparency and employee voice that has been described earlier.

The current members of the EOA illustrate this approach with Mott Macdonald, Bristol Community Health, East Coast Community Health and WCF each citing the adoption the UK Corporate Governance Code, Community Dental Services citing the IOD's Corporate Governance for Unlisted Companies as their guidance and businesses such as School Trends developing their own bespoke approach.

Whilst there is a view that it is only the larger privately owned businesses which present the biggest risks to the employees, communities, and customers they serve, should they fail or act inappropriately, it is the EOA's opinion that it should be the responsibility of every business to conduct itself appropriately.

It is the EOA's view that all privately owned businesses should be encouraged, through a voluntary approach, and reference to the Corporate Governance Code, to develop the standards of their own approaches to corporate governance.

11. If you think that the corporate governance framework should be strengthened for the largest privately-held businesses, which businesses should be in scope? Where should any size threshold be set?

See response above

12. If you think that strengthening is needed how should this be achieved? Should legislation be used or would a voluntary approach be preferable? How could compliance be monitored?

See response above

13. Should non-financial reporting requirements in the future be applied on the basis of a size threshold rather than based on the legal form of a business?

No response

Other issues

14. Is the current corporate governance framework in the UK providing the right combination of high standards and low burdens? Apart from the issues addressed specifically in this Green Paper can you suggest any other improvements to the framework?

No response

Appendix 1 – EOA member case studies

The EOA would like to thank our members who have submitted case studies to support our Corporate Governance Green Paper response.

Below are some excerpts from our member case studies as well as a full list of contributors, their sector and size of business with web links:

3BM

"We have adopted a pay policy that restricts the MD pay to no greater than 13 times that of the lowest paid individual. Currently all partners have an equal stake in the business and as such they all receive an equal annual bonus. Our Employee Committee are represented on both our Trust and Limited Boards. In July 2016, we took an unprecedented step of spending half the company away-day openly discussing what approach the workforce wished the business to take in respect of its profits going forward, with everyone having the same voting rights bestowed upon them. The outcome of which was that more development of them as individuals was more important than increasing pay or bonuses which reflects the culture of our organisation."

Scott Bader

"Openness and transparency are key drivers. Reward information is openly available to our boards and colleague bodies. All colleagues' have access to remuneration policies. Business performance drives our variable rewards; colleagues are updated each quarter.

Our Group CEO's grade and salary band is published alongside those of all colleagues, all individuals' being aware of where they sit within their respective pay band. Our Members Assembly (international colleague body) reviews the ratio of CEOs pay against the lowest paid (full time equivalent) colleague annually. This has narrowed with adoption of the voluntary 'Living Wage'

Whether or not we pay an annual staff bonus is decided by our members (one member one vote) at AGM."

Rowlinson Knitwear

"The Managing Director's pay is set by the four trustee directors, which includes including one appointed by the employees. All employees briefed about levels of pay increase by department and that the lowest paid employees have receive the highest increases for the past seven years. Profit share is paid to all employees where most employees receive the same amount - £2,000 each, irrespective of pay grade. Reference is made to all employees of the differential between highest paid employee (Managing Director) and lowest paid; currently a ratio of 6:1."

School Trends

"Salary bands for all Employees including Directors are published for all to access. No Secret bonuses/additional pay for individuals (including Directors/Managers). All terms and conditions are declared and agreed by the governing council and if are considered to be major would be voted on companywide. The highest and lowest salary is no more than the factor of 10. Specialist Roles, Team Leaders, Managers and Directors have an additional 5 days holiday over officers to help offset the extra hours worked that tends go with these roles. There is a profit share scheme – more recently this has only been equal per person (pro rata by hours) regardless of role…"

Union Industries

"We operate a companywide profit share based on the same sum of money to each employee, there are no Director-only bonus schemes and we do not pro-rata based on salary. This is the fairest system we could devise, every employee is paid a fair salary for the role they perform and expect this to be executed to the best of their ability. This being the case we believe that everyone should receive an equal bonus/profit share. The amount is calculated annually, based on company performance.

In addition, each Director is held accountable for the way the Company is run and serves a 3-year term before standing for re-election by the employees. In this way we ensure that all employees feel they are getting value from their Directors."

Max Fordham

"Max Fordham LLP has a completely transparent pay system. The rates of pay of everyone in the business are published internally. The published pay sheet lists the current rate of pay, proposed rate and percentage change for everyone in the organisation at all levels.

Rates of pay are proposed by a remuneration committee which is made up a representative from each group and section of the business. Proposals are based on a combination of self assessments, supervisor assessments, and – for supervisors – team assessments. The committee ensures that pay changes are applied across the organisation on a consistent basis; that unconscious bias is eliminated; and that every individual is considered and treated fairly. An appeals process is available but rarely needs to be used.

A separate group follows the same process for the most senior members of the organisation, whilst seeking feedback on their performance from across the organisation.

Proposals for everyone at all levels of the business are approved at a Partners Meeting to which the entire organisation is invited; anyone can speak and half the organisation is entitled to vote since all employees are eligible for partnership after 4 years."

Tibbalds

"Tibbalds Planning and Urban Design is 60% employee owned, with these shares being held in Trust. There are five Trustee Directors, two elected by staff, two appointed from the Board of Directors and one independent. The Trust meets every quarter, and makes recommendations (and asks questions) on issues such as the Tibbalds' Business Plan, the distribution of bonuses and other key strategic issues to the Tibbalds Board. The employee Trustee Directors represent the Trust at quarterly Shareholders' Meetings. However, the main focus of employee engagement is the quarterly Staff Forum. This meeting provides an opportunity to:

- *report on the progress of the business to all employees, including providing financial information of performance and future prospects;*
- *involve employees in the strategic direction of the business – e.g. through workshops on key elements of the annual Business Strategy which in turn feed into the final Strategy;*
- *discuss ideas and issues as to how the business could be run better or be more beneficial to employees – topics we have covered have ranged from the options for introducing Workplace Pensions to having more plants in the office; and*
- *at appropriate times, discuss the re-appointment or election of employee Trustee Directors."*

Remploy

"On a Board of 6 Directors, 2 are elected by employees from within the business. These individuals have full Director status and fully participate in Board level discussions and decisions. This is how the employee voice influenced strategically

Operationally, the business has a National Ownership Council, the 23 members of whom are elected from within a community of 64 local ownership leads, who themselves are elected by local team populated by the 750 employees. The Ownership Council has a direct dialogue with the Company's Executive team and discusses key operational business issues. Local ownership leads liaise with local managers and department heads on their specific areas of the business.

These structures ensure that the employee voice is clearly represented at every level of the business."

Mott MacDonald

"All board members are employees and members of the Shareholders' Committee participate on committees of the Board which deal with Strategy and Policy, Operations and Risk, and Investment and Finance. We have an AGM which is well attended and we produce an annual report to shareholders, documenting strategy, performance, etc, as well as our Report and Accounts and our Annual Review. Other forms of reporting include regular Intranet bulletins and periodic (usually quarterly) e-mails from the Group Chairman. In the UK we have regional staff councils which consider matters raised by all staff."

Stewartry Care

"Employee engagement is one of the most important and powerful elements of an employee owned business and successfully steers the direction of the company. This is achieved in various different ways e.g. workshops, employee council, regular staff meetings, consultation events and an open door policy by the management and directors

Board of Directors within our company consists of Non-Executive Director – Chairperson, three Executive Directors – Managing, Finance, Business and Marketing and three Employee Elected Directors. All directors are involved in the strategic direction of the company. By having an active role in producing the three year strategic plan, this encourages a bottom up approach to the vision and development of the business. In addition to the Board of Directors our model also includes a Board of Trustees."

Bristol Community Health

"We are 100% employee owned and 51% of staff are currently shareholders. Our elected Staff Council conducts an annual Board Evaluation and has ratified the appointment of 5 non-executive directors including the Board Chair. The Staff Council Chair sits on the Board as a non-executive director. This person is proposed by the Staff Council following a voting process, then appointed by the Board.

Shareholders are represented by an active Staff Council who meet once per month to discuss key issues of significance to shareholders. Shareholders vote on key decisions, for example in 2014 they voted on our new pay and benefits package.

We are an open organisation and have worked hard to engage staff and stakeholders. Every year we produce a staff survey, plus we hold four Shape our Future staff engagement events, in which we invite staff to feedback on key business priorities for the year ahead.

In addition, we run a programme of 'Team Talkbacks' throughout the year, where Senior leaders within the organisation visit teams out in the bases and ask staff to feedback on what's working well and what's not."

Barnard & Westwood

"Employee Voice – A staff comment box was introduced for any member to voice suggestions, concerns or questions. Additionally members may raise questions or concerns through the elected staff trustees who in turn will raise the issue with the SLT/directors of the company. For example all major capital expenditure must be agreed by all trustees (by their position they represent the members) and the trustees are encouraged to challenge the SLT/Directors on the suggestions to ensure any purchase is in the interests in the future development of the business. The Trustees hold the directors to account for all decisions and performance of the business. Each month a summary/news sheet is distributed to all members with sections from Finance, Sales and Marketing to keep all members informed of progress and customer feedback."

Stephens Scown

"Stephens Scown is just beginning its journey into the exciting realm of employee ownership. However, we are already making changes that will have long term impact on the relationship between employees and the business. The employees ("Scowners") have now elected their Trustee Representatives who steer the employee ownership organisation (Scownership). The Trustees have been invited to take a seat on the monthly Board meetings, where operational matters and key strategic projects are discussed. For Scownership to succeed we see that it is necessary to give real voice to the Representatives at a senior level in the business. Furthermore, it will be critical that the employees feel empowered in the business: that their opinion counts and can help steer the direction and values of the business and of course, through the profit share, reap the rewards of the business's success. To that end, the need to provide greater transparent and meaningful financial and performance data to the Scowners is recognised and is being developed."

CSH Surrey

"We have an employee representative body called the Voice, which is able to hold our Board to account. The Voice representatives are elected by fellow co-owners. The Voice elects a Non Executive Director who sits on the Board. The Voice is able to contribute to and influence decisions around matters such as the business plan and strategy, and Director/Board appointments through regularly attended meetings by the CEO who provides updates and feedback on these matters. Twice a year there is an open Q&A session whereby the Voice have the opportunity to directly address the Board. The Voice have been directly involved in the selection/interview process recently conducted for the replacement CEO of the organisation."

Company name	***Size by employees***	***Sector***	***Website***
Cullinan Studio	<50	Professional services	http://cullinanstudio.com/
Outlandish	<50	Professional services	http://outlandish.com/
Ten Insurance	<50	Professional services	http://www.teninsurance.co.uk/
Telos Partners	<50	Professional services	http://www.telospartners.com/
Castlefield	<50	Professional services	http://www.castlefield.com/
Wise Investment	<50	Professional services	http://wiseinvestment.co.uk/
3BM	51-250	Professional services	http://3bm.co.uk/about-us/
Stride Treglown	51-250	Professional services	http://stridetreglown.com/
Make	51-250	Professional services	http://www.makearchitects.com/
Max Fordham	51-250	Professional services	http://www.maxfordham.com/about/
Stephen Scowns	250-999	Professional services	https://www.stephens-scown.co.uk
Tibbalds	250-999	Professional services	http://tibbalds.co.uk/
Agilisys	>1000	Professional services	http://www.agilisys.co.uk/
Mott McDonald	>1000	Professional services	https://www.mottmac.com/
PB Design	<50	Manufacturing	http://www.pbdesign.co.uk/
Rowlinson Knitwear	51-250	Manufacturing	http://www.rowlinson-knitwear.com/
Union Industries	51-250	Manufacturing	http://www.unionindustries.co.uk/
Gripple	51-250	Manufacturing	http://www.gripple.co.uk/
Scott Bader	250-999	Manufacturing	http://www.scottbader.com/
School Trends	<50	Retail/distribution	https://www.schooltrends.co.uk/
Mike Stoane Lighting	<50	Retail/distribution	http://www.mikestoanelighting.com/
WCF	250-999	Retail/distribution	https://www.wcf.co.uk/
John Lewis Partnership	>1000	Retail/distribution	https://www.johnlewispartnership.co.uk/
Community Dental Services	51-250	Health/social care/community	https://communitydentalservices.co.uk/
Stewartry Care	51-250	Health/social care/community	http://www.stewartrycare.co.uk/
East Coast Community Health	250-999	Health/social care/community	http://www.ecch.org/
CSH Surrey	250-999	Health/social care/community	https://www.cshsurrey.co.uk/
Bristol Community Health	>1000	Health/social care/community	http://briscomhealth.org.uk/
Barnard & Westwood	<50	Printing services	http://www.barnardandwestwood.com/
Portland Gallery	<50	Gallery	http://www.portlandgallery.com/
Remploy	250-999	Employment services	http://www.remploy.co.uk/