



voor coöperatief
ondernemen

GOVERNANCE CODE FOR COOPERATIVES 2019

Principles and rules

1. COOPERATIVE ENTREPRENEURSHIP

Principles

1. A cooperative is a form of association run as a business. Cooperative entrepreneurship means doing business in a way that both involves, and works on behalf of members of the cooperative.
2. The ideas underpinning a cooperative organisation are an acknowledgement of a common need.
3. Cooperatives focus on the long-term impact of their activities.

Rules

- a. The objective of a cooperative must reflect the interests of the members. In the course of business, however, management and supervisory boards shall consider the interests of all stakeholders and are answerable to members in this respect.
- b. The common requirements may highlight the mutual need of members to bolster their social and/or cultural and/or economic positions, but may also be focused on social impact.
- c. Cooperatives themselves are not run to make a profit; rather, the organisation's business serves the members (and their interests).
- d. Any surplus made shall be used for one or more of the following objectives:
 - i. Re-distribution among the members.
 - ii. Support for activities endorsed by the members.
 - iii. Building up reserves, benefits for members in relation to their transactions with the cooperative.
 - iv. The further development of the cooperative.
- e. Cooperatives build up capital as required for healthy operations in both the short and longer term.
- f. The management shall adopt a reserves policy and a policy for the redistribution of surplus funds, and address such matters on an annual basis with the members in light of the cooperative's objective and strategy.

2. THE COLLECTIVE ETHOS AND MUTUALITY

Principles

1. The relationship between individual members is based on collaboration and solidarity.
2. Cooperatives believe in the strength of the collective.
3. The relationship between cooperatives and individual members is based on reciprocal rights and responsibilities.

Rules

- a. Cooperatives and their individual members do business with each other in a significant way.
- b. Cooperatives and their members are transparent in their transactions with one another and actively provide one another with relevant verifiable information.
- c. Member control is related to members' use and the extent of reciprocity. The extent of the stake in the capital of the organisation may also play a role in this, albeit a subsidiary role.
- d. Cooperatives have an admission policy for members and are transparent on how this policy is implemented.

3. MEMBER ENGAGEMENT

Principles

1. Cooperatives are organisations with democratic member control.
2. The extent of control is determined by several factors, such as the extent to which the cooperative is used by its members. Mutual solidarity applies to this on principle.
3. Self-financing on the part of members is the starting point, and is related to the level of reciprocity and/or member engagement.

Rules

- a. Good cooperative entrepreneurship assumes full participation on the part of members in respect of the formulation of opinions and decision making at the level of departments, circles, districts, the members' council and/or the general meeting of members.
- b. In terms of voting rights, cooperatives' use the principle of 'one member, one vote' or multiple voting rights in proportion to the scope of individual members' transactions. Voting rights granted to non-using members are subject to substantiation and such rights shall be restricted.
- c. The relationship between the various bodies (decision-making or otherwise) of cooperatives shall be configured in line with a system of checks and balances, so that each individual is able to fulfil his or her role and that there is a healthy tension between the parties. Cooperatives and their members shall strive to achieve good dialogue.
- d. Voting rights are merely a single aspect of how control manifests itself. The aim of control by members is to support successful cooperative entrepreneurship. There must be an active dialogue with members to get a good picture of the objectives, interests and issues that individual members have. In order to be able to make good use of control in a constructive manner, members must have access to correct, relevant information.

- e. Decisions made by the management board in relation to a significant change to the identity or character of individual cooperatives or the work they perform must be submitted to the general meeting of members/members' council.
- f. Cooperatives shall make provision for the training of their members, elected members of the management and supervisory boards, floor managers and employees so that they can make the best possible contribution to the development of individual organisations.
- g. Cooperatives convey the essence and benefits of cooperative organisations proactively to the outside world.
- h. The management and supervisory boards, together with the general meeting of members, shall ensure that everyone has a voice, and that robust dialogue is encouraged and enshrined in the decision-making processes.
- i. The method by which decisions are made must be open to democratic scrutiny, allowing minority points of view.
- j. Member influence and control is an essential part of the cooperative ethos. Depending on the governance model, members may also have a significant position in day-to-day management and/or supervisory bodies, except where mandatory legislation dictates otherwise. The dominant role for members that is given shape in the general meeting of members or members' council ensures that members have a voice and control in the management and supervision of the cooperative.
- k. The management and supervisory boards are responsible for the standard of their own performance. Each member of the management and supervisory boards must have the required expertise.
- l. The strategy and the financial framework that this implies shall be determined by the members and/or be submitted to the members for approval, except where the members have delegated authority for this to the management or supervisory board. In that case, it is sufficient for the board in question to be held accountable on this at a later date.