

Which?

THE FUTURE GOVERNANCE OF WHICH?



FOREWORD

Dame Deirdre Hutton DBE

Which? has been a feature of my working life since the 1990s when I chaired the National Consumer Council and, alongside Which?, fought for basic changes in the consumer protection landscape. Despite all the good work done over the years, the need for Which? and its brilliant campaigning is as important as ever in this confusing digital age. That is why I am so honoured to be asked to chair this governance review.

Successful organisations are made up of many strands: for Which? that includes its subscribers, the majority of whom have voting rights and a small proportion of whom have become ordinary members with an active role in governance, providing legitimacy and breadth; the Council who govern with the responsibilities of charitable trustees; the Board who oversee the commercial work which provides funds for the charity; and the staff who do the work. Any governance structure will not of itself produce a brilliant Which?, but getting the right structure enables an organisation to fly. That is what I hope this review will do for Which? and it is certainly a good time to be carrying out the review for two reasons.

First, the pace with which the consumer environment is changing means the expectations around transparency are growing, and in the charity sector we are also seeing increased scrutiny and expectation of robust governance. Second, Which? has just appointed a new chief executive and she will be helped in delivering the organisation's objectives by a modern, transparent, legitimate governance structure.

This report explores the issues that have led to the need for a governance review; subsequent reports will set out our ideas for a new structure. I very much hope that all stakeholders will join in the consultation and give us their views as to whether we are going in the right direction. The end result will be richer for their input.

Finally, I would like to acknowledge with much gratitude the welcome I have received from everyone at Which? as well as the transparency and honesty with which issues have been explored. And now, I look forward to hearing your views.

PREFACE FROM THE GOVERNANCE REVIEW COMMITTEE

We are pleased to be introducing this review of governance (the “Review”) to help shape the future of the Consumers’ Association and Which? on behalf of Council¹. The independence and expertise of our Review Chair, Dame Deirdre Hutton DBE, supported by Julia Unwin CBE², will ensure that the recommendations to Council are thorough, challenging and enable us to future proof our governance at a significant stage in Which?’s 60 year history.

Dame Deirdre has had a distinguished career in public service, having served on a number of public bodies, and has considerable knowledge and experience of corporate governance issues, risk-based regulation and consumer policy. Julia is chairing Civil Society Futures, a two-year review of the future of the voluntary sector in England and has served as a Charity Commissioner and as a Board member of the National Consumer Council.

Which?’s purpose is to tackle consumer detriment. Its core mission is to make individuals as powerful as the organisations they have to deal with in their daily lives. It therefore has a responsibility to all consumers, members, stakeholders and staff to maintain and strengthen its role as a robust, respected and relevant organisation. Which?’s governance must enable it to deliver its mission effectively, aligning its commercial and charitable purposes, in a world that is very different from when it began.

The consumer landscape of today is faster moving, more complex and less trusting. The relations between consumers

and the organisations they deal with every day are also changing. We are increasingly concerned for our data security and mindful of the powerful algorithms that make it possible to anticipate future consumer demands and affect our choices without our knowing it. Evolving technology will mean that barriers to products and services and between the physical and digital worlds will increasingly melt away. Consumers are rightly questioning whether decisions are being made for us, or even about us.

Today’s consumer challenges span generations. As the population ages, middle- and low-income consumers are becoming more stretched between their jobs and finding sufficient care for their parents and families, in circumstances where the property chain can no longer be relied upon to provide financial stability.

These uncertainties are compounded for the younger generation, who face an ever-growing number of economic and social changes, for example, higher levels of debt and difficult decisions over higher education, childcare, pensions and the high cost of housing.

Which? has a responsibility to ensure it is a trusted guide that helps consumers whatever their background, whatever their age and wherever they live. To continue to be effective Which? must modernise for a future that is very different to the past. Adopting a farsighted approach now will result in a sustainable organisation with accountability and transparency in the way it delivers its purpose.

Members of the Governance Review Committee

Dame Deirdre Hutton DBE (Chair)
Julia Unwin CBE (Independent Member)
Jennifer Oscroft
Anna Walker CB
Tim Gardam (Chair of Council of the Consumers’ Association)
Donald Grant
Anabel Holt (Which? Group Chief Executive)

Which? is a charity and we must be mindful of an evolving environment for charities, for example, with higher donor and member expectations and regulatory changes in the light of a number of recent controversies that have compromised trust in the third sector. Which? must demonstrate it has robust policies on transparency, senior executive remuneration and conflicts of interest if it is to show publicly that it is properly carrying out its public purposes. Which?’s values and ethics must be at the heart of everything it does. It must aim to exemplify best practice as a charity and define itself as a wide-reaching membership organisation for the digital age.

Finally, but no less importantly, as a self-funding charity that competes with global multi-media and digital platforms, Which? needs to continue to invest in its customer and member offerings to meet consumers’ needs and expectations. Even though Which? has successfully



maintained high levels of trust and healthy customer satisfaction scores³, it operates in a competitive environment with continuous changes. It must therefore be supported by an appropriate framework that ensures a continued and successful future. It must be able to represent the diversity of contemporary Britain and its governance structures should allow it to be agile and accountable, easy to understand and sustainable for the long term. Which? needs to empower its enthusiastic and forward-thinking staff to work for its members and to campaign on behalf of us all.

¹ The term ‘Which?’ has been used generically to describe both ‘Which?’ and the ‘Consumers’ Association’. The strategic direction of the whole organisation is decided by the Council of Trustees (‘Council’), which is the most senior governance body within the Which? group. For more information refer to pages 12-13

² See page 17 for full biographies

³ VoC Membership Survey, Sept 2018

WHY WE NEED TO MODERNISE OUR GOVERNANCE

The Consumers' Association was established in 1957 as a membership organisation which undertakes commercial activity for social good. It restructured in 1987 and became an entirely self-funding charity with its commercial operations continuing to support its social purpose. Its mission was then, and is today, to make consumers as powerful as the organisations they deal with in their daily lives.

Its governance arrangements have evolved over the years but have not been reviewed comprehensively for a long time. Modernising its governance will allow Which? to be easier to understand and easier to lead into a very different future environment while reflecting the greater requirements for accountability, diversity and transparency that are expected of charities and businesses. A modern governance framework must continue to underpin Which?'s mission to make consumers more powerful, while allowing for strategy and priorities to be flexible over time.

Over the next year, the Committee will oversee a three-stage process to consider the type of framework that will underpin the Which? governance structure and processes so that the continued core purpose remains intact for the next generation.

A modern governance framework must continue to underpin Which?'s mission to make consumers more powerful

How this review will work

The first step, and the purpose of this paper, is to identify areas where Which? might improve its governance and to gather perspectives and ideas from those inside and outside the organisation. The ultimate aim is to bring forward a set of recommendations that deliver a governance framework aligned to Which?'s governance principles⁴. This means a governance framework that:

- provides expert and effective oversight
- remains open, agile and accountable
- allows Which? to be representative of the diversity of contemporary Britain
- makes the organisation easy to understand and easy to lead

⁴ See page 18 for Which?'s governance principles

Stage 1

From November 2018

Publication of first report and feedback
Survey and forum events for all stakeholders to provide feedback

Stage 2

From April 2019

Publication and consultation on options for a modernised framework
Survey and forums for all stakeholders to provide feedback

Stage 3

November 2019

Final recommendations will be published
Events will be held to consult with all stakeholders
If required, the AGM notice will include any resolutions needed to change the governance structure



WHAT WE HAVE LEARNT SO FAR

Over the last twelve months, the Review Committee, supported by a number of teams in Which?, has consulted widely with Which? staff and stakeholders. The Review Committee has commissioned and undertaken research amongst Which? members and interested consumers. Which? has also reviewed its own arrangements against the new Charity Governance Code⁵ and Council has undertaken an external board effectiveness review.

Research with Council and Board members

- Dame Deirdre met with Council and Board members to discuss opportunities and concerns with the current governance framework, following an externally conducted board effectiveness review.
- The effectiveness review identified some ambiguity around the role of Council and the Boards. In-depth conversations with Trustees and Board members concluded that the organisation's structure had become too complex. The Review Committee recognises that the complexity of design has probably compromised transparency and may have added to a decline in trust amongst some members, although not materially in independent external trust scores, which remain healthy⁶. It also has an impact on the way Which? is governed and on the way staff feel about the organisation they work for.
- Council also recognised that it is not diverse in its composition.

Research with staff

- The Review Committee held a highly engaged staff forum hosted by Dame Deirdre, Julia Unwin and Tim Gardam to explore views on four themes: values; membership; transparency; trust.

- This identified priority areas for improvement around internal decision-making processes. It was recognised that a clear and well-understood internal delegation and escalation framework would aid decision-making, which is currently slow, carrying a risk that staff feel disempowered and the organisation's impact is diminished. The Review Committee concluded therefore that the organisation needed to be easier to lead and recommended a clearer articulation of its ethos and values.

Charity regulation review and benchmarking

- An internal review benchmarked the current governance arrangements against the Charity Governance Code. This identified issues similar to those identified by Council and staff around complexity of structure, the decision-making process, the articulation of values as well as the relevant expertise and diversity of trustees.
- The Review Committee noted in particular that the Charity Commission and the Charity Governance Code all have requirements and expectations around the skills experience and time commitment of trustees to ensure they are able to fulfil the role required of them under the Charities Act 2011, the Companies Act 2006 and more broadly to ensure good governance.
- The Review Committee concluded that Council would benefit from a more dependable means of achieving an appropriate mix of skills from its trustees. The election process is designed to ensure active participation of members elected by the wider subscriber base in the governance of the organisation and elections return those candidates with the greatest support. Which? is grateful for the way members volunteer their time and expertise. However, their skills do not necessarily

match those that Council identifies from time to time that it lacks. While the co-opted process allows Council to interview candidates to satisfy itself that any co-opted trustee has the requisite skills and time commitment, co-opted trustees form the minority of Council. This means the composition of Council as a whole does not always match the full range of skills and experience it requires.

- These skills require wide experience and expertise in managing a large and complex social enterprise and do not offer the degree of opportunity to influence specific consumer interests that elected members are often seeking. Furthermore, the skills gap presents a challenge, as the Charity Commission expects trustees to have appropriate experience to ensure they carry out their responsibilities effectively through the provision of oversight and direction to the charity.

External environment review and changing expectations

- The Review Committee commissioned expert research on the evolving charitable environment and reviewed reputational risks relevant to its scope.
- The Review Committee also noted concerns relating to governance raised in the past by some members. These included issues around senior executive remuneration that had been out of line with member and public expectations, the need for greater transparency in the nominations process for Council, a lack of a clear conflicts of interest policy for Council members, and the past underperformance of some of the new business ventures. Collectively these issues had created additional pressure over the organisation's accountability. While they were in the process of being addressed through

⁵ <https://www.charitygovernancecode.org/en>

⁶ Kantar Millward Brown Brand Tracker (Sept 2018). Over half of the UK population agree 'Which? is a brand you trust'



- The Review Committee has also heard from members a desire for Which? to reflect best practice around inclusion and diversity at all levels.

Research with Which? members

- Which? contacted more than 12,000 members for their views on how membership can be improved to meet the needs of today's consumers.
- This gave four key insights which are helping to form its views on what Which? needs to offer members.

KEY INSIGHTS FROM WHICH? MEMBERS

1. Membership and the subscription model remain a key strength and an important driver of future impact

- ‘It’s a great Magazine that has saved me more than the cost of the subscription over the last 12 months so very good value for money.’
- 9 out of 10 members of Which? say they are satisfied with their subscription
- In 2017 Which? received 600,000 calls and emails to its Member Services contact centre, achieving consistent scores above 80% for both knowledge and helpfulness

The Which? membership base is committed and members recognise they are making a significant contribution to Which?’s mission through their monthly subscription. However, some audiences are confused by the various categories of membership (including ordinary membership and associate membership) and their associated rights and processes.

2. Which? membership needs to become increasingly reciprocal

Members are committed to Which?’s mission and feel more involved with – and more likely to stay with – Which? when they are provided with opportunities to participate, to share their opinion and be listened to. Which? members are a valuable source of

consumer knowledge and there could be exciting new ways to involve them more deeply in the work that Which? does. Importantly, there is considerable scope to make the membership base more inclusive and wide-ranging in a way that is rewarding and mutually beneficial for Which? members and consumers.

3. Testing and investigations are perceived as central to the impact Which? can deliver. They are also at the heart of how all Which?’s audiences want to engage with the organisation

Consumers perceive testing and reviewing products and services as a core part of Which?’s activities. Which? asked all audiences what would drive greater involvement with the organisation. All audiences, including ordinary members, listed the following top three activities:

1. Having a say on what products and services Which? tests and investigates
 2. Having a say about what consumer issues we should be tackling – vote for the campaigns Which? should run
 3. Being the first to know about product testing news and investigations from Which?
- Looking at ordinary members specifically, 45% had little or no interest in governance. Although only 11% were very interested, more than half did express some interest. That is a far higher number than those who are currently active in terms of voting on AGM resolutions. This suggests that Which? needs to identify other ways to encourage participation.

The bottom three activities for desired involvement were:

1. Receiving a call from Which? member services to check all is well
2. Attending the Which? AGM – hearing about Which? strategy and new proposals for the organisation
3. Becoming a regional Which? campaigns ambassador – helping build regional support for a Which? consumer campaign

4. There is limited interest in, or time for, participation in governance

Members feel ill-equipped and prefer to delegate to experts. However, all audiences listed consistent priorities:

- To feel confident in their making value for money decisions
- To feel part of a group that can achieve change for UK consumers
- To be listened to by Which?

WHICH?’S MISSION

Since 1957, Which?’s mission has been to help equip consumers to be as powerful as the organisations they deal with in their daily lives by independently and rigorously testing and investigating consumer products and services. Which?’s impartial information, expertise and super-complainant powers, given to it by government, benefit consumers by:

- campaigning and influencing governments, businesses, regulators and wider opinion formers to achieve change for UK consumers

- providing free information and advice to help UK consumers understand their rights, and support them in navigating complex decisions, such as retirement planning, arranging long-term care or planning for university
- carrying out product and service test reviews and investigations
- providing trustworthy and high-quality advice on legal and financial services, and products related to moving home

Which? exists to make consumers as powerful as the organisations they deal with in their daily lives

Campaigning & influencing

Current policy themes and campaigning include:

Brexit

Digital revolution and connectivity

Lifetime savings

Travel & transport

Product safety

Public information websites

Advice websites include:

Which? Consumer Rights

Which? Later Life Care

Which? University

Which? Birth Choice

Product and service reviews and investigations

Which? Online

- Home & garden
- Money
- Technology
- Baby & child
- Cars & travel

Print titles

- Which?
- Which? Money**
- Which? Computing**
- Which? Gardening**
- Which? Travel

Paid-for advice and services

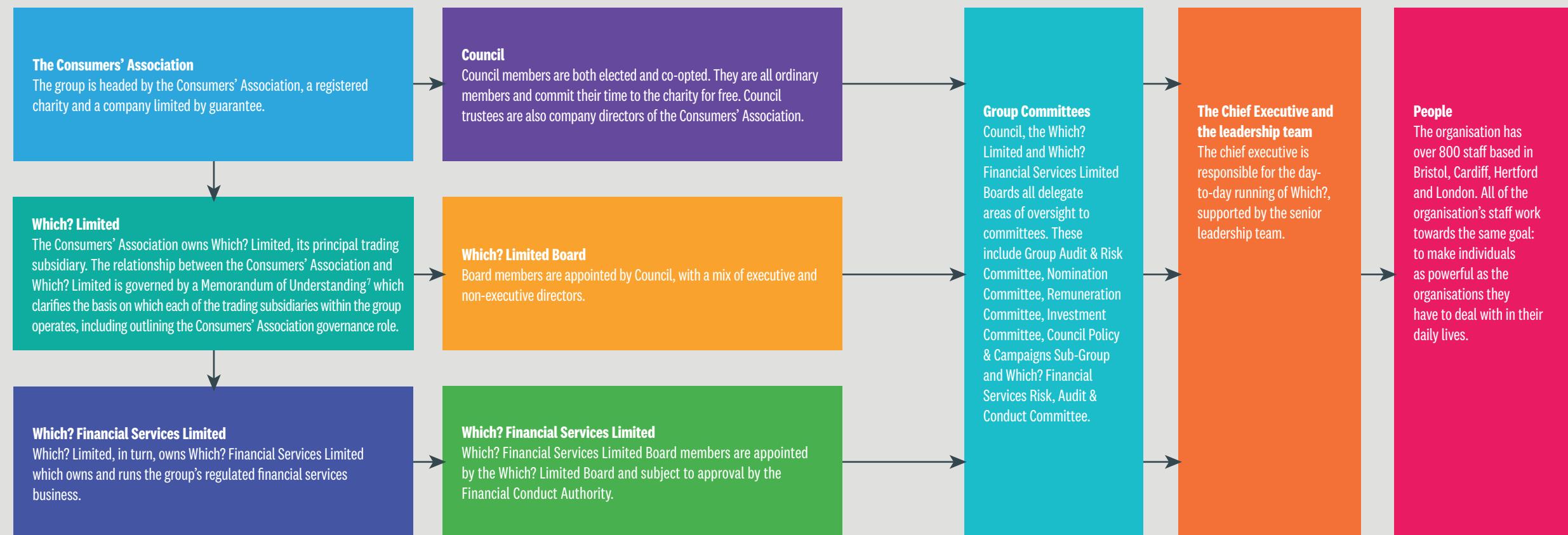
- W? Financial Services
- W? Legal
- W? Wills (& probate)
- W? Switch Energy
- W? Switch Broadband
- Where to buy
- Estate agent compare
- Which? Trusted Traders
- Best Buy
- Recommended Provider

** Including helpline / helpdesk / support services

THE WHICH? GOVERNANCE MODEL

Which? is both a charity and a social enterprise. It was established as a membership organisation, which undertakes commercial activity for social good. In 1987 it restructured and became an entirely self-funding charity with commercial operations continuing to support its consumer mission. Its current governance model is shown below.

All profits from Which?'s trading subsidiaries fund the work



⁷See page 21 for The Memorandum of Understanding

WHICH?'S MEMBERS, SUPPORTERS AND OTHER AUDIENCES

It is thanks to its ability to generate its own income from subscriptions and other sources that Which? has retained its status as an independent and impartial organisation. In addition, many subscribers actively participate in Which?'s research and large number of investigations. Which?'s campaign supporters engage in its many campaigns, providing evidence and taking action to influence political or business decisions. Together, subscribers and supporters provide a true convening power.

The qualities of Which? subscribers and supporters have helped bring about some of the organisation's greatest successes, and Which? is keen to ensure that this remains a key driver of future impact. In doing so, it will need to engage new as well as existing audiences, better reflecting the diversity of modern Britain, to protect both its income and its legitimacy. Subscriber numbers have fallen back from an all-time high of 835,787 to its current 669,078 subscribers⁸, and the current profile of the subscriber base is more heavily weighted to male, 65+ and affluent.

Encouragingly, research demonstrates that there is a demand for Which? amongst consumers aged 25-44. A great many students also look to the charity through Which? University, to help inform decisions about their higher education with over 5.4m visits to the website⁹. This shows that Which? has an opportunity to ensure its audiences are more inclusive and wide-ranging.

Which? audiences		Numbers ¹⁰
Users of free Which? content	Access to all of the content and services Which? makes freely available e.g. Consumer Rights website and the Money Helpline	11,000,000
Supporters	Part of a community of supporters driving positive consumer change	750,000
Subscribers to Which? products/services	Subscribers with access to subscriber-only content, online and/or via a magazine, dependent on package selected	680,000
Associate members with voting rights	Subscribers with the right to vote on the appointment of elected Council members, in addition to the above subscription benefits	570,000
Ordinary members	Subscribers with the additional right to speak and vote at the AGM and thereby hold Council to account for how the organisation is run	7,000
Customers of single-sale products	Customers who purchase a product or service e.g. mortgage advice, will-writing support, power of attorney	30,000
Key opinion formers	Audiences Which? seeks to influence to bring about change or who may seek Which?'s views. For example, government ministers and business leaders	

Which? currently refers to members as any person who is an associate or ordinary member or a subscriber of a Which? product or service.

⁸ The highest recorded membership figure is 835,787 in March 2014. This represented 1,515,543 subscriptions. This compares to current membership figures of 669,078 for August 2018 and a subscription figure of 1,121,693.

⁹ Between July 2017 and June 2018, Which? University had 5.47m users.

¹⁰ Numbers are as of year end 30 June 18 rounded up/down to round numbers

NEXT STEPS

Which? has grown and evolved since its inception so that it has flourished in a consumer landscape its founders would not recognise. In order to continue to be successful, Which? should expect to continue to evolve. This Review will help shape that evolution and will do so by listening to its different stakeholders.

We would like your input to ensure that Which? has the right structures to continue to be as powerful in helping all consumers - whatever their background, whatever their age and wherever they live - as it has been in last 60 years.

The crucial elements to ensuring a useful and lasting outcome of this Review are:



at every stage of the process. The Review Committee wants to listen to the views of all stakeholders, ordinary members, associate members and subscribers, supporters, future potential members, staff, partners, regulators, government bodies and industry leaders and ensure they are represented and involved in our work as we design our governance model of the future



whether Which? has the right fundamental governance structures, roles and accountabilities in place to ensure it can govern itself effectively, simply and clearly in the digital age while making best use of the talent and passion of its most engaged members and supporters



the role of Which?'s members alongside the right structures to make sure future governance is robust, representative and inclusive of a range of skills, knowledge, qualities, attributes and backgrounds



the Review Committee will ask for your thoughts through a mixture of channels and explain how and why it makes any decisions

These inputs, together with your views, whether you are members, consumers, independent experts, regulators or policy makers will shape the depth and breadth of the ideas we explore in the next phase of the Review.

HOW TO GIVE US YOUR THOUGHTS

We will be holding a number of events for our audiences to share their views.

We will invite stakeholders and members to attend an event in February in our London office. We are also looking to engage members, staff and stakeholders at future stages

in the review. If you are interested, please email govreview@which.co.uk.

We have created an online survey which will be sent to ordinary members through an email link, and will also be available on our website for all other members, supporters and stakeholders.

Biography - Dame Deirdre Hutton DBE

Dame Deirdre Hutton became Chair of the Civil Aviation Authority in August 2009 and was previously Chair of the Food Standards Agency until July 2009. She has considerable experience of corporate governance, risk-based regulation and consumer policy. She is Honorary Vice-President of the Institute of Food Science and Technology, Honorary Vice-President of the Trading Standards Institute, a Non-Executive member of the HM Treasury Board and a Non-Executive Director on the board of Thames Water Utilities Ltd.

Until June 2008, she was Vice-Chair of the European Food Safety Authority Management Board and until 2007 Deputy Chair of the Financial Services Authority. During 2008, she was on the three-member panel that conducted an independent review of postal services for the Department for Business, Enterprise and Regulatory Reform. She previously chaired the National Consumer Council and the Scottish Consumer Council and held appointments at the Better Regulation Task Force, the Foresight Panel on the Food Chain and Crops for Industry, the Food Chain Centre and the Policy Commission on the Future of Farming and Food (the Curry Commission).

She was appointed CBE in 1998 and DBE in 2004. In 2010 she was awarded a Fellowship of City and Guilds.

Biography - Julia Unwin CBE

Julia was Chief Executive of the Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust from 2007 to 2016 during which time she developed the strategic direction of the organisations and modernised their internal governance and management. Prior to this, she was Deputy Chair of the Food Standards Agency.

Her current roles include:

- Chair of an Inquiry about the Future of Civil Society in England
- Board member of the Financial Reporting Council
- Non Executive Director of Yorkshire Water and Mears Group PLC
- Trustee of the Dartington Hall Trust

She was awarded an OBE in 2000 for services to the Housing Corporation and a CBE in 2016 for services to consumers.

FURTHER READING

GOVERNANCE PRINCIPLES

1. The Consumers' Association (CA) is, and intends to remain, a charity and a membership organisation with its financial independence secured by its group's commercial operations

2. The CA's governance framework must:

a. reflect the fact that the CA is a charity

b. support the mission-based values of the organisation, the continued success of the CA's charitable work and the work of its commercial subsidiaries which fund the charity

c. respect the role of the charity's board of trustees to provide strategic, cultural and values-based leadership

d. ensure the board of trustees has oversight of the Executive's operations and is able to provide experience-based advice and challenge by making sure that the group's wide range of different activities are overseen by individuals with the right skills, values and experience, at the most effective board levels

e. provide a clear framework of matters reserved and delegations

f. minimise unnecessary duplication

g. ensure decision-making is timely and in line with group strategy

h. ensure that those involved in our governance are able to represent a wide spectrum of consumers

i. be sufficiently flexible to enable the organisation to respond to changes in the external and internal environment without regular changes to the CA's Articles of Association

j. be capable of simple articulation

3. As a membership organisation, the CA must:

a. engage with members and support those who want to be involved and have an affinity with the CA

b. be clear on the role of different types of members and other engaged audiences, such as ordinary members, associate members and supporters

c. listen to members to understand their needs and offer a range of propositions

that enables consumers to choose their preferred level of affiliation and participation in Which?

d. develop roles for different members by reference to the CA's mission and its governance principles, and explain these roles and measure their value in the same terms

4. As a large membership charity, CA is committed to good governance and will aim to 'apply or explain' with charity governance and external reporting codes, guides and best practice

CONSUMERS' ASSOCIATION GOVERNANCE REVIEW COMMITTEE

Terms of Reference

Purpose

Which? recognises that it is a complex and unusual organisation: a membership charity and social enterprise that highly values and depends on its commercial businesses both as a means of achieving consumer empowerment and enabling it, as a charity, to remain independent of any government funding, donations or fundraising activity.

The organisation is in a period of transformation, needing to compete in an increasingly digital world to stay relevant and financially independent. It has reviewed and refreshed its strategy and is reviewing its subscription and customer recruitment model.

The Council of the Consumers' Association (CA) now wishes to continue with a governance review to ensure that its governance and ordinary membership arrangements work to maximise its ability to achieve its desired charitable and commercial strategic outcomes in a way which is reflective of One Which?, agreed organisational values and governance principles (set out on page 18). It has created the Governance Review Committee (the Committee) to assist with achieving this outcome, the specific purposes of which are to:

- Assess whether the CA's governance structure achieves the high level

principles and expected outcomes set out in its Governance Principles and the new Charity Governance Code (the Code), and highlight opportunities, risks and compromises in the current multi-layered governance model.

- Recommend what, if any, changes should be made to ensure that the Group's current arrangements and the roles and responsibilities of its different governance bodies are clear, best achieve the principles and outcomes set out in the Governance Principles and the Code and that its practices are consistent with the recommended practices in the Code for larger charities, or alternatively explain why practices which are not consistent with the Code are appropriate for the Group and in line with the Governance Principles.

- Review and comment on the proposals from the Executive's member proposition work (Member Proposition Work) relating to the roles of different categories of members/subscribers/supporters of the Group in its governance and work with the member proposition project team to develop an integrated plan for implementation of Council-adopted recommendations.

- Review the Group's relationship with ordinary members, taking account of the Member Proposition Work, to assess and provide recommendations to Council in relation to:

- the current criteria for becoming an ordinary member, the number of

ordinary members and where ordinary members should be drawn from;

- the powers and responsibilities of ordinary members;

- how the Group could better articulate the role of ordinary members in Which?'s governance;

- whether there are additional or alternative forums/committees that should be introduced, or other actions that should be taken, to enhance the relationship with ordinary members and the CA's governance in a way which is consistent with the Governance Principles; and

- the proposals that ordinary members resolved to request Council to consider at the 2017 AGM, namely the establishment of a standing body consisting of all trustees and thirty ordinary members, representing the regions of the UK.

- To consider any other matters relating to governance during the course of the review.

1. Constitution

At a meeting of Council of CA held in September 2017, it was resolved that a committee of Council be established for the purpose of undertaking the review outlined above (the Review).

2. Membership

2.1 The Committee shall comprise at least an Independent Chair, the Chair of

Council, three Council members and may contain other members, such as a second independent member or the Group CEO. The initial members are: Deirdre Hutton (the Independent Chair), Tim Gardam, Jenny Oscroft, Donald Grant, Anna Walker and Julia Unwin (independent member). 2.2 The Independent Chair shall be appointed by the other members of the Committee following such appointment processes as they consider appropriate, as agreed by Council in September 2017. 2.3 The Independent Chair shall be appointed for the period of the Review and Council will resolve when the Review has completed, following recommendations from the Committee.

2.4 The Committee members are authorised to decide whether there should be additional members appointed to the Committee, for example a representative of the Which? Limited board and/or other independents. 2.5 The Company Secretary of CA or his/her nominee shall act as secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be three members, including the Independent Chair or Independent Member.

4. Notice of meetings

4.1 Meetings of the Committee shall be convened by the Committee secretary at the request of the Chair.

4.2 Unless otherwise agreed by the

Committee, 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 and any other person required to attend, in general five working days before the date of the meeting and, in any event, as far in advance of the meeting as is reasonably practicable. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time. 4.3 Notices, agendas and supporting paper can be sent in electronic form where the recipient has agreed to receive documents in such a way.

5. Attendance at Meetings

The General Counsel and Company Secretary, and Head of Corporate Governance and Secretariat shall normally attend meetings at the invitation of the Independent Chair. Others, such as the Group Marketing Director or Group Communications Director, may be invited to attend on an ad hoc basis.

6. Frequency of Meetings

The Committee shall meet as required.

7. Ability to take decisions outside of meetings

The Committee may take decision outside meetings if those Committee members who form a quorum for a meeting indicate to each other by written means (including by email from a nominated email address) that they share a common view on a matter.

8. Duties

The Committee shall:

- 8.1 agree its approach to undertaking the Review in line with the Committee's Purpose;
- 8.2 undertake the Review in a timely manner;
- 8.3 provide reports to Council at various stages during the Review on firstly the current issues, secondly draft recommendations that are consistent with the Governance Principles, with the aim of final recommendations and proposals to be drafted for the AGM in November 2019; and
- 8.4 if requested by Council, provide a summary form of the Review and recommendations to be made publicly available.

9. Authority

9.1 The Committee is authorised to:

- investigate any activity within its Terms of Reference;
- appoint, in liaison with the Company Secretary, external advisory firms who may assist with the Review, agreeing their remit of work and fees;
- call upon the Company Secretary and such other employees and internal resources as it considers it reasonably needs to assist with the Review; and
- call upon Council members and other stakeholders to contribute to the Review in such manner as the Committee sees fit.

9.2 The Chair is authorised to observe meetings of Council, group committees and the Which? Limited board.

10. Reporting

10.1 The Independent Chair shall report to Council regularly, either in person or in writing, on the progress of the Review.

10.2 The Committee members shall conduct a review of the Committee's effectiveness on conclusion of the Review and report its conclusions to Council.

10.3 The Committee's duties and activities during the year shall be disclosed as part of the Group's end of financial year reporting.

10.4 The Independent Chair (or, if unavailable, another Committee member who is not the Council Chair or Group CEO) shall attend the 2018 and 2019 Annual General Meeting of the CA and be prepared to answer questions on the Committee's activities.

June 2018

MEMORANDUM OF UNDERSTANDING BETWEEN CONSUMERS' ASSOCIATION AND WHICH? LIMITED

This document establishes the terms on which the Consumers' Association Council agrees to commercial activity by Which? Limited and its subsidiaries, in particular covering the agreement to use the Which? name and intellectual property. This will enable the Which? Limited Board to identify the purposes and constraints upon its activity, and in particular will provide clarity for the new commercial enterprises subsidiaries as to the basis on which they can operate.

1. Purpose of Which? Limited

This wholly-owned subsidiary of Consumers' Association has been established to raise money which is then donated to the charity for it to use in furthering its mission. The nature of Which? Limited's activities will also often directly further the mission of the charity, but its prime purpose is generating profit.

It should be restated that CA and Which? Limited are united by a common purpose. CA cannot exist without Which? Limited being successful. Similarly, Which? Limited can only thrive if the brand is protected from reputational damage and strengthened.

2. Governance

The Consumers' Association acting through its Council is the sole shareholder of

Which? Limited and exercises the rights and responsibilities associated with that ownership. The Council appoints up to 4 of its number, including its Chairman, to the Board of Which? Limited. In this capacity these individuals are operating strictly as Directors of Which? Limited. In accordance with company law the Council also approves the appointment of other Directors, both Executive and non-Executive.

The strategic direction of the whole organisation is decided by the Council. This includes the strategic direction of Which? Limited. Within any constraints this may set, Which? Limited determines the strategic direction of its subsidiaries.

Council also agrees the annual budget and targets for Which? Limited and establishes appropriate measures for monitoring performance of each company in the group, including the provision of regular financial information to the Council.

Council is regularly updated on the activity of Which? Limited by written paper, oral updates and feedback from the Chairman of the Board and the CEO as well as from the members of Council it appoints to the Board.

Subsidiaries of Which? Limited are independent companies with their own

Boards of Directors. The role of the Council with regard to these businesses is that of indirect shareholder, with the right to receive information on activities through Which? Limited as the intermediate holding company. The Which? Limited Board will ensure that the subsidiaries operate within agreed strategic parameters and in accordance with the constraints on use of name and intellectual property agreed with the Council.

3. What is being Licensed to Which? Limited

Consumers' Association licences to Which? Limited the right to use the Which? name together with the right to exploit all intellectual property owned by Consumers' Association or in which it has an interest. Which? Limited then licences to its subsidiaries the rights to use the Which? name, intellectual property granted to it, and any intellectual property it owns itself or in which it has an interest.

4. Conditions of The Licence

Which? Limited and its subsidiaries must:

- Ensure that all activities are not in conflict with the policy and campaigning positions adopted by the Consumers' Association from time to time.
- Ensure that activities are focused on the primary purpose of generating commercial returns.
- Avoid actions which risk the financial future of the overall organisation.
- Not undertake activities which provide an excessive risk of damage to the reputation of the Which? brand or the organisation as a whole. The judgement of this is made in the Board, with the presence on the Board of a significant number of Council members ensuring the views of Council are made clear.
- Not take paid-for advertising without the explicit approval of the Council.

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