DRAFT

Governance Committee Charter[1]

Purpose and Objectives

The Governance Committee (the team) will:

- Provide advisory oversight of Rchain Co-operative Governance – the organising structure and processes of decision-making;

- Ensure that governance design and practice reflects, and balances:
    - Co-op member voice
    - Executive representative leadership
    - Expert engagement

- Design for effective, efficient and decentralised governance in line with co-op values and principles;

- Provide planning and coordination of major governance change;

- Support the Co-op, its functions and members with appropriate guidance and recommend tools where appropriate.

Scope and Constraints

The role of the team is constrained to providing the *minimum necessary* over-arching design and coordination in order to maximise innovation, independence and

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[1] For background context on the formation of this committee and definitions of terms used, please see Appendix A1

self-reliance of the functions / domains that make up the Co-op. It is concerned with the 'end to end' effectiveness and efficiency of processes, including their measurement, rather than the design of governance for any or all component elements or functions[2] of the co-op.

The team will be guided by the Co-op [values](#) and ICA-based [principles](#) which are agreed independently by the membership.

The team recommends / proposes governance designs or changes for ratification by the members/executives.

The team has no operational accountability for executive functional decisions or judgements, but by exception may review governance decisions or disputes, as part of an audit or an extraordinary appeal requested by the executive or by approved member petition.[3]

The team may advise on measures and measurement systems for performance management within the Co-op, but will not routinely measure or assess operational performance *other than the governance team's own performance measurement.*

The team is expected to remain independent of, while acting as as a trusted advisor to:
● The Members
● the Executive
● Individual Experts and Expert groups[4]

Key Stakeholders

Membership of the Co-op - the Members

The Executive / Governing Board - the Board

The 'Expert' Functions / Domains
E.g. Audit and Finance Committee, Engineering, Marketing and so on

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[2] Functions - the specialist and expert operational domains / departments / teams / bodies that make up the explicit organisation structure of the Co-op
[3] See further discussion of this point in 'Background' in Appendix A1 below.
[4] For example on deciding parameters determining chain governance / forks, consensus or currency supply

Ecosystem Partner / Portfolio Boards

Team and Roles

Chair – convenes, represents, facilitates and provides arbitration / priority setting. May delegate activity to other members acting as 'guides' on a particular agenda topic. Deputy Chair also to be appointed. Additional responsibilities are identified in the RACI section below.

Board Liaison - one member will provide representation of board interests, having a seat as an observer on board meetings. The board liaison member or the Chair will normally represent the Governance Committee at the Rchain coop board.   Governance committee representation will normally be required ad-hoc at other meetings such as Audit, Nominations and Compensation committee. A deputy board liaison member will be required in order to share load / provide coverage. Additional responsibilities: see RACI

Resourcing and Workplan - one member will focus on managing the workplan and securing representation / engagement / resources from:
- Functional / Domain governance representatives – e.g. Engineering, Marketing, Finance, Legal.   Accountable for overall governance in the domain they represent. Attendance may be scheduled according to agenda subject matter i.e. function reps need not attend if no topic is relevant to their domain.
- Ecosystem partner reps: e.g. LifeID. Advise / report on governance concerns and interactions with the RChain ecosystem
- Governance / social ledger Subject Matter Experts – e.g. @jimscarver @dckc @ela ..and External advisory as and when required e.g. platform.coop / consulting
- Rchain Europe and Asia representatives… (Assuming *one* Co-op for now)

Additional responsibilities: see RACI

Note: the Scribe role at meetings is ideally rotated.

Governance Committee Membership List (name - [role])
> Kenny Rowe [Chair]
> Nick Meyne - [tbc]
> Camilla Remaley - [tbc]
> Daniel Salkov - [tbc]
> Dror Dayan - [tbc]

Team Interfaces

With the Board Executive:

> The team will receive requests / commissions to review, develop, draft, revise or oversee governance policies and practices. These may be amendments to clarify or improve existing processes or language (e.g. within the Bylaws)

With the Executive Functions/Domains:

> The team will mutually broker and agree an overall RACI and key end to end (e2e) process inputs/outputs, significant events, actions and performance measures. See the 'governance landscape'.

With Members:

> The team will receive proposals and petitions for governance change. It will evaluate and reply, and provide relevant overviews and updates to members.

With Finance / Audit Committee:

> The team will, on request, support the Finance / Audit Committee with governance audit work, providing audit and advice, commissioning a working / task group if necessary. The team will consult and align with the Finance / Audit committee on fiduciary and audit obligations.

With People (HR) Function:

> Governance obligations of members will be aligned with terms and conditions at member signup and related complaint, arbitration and disciplinary processes.

With Procurement (Contracts):

> Governance design proposals will be aligned with relevant procurement policy process terms and conditions at member signup and related complaint, arbitration and disciplinary processes.

With Legal:

> The team will consult with legal counsel and align with Co-op legal obligations.

With the Expression of Wish / Digital Democracy working group:

The team will request expert guidance from, and commission work on the practice of more effective and efficient collective decision-making and appropriate behaviours, norms and tools within the Co-op.

Key Tasks and Deliverables

Tasks and deliverables of the team are determined by agreement with the Membership, the Executive and the Expert functions. The team chair is accountable for final priorities. The list below is a preliminary governance plan and will be updated, agreed and communicated:

1. Develop, publish and maintain an overview of Rchain Co-op governance[5], including:
   ○ Organisation Map and Roles (with the HR function)
   ○ Charters, relationships, functions, major processes (e.g. idea to innovation, design to deliver, procure to pay, marketing to sale, order to cash, hire to retire….)

2. Draft and propose a set of governance principles[6] for inclusion in the Co-Op principles.

3. New design: Address early key concerns.   See Appendix A4 for a candidate list of topics to address.

RACI (Responsible, Accountable, Consulted and Informed)

	Gov Cttee=> Members=> Executive=>	G	M	E		Lead

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[5] Typically this will be rendered as a website in wiki format accompanied by organisation and process visualisations.

[6] The governance principles will be a separate document. Each principle will be supported by a rationale and a statement of implications.

				F	Role[8]
Functions[7]=> **Activity**					
Develop, publish and maintain an overview 'landscape' of Rchain Co-op governance, including Organisation Chart and Roles (with the HR function), Charters, relationships, functions, major processes.	AR	R	R	R	Chair
Develop and maintain Co-op governance principles and governance practices.	AR	C	C	C	Chair
Propose governance changes	AR	R	R	R	All
Approve governance changes	R	R	A (board)	R	All
Maintain governance change plan and co-ordinate change delivery	AR	C	R	R	RW
Request / obtain advice and assistance from in-house or outside counsel, accounting and other advisors.	R	I	A	I	RW
Advising on current best practices[9] including corporate and co-operative governance transparency, independence, accountability, fiduciary responsibilities, and management oversight.	AR	C	C	C	RW/ Chair
Provide / obtain advice on Co-op governance competencies, knowledge and training to assist members in the execution of their roles, at all levels	AR	I	I	I	RW/ Chair
Representation of board interests, having a seat as an observer on board meetings	AR	C	C	C	BL/ Chair
Work with the Finance and Audit committee to review policies regarding conflicts of interest and the code of ethics, including transparency and protection of	R	C	A (F&A)	R	BL

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[7] Functional Groups: e.g. Marketing, Engineering, Operations etc.

[8] Gov Committee Role split: Chair=Chair/Deputy; BL= Board Liaison/Deputy; RW = Resourcing and Workplan

[9] This includes evaluating current processes and experimenting with alternatives, implementing patterns of successful decentralized organization and determining collective intelligence best practices

'whistleblowers'					
Work with the HR function to review and develop disciplinary, equal opportunity and affirmative action policies.	R	C	A (HR)	R	BL
Work with the Finance and Audit committee on governance of the procurement of goods and services, and the disposition of real and personal property.	R	C	A (F&A)	R	BL

Measurement and Reporting

The team will report its actions, progress and recommendations to the Board and the Members at board meetings.

The team will report any proposed changes to the governance charter to the board and members.

Provide a self-evaluation of the team performance on a regular (ongoing) basis:
- Proposals received, reviewed, submitted, approved.
- Audits / investigations/special tasks commissioned, in progress, completed.
- Member engagement - dialogues / interactions
- Publications - newsletters, guidelines
- Qualitative feedback from stakeholders

Ways of Working

The team is expected to define and agree its own internal ways of working provided they are in line with Co-op values and principles and fulfil the obligations as defined in this charter.

The team shall have no more than nine and no fewer than five members and shall require five members present to constitute a quorum for approving proposals or deciding a ruling when required by a process review or governance design task.

The team will usually[10] meet no more than twice per month, between regular Board

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[10] For the startup period, weekly meetings are arranged until a workplan is settled.

meetings.

The team may propose changes to its (Governance Committee) charter to the Board at any time, for approval by simple majority vote of the Board.

Team members are expected to attend each meeting, in person or via telephone or videoconference and to be available for chat / async comms between meetings.

Meeting agendas will be prepared for every meeting and provided to the team members at least 24 hours in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions.

The team shall act only on the affirmative vote of a majority of the team members at a meeting or by unanimous consent. Minutes of these meetings are to be recorded.

Governance proposals, agendas, calendars and meeting minutes will be published in an appropriate, agreed location, accessible to Co-op members and available publicly.

Appendix

A1 - Background Note

The RChain Co-op is an innovation in the technology it provides and an innovation as a Co-operative organisation in the technology industry. It has experienced rapid and exciting growth, with great organisational and commercial change and severe financial challenges towards the end of 2018. The mission, values and principles of the Co-op and the commitment of its membership remain strong, but in the pace and stress of delivery and change in day to day operations it has lacked the structure, stability and diligence in decision-making necessary to maintain confidence among stakeholders. The new executive committee has identified the need for a specialist function in the Co-op accountable for oversight of RChain Co-op governance design in line with the RChain Coop goal of being at once *co-operative* and *effective*. There is a tension between practical and effective governance in the Co-op and the democratic ideal of separation of the three powers[11] of governance (as in the state) —legislative, executive and judicial—each having their own separate institution. Governance design should

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[11] https://en.wikipedia.org/wiki/Separation_of_powers

achieve adequate separation without introducing unnecessary bureaucracy and friction. Accordingly, the Governance Committee, principally accountable to the membership for the *design* of governance, does not make day to day business decisions (it is not 'executive') nor does it make judgements on failure to follow agreed process ('judiciary'). However, in a collaborative and collective enterprise such as RChain Co-op, all three 'powers' are represented and are expected to engage in open, transparent discussion and debate within the committee.

A2 - Definitions

RChain Co-op - including its membership and operating units in the US, Europe, Asia, Africa.

Governance - "is a *structure* within which people make decisions about what the Co-op aims to do and how it aims to do it, and make judgements about whether or not it has been successful. Whether or not a Co-op is successful depends in part on the quality of its governance."[12] Governance includes the structure *and dynamics* of the governing system and is distinct from day to day operations and decisions. It is recursive and complex - the Co-op will inevitably comprise many sub-systems, each with appropriate governance appropriate to their immediate purpose and environment.

Committee - is a *team* composed of RChain Co-op members qualified to perform the roles identified in the section 'Team and Roles' below. The 'committee' is expected to perform as a team, and is referred to as 'the team' throughout this document.

Executive - The *accountable*[13] operational leadership bodies of the Co-op, including the leadership of its departmental functions and Vice Presidents typically[14] Marketing, Engineering / Development, Finance and Audit, Legal, Partner Relations, Human Resources (and so on) its President and Governing Board

Membership - the current members of the Co-op within the meaning of the Membership Policy

Functions - the specialist and *expert* operational domains / departments / teams / bodies that make up the explicit organisation structure of the Co-op

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[12] Adapted from Birchall, J - Source 1
[13] Accountable - the **one** body 'ultimately answerable for the correct and thorough completion of the deliverable or task, the one who ensures the prerequisites of the task are met and who delegates the work to those responsible'   Source 2 (Wiki)
[14] The team will steward an authoritative list and structure on behalf of the Co-Op

Risk Management

The following risks and mitigations have been considered:

Risk	Impact	Mitigation
Poor participation and engagement by Coop membership in cttee	Weakness in member voice in governance, erosion of confidence in leadership. Conflict and poor decisions in longer term	Strong communication plan and effort, including regular news/updates. Open livestreaming of meetings and prompt handling of comments / questions. Ensure active participation by a respected member representative on cttee.
Dominating influence of executive	Governance recommendations ignored / overridden. Hierarchical behaviours emerge.	Invite external moderation and advice. Appeal (by exception) to membership for overriding petition / veto?
Evolving governance design becomes complex / too varied	Unworkable processes, high friction, poor effectiveness and high cost. Member frustration.	Independent review. Board or members can petition to mandate simplification.
Policy and processes evolve / diverge to contravene local / national law / norms of behaviour	Co-op exposed to litigation / damage to external perception and relationships	Ensure values / principles are fit for purpose and consult with legal counsel / domain specialists where appropriate

A3 - Example Visualisations

Simple Charter Template

All business/organisation units within the RChain Co-operative are expected to publish a charter.
The charter should be structured as follows, normally formatted as a .doc document but optionally supported by succinct ['one pager' summaries in say, powerpoint](#).

- Purpose and Objectives
- Scope and Constraints

- Key Stakeholders
- Team and Roles
  - Criteria for Membership
  - Link to Appointment / Election Process
- Team Interfaces
- Key Tasks and Deliverables (optional)
- RACI (Responsible, Accountable, Consulted, Informed)
- Measurement and Reporting
- Ways of Working
- Appendix (any supporting material / artefact definitions, including background and links)

Organisation Map

The over-arching organisation structure of the Co-op will be represented on a suitable 'landscape' map showing the organization units, their positioning (in relation to appropriate axes) and their relationship to other bodies and units. Each unit will negotiate their positioning and relationship with other bodies in order to come to agreement and the Governance Committee will broker agreement and resolve disputes / gaps where necessary, making recommendations to the board as appropriate. Process guides or navigators will be provided so that members new to the Co-op can easily find out 'How do I get x done around here?' in conjunction with the governance wiki or similar document.

A4 - Candidate Early Tasks

Review of Member On-boarding process.
Review of executive/operational board meeting decision quora / majority criteria.
Review of the current governing documents of the co-op.

A5 - Sources

1. [The Governance of Large Co-operative Businesses](#) Prof Johnston Birchall - Co-ops UK

2. [RACI Wikipedia](#)

3. [Platform.coop](#) toolkit