

## Brexit: Employee/Consumer Representation On Company Boards?

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If UK's new Prime Minister **Theresa May** does go ahead and impose employee/consumer representation on company boards, there are likely to be unintended knock-on consequences. In particular, it is likely to inhibit open discussion at board level because it is difficult to see an employee representative being able to withhold all board information from the employee constituency that they represent. That it turn may undermine the role and contribution of the other non-executives, which undermines the efforts made to bolster their role over the last decade or more.



The most significant change is likely to come in the way that boards interact with the rest of the day to day governance structure of the company. Many (most?) quoted companies already have a significant management/executive committee operating below the board (the members of which include the executive directors and other senior executives). This is likely to become an important part of the new regime to ensure that effective governance continues. At the moment, we suspect that in practice the remit of the executive/management committee may be a little vague or imprecise. However, under the new regime this remit would become a cornerstone of the governance structure of the company and would need to be crystal clear in order to maintain the authority of the board. This could effectively overturn the current unitary board system in favour of a two-tier system closer to that used elsewhere in Europe (moving us closer to Europe despite Brexit?).

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