



# Hastings Co-operative Limited

## DUTIES OF DIRECTORS AND DIRECTORS' CODE OF CONDUCT

VERSION 4 – August 2021

Responsibility for this Document - The Board

Board Committee Supervising this Document – Governance Committee

Management of this Document – Governance Committee Chair

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Approved:

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Chairman of the Board of Directors

Date: \_\_\_\_\_

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Chair of Governance Committee

Date: \_\_\_\_\_

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## **INTRODUCTION**

The position of Director of a Co-operative carries many demanding and important duties that need to be recognised before nomination, appointment and throughout a Directors' period of office. Directors owe a duty to the organisation, not to individual shareholder members or employees. Directors are bound by legal duties and failure to carry out those duties can result in personal liability. These can be divided into statutory, fiduciary and duties of care.

## **DUTIES AND RESPONSIBILITIES OF DIRECTORS**

This is only a summary of legal duties and responsibilities of directors of a Co-operative. Any doubt with regards to duties or any aspect of performance of duties, consultation should occur with the Co-operative Secretary.

Broadly, there are four categories of legal duties -:

- Duty to obey relevant laws and regulations.
- Duty to act in good faith.
- Duty to take care.
- Duty to maintain the co-operative status of the organisation.

### **1. Obeying the Law**

- Directors have a direct and personal responsibility for ensuring that the organisation trades in a solvent manner. Failure to discharge this responsibility can result in personal liability.
- Various legal acts and statutory provisions impose direct obligation upon Directors and upon the organisation. These cover such areas as Work Health and Safety, employee relations, equal opportunity for employees, competition, consumer protection, the environment, maintaining accurate financial records.
- Directors do not carry executive responsibility for ensuring that statutory requirements are met, they are responsible as a Board for ensuring that others take executive responsibility and discharge it.

### **2. Duty to Act in Good Faith**

- A Director is in a position like that of a trustee – namely, being responsible for someone else's property (the organisation). As a result the law imposes on Directors a duty to act in good faith, which can broadly be summarised as:
  - Truthfulness and honesty – this involves acting with complete truthfulness and honesty in any dealings with or on behalf of the organisation.

- Treating the Co-operative's affairs as confidential. Individual Directors have no legal authority to disclose anything outside the board room except what is already in the public domain or what they are expressly authorised by the Board to disclose.
- Acting at all times in the best interest of the organisation – this means ensuring that the Co-operative's interests always come first and that a Director never uses their position to obtain a benefit or advantage for themselves, for other people or other organisations.
- Avoiding conflicts of interest – a Director should avoid putting themselves in a position where their duties and responsibilities as a Director conflict with other personal interests. Where a conflict arises, they must comply with the Co-operative's rules.

### **3. Duty to Take Care**

- In carrying out their responsibilities, Directors must take proper care.
- Directors are expected to demonstrate their level of skills and care when carrying out their responsibilities in their role.
- Directors must have due regard for the limitations of their personal expertise. Directors acknowledge that the Co-operative expects high standards and where knowledge is limited, directors are to seek to gain knowledge through continuous training and development and or the bringing in of the expertise to enable them to make a sound decision.
- Duty to take proper care includes:
  - Reading board papers before meetings and coming to meetings properly prepared.
  - Asking questions if further explanation or information is needed and challenging the executives when not satisfied with the answers given. Taking advice both from the executives and from independent advisers when that is needed for the best interests of the organisation.
  - Directors should aim for the highest standards they can achieve. It is not acceptable to leave things to other people, to fail to attend meetings or to treat other matters as more important than those of the organisation. A Director who does not give an appropriate level of commitment to the Co-operative's affairs is failing in their duty.
  - It is not sufficient to rely on current knowledge and experience. In order to keep pace with changing needs and changing legal and financial obligations, Directors need to ensure that they are properly equipped to carry out their responsibilities.

- If any of the Directors' electronic devices containing Hastings Co-operative Limited documents is lost or stolen, the Chair, Secretary and CEO must be notified immediately.

## **CODE OF CONDUCT FOR DIRECTORS**

### **1. Status of the Code of Conduct**

- This Code of Conduct for Directors has been adopted by the Board of Directors.
- Every Director will sign an acknowledgement accepting their obligation to comply with this Code including its provisions covering confidentiality. Candidates seeking election as a Director will be asked to confirm that they have read the Code and if elected will sign an acknowledgement.

### **2. Qualification for Office**

- The Co-operative's rules set out the criteria by which an individual is eligible to be a Director. A Director shall notify the Secretary immediately on becoming aware that they are or may no longer be eligible to be a Director.

### **3. Commitment to Co-operative and Principles**

- The organisation is established to provide goods and services to its Shareholder Members as a Co-operative.
- Each of the Directors will discharge their responsibilities in a way which seeks to ensure that the organisation remains committed to following the Co-operative Values and Principles.

### **4. Directors Carrying out their Responsibilities**

- Being a Director brings a commitment to carry out all necessary duties and responsibilities which must be performed by the Board. Each Director will do the following:
  - Attend on time at every meeting of the Board and of any Committee or Sub-Committee of the Board to which they are appointed.
  - Any Director who, without good reason accepted by remaining Directors, fails to attend meetings will be in material breach of this Code, unless apologies are submitted and accepted by the Board.
  - Prepare properly for every meeting by reading in advance any documents sent out for the purpose of the meeting.
  - Accept decisions made by the Board, even if they disagree with the outcome and voted against the matter. This includes a commitment to support any decision of the Board outside the board room.

## 5. Standards of Behaviour

- In addition to fulfilling their legal duties, Directors are expected to show appropriate standards in carrying out their responsibilities. This is necessary in order that the Board can function properly as a Board; that it can play its appropriate part in the Co-operative's overall governance and that the Co-operative's good name and reputation in the community is maintained.
- Directors will observe the following standards:
  - In their dealings with each other, with the Co-operative's officers and with its employees and Shareholder Members, treating people politely, fairly and with respect.
  - On public occasions and on all of the Co-operative's business, behaving in a way which is appropriate for a Director of such an organisation. This includes not bringing the organisation into disrepute in any context.
- Directors will treat meetings of the Board or of any Committee or Sub-Committee of the Board as a formal occasion and will observe the following:
  - Accepting the authority of the Chair of any meeting, expressing all questions and points of view through the Chair.
  - Listening to the views of colleagues with an open mind, seeking advice or clarification where needed, expressing their own views and coming to their own decision on individual matters in good faith in what they believe to be in the best interests of the organisation, taking into account relevant factors and ignoring irrelevant factors.
  - Not resorting to what could be considered to be aggressive or intimidating behaviour, eg, swearing, name calling, shouting, finger pointing.
  - Keeping to the agenda, raising other issues under 'any other business' according to agreed procedures and not engaging in discussions during the meeting which are not relevant to the issues of the meeting.
  - Ensuring that they do not attend any meetings under the influence of alcohol or illegal or recreational drugs.

## 6. Confidentiality

- Refer to Confidential Information Agreement attached.

## 7. Conflicts of Interest

- Directors must disclose to the Secretary any material interest which they or their spouse or partner holds.

- Any business which competes with or carries on the same trade as the organisation.
- Any business which is providing goods or services to the organisation or being considered as a potential supplier of goods or services.
- Any public body or voluntary organisation with which the organisation has or likely to have dealings.
- The Secretary will record any such interest in a register of Directors interest.
- 'Material interest' for these purposes includes being an employee, holding any position of authority or responsibility, or owning any financial interest. It does not include the holding of shares.
- Subject to the Co-operative's rules, no Director may take part in any discussion on a matter in which they have a material interest or take part in any decision or vote on any resolution. This applies to meetings of the Board and of any Committee or Sub-Committee of the Board.

### **8. Taking Independent Advice**

- The Co-operative's management executives are responsible for running the day-to-day business of the organisation. If one or more Directors have any questions about any aspects of the Co-operative's affairs they should raise it at a Board meeting or with the Chair who will raise the matter with the executive.
- If the Board, as a whole, considers that it is in the best interests of the Co-operative to do so, they may resolve to take independent advice on matters and shall do so through the CEO/Secretary.
- If one or more Directors are dissatisfied with advice given by management executive or the Co-operative's external advisers or they fail to obtain their requested advice, they should raise the matter at a Board meeting, with the Chair, who will advise the CEO/Secretary. Consideration can be given to seeking further independent advice if considered to be in the best interests of the Co-operative. Further independent advice will be sought if a minimum of three Directors or one third of Directors present (whichever is the greatest), make a request to do so.
- If the CEO/Secretary is involved in the matter in question and cannot be regarded as independent for the purposes of taking independent advice, the Board will deal with the matter.

### **9. Training**

- All Directors shall take part in any training which the Board resolves that all Directors should undertake. Failure to do so without a good reason is a serious breach of this Code. Directors are encouraged to be proactive in seeking education themselves, which will be of benefit to their position of Director and the organisation.

## 10. Hospitality and Gifts

- Directors should not in their capacity as Director, receive from any person or organisation any hospitality, gift or any benefit. Refer to the Co-operative's Gift and Benefit Policy.

## 11. Serving on the Board of a Co-operative Association

- Directors who serve on **any** Co-operative Association **or** Board must treat their role as a Director on each organisation as a separate role and must maintain confidentiality for each organisation.

## 12. Breach of this Code

- All Directors accept that they must comply with this Code if the Board is able to function properly and efficiently and do its job. Where any Director alleges that another Director is in breach of this Code, the following provisions apply:-

If the allegation is made in the course of a meeting, the matter is to be referred to the chair, who may:

- Defer the matter to be considered by the Board on a subsequent occasion.
- Adjourn the meeting.
- Request that the Director alleged to be in breach, temporarily leaves the meeting for the matter to be discussed by the remaining Directors present.
- Exclude the Director alleged to be in breach for the remainder of the meeting.
- If the remaining Directors are to consider an alleged breach of this code at any time, the Director alleged to be in breach shall be given the opportunity to respond to the allegation.

If remaining Directors consider that a Director has committed a breach of this code:

- The breach shall be minuted by the Minute Secretary.
  - The Board may recommend that the Director in breach undergoes training.
  - The Board may resolve to report the matter to the Shareholder Members at the next Annual General Meeting.
  - Grievance Policy will be followed.
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- Subject to the rules of the Co-operative, a Director in serious breach of this code may be removed from office. Before any such resolution can be considered, the Director alleged to be in serious breach, shall be notified in writing of the alleged breach and shall have an opportunity to answer the allegations made.



**13. Dealing with Hastings Co-operative documents, property and items on personal computer and when a person ceases in the position of Director.**

- To ensure confidentiality, Directors are to destroy/return to Co-operative Secretary any hard copy documents in their possession.
  - Directors agree to delete any electronic copies of correspondence, files, documents or reports that they may hold on any business or personal electronic device and acknowledge that the Director may be required to sign a Statutory Declaration to the effect that these documents have been deleted.
  - Any items held by a former Director beyond the period of Directorship will not be considered as genuine, nor certified Hastings Co-operative Limited correspondence, files or reports for any purpose whatsoever.

**This Code of Conduct has been approved by the Board.**

Chair ..... Chair of Governance.....  
Print name..... Print Name.....  
Date.....  
Signature of Director.....  
Print name.....  
Date.....

**14. Review of Document**

The policy will be reviewed biannual by the Governance Committee and approved by the Board of Directors.

- **Version Control**

Version 1	May 2013
Version 2	Aug 2015
Version 3	Aug 2019
Version 4	Aug 2021