



# CODE OF CONDUCT FOR DIRECTORS

## Introduction

**This document sets out the standards of personal behaviour and conduct required of directors of Supporters Direct. Failure to observe its stipulations shall be regarded as a serious breach of this code, and may incur disciplinary action up to and including removal from the Board under its provisions. This has been based on Co-operatives UK's Code of Conduct for Co-operative Directors.**

The position of director of a co-operative society carries many demanding and important duties that need to be recognised before appointment and throughout a director's period of office. Directors owe a duty to the society, not to individual 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 duties, fiduciary duties and duties of care.

## Duties and Responsibilities of Directors

This part sets out the legal duties and responsibilities of directors of co-operative societies. It is only a summary, and if directors are in any doubt about their duties, or any aspect of performance of their duties, they should consult the secretary.

- 1 Directors have important legal duties, and failure to carry out these duties can result in personal liability.
- 2 Broadly there are four categories of legal duty as follows, and a brief summary of these duties is set out below:
  - 2.1 the duty to obey relevant laws and regulations and rules and policies;
  - 2.2 the duty of good faith;
  - 2.3 the duty to take care and
  - 2.4 the duty to maintain the democratic and not-for-profit status of the organisation.

## Obeying the law, regulations, rules and policies

- 3 Various Acts of Parliament and statutory provisions impose direct obligations upon directors and upon the society itself. These cover such areas as occupational health and safety, employee relations, equal opportunity for employees, competition, consumer protection, the environment, and keeping proper accounting records.
- 4 Although 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. Where they fail to ensure this, directors can become subject to statutory penalties and personal liability.
- 5 Directors have a direct and personal responsibility for ensuring that the society does not continue to trade if it is insolvent. Again, failure to discharge this responsibility can result in personal liability.

## Duty of good faith

- 6 A director is in a position like that of a trustee – namely being responsible for somebody else's (the society's) property. As a result the law imposes on directors a duty of good faith, which

can broadly be summarised as follows:

- 6.1 truthfulness and honesty – this involves acting with complete truthfulness and honesty in any dealings with or on behalf of the society;
- 6.2 treating the society's affairs as confidential. Individual directors have no legal authority to disclose anything outside the boardroom except what is already in the public domain, or what they are expressly authorised by the board to disclose;
- 6.3 acting at all times in the best interests of the society – this means ensuring that the society'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;
- 6.4 avoiding conflicts of interest – a director should avoid putting themselves in a position where their duties and responsibilities as a director conflicts with other personal interests. Where a conflict arises, they must comply with the society's rules

#### **Duty to take care**

- 7 In carrying out their responsibilities, directors must take proper care. They are expected to show
  - 7.1 such skill and care in carrying out their responsibilities as a person having their background and experience would reasonably be expected to show (the subjective test), and
  - 7.2 the levels of skill and care that a person carrying out that role would reasonably be expected to show (the objective test).
- 8 In other words, they are not expected to be experts, but they are expected to use such expertise as they have. Furthermore, directors must recognise that an objective standard is applied, which means that where they do not have the knowledge and expertise needed, they should either undergo training, or should bring additional skills onto the board, possibly through co-option.
- 9 The duty to take proper care includes the following:
  - 9.1 reading board papers before meetings, and coming to meetings properly prepared;
  - 9.2 asking questions if further explanation or information is needed and challenging the executives when not satisfied with the answers given;
  - 9.3 taking advice both from the executives and from independent advisors when that is needed for the best interests of the society;
  - 9.4 doing their best – 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 society. A director who does not give an appropriate level of commitment to the society's affairs is failing in their duty;
  - 9.5 undergoing appropriate training and development. 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.

## **Status of this Code of Conduct**

- 1 This Code of Conduct for directors has been approved by the board of directors.
- 2 Every director will sign an acknowledgement accepting their obligation to comply with this Code including its provisions covering confidentiality. Candidates seeking election as director will be asked to confirm that they have read it, and if elected will sign a similar acknowledgement. Any successful candidate not signing the Code and so agreeing to be bound by it shall be disqualified from the election.

## **Qualification for office**

3. The organisation's rules set out the criteria by which an individual is eligible, or not, to be a director. It is the responsibility of a director to notify the secretary immediately on becoming aware that they are, or may no longer be, eligible to be a director.
  - 3.1. The criteria for ineligibility are:
    - 3.1.1. be the spouse, cohabitee, brother, sister, child, father or mother of a member of the Board or candidate for election to the Board;
    - 3.1.2. be currently bankrupt or have a subsisting composition with their creditors;
    - 3.1.3. be subject to a disqualification order made under the Company Directors Disqualification Act;
    - 3.1.4. have been convicted of an indictable offence, subject to the Rehabilitation of Offenders Act 1974;
    - 3.1.5. have been removed from membership of a recognised professional body and not reinstated.
    - 3.1.6. have failed to agree to be bound by the Board Membership Policy
    - 3.1.7. have been adjudged to have broken the terms of the Policy on the conduct of elections
  - 3.2. All elected Directors must be elected in an election conducted under the organisation's election policy and have complied with that policy; all Directors co-opted must have been co-opted in accordance with the organisation's Board Membership Policy.
  - 3.3. All Directors must retire at the end of their period of office, but they shall be available for election by the members for further terms, or may be considered by the board for a further period of co-option.
  - 3.4. Any person who has in the opinion of the Board brought the Organisation into disrepute shall not be eligible to serve on the Board. Should a sitting Director be adjudged to have brought the organisation into disrepute, or committed a serious breach of the Rules or this Code, then they shall be removed from office.

### **Commitment to Supporters Direct's principles**

4. Each of the directors will discharge their responsibilities in a way which seeks to ensure that Supporters Direct remains committed to following Principles:
  - 4.1 Supporters of sports clubs playing a responsible role in the life of the club they support, through the ownership of shares by individual within the supporters trust and by the trust collectively, and the democratic election of supporters' representatives onto the board.
  - 4.2 Democratic operation of trusts and of Supporters Direct.
  - 4.3 Non-distribution of profit by trusts or by Supporters Direct.

### **Carrying out their responsibilities**

- 5 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:
  - 5.1 attend on time at every meeting of the board and of any committee or subcommittee of the board to which they are appointed. Any director who, without good reason accepted by the remaining directors, fails to attend three or more meetings will be in material breach of this Code;
  - 5.2 prepare properly for every meeting by reading in advance any documents sent out for the purpose of the meeting;
  - 5.3 accept decisions made by the board, even if they disagree with it and voted against it. This includes a commitment to support any decision of the board outside the boardroom. It shall be deemed to be a disciplinary offence for Board members to make public comment(s) criticising decisions made if that person is still a member of the Board, or to act in such a way contrary to the letter and spirit of Board policy. The Board may choose to suspend the requirement for collective responsibility by majority vote for certain decisions, in which case the above does not apply in respect of that particular decision.
  - 5.4 if they undertake work on behalf of the organisation, particularly in respect of work with supporters' trusts, to provide full details of the advice that they give to groups, to the Chief Executive. The Chief Executive will keep a record of this advice. Such advice must fall within the objectives of SD at all times.

### **Standards of behaviour**

- 6 In addition to fulfilling their legal duties, directors are expected to show appropriate standards of behaviour 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 organisation's overall governance, and that the organisation's good name and reputation is maintained.
- 7 Directors will observe the following general standards:
  - 7.1 in their dealings with each other, with the organisation's officers, and with its

- employees and members, treating people politely, fairly, and with respect;
- 7.2 on public occasions and on all society business, behaving in a way which is appropriate for a director of such an organisation. This includes not bringing Supporters Direct into disrepute in any context.
- 8 Directors will treat meetings of the board or of any committee or subcommittee of the board as formal occasions, and will observe the following:
- 8.1 accepting the authority of the chair of any meeting, expressing all questions and points of view through the chair;
- 8.2 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 Supporters Direct, taking into account relevant factors and ignoring irrelevant factors;
- 8.3 not resorting to behaviour that could be considered to be aggressive or intimidating, e.g. swearing, name calling, shouting, finger pointing;
- 8.4 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;
- 9 All Board Business is to be transacted through properly convened meetings of the board (including properly conducted electronic decisions) and any sub-committees.

### **Confidentiality**

- 10 Directors will treat all information that they receive in their capacity as directors, and all discussion within the boardroom or within committees or sub-committees of the board, as confidential.
- 11 Directors will observe the following obligations of confidentiality:
- 11.1 they will not disclose any information outside the boardroom unless it is already in the public domain, or they are specifically authorised to do so. This includes information about the organisation's business, the deliberations of the board in reaching decisions, and employment matters;
- 11.2 they will not use any such information for personal advantage;
- 11.3 they will not pass information to any representative of the press or media, and will refer any press or media enquiries to the organisation's staff;
- 11.4 they will take proper care of any documents they receive as directors, and store them securely.

### **Conflicts of interest**

- 12 Directors must disclose to the secretary any material interest which they, their spouse or partner, other family member, business partner or close friend or associate holds in:
- 12.1 any business which is providing goods or services to Supporters Direct or its members, or is being considered as a potential supplier of goods and services;

- 12.2 any public body or voluntary organisation with which Supporters Direct has or is likely to have dealings.
- 13 The Secretary will record any such interest in a register of directors' interests which shall be updated annually. Directors must also notify the Secretary of any changes to their entry in the register since they provided their last update.
- 14 For the avoidance of doubt, it is the responsibility of the Director to be proactive in notifying the Secretary of any potential conflicts. Unless the Board direct otherwise, the Secretary's decision as to whether there is a conflict is final.
- 15 Subject to their organisation's rules, no director may take part in any discussion on a matter in which they have an 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.

### **Staff and Directors**

- 16 The organisation's staff are responsible for running the day-to-day business of Supporters Direct and should receive the full support of Directors in their work. Directors should not engage in any public action that could be interpreted as a criticism of a member of staff, nor engage in activities that compromise or conflict with agreed staff work activities.
17. If Directors have any questions or complaints about any operational aspect of the organisation's affairs or the behaviour of staff, they should be raised in the first place with the Chair.
- 18 Questions regarding the conduct of the Chief Executive should be addressed to the Chair.

### **Independent Advice**

- 19 If the board considers that it is in the best interests of Supporters Direct to do so, they may resolve to take independent advice on any matter.
- 20 If one or more directors are dissatisfied with advice given by the Chief Executive or the organisation's external advisors, they should raise the matter with the Chair. The Chair may take further independent advice if they consider it to be in the best interests of Supporters Direct to do so. The secretary will take further independent advice if a minimum of six directors or more than one third of the directors (whichever is the greater) request it.
- 21 If the Secretary is involved in the matter in question and cannot be regarded as independent for the purposes of taking further advice, the Chair shall act in place of the secretary. If neither the secretary nor the Chair can be regarded as independent for the purposes of the matter, it shall be referred to the Chief Executive of Co-operatives UK.

### **Training**

- 22 All directors shall take part in any training which the board resolves that all directors should undertake.
- 23 Directors who feel they should receive specific training in order to fulfill their responsibilities should liaise with the Secretary.

## Hospitality and Gifts

- 24 Directors should not be in receipt of hospitality, goods, services, gifts or any other benefit that may compromise either their position, or that of the organization, or may lead others to perceive that the integrity or policy of the organisation or of the Director has been compromised. The exceptions are in the following circumstances, where Directors may receive:
- 24.1 working meals or refreshments;
  - 24.2 hospitality or gifts given in the course of the organisation's business, which are disclosed to the secretary and recorded in a register.
- 25 It is the responsibility of Directors to record all gifts received whilst they serve on the Board in the official register of gifts maintained by the Secretary and for the avoidance of doubt, they should seek the advice of the Secretary if they are unsure; the Secretary's decision shall be final.

## Serving on the Board of another body

- 26 Directors who serve on the board of management of any other organisation must treat their roles as director of Supporters Direct and their role in any such body as separate. This means that:
- 26.1 they must maintain confidentiality in relation to information they receive in one capacity, and not disclose any such information in the other capacity unless they are expressly authorised to do so;
  - 26.2 when making decisions as a director of Supporters Direct, they must make such decisions in what they consider to be the best interests of Supporters Direct, without consideration of other responsibilities that they have by virtue of their involvement in other bodies.
  - 26.3 they must disclose any pertinent memberships and involvement in other bodies where that impacts upon the work of Supporters Direct and more pertinently their work as a Director.
  - 26.3 where their membership of the board of management of another body causes a conflict or where a conflict might be reasonably perceived, they must act quickly to resolve that conflict, which may include resigning from either the Board of Supporters Direct or of another organisation

## Breach of this Code

- 27 All directors accept that they must comply with this Code if the board is to be 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 will apply:
- 27.1 if the allegation is made in the course of a meeting, the matter is to be referred to the chair, who may;
    - 27.1.1 defer the matter to be considered by the board on a subsequent occasion;
    - 27.1.2 defer the matter to be considered by a sub-committee of the board empowered to act on behalf of the board in this matter;
    - 27.1.3 adjourn the meeting;

- 27.1.4 request that the director alleged to be in breach temporarily leaves the meeting for the matter to be discussed by the remaining directors present;
- 27.1.5 exclude the director alleged to be in breach for the remainder of the meeting;
- 27.2 if the remaining directors are to consider an allegation of breach of this Code at any time, the director alleged to be in breach shall be given the opportunity to respond to the allegation;
- 27.3 if the Board or its delegated body consider that a director has committed a breach of this Code,
  - 27.3.1 the breach shall be minuted by the secretary;
  - 27.3.2 the board or its delegated group shall discipline the director in breach;
  - 27.3.3 the board or its delegated group may resolve to report the matter to the members at the earliest opportunity.
- 27.4 The Board or its delegated group may take the following actions if they deem a Director to be in breach of this code:
  - 27.4.1 deem the matter closed and take no further action if they consider the breach to be of a minor nature
  - 27.4.2 Reprimand the Director and notify members of the breach and the reprimand
  - 27.4.2 Suspend the Director for a period of time not exceeding 4 months and notify members of this suspension
  - 27.4.3 Remove the Director from office subject to the resolution being approved by not less than three-quarters of the remaining directors. 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.

***This Code of Conduct has been approved by the board of Supporters Direct on 22<sup>nd</sup> February 2017 and accession to the Board shall be contingent upon receipt by the Secretary of a signed acceptance of its stipulations.***

# DECLARATION OF DIRECTORS' INTERESTS

## **Guidance Note:**

*The onus is on Directors to anticipate any conflicts of interests in advance of them becoming an issue. If there is any doubt, it is recommended that Directors err on the side of disclosure. Examples of organisations where interests should be declared:*

*Supporters Direct; Football Clubs; Supporters Trusts; Supporters Groups; Co-operative bodies; Academic Institutions; Political parties; Campaign / lobby groups; Professional Bodies / Trade Associations / Trade Unions; Football Club suppliers; Supporters Trust suppliers; Providers of services to sporting clubs, Supporters Trusts and other relevant bodies*

*The list is not exhaustive; for further guidance, please consult with the Secretary.*

*The information will be held on file and will be available for scrutiny by Directors, Members, funding bodies and other funders with a legitimate interest who make a formal enquiry.*

## **NAME OF DIRECTOR:**

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**Current employment and any previous employment in which you continue to have an interest?**

**Membership of professional bodies, parties, interest groups etc?**

**Membership / support of Supporters Groups?**

**Any contractual, financial or beneficial relationship with Supporters Direct, past or present?**

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**Appointments (Trusteeships, directorships, local authority membership, tribunals etc)?**

**Relevant investments, partnerships or other beneficial financial interests?**

**Relevant gifts or hospitality offered in the last 12 months to you or by you?**

**Any relevant family or personal associations or interests?**

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To the best of my knowledge, the above information is correct and I undertake to update as necessary the information provided. In addition, should any matter be discussed by the Board where an interest not disclosed here or where there is an association relevant to the discussion not disclosed here, then the onus is on me to make such disclosures to the Board. Any failure to do so may be viewed by the Board as a breach of the Rules and the Code of Conduct for Directors and may lead to disciplinary action up to and including expulsion from the Board under the Rules and the Code of Conduct for Directors.

**Signed:**

**Date:**



## DIRECTOR ACCEPTANCE FORM

**NAME OF DIRECTOR**

**CORRESPONDENCE ADDRESS**

**CONTACT TELEPHONE NUMBER(S)**

**EMAIL ADDRESS (*Director's papers are sent by email so this is particular important*).**

I confirm that I shall faithfully execute my duties as a Director of Supporters Director, both individually and collectively, and shall at all times uphold its rules, aims and objects, interests and policies and agree to be bound by the Code of Conduct for Directors. I understand and accept that failure to do so may result in my removal from the Board.

**Signed:**

**Date:**