



1,000 THINGS BOARDS & MANAGERS SHOULD KNOW

Good Governance Tip #11

Model for Consideration of Boards of Directors

DIRECTOR CODE OF CONDUCT

The board of this co-operative is committed to the highest standards of conduct.

This means conducting our business in accordance with all applicable laws, regulations, and it also means commitment to the spirit of the law.

Our actions shall reflect co-operative values of honesty, openness, social responsibility, caring for others, self-help, self-responsibility, democracy, equality, equity and solidarity, and reflect our principles.

Directors will demonstrate ethical leadership and promote a work environment that upholds the co-operative's reputation for integrity, ethical conduct, and trust.

Directors will also conduct business with due regard to the board member's Code of Conduct specified in the governance process.

Compliance with Laws & Regulations

All directors are expected to conduct their business and affairs in compliance with applicable laws, Legislation, and Regulations and to encourage and promote such behavior for directors, officers, and employees.

Good Faith

A director has a duty of good faith and loyalty to the co-operative. This means that:

- ★ A director owes allegiance to the co-operative and must act in the best interests of the co-operative while acting in his or her official capacity
- ★ A director should be diligent to ensure that the co-operative's interests are pursued during the meetings of the board of directors
- ★ A director may not use the position for personal profit, gain, or other personal advantage over other member shareholders of the co-operative
- ★ A director shall make honest and accurate claims with respect to expenses and per diem in accordance to board policy
- ★ A director should not discuss personal business during a meeting of the board of directors nor advance his or her personal interests while in official session at the expense of the co-operative
- ★ A director should be respectful of others and should not make personal attacks on other directors, staff, or member shareholders while performing official duties. Disagreements should be directed to the disagreement, not the person who raises an opposing point of view

A director shall conduct his or her public life in a manner that benefits the dignity of the co-operative director

Due Care

A director has a duty to use care, skill, and diligence when carrying out official acts. This means that:

- ★ A director is required to act honestly and in a manner reasonably believed to be in the best interests of the co-operative, and with that, a prudent person in a similar position would use under similar circumstances

- ★ A director should use his or her best efforts to keep apprised of Legislation or Regulations that affect the co-op
- ★ A director should seek the advice or experts when making decisions on behalf of the co-operative in areas of competence in which the director has not been trained
- ★ A director must serve the interests of all member shareholders impartially and without bias
- ★ A director must advocate that the co-operative comply with applicable laws, codes, contracts, and agreements to which the co-operative is bound

To carry out this duty, here are some guiding rules to follow:

- ★ A director is expected to make a diligent effort to become trained and skilled in the business of the co-operative in such areas as finance, member relations, governance, and oversight
- ★ A director is expected to obtain a working knowledge of laws that regulate the co-operative and its operations
- ★ A director is entitled to rely upon information and reports presented by officers or other employees of the co-operative whom the director reasonably believes to be reliable and competent
- ★ A director is entitled to rely upon legal opinions, financial statements, and other information relating to matters that the director reasonably believes to be within the expertise of the person preparing the information

Authority

A director has a duty to act within the boundaries of his or her authority.

- ★ The authority of a board of directors is defined in the charter and by-laws of the co-operative
- ★ A director's authority is limited to those acts that are transacted during the course of a duly called meeting of the board of directors with a quorum present
- ★ A director may not act in an official capacity except in the context of a meeting of the board of directors unless specifically empowered to act by a majority of director present and voting in the affirmative at a duly called meeting
- ★ A director serving in official capacity may not violate government laws that regulate the operations of the co-operative, the co-operative's charter, and/or the co-operative's by-laws

Conflict of Interest

A director has a duty to disclose every personal conflict of interest to the co-operative.

- ★ A director is required to make a prompt and full disclosure of any material personal interest, either direct or indirect, he or she may have in transaction to which the co-operative is a party
- ★ A director shall not vote on or participate in discussions or deliberations on information or to respond to questions presented
- ★ A director shall assure that the minutes properly record his or her abstention on any votes on matters for which a conflict may exist

Confidentiality

A director may not divulge or profit from the confidential information learned while performing official duties.

- ★ A director may not divulge or otherwise use for personal gain any personal information learned during the performance of official duties as a director
- ★ A director must hold confidential all matters involving the co-operative until such time as there has been general disclosure of that information
- ★ A director shall not have access to the personal files and financial records of a member shareholder or staff member without the consent of that person

Role

A director has a duty to participate in the operations of the co-operative only as authorized in the by-laws or by the full board of directors.

- ★ A director's primary obligation is to participate in the governance and policymaking process of a co-operative, and not its operations
- ★ A director should not interfere with the enforcement of operational policies and procedures outside of a meeting with the board of directors
- ★ A director should not question policies except during a meeting of the board of directors nor has the authority to wave compliance with any policy of the board
- ★ An individual director is not empowered to provide day-to-day work instructions to management and staff unless clearly authorized to do so during a meeting of the board of directors

Reporting Illegal or Unethical Behavior

Directors are encouraged to bring questions about particular circumstances that may involve one or more provisions of this code to the president of the board who may consult with the board or legal counsel.

Directors should promote ethical behavior and encourage an environment in which the co-operative encourages staff, members, and directors to talk to appropriate personnel about illegal or unethical behavior. No one will be subject to retaliation for a good faith report of suspected misconduct.

For further information on this and other related topics, as well as many co-operative development subjects such as governance, finance and marketing, strategic planning, management, etc, contact the Nova Scotia Co-operative Council at the address below. Our knowledgeable staff of Business Development Officers, located in Truro, Sydney, and Yarmouth are available to assist you in all areas of co-operative development. You can also visit us on the web at www.nsko-opcouncil.ca.



Nova Scotia Co-operative Council

Making a Difference in Nova Scotia Communities

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