

DFC Board of Directors Code of Conduct

v.2 12/04/23

Status of this Code of Conduct

This Code of Conduct (the "Code") sets out the standards of personal behaviour and conduct required of directors of DFC. A co-operative's governing document should refer to this Code, confirm its approval by its board and require its board to adopt it and to enforce compliance with it.

Every existing director of a co-operative must sign an acknowledgement accepting his or her obligation to comply with this Code in its entirety. Candidates seeking election as a director will be asked to confirm that they have read and understood it, and, if elected, must sign a similar acknowledgement confirming their obligation to comply with it. This code of conduct is based on Co-op UK's Code of Conduct for Directors. It should be read in conjunction with the [DFC Board of Director's Roles and Responsibilities](#).

Qualification for office

The DFC's governing document sets out the criteria under which an individual is eligible to be a director. A director shall notify the secretary immediately on becoming aware that they are not, or may no longer be, eligible to be a director.

Commitment to Co-operative Values and Principles

Each director will discharge their responsibilities in a way that seeks to ensure that the DFC remains committed to operating in accordance with the [co-operative values and principles](#) as set out in the International Co-operative Alliance Statement of Cooperative Identity, which is the basis of all co-operative enterprises.

Carrying out directors' responsibilities

Being a director brings with it a commitment to carry out all the necessary duties and responsibilities which must be performed by the board. Each director will:

- Understand and abide by their legal duties and responsibilities.
- Act in accordance with the governing document of the DFC.
- Attend every meeting of the board and of any committee or sub-committees of the board to which they are appointed, unless there is an unavoidable reason for non-attendance, in which case the director shall notify the secretary in advance.
- Prepare properly for every meeting by reading in advance any documents sent out for the purpose of the meeting.
- Arrive on time for every meeting fully prepared and able to take an active role in discussions and decision making.

Standards of behaviour

In addition to fulfilling their legal duties, directors are expected to show high 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 part appropriately in the DFC's overall governance, and that the DFC's good name and reputation is maintained.

Directors will observe the following general standards:

- In their dealings with each other, and with the DFC's employees and members, directors must treat people politely, fairly, and with dignity and respect.
- On public occasions and on all DFC business, directors must behave with integrity and in a way which is appropriate for a director of such an organisation. The director must not bring the DFC into disrepute or prejudice its general good standing in any way.
- Directors should behave in a way that demonstrates their belief in the values and principles and ethical stance of the DFC and shall conduct themselves in a way that does not call these beliefs into question or prejudice the general good standing of the DFC in any way.
- Directors will treat meetings of the board or of any committee or sub-committee of the board to which they are appointed, as formal occasions, and will:
 - accept the authority of the chair of any meeting, expressing all questions and points of view through the chair;
 - listen to the views of the directors with an open mind, seek advice or clarification where needed, express their own views, and come to their own decisions on individual matters in good faith in what they believe to be in the best interests of the DFC, taking into account relevant factors and ignoring irrelevant factors;

- accept decisions made by the board in accordance with the law and the DFC's governing document, even if they disagree with it, and voted against it if a vote was taken. This includes a commitment to support any decision of the board outside of board meetings;
- not resort to behaviour that could be considered aggressive or intimidating, e.g. swearing, name calling, shouting, finger pointing;
- keep to the agenda, raise other issues under "any other business" according to agreed procedures, and not engage in discussions during the meeting which are not relevant to the issues of the meeting;
- not present misleading information or behave in a way designed to mislead the board;
- ensure that they do not attend any meetings under the influence of alcohol, or illegal or recreational drugs.

Confidentiality

Directors will treat all information which they receive in their capacity as directors, and all discussions at board meetings or within committees or sub-committees of the board, as confidential. Directors who are employees of the DFC will take particular care not to disclose to their colleagues any confidential information which comes to them in their capacity as a director.

Directors will observe the following obligations of confidentiality:

- They will not disclose any information outside board meetings unless it is already in the public domain, or they are specifically authorised by the board to do so. This includes information about the DFC's business, the deliberations of the board in reaching decisions, and the way individual directors voted on issues.
- They will not use any information for personal advantage.
- They will not pass information to any representatives of the press or media, and will refer any press or media enquiries to the DFC's management executive.
- They will not make unauthorised photocopies of any documents.
- They will take proper care of any documents they receive as directors, and store and dispose of them securely.

Conflicts of interest

Directors must avoid any situation which may lead to a potential conflict of interest.

Directors must disclose to the board, through the secretary, any situation which they believe may potentially give rise to a conflict of interest.

Where such a potential conflict is notified, the board shall decide whether the director may proceed with the situation giving rise to the conflict (for example, taking up a non-executive appointment in another organisation) or whether they must avoid it.

Directors must disclose to the board, through the secretary, any material interest¹ which they or their spouse or partner holds in:

- any business which competes with or carries on the same trade as the DFC;
- any business which is providing goods or services to the DFC, or is being considered as a potential supplier of goods and services;
- any public body, voluntary organisation or charity with which the DFC has or is likely to have dealings.

Where such an interest is notified, the board shall decide whether the director needs to take any action to manage this and, if so, what this must be. Examples of such action include not receiving papers on an issue related to the conflict, not attending board meetings where an issue relating to the conflict is being discussed or not voting on such an issue. The board may determine any other action it believes is necessary to manage the conflict.

Subject to the DFC's governing document, 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.

The secretary must keep a register of directors' interests which is open to inspection by members.

Taking independent advice

The DFC's leadership team is responsible for running the day-to-day business of the DFC. If one or more directors have any questions about any aspect of the DFC's affairs, they should be raised in the first instance with the CEO, through the secretary.

If any director, or any committee or sub-committee of the board, believes that it is essential for independent advice to be sought on any matter to enable them to properly perform their duties then this should be done through the secretary. If the matter on which the advice is sought directly concerns the secretary, the advice shall be sought through the chair.

If one or more directors are dissatisfied with advice given, or the board fails to obtain their requested advice, they should raise the matter with the secretary. The secretary may take further independent advice if they consider it to be in the best interests of the DFC to do so.

¹ For the purposes of the Code "Material interest" includes being an employee, holding any position of authority or responsibility, or owning any financial interest. It does not include the holding of shares which amount to less than 2% of the entire issued share capital of any company whose shares are listed on a stock exchange.

If the secretary is involved in the matter in question and cannot be regarded as independent for the purposes of taking further advice, a member of the management executive/relevant employee shall act in place of the secretary. If neither the secretary nor any member of the management executive can be regarded as independent for the purposes of the matter, it shall be referred to the Secretary General of Co-operatives UK.

Induction and Ongoing Professional Development

New directors must complete the formal induction programme developed by the board to ensure that they can become as effective as possible, as quickly as possible, in their new role. Failure to do so without good reason is a serious breach of this Code.

Directors should ensure that they are properly equipped to carry out their responsibilities. 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 undergo appropriate training and professional development on an ongoing basis.

All directors shall take part in any training which the board resolves that they should undertake. Failure to do so without good reason is a serious breach of this Code.

Hospitality and Gifts

Directors must not, in their capacity as director (or what might be perceived as their capacity as director), receive from or give to any person or organisation any hospitality, gift or any other benefit, except in the following circumstances:

- Working meals or refreshments;
- Inexpensive items (less than £10 in value) such as free calendars;
- Hospitality in the course of the DFC's business, which is disclosed to the secretary and recorded in a register kept for this purpose.

Directors must observe the terms of any policy that the DFC might have concerning hospitality and gifts.

Serving on the Board of another organisation

Directors who serve on the board of any other organisation must treat their roles as director of the DFC and director of any such organisation as separate.

This means that:

- 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.

- When making decisions as a director of the DFC, they must make such decisions in what they consider to be in the best interests of the DFC, and when making decisions as a director of another organisation, make them in what they consider to be in the best interest of that organisation.

Breach of this Code

All directors accept that they must comply with this Code if the board is to function and carry out its role properly and efficiently. Where any director alleges that another director is in breach of this Code, the following provisions will apply:

- If the allegation is made in the course of a meeting, the matter is to be referred to the chair, who may;
 - request the director alleged to be in breach to desist from any behaviour giving rise to the breach;
 - 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 allegation of a 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 the remaining directors consider that a director has committed a breach of this Code;
 - the breach shall be minuted by the secretary;
 - the board may recommend that the director in breach undergoes disciplinary action and/or training;
 - the board may resolve to report the matter to the members at the next members' meeting.

Subject to the governing document of the DFC, a director in serious breach of this Code may be removed from office by a resolution approved by not less than three-quarters of the remaining directors, provided that the remaining directors also consider that it is not in the best interests of the DFC for that individual to continue as a director. 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 and to rectify the breach. In such cases where the governing document makes provision for this instance they will take precedence over this Code.

This Code of Conduct has been approved by the board of DFC.

Date: 12.04.23