



Director/Trustee role at LEAF

Director /Trustee Responsibilities

Being invited to serve as a director or a trustee of a charity can be a prestigious honor, but it is a role that carries significant responsibilities.

Directors and trustees, and how diligently and effectively they carry out their responsibilities, will greatly determine how successful LEAF (Linking Environment And Farming) is in meeting its members and stakeholders' expectations and in delivering on its charitable purposes. Also, like any other director of a publicly accountable organization, you may also be exposed to personal liability if you are found to have failed to perform their duties appropriately.

Before Accepting

Before accepting a position as a director or trustee of LEAF, make sure you are aware of and understand all of the responsibilities that come with that role. Begin by reading the charity's governing documents. These include the rules and articles of memorandum. Details of the trust deed that governs the duties and powers of trustees are included in these rules.

You should also review the charity's administrative history. If anything appears to be suspicious, be sure to investigate it carefully before deciding whether or not to accept your appointment. After all, once you become a director or trustee of a charity, you may find yourself personally liable for its actions — unless you can show that you acted diligently and in good faith in fulfilling your responsibilities. Some of the standards against which the actions and behaviour of directors or trustees may be judged are described below.





LINKING ENVIRONMENT AND FARMING

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Compensation

The Charity Commission will not approve the registration of a charity if its directors or trustees are being paid for their services as directors or trustees. Directors and trustees can be reimbursed for reasonable expenses they incur as part of the role, such as for travel and hotel expenses in order to attend an out-of-town board meeting. The Charity Commission does not object to directors being paid for other types of services provided to the charity, if such a payment is permitted by the charity's governing documentation and the legislation under which it was incorporated.

Standard of Care

Directors and trustees are required to meet a standard of care required by common law and equity. A director must act in the best interests of the charity, and not in his or her own self-interest. The director must act honestly, in good faith and in the best interest of the corporation. In other words, directors of charitable corporations are held to the highest standard of care possible.

Duty to Ensure the Charity Carries out its Charitable Purposes

Charities that are registered for income tax purposes must use their assets solely for their charitable purposes and not for anything else. Directors and trustees have a responsibility for ensuring that this occurs. Therefore, they must be sure they understand what those charitable purposes are, as they are set out in the charity's governing documents and registration.





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Duty to Not Act in Self-interest

Directors and trustees have a duty to put the interests of the charity before their own personal interests and this includes avoiding any appearance of self-interest. Therefore, they need to ensure that their own personal interests do not interfere with their ability to administer and manage the charity in the charity's best interests.

Generally, a director or trustee should not pursue any transaction or other activity with the charity that may provide him or her with a personal benefit. In the event that a director or trustee does have an interest in a transaction, that interest should be disclosed to the charity. Sometimes such an activity may be in the best interests of the charity. For example, a director or trustee may have an interest in a corporation that will provide services to the charity under terms that would be beneficial to the charity.

Any time a director or trustee has a conflict of interest - even if the contract would be beneficial to the charity they should consult with their professional advisors to determine the appropriate procedure for handling the disclosure of the conflict and the transaction itself.

Depending on the charity's governing documents, legislation governing the charity and the circumstances of the transaction, the director or trustee may have to do one of the following:

- Refrain from voting on the transaction;
- Obtain approval of the court to proceed with the transaction; or
- Resign his or her position as director or trustee.





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Duty to Account

Directors and trustees are required to ensure that the charity keeps and maintains proper records. As well, they have a duty to account for the trust funds of the charity. All charities must file financial information with the Charity Commission.

Duty to Manage the Charity's Assets

The ability of a director or trustee to delegate his or her duties is described in the charity's governing documents and applicable legislation. This enables employees to manage the charity's day-to-day operations, as long as the directors or trustees control and supervise the employees' work.

Responsibilities of Directors

Directors must carry out their responsibilities in accordance with the charity's governing documents and any applicable legislation governing the charity. Several laws also impose specific offences and penalties for acts or omissions of directors.

Further Guidance

The Charity Commission provides detailed guidance on all aspects of Charity governance and Director/Trustee responsibilities and this can be found at the following website link
<https://www.gov.uk/government/organisations/charity-commission>

