

## Board of Directors Code of Conduct

A key role of the Board of Directors (the Board) is to provide leadership within the organisation. Specifically, the Board must set an example about the standards of behavior the organisation expects, and what external stakeholders expect of the organisation. Board members must understand what is expected of them, both when acting in their role as a Board member and when carrying out their personal business. A Board of Directors Code of Conduct can help ensure Board members are aware of these responsibilities and uphold appropriate conduct. It is a real and tangible way of setting the tone and values of an organisation.

### What is a Board of Directors Code of Conduct?

A Board of Directors Code of Conduct sets the expected standards of behaviour for Board members. These are based upon cultural, ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as a Board member.

### Importance of the Board of Directors Code of Conduct

It is essential that Board members conduct themselves in a professional manner, as this will convey a message to employees, members of the

organisation, the public, suppliers and other stakeholders about what is considered appropriate and acceptable behaviour.

The development of a Board of Directors Code of Conduct can set a framework in place that will assist the Board to manage its compliance and risk strategies, whilst providing senior management with a lead on performance management expectations.

### Board of Directors Code of Conduct Content

A Board of Directors Code of Conduct should include the legislative requirements of directors, and specific behavioural guidelines the organisation expects of Board members. Areas which may be covered include:

#### 1. Good faith

Board members must exercise their powers in the best interests of the organisation and for a proper purpose.

#### 2. Use of position and use of information

Board members must not use their position, or any information acquired in their position, to gain advantage for themselves or someone else, or to cause detriment to the organisation (eg. insider trading).

#### 3. Confidentiality of information

Board members are expected to maintain confidentiality and privacy when dealing with each other, clients, staff and visitors. Board members must also respect any information received as a Board member.

#### 4. Conflicts of interest

Board members must disclose any conflicts or potential conflicts as soon as they arise. If the conflict of interest cannot be removed, the Board member should remove themselves from the decision making process.

For a sample Code of Conduct with a comprehensive list of content, contact Mark Smith on [mark@mjsp.com.au](mailto:mark@mjsp.com.au) or (07) 3839 1233.

### Breaches of the Board of Directors Code of Conduct

It is essential that the Board has a policy in place to manage any potential breaches of the Board of Directors Code of Conduct. The policy should include the procedure for reporting a complaint/alleged breach; the steps of the investigation process; the content and development of the report; and any follow up actions which may be required.

## Reporting Complaints/ Alleged Breaches

Complaints/alleged breaches of the Board of Directors Code of Conduct may be made by Board members, employees, members of the organisation and members of the public. The procedure for reporting complaints/alleged breaches of the

Directors Code of Conduct should require the complainant to submit their complaint to the Board in writing along with any supporting evidence/documentation and the names of any witness.

MJSP has a range of Board of Directors Code of Conduct products that can be tailored to

assist Boards ensure they are aware of their behavioural conduct responsibilities.

For more information, please contact Mark Smith on (07) 3839 1233.

*Be sure to look out for Issue 4 of the MJSP Governance Newsletter in May.*

## About MJ Smith & Partners

MJ Smith & Partners (MJSP) is a specialist management consultancy that provides clients advice and support in establishing Board and Corporate Governance processes including:

- Establishing and maintaining Boards;
- Board Practices and Protocols including Performance Monitoring, Role Clarification and Evaluation and Board Review; and
- Review and Development of Constitution and Rules.

## MJ Smith & Partners Services & Products

### Board of Directors Governance Procedure Manual

The Board of Directors Governance Procedure Manual provide the Board, its Executive and Chief Executive Officer with a set of agreed policies and procedures to assist in establishing a Governance framework and guidelines for effectively managing the authority, operations and delegations of the Board.

### Board of Directors Advisory Service

MJ Smith & Partners can also provide an organisation with immediate telephone or e-mail advice relating to general Governance issues or to any of the policies contained in the Board Governance Procedure Manual.

### Governance Workshops

MJSP have developed a number of half and full day workshops (and related services) on a range of Board Governance issues, some of which include:

- Developing a new Constitution and Rules
- Introduction to Good Governance
- Managing Conflict and Internal Dispute Resolution
- Delegations of Authority
- Strategic Planning
- Board Performance Appraisal
- Board Member Induction Program
- CEO Performance Management and Evaluation
- Board Meeting Procedure and Management