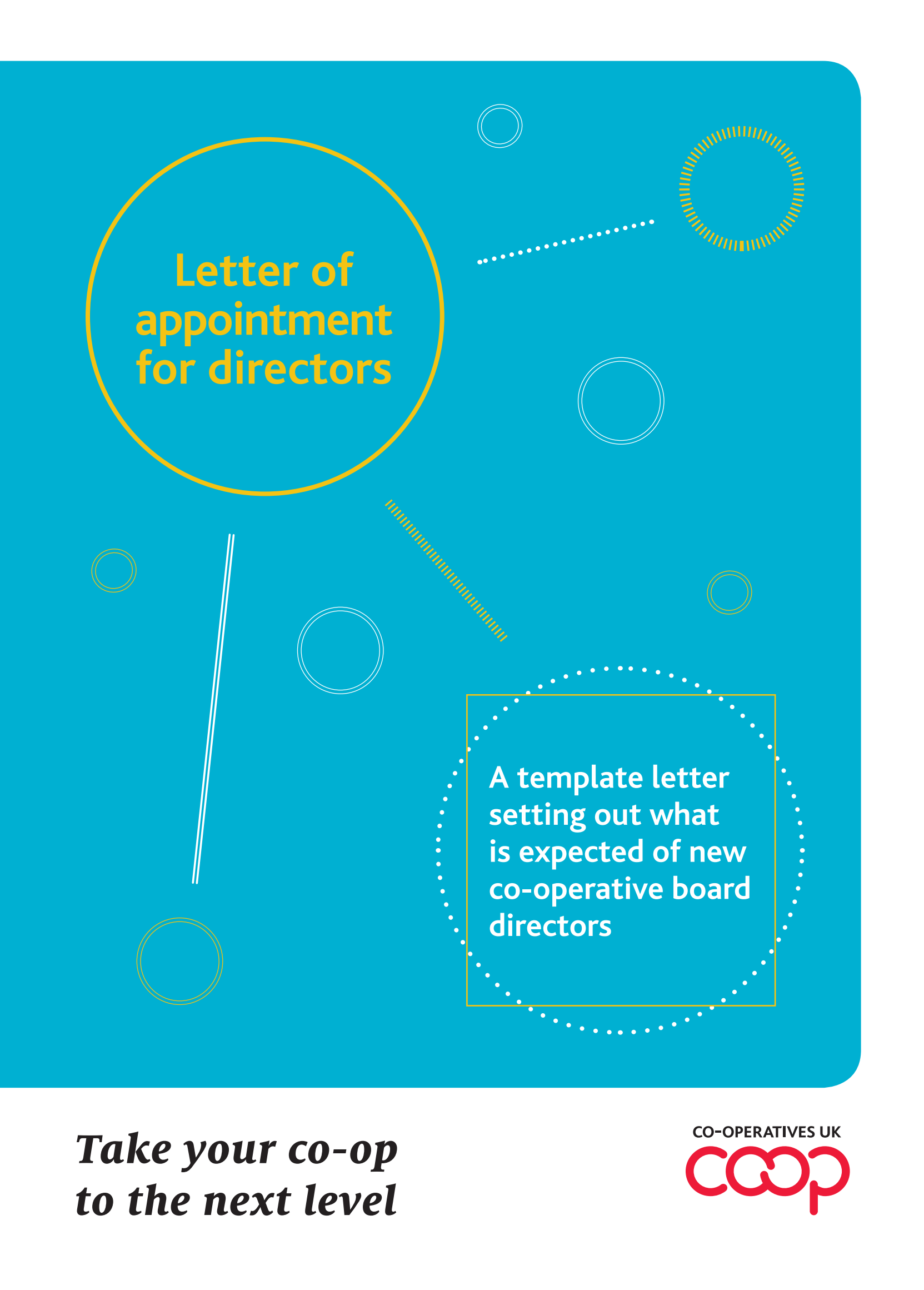


The background is a solid blue color with various abstract geometric shapes scattered across it. These include several circles of different sizes, some with dashed or dotted outlines, and a few straight lines. A large yellow circle in the upper left contains the main title. A yellow-outlined rectangle in the lower right contains a descriptive text block.

Letter of appointment for directors

A template letter
setting out what
is expected of new
co-operative board
directors

***Take your co-op
to the next level***



Example Letter of Appointment for Elected Directors & Co-opted Professional External Directors

Co-operatives UK recognises the value of providing new directors (including elected directors and co-opted professional external directors) of co-operatives with a letter of appointment which sets out what will be expected of them.

The following letter is designed to be a guide for co-operatives, we suggest that some co-operatives may not use all of the contents of the letter and may need to tailor it to accommodate their requirements. It is based on the ICSA guidance: a sample non-executive's director's appointment letter.¹

See the Directors Toolkit for a reuseable version of this document:
www.thehive.coop/governance

Dear [insert name of appointee]

I write to confirm your appointment as a director of [name of co-operative] with effect from [insert date].

This letter is intended to inform you of a number of important formal matters connected with your appointment, and accompanies an induction pack which provides more detail to assist you in your new role. It is agreed that on acceptance of this offer, this letter will constitute an appointment to the office of director and not a contract of employment.

Appointment

Your appointment is subject to the governing document of [insert name of co-operative]. Your term of office will be for an initial tenure of [insert number] years commencing on [insert date], unless otherwise terminated earlier, until the conclusion of the annual general meeting occurring approximately [insert number] years from that date.

Your appointment and position of director is contingent on satisfactory performance and any relevant statutory provisions relating to the removal of a director.

[The following is optional, only include if the letter is being sent to an IpNED]

The Board has determined you to be independent, and will disclose this in the annual report. You must inform me, or the Chair, immediately if you believe that your independence is in doubt.

¹ ICSA Guidance Note III1214, December 2011.

Termination

Your appointment may be terminated with immediate effect:

- a. If you breach the Code of Conduct for Directors or
- b. You breach your duties to the co-operative or
- c. You become disqualified from acting as a director or
- d. You fail to meet the criteria to be a director as set out in the Governing document of [insert name of co-operative].

Induction

In addition to the enclosed induction pack you will be provided with a comprehensive and tailored induction. You will be expected to make yourself available during your first year of appointment for not less than an additional [insert number] days. I shall be in touch shortly with further details.

Role

The board as a whole is collectively responsible for the success of the co-operative. The board has a direct responsibility to ensure that the co-operative operates as a co-operative business and adheres to the International Co-operative Alliance Statement of Co-operative Identity. It is responsible for ensuring that people with the best possible commercial and financial acumen and who have an affinity with the co-operative mode of business are leading the executive management team.

The role of a director is a varied one, and there are different responsibilities. Please refer to the enclosed Roles & Responsibilities of a Director Guidance Note for more details. You will be expected to perform your duties and responsibilities to the co-operative faithfully, efficiently and diligently to a standard commensurate with both the function of your role as director and your knowledge, skills and experience.

As a director you must:

- Understand and exercise your powers under, and abide by, the co-operative's governing document.
- Take decisions objectively in the interests of the society.
- Understand and abide by the co-operative's Code of Conduct for directors.
- Understand and abide by the [name of the Code of Governance that the co-operative abides by].

In your role as director you will be required to be involved in a wide range of activity, including but not limited to:

- Constructively challenge and help develop proposals on strategy.
- Scrutinise the performance of the Management Executive and monitor the reporting of performance against KPIs and objectives.
- Satisfy yourself on the integrity of financial information and that appropriate controls and systems of risk management are in place, robust and defensible.

- Uphold high standards and integrity and instill the appropriate culture, values and behaviours in the board room and beyond.
- Determine appropriate levels of remuneration and have a role in appointing and, where necessary, removing, the Chief Executive, and in succession planning.

If there are matters which arise which cause you concern about your role you should discuss them with me [or the Chair].

Time Commitment

Overall the co-operative anticipates a time commitment of [insert number] hours per month after the induction phase. This will include attendance at least [insert number] board meetings per year, the AGM(s), [one] annual board away day/strategy day, [at least two] training days [and at least one site visit(s) per year]. Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend the meetings outlined here.

Additional involvement may include representing [name of co-operative] at other events. Board members may also take on other roles, including serving on one or more of the board's committees. You will also be expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. You will be provided with the relevant terms of reference upon appointment to a committee. The agreement of the board should be sought before accepting additional commitments that might impact upon the time you are able to devote to your role as a director.

Code of Conduct

All directors are required to sign, and abide by, the enclosed Code of Conduct for Directors. Please read the attached and if you feel you are able to abide by it you should sign the enclosed agreement and return it to me. If for whatever reason you feel unable to abide by the Code of Conduct for Directors you must inform me as soon as possible.

Declaration of interests

It is accepted and acknowledged that you may have business interests other than those of the co-operative and must declare any conflicts that are apparent at present on the enclosed Declaration of Interests form. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the chair and to me immediately as they become apparent.

Confidentiality

All information acquired during your term of office is confidential to the co-operative and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without prior clearance from me. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally. You are required to hold and retain information (in whatever format you receive it) under appropriately secure conditions.

Upon retirement from your role as a director you will be required to delete any documents or other material held electronically and, on request, to certify that this has been done

Please sign the enclosed confidentiality agreement.

[Optional text]

Your attention is drawn to the requirements under both law and regulation relating to the disclosure of price sensitive information. You should avoid making any statements that might risk a breach of these requirements. If in doubt please contact me [or the Chair]

Independent professional advice

Where appropriate you may seek advice from independent advisers at the co-operative's expense. A copy of the agreed process for doing so will be provided to you by me upon request.

Training and ongoing professional development

On an ongoing basis, and further to the annual board evaluation process, the co-operative will make arrangements for you to develop and refresh your skills and knowledge in areas which are mutually identified as likely to be required, or of benefit to you, in carrying out your duties effectively. You should endeavour to attend any relevant training sessions which may be organised for the Board.

No Employment

Nothing in this letter shall render, or be deemed to render, you an employee or agent of the co-operative. You will not qualify for any benefits from the co-operative, including but not limited to occupational pension provision, sick pay or holidays.

Fees

You will be required to exercise relevant powers as a director in accordance with the co-operative's policies and procedures. You will be paid a fee of £[amount] gross per annum, which will be subject to an annual review by the board and put to a members' vote on an annual basis. The co-operative will reimburse you for all reasonable and properly documented expenses you may incur in performing your duties.

Insurance and Indemnity

The co-operative has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £[amount].

Committees

This letter refers to your appointment to the office of director of the co-operative. If you are also asked to serve on one or more of the board's committees, this will be covered in a separate communication setting out the terms of reference of the committee(s) and any specific responsibilities that may be involved.

Personal Details

You should advise me of any change in address or other personal contact details.

Return of Property

Upon termination of your appointment with the co-operative (for whatever cause), you should deliver to the co-operative all documents, records, papers and other co-operative property which may be in your possession or under your control and which relate(s) in any way to the business affairs of the co-operative. Making copies of such is not permitted.

Data Protection

By signing this letter, you consent to the co-operative holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998) including, as and when appropriate:

- (a) Information about your physical or mental health or condition in order to monitor and take decisions as to your fitness to perform your duties;
- (b) Information about you that may be relevant to ensuring equality of opportunity and treatment in line with the co-operative's equal opportunities and diversity policy and in compliance with equal opportunities legislation; and
- (c) Information relating to any criminal proceedings in which you have been involved, for insurance purposes and in order to comply with legal requirements and obligations to third parties.

You will comply with the co-operative's data protection policy.**[FOOTNOTE]**

If you are willing to accept these terms of appointment, please confirm your acceptance by signing and returning to me the enclosed copy of this letter.

In conclusion, may I take this opportunity to congratulate you on your **[election][appointment]** to the board and to contact me if you require any additional support and/or information.

Yours sincerely

Secretary

I confirm and agree to the terms of my **[election][appointment]** as a director of **[insert name of co-operative]** as set out in this letter.

Name: _____

Signature: _____

Date: _____

² A copy of the co-operative's policy should be attached with this letter.

Essential reading

This is part of a series of resources making up the **Directors Toolkit** accessed via www.thehive.coop/governance

While every effort has been made to compile the information in this factsheet from the most authoritative and up-to-date sources, Co-operatives UK can accept no liability for any loss made as a result of any error or omission. If you are in any doubt as to the currency of this fact sheet, please contact advice@uk.coop

Reviewed June 2017

Thousands of businesses, one network

Co-operatives UK is the network for Britain's thousands of co-operatives. We work to promote, develop and unite member-owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-operatives are everywhere and together they are worth £36 billion to the British economy.