

**HIGH LIFE HIGHLAND (“the Company”)  
CODE OF CONDUCT FOR DIRECTORS**

**1. GENERAL DUTIES OF THE DIRECTORS**

- 1.1 The Directors are responsible for overall supervision and control of the activities of High Life Highland.
- 1.2 Under company law, it is the duty of each Director of the Company:
- 1.2.1 to take decisions (and exercise his/her other powers and responsibilities as a Director) in such a way as he/she considers, in good faith, would be most likely to promote the success of the Company in achieving its purposes (as set out in the articles of association);
  - 1.2.2 to act in accordance with the Company’s memorandum and articles, and to exercise his/her powers only for the purposes for which they were conferred;
  - 1.2.3 to exercise independent judgement;
  - 1.2.4 to exercise reasonable care, skill and diligence;
  - 1.2.5 to avoid situations in which he/she has or can have a direct or indirect interest that conflicts with, or may conflict with, the interests of the Company. This duty does not apply to a conflict of interest in relation to a transaction or arrangement with the Company;
  - 1.2.6 not to accept any benefit from a third party which is conferred because of his/her being a Director or his/her not doing anything as a Director;
  - 1.2.7 to declare interests in proposed transactions or arrangements with the Company.
- 1.3 In addition, Scottish charity legislation requires each of the Directors:
- 1.3.1 to act at all times in the interests of the Company;
  - 1.3.2 to seek, in good faith, to ensure that the Company acts in a manner which is consistent with its purposes (as set out in its articles of association);
  - 1.3.3 to act with reasonable care and diligence (defined as “the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person”);
  - 1.3.4 to ensure that the Company complies with any direction, requirement, notice or duty imposed under or by virtue of Scottish charity legislation;
  - 1.3.5 to take such steps as are reasonably practicable to ensure that any breach by a Director of any of the above duties (or the duties in relation to conflict of interest imposed by the legislation) is corrected by the Director concerned, and not repeated;

1.3.6 to take such steps as are reasonably practicable to ensure that any Director who has been in serious or persistent breach of his/her duties under the charities legislation is removed as a Director.

1.4 The Directors must use all reasonable endeavours to ensure that they:

1.4.1 exercise proper control over the Company's services, activities, assets, staff and consultants;

1.4.2 ensure that the Company acts in accordance with its articles of association, and in compliance with all legal requirements;

1.4.3 set or approve appropriate strategies, policies, proposals and budgets, and monitor the Company's performance against them;

1.4.4 put in place an appropriate framework of delegation, and appropriate systems of internal control;

1.4.5 conduct the Company's affairs with honesty and integrity;

1.4.6 manage prudently the Company's resources, including public and private money which is invested in the Company's work;

1.4.7 ensure that conditions attached to grants, loans or donations to the Company are adhered to;

1.4.8 ensure that the Company maintains an adequate record keeping system and adheres to all administrative requirements imposed by Company law and all other relevant legislation;

1.4.9 carry out regular risk reviews, and take appropriate steps to manage or otherwise respond to significant risks relating to the Company and its activities;

1.4.10 attend all Board meetings and participate in the Board's deliberations and decision-making;

1.4.11 co-operate with the Company's Audit Committee; and

1.4.12 comply with all applicable statutes, rules and regulations and this Code of Conduct.

1.5 If a Director strongly disagrees with a Board decision, the Director is entitled to have his/her dissent recorded in the minutes of the relevant Board meeting. A dissenting Director must not actively undermine any action which has been decided upon by majority vote at a Board meeting.

## **2. CONFLICTS OF INTEREST**

2.1 In accordance with paragraph 1.3.1, each of the Directors must put the interests of the Company before his/her own interests or those of any other person or organisation and each Director has a duty (in accordance with paragraph 1.2.1) to take decisions and exercise his/her other powers in such a way as he/she considers would be most likely to promote the success of the Company in achieving its purposes. This is of particular importance for Council Directors.

2.2 Each of the Directors is under a positive duty to avoid placing him/herself in a position where there is a conflict (or potential conflict) between the duties which the Director owes

to the Company and either, his/her personal interests, or other duties which he/she owes to a third party. This is a statutory duty and is very widely drawn (covering situations as opposed to specific conflicts and also covering direct and indirect interests).

- 2.3 It is recognised that the duty referred to at paragraph 2.2 could potentially put certain Directors in a difficult position (where those Directors are elected members, of The Highland Council), but provision has been made for this in the Company's articles of association (see paragraph 2.5 below).
- 2.4 The duty to positively avoid conflicts of interest does not apply to interests in transactions or arrangements with the Company. Further, the duty will not be infringed in the following circumstances:-
- 2.4.1 where the situation cannot be reasonably regarded as likely to give rise to a conflict of interest;
- 2.4.2 where the Company's articles contain measures for dealing with conflicts of interest and where a director takes any action or omits to take any action in compliance with such provisions;
- 2.4.3 where the matter has been authorised by the board of directors in advance; independent board authorisation of a conflict will only be valid if the quorum is met without counting the director in question and if the conflicted director has not participated in the taking of the decision (or if the decision would have been valid without his/her taking part); independent board authorisation is not permitted with regard to the acceptance by directors of benefits from third parties.
- 2.5 In accordance with paragraph 2.2, the Company's articles of association specifically state that a Director will not be deemed to be in breach of his/her duty to avoid a conflict of interest situation simply because he/she is an elected representative of The Highland Council; where there is, however, a conflict between the interests of the Company and the interests of The Highland Council (as the party responsible for appointment of a Director), the Director must put the Company's interests first.
- 2.6 The Company's articles also include a specific power enabling the board to independently authorise all other conflicts of interest and/or duty (i.e. those not arising as a result of a Director's connection with The Highland Council). Independent board authorisation is to be dealt with on a case-by-case basis. In relation to transactions or arrangements with the Company (as opposed to with third parties), the duty to avoid a conflict in the first place, does not apply - rather, there is a duty upon each Director to disclose to his/her fellow Directors the nature and extent of any interest (direct or indirect) in a *proposed* transaction or arrangement with the Company.
- 2.7 The declaration referred to at paragraph 2.6 must be made before the Company enters into the relevant transaction or arrangement. Where a declaration of interest proves to be or becomes inaccurate or incomplete, a further declaration must be made, if the Company has not yet entered into the transaction or arrangement.

- 2.8 In terms of *existing* transactions or arrangements with the Company, a director must similarly declare the nature and extent of his/her interest to the extent that he/she had not declared this prior to the transaction or arrangement having been entered into (i.e. where he/she does not acquire an interest in the transaction until after such time as the Company has entered into it).
- 2.9 Taking both duties together (i.e. the duty to avoid a conflict of interest and the duty of disclosure), a Director must disclose any interest which could lead to the Director having, or being perceived to have, a conflict of interest in exercising his/her functions as a Director; each Director must comply at all times with the Declaration of Directors' Interests policy set out in the Schedule to this Code of Conduct.
- 2.10 Where a Director has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the Company (and on the basis that an interest held by any other individual or organisation who is a Connected Party in relation to that Director – as defined in the Declaration of Directors' Interests policy set out in the Schedule to this Code of Conduct - will be treated for this purpose as an interest of the Director), the Director must declare this interest or duty to the other Directors at the earliest opportunity and (except as permitted under paragraph 2.11) will not be entitled to vote in relation to the matter which is the subject of the conflict of interest.
- 2.11 Except as specified in paragraph 2.10, a Director will be deemed to have a personal interest in relation to a particular matter if a body in relation to which he/she is an employee, director, member of the management committee, officer or elected representative has an interest in that matter. It is likely that the fact that he/she is a director of the Company will mean that he/she will also be debarred from voting at a board/management committee meeting of the other body, in relation to any resolution relating to that matter but that will depend on the nature of the other body and the terms of its constitution.
- 2.12 A Director who is an elected member of The Highland Council will be entitled to vote in relation to a particular matter, notwithstanding that The Highland Council has an interest in that matter – but on the basis that in exercising his/her voting rights in respect of that matter, he/she must comply with the requirements set out in paragraph 2.1. It should be noted that it is open to a Director who is an elected member of The Highland Council to decide not to participate in voting in relation to that matter, if he/she would prefer to take that approach.
- 2.13 If a question arises at a Board meeting (or at a meeting of a committee of Directors) as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; his/her ruling in relation to any Director other than himself/herself shall be final and conclusive.
- 2.14 Each Director shall ensure, as far as reasonably possible, that all other Directors of the Company are aware of their duty to act in the interests of the Company and the requirements in relation to conflict of interest set out above.

### **3. PERSONAL CONDUCT OF DIRECTORS**

3.1 All Directors should:

3.1.1 account for their actions in an open and transparent manner;

3.1.2 accept responsibility for upholding Board decisions;

3.1.3 avoid situations or actions which others could reasonably consider to involve improper conduct; and

3.1.4 not engage in any activities which could be detrimental to the interests of the Company or bring the Company into disrepute.

3.2 Directors must conduct themselves in a professional, respectful and courteous manner during Board meetings, and during all other meetings attended in connection with, or on behalf of, the Company.

3.3 No Director shall at any time act in an aggressive or offensive manner towards another Director or staff member of the Company, or otherwise act in a manner likely to bring the good name of the Company into disrepute.

3.4 Directors must act in a way which is consistent with preserving and enhancing public confidence in the integrity of the Company.

3.5 Directors should exercise authority in an even-handed way and avoid any behaviour that could reasonably be considered to amount to harassment, bullying or discrimination.

### **4. EQUAL OPPORTUNITIES**

Directors are required to act at all times in accordance with the Company's Equal Opportunities Policy.

### **5. CONFIDENTIALITY**

5.1 Directors must treat all information and documents provided to them, and all their deliberations in the furtherance of their duties as Directors, as confidential except (a) when authorised or legally required to disclose such information, documents and/or deliberations or (b) when disclosure is being made in compliance with specific arrangements agreed upon by the Board in furtherance of the Company's policies on transparency.

5.2 No Director is permitted to make statements (written or otherwise) to the media or any other party unconnected with the Company that discloses information of a confidential nature relating to Company activities and partnerships.

5.3 With regards to information that is not of a confidential nature, a Director may make a statement to the media or any other party unconnected to the Company so long as any statement (written or otherwise) cannot reasonably be viewed as being misleading, inaccurate or bringing the Director or the Company into disrepute. If a Director is uncertain whether a statement could be reasonably viewed as being misleading, inaccurate or could bring the Director or Company into disrepute, the Director must obtain the prior written consent of the Chair before making the statement. The Chief Executive may at his sole discretion authorise a Director to make a statement and the Chief Executive's decision is final.

- 5.4 Directors must not use confidential information acquired in the course of their service as a Director for personal advantage.
- 5.5 Directors shall make available and share with fellow Directors of the Company such information as may be appropriate to ensure the proper conduct and sound operation of the Company and its Board of Directors.

## **6. OPENNESS AND ACCOUNTABILITY**

- 6.1 In exercising their functions, Directors should seek to ensure that the Company upholds its commitment to openness and accountability; in furtherance of those principles (and in addition to the requirements which apply to the Company under Freedom of Information legislation):
- 6.1.1 The Directors should put in place policies relating to the manner in which minutes of Board meetings and other documents relating to the governance of the Company (including the articles, this Code of Conduct, the policy on Gifts and Hospitality etc) can be accessed by members of the public (but subject to appropriate exclusions/restrictions in relation to material which is confidential);
- 6.1.2 The Directors should seek to involve stakeholders in appropriate consultations relating to the development of new strategies and other significant developments affecting the Company's activities;
- 6.1.3 The Directors should seek to keep stakeholders informed of the Company's activities through a variety of means, which may include an annual public meeting.

## **7. REPRESENTING THE COMPANY**

When attending conferences, seminars or events as representatives of the Company, Directors must conduct themselves in a manner consistent with this Code of Conduct and the Company's policies.

## **8. PAYMENTS AND BENEFITS TO DIRECTORS**

The Company may only make payments to a Director where these relate to legitimate, reasonable out of pocket expenses incurred in connection with his/her duties as a Director. Payment of such expenses shall be made in accordance with the Company's policy and procedures on Directors' expenses.

## **9. GIFTS AND HOSPITALITY**

- 9.1 Each of the Directors is under a duty not to accept a benefit from a third party conferred by reason of his/her being a director or his/her not doing anything as a Director (unless this is authorised by the Company's Guidance on gifts and hospitality).
- 9.2 All Directors are required to adhere to the Company's policy on gifts and hospitality. All Directors will be provided with a copy of the Guidance, and must ensure that they are familiar with its contents.

**10. BREACH OF THE CODE**

- 10.1 Failure to follow this Code of Conduct could have serious consequences for the Company through damage to its reputation and potentially the loss of financial and other support. Any apparent breach of the Code of Conduct will be investigated in such manner as may be determined by the Board of Directors.
- 10.2 Any finding that a breach of this Code of Conduct has occurred will be treated as a serious matter and the Board of Directors will take appropriate action. In the case of a material breach of this Code of Conduct, the Company's articles of association provide for the Board of Directors to remove the Director concerned from office as a Director.
- 10.3 If a Director is ever in doubt about whether a particular action or situation is consistent with this Code of Conduct, he/she should seek advice from the Board before taking action.
- 10.4 Each Director is required to sign a written acknowledgement on an annual basis, confirming that they he/she has read, understood and will comply with this Code of Conduct. No Director may act as such until he/she has signed such an acknowledgement.

**Declaration**

I have read the preceding Code of Conduct and the policies referred to in it, and agree to be bound by its terms.

**Signed**.....**Date**.....