



## **CODE OF CONDUCT FOR DIRECTORS 2024**

### **Introduction**

A residents' management company (RMC) is a non-profit organisation that is created to protect the interests of leaseholders within a residential premises. They are usually formed by the residents of a multi-occupied building who take ownership over the management and maintenance of their property. Usually, each resident owns one share per flat and essentially becomes a shareholder in the company. Then, the directors are elected to take on the responsibility under the terms of the lease to manage the building/development.

This ownership is distributed equally and if a resident sells their flat, that share is automatically passed on to the new owners, so only current residents remain in control of their building. Typically, the RMC takes responsibility for communal areas, such as the grounds, walls, and roofs. In our cases, GOVMC delegates the responsibility for the day-to-day management to a managing agent.

The Memorandum and Articles Association (MAA) of the Resident Management Company is the legal statement signed by all initial shareholders, which contains written rules about running the company and is agreed upon by the shareholders or guarantors, directors, and the company secretary. It sets out how the company should act and how decisions should be made. The MAA lays out the main powers and responsibilities of a Director.

As Directors are key decision-makers, they are given delegated authority to act on behalf of the members/ shareholders. RMC Directors usually take responsibility for ensuring the annual budget is managed well and ensuring that the requirements of the lease are met.

Essentially, a Director is responsible for the day-to-day management of a building. Some of the responsibilities placed on Directors are legal obligations included in a lease with each leaseholder. These obligations include:

- Maintaining the roof
- Maintaining the exterior of the property
- Ensuring the management company performs necessary repairs

The leases also contain various obligations on the leaseholders, such as payment of service charges and maintaining the interior of their own property. If a leaseholder does not comply with the lease, Directors are responsible for policing and enforcing these obligations. They must also ensure that the management company complies with Landlord and Tenant laws.

## **Code of Conduct for Directors of GOVMC**

**At the first Board Meeting after the Annual General Meeting or any first Meeting that a Director attends, a Director will give a verbal affirmation that they have read, understand and agree to be bound by this Code for Directors.**

### **Article 1: Directorship**

#### **As a Director, I agree to:**

- Understand my legal duties as a director.
- Assume individual and collective responsibility for the Grand Ocean View Management Company Limited (GOVMC), a residents' management company registered at Companies House in England number 06185134.
- Apply judgement in the GOVMC's interest.
- Ensure that the GOVMC complies with the law.
- Ensure that GOVMC complies with the conditions of the Lease
- Maintain the financial viability of GOVMC and, if that is no longer possible, take appropriate action to protect the interests of creditors.
- Devote sufficient time and attention to my role.
- Attend as many board meetings as possible and participate fully in deliberations.

### **Article 2: Integrity**

#### **As a Director, I agree to:**

- Act honestly, in good faith and in the best interest of the GOVMC.
- Place the interests of the GOVMC above my personal interests.
- Be open and transparent to the rest of the board in respect of my personal interests and activities.
- Exercise independent judgement.
- Take reasonable steps to be satisfied as to the soundness of all board decisions.
- Avoid conflicts of interest wherever possible and, if this is not possible, make full and prior disclosure of any conflict, or potential conflict, to the rest of the board.
- If there are matters of concern, raise these with other board members, including the Chair/Lead Director.
- Recognise that resignation or dismissal from the board may sometimes be the ultimate consequence of sustained disagreement on a matter of conscience or judgement.

- Adhere to collective responsibility for agreed board decisions, that you and the other Directors are collectively responsible for all day-to-day management of the company.

### **Article 3: Responsible business**

#### **As a Director, I agree to:**

- Ensure that the GOVMC behaves in a socially responsible manner and acts in accordance with its residents' management company objectives and Articles of Association.
- Evaluate board decisions in a broad social context and be conscious of the impact on society and the environment.
- Encourage the board to regularly review its business purpose, which articulates why the GOVMC exists and the problems it is seeking to solve.
- Ensure that the GOVMC is mindful of addressing climate change and the environmental impact of its decisions and actions.
- Ensure that suppliers are paid promptly, particularly small and medium-sized enterprises.

### **Article 4: Inclusion and diversity**

#### **As a Director, I agree to:**

- Promote an inclusive approach to board composition and business practice, which recognises the contribution that diversity brings.
- Advocate the benefits of inclusion and diversity in enhancing decision-making and building trust among stakeholders.

### **Article 5: Stakeholders**

#### **As a Director, I agree to:**

- Pay regard to the interests of all stakeholders with a legitimate interest in the success of the GOVMC.
- Build the goodwill and commitment of stakeholders towards the GOVMC.
- Help develop strong lines of communication and mutual understanding with relevant stakeholders.

### **Article 6: Confidentiality**

#### **As a Director, I agree to:**

- Not disclose confidential information received in my role as a Director, unless that disclosure has been authorised by the board or is required by law.
- Not make improper use of information acquired by virtue of my role as a Director.
- My responsibilities continue after I resign or otherwise leave my role as a Director.

### **Article 7: Data Protection and Digital Information**

#### **As a Director, I agree to:**

- To comply with all laws regarding UK Data Protection and Digital Information
- As far as possible not store personal information on my own devices or in the cloud storage.
- Return or delete all personal and company sensitive and confidential data, reports and documents when I cease to be a Director.
- Mitigating risk, for example, for failing to implement appropriate security measures, could trigger personal liability.
- My responsibilities continue after I resign or otherwise leave my role as a Director.

### **Article 8: Continuing Development of the Board**

#### **As a Director, I agree to:**

- Participating in regular (probably annual) reviews of the board's collective performance and the contribution of Directors.

### **Article 9: Personal conduct**

#### **As a Director, I agree to:**

- Exhibit high standards of personal conduct, both inside and outside of the boardroom.
- Take into account the impact of my behaviour on other stakeholders.
- Avoid behaviour which might affect the reputation of the GOVMC, or which contradicts its values.
- Treat others with respect, dignity and consideration, including colleagues, employees and other stakeholders.

## **Additional information and advice**

1. **Companies House Guide** There is an easy view guide on the responsibilities of a Director by Companies House which can be found here:

<https://companieshouse.gomocentral.com/content/48391ac8-e3af-486c-971b-6dfd9f90548/web>

2. **Companies House Blog post** on "Becoming a Director or member of a Residents' Management Company"

<https://companieshouse.blog.gov.uk/2020/11/12/becoming-a-director-or-member-of-a-residents-management-company/>

3. **This podcast is by an experienced director of a Resident Management Company** (RMC) managing a block of flats, who is a leaseholder and Director. The podcast explains why you might want to become a director, the skills and knowledge you can develop, and offers invaluable advice in being an effective Director:  
<https://www.lease-advice.org/podcast/becoming-a-director-of-a-resident-management-company-2/>