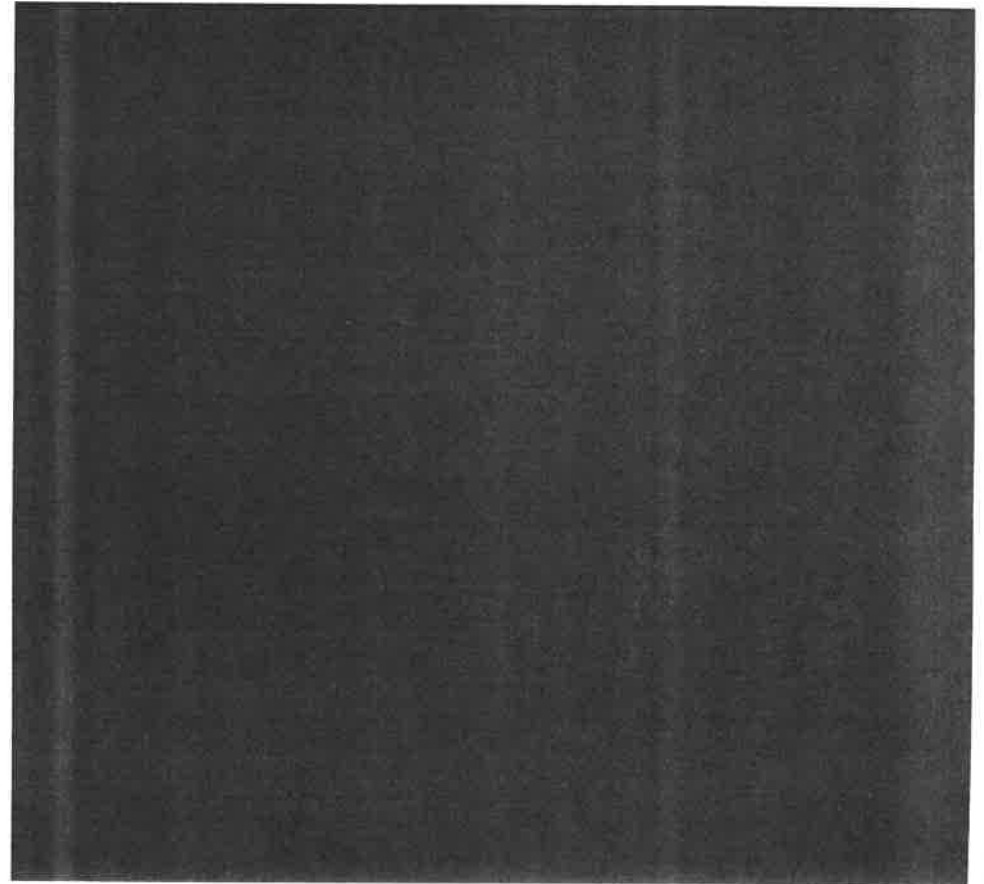




Department  
for Business  
Innovation & Skills

## Directors' duties



[www.gov.uk/BIS](http://www.gov.uk/BIS)

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As a director you have a set of general duties which you must adhere to.

These duties still apply to you even if:

- you are not active in your role as director
- someone else tells you what to do
- you act as a director without being formally appointed as one
- you control a board of directors without being on it

### Your role as a director

To exercise reasonable care, skill and diligence: you must perform your role as director to a high standard. You must perform to the best of your ability and accept the responsibilities and expectations associated with this role. The more qualified or experienced you are, the greater the standard required of you.

### Company constitution

You must comply with the company's constitution. Its articles of association set out what powers are granted to directors and the purpose of those powers.

### Independent judgement

To exercise independent judgement: you must not allow your powers as a director to be controlled by others. It is ok to accept advice but you must exercise your own independent judgment to make final decisions.

### Interests in a transaction

You must tell the other directors if you have an interest in a proposed transaction or arrangement the company is considering: for example, the company proposes to enter a contract with a business owned by a family member.

### Third party benefits

You must not accept benefits from people other than your company (or a person acting on behalf of the company). Third party benefits might be perceived as giving rise to conflict of interest, offered to you because you are a director, or for acting, or not acting in a certain way as a director.

In certain circumstances the company may authorise the acceptance of benefits where it is clear that no conflict of interest exists, for example to enable you to benefit from reasonable corporate hospitality.

### Conflicts of interest

To avoid conflicts of interest:

- you must avoid putting yourself in situations where your loyalties might be divided
- you should consider the positions and interests of your family in case of potential conflicts

If you disclose a conflict of interest there is a process to authorise you to continue to act.

This duty continues to apply after you cease to be a director as regards the exploitation of any property, information or opportunity you became aware of in your position as a director.

### Promote success

You must act in good faith to promote the success of your company; in doing this you must consider the:

- consequences of decisions made—including in the long term
- interests of the company's employees
- need to foster the company's business relationships with suppliers, customers and others
- impact of the company's operations on the community and environment
- company's reputation for high standards of business conduct
- need to act fairly as between members of the company

If the company becomes insolvent, your director's duties no longer apply towards the company but towards the creditors.

### Other duties

There are other duties that apply to you as a director, for example:

- to not misapply the company's property
- to apply a duty of confidentiality