Who’s this guide for?

Directors of all incorporated organisations whether they are in the public or private sectors, including charities, have key duties and responsibilities they must fulfil. This guide provides details of where you can find further information on the roles, responsibilities and liabilities of company directors; many of these aspects will also be relevant to titular directors and senior managers.
Company directors are responsible for directing the affairs of their companies. As a director you are given wide powers to carry out your duties, but face serious penalties if those powers are not used with reasonable care or are abused.

Under the Companies Act 2006, directors have a duty to act in a way which they consider most likely to promote the success of the company for the benefit of all shareholders and at the same time taking account of the interests of employees, the community and others. Balancing these often competing interests can be a complex task requiring a high level of skill and sound judgement. The areas you are expected to understand are broad, ranging from company law and corporate governance through to your responsibilities under health and safely legislation.

As part of your IoD membership you have access to a wide range of resources to help you in your role and we have put together this guide to help get you get started.
How we can help...

Online Resources
Our website and Directors Information Gateway (DIG) both hold an extensive range of articles, factsheets, briefing papers and links on your key areas of responsibility.

- **Regulatory and Legal Alerts** – visit www.iod.com/legalalert for a monthly checklist of new and pending laws, regulations and codes of practice which could have an impact on your business.

- **Factsheets and briefing papers** – are available on all the key areas for you to download at www.iod.com/ias.

- **Directors Information Gateway (DIG)** – Visit www.iod.com/dig and log on using your email address and password. Our Being a Director Section houses an extensive selection of resources on your role as a Director, key areas covered include:
  - Companies Act 2006 – a summary and overview of the Act, FAQ's and the latest guidance from Companies House.
  - Corporate Manslaughter Legislation – introduces a new offence, in the UK, allowing for the prosecution of companies and other organisations where there has been a gross failing, throughout the organisation, in the management of health and safety resulting in workplace deaths. You can find briefing documents and guides to the law.
  - Competition and Consumer Laws – advice and guidance.
  - Best Practice – information on best practice guidelines and HR policies, benchmark pay information and benefits.
  - Intellectual Property – everything you need to know about patents, design rights, copyright issues and trade marks.
  - Online Law Directories – got a legal query, not sure of a term, you can search our selection of legal directories and dictionaries.
  - Legal searches and updates/alerts – sign up to this alert service which you can tailor to your area of interest.

- **Health and Safety Section** – www.iod.com/hsguide is an extensive resource including a four step plan and leadership checklist to help guide you through the key areas, plus factsheets and useful links.

Directors’ Advisory Service
Arrange a free advisory session to discuss your duties and responsibilities or seek advice on a corporate governance matters or company law.

T: 020 7451 3188
W: www.iod.com/advisory
Legal Helpline
Our legal helpline can answer your quick questions on directors’ duties and responsibilities plus advice on company, commercial and employment law in the UK and Europe.

T: 08702 413 478
W: www.iod.com/helplines

Business Information and Research
Our team can provide you with information and research on all areas relating to your roles and responsibilities as well as providing factsheets, hot topic articles and publications on areas such as corporate governance, employment, finance, law, marketing, strategy and tax.

E: businessinfo@iod.com
W: www.iod.com/research

IoD Director’s Liability Insurance
Our corporate and individual liability insurance policies protect company directors, officers and senior managers against claims arising from their decisions and actions taken whilst managing the business.

T: 0800 015 1533
E: iod@quantumplc.com
W: www.iod.com/dli

IoD Publications
The Directors Handbook a no frills, practical guide to the duties, responsibilities and liabilities of board directors and senior decision-makers in the private, public and voluntary sectors.

£25.00 (plus £2.00 p&p)

The Effective Director a best practice guide for anyone who wants to improve the effectiveness of their organisation as well as their personal effectiveness and that of the board on which they serve – whether it’s for a FTSE company, a family business or a board of trustees.

£35.00 (plus £2.00 p&p)

Order online at:
www.iod.com/publications

Role of the Director and the Board
An in-depth, 2 day course which looks at the key duties, roles and legal responsibilities of directors, corporate governance and the role of the board. It also looks at the crucial differences between management, direction and ownership and offers guidance on improving board effectiveness.

T: 020 7766 2601
W: www.iod.com/development
Key roles

- Promote the success of the enterprise
- Set the strategic direction of the enterprise
- Ensure the strategy is appropriately resourced
- Monitor delivery of the strategy by management
- Ensure that robust internal controls are in place and reviewed regularly
- Set the risk appetite for the organisation

Key responsibilities

- Act within the powers conferred by the organisation’s constitution
- Use those powers only in the best interests of the organisation
- Exercise independent judgement
- Exercise reasonable care, skill and diligence
- Avoid conflicts of interest
- Avoid any benefits from third parties that may give rise to a conflict
- Declare any proposed dealings with the organisation

Key liabilities

Possible consequences in the event of a breach of duty:

- Claim for damages from shareholders
- Claim for return of any profits made on transactions not declared
- Criminal action for breach of health and safety regulation
- Disqualification as a director
- Criminal action if a director causes the company to trade fraudulently
Ensure you’re protected

Even decisions made with the best of intentions can receive scrutiny. Any legal action or investigation needs to be responded to and proving innocence can be very costly. The IoD, in association with specialist broker Quantum Underwriting Solutions, provides members with advice and market-leading policies from Chubb Insurance, one of the most respected financial insurers in the world. IoD members receive preferential rates on all of our insurance products.

**IoD Corporate Director’s Liability Insurance**

Suitable for purchase by a company to cover all directors and senior employees of the business on a blanket basis. It can also cover subsidiary companies and their directors. Specialist additional insurances are also available to cover the entity itself as well as other risks like Employee Practices Litigation and Pension Schemes.

**IoD Individual Director’s Liability Insurance**

Suitable for purchase by individuals and acts as a last line of defence as individual cover is only triggered after all corporate assistance has been exhausted or when the company is unable or unwilling to assist the director(s).

**T:** 0800 015 1533  
**E:** iod@quantumplc.com  
**W:** www.iод.com/dli

**Training and Development**

We have a number of training and development options that cover all aspects of a director’s role. We offer a range of courses, Certificate and Diploma programmes, in-house training, coaching and mentoring, all of which will help ensure that you are well-versed on all your responsibilities and liabilities and are able to carry your duties effectively.

**T:** 020 7766 2601  
**W:** www.iод.com/development