

# **LATVIAN CO-OPERATIVE LIMITED**

## **LATVIAN CO-OPERATIVE LIMITED GOVERNANCE POLICY**

### **Roles of Directors**

Co-operative director's roles are the same as those for any other business, except that the roles of co-operative directors are structured around Co-operatives National Law (CNL).

### **Accountability to Members**

Directors are accountable to members. They are elected by the members and report back to members through the Annual General Meeting. To improve accountability a survey of members' expectations is needed to provide feedback. Results of such surveys' to be reported at the next AGM

### **Planning strategically**

A strategic direction is a shared vision the Board and Management on how the co-operative will fulfil its vision, mission and meet its member needs and jointly agree in seeking to take the co-operative to the next level. With such a framework and action plan co-operative's directors, members and volunteers can development, set targets and report against these to its members.

### **Ethics**

Co-operative principles require ethical behaviour. Arguably, co-op members expect more from a co-operative than from an investor owned company, where the focus is mainly concentrated on achieving the best financial return for its shareholders.

### **Acting in good Faith**

Directors and volunteers have an obligation to recognise that the interests of the co-operative and its members have priority over any personal interests.

Not only do directors and volunteers have an obligation to ensure compliance with legislation and regulations are adhered to, they owe it to the co-operative to act in good faith in the performance of their duties.

### **Fiduciary responsibility**

The fiduciary responsibilities of directors could be summarised as follows.

- Not to obtain or seek to obtain personal profit from any decision or transaction of the board.
- To exercise highest standards of honesty and integrity.
- To avoid conflicts of interest.
- To be aware of their duties and responsibilities.

To act in good faith, means, that a director must act for the benefit of the co-operative and not harm the co-operative nor to further the director's own interest. A Director must not be in a position, where his duties and interests conflict.

### **Managing Risk**

The directors must ensure that the co-operative complies with the law and ensure that the co-operative is managed in a way that meets the needs of members and maintains financial stability.

To achieve financial stability, it is necessary to manage risk. Therefore, the co-operative needs to undertake a Risk Audit and document the Audits' methodology.

The board is responsible in ensuring that all risks are identified and managed and that internal risk controls adopted by the Board are reinforced in the co-operative's culture.

### **Represent the Co-operative externally**

In addition to members and the co-operative's volunteers the Directors have dealings with a large range of stakeholders. The way directors conduct themselves will reflect on the co-operative profile and the Boards standing in the community.