

EO INDEPENDENT TRUSTEE ROLE PROFILE

An employee-owned business is different because each employee is a co-owner, with a shared responsibility to put its success first. As an independent trustee director, your role is to represent the co-owners' interests and ensure the business is run in their best interests.

The duties of an independent trustee

- Trustees have a general duty to act in the best interests of the beneficiaries
- Trustees must not act with improper motives
- Nothing trustees do must be fraudulent
- Trustees must not act dishonestly or in bad faith
- Trustees must consider the relevant facts and take into account relevant matters
- Trustees must not confer any benefit on any person who is not a beneficiary
- Trustees must not act capriciously
- Trustee decisions must be objectively reasonable
- Trustees are under no duty to consult with beneficiaries or follow their wishes

What does this mean in practice?

- Ensuring the EOT is operated for the benefit of the trust's beneficiaries (employees of the company) by overseeing the generation of strong profits and by placing a high level of importance on non-financial benefits (for example, offering fulfilling jobs with opportunities to develop)
- Holding the company's directors to account in relation to the company's financial and other performance
- Holding the company's directors to account for the company's strategy
- Approving any change to the company's directors from time to time and approving their remuneration and other terms
- Considering and approving or disapproving any changes to the company's articles of association

- Considering and, if thought fit, approving or disapproving any proposed action by the company which requires their specific approval before it can proceed
- Ensuring the company remains independent, as long as the trustees consider this to be in the best interests of the trust's beneficiaries – and that the company's brand and reputation is nurtured

How often should the trust board meet?

Trust boards meetings should be held regularly throughout the year – three to four times is the average – and include:

- a review of quarterly performance
- a review of annual performance once a year
- a review of employee engagement and an effective employee ownership culture

What makes an effective independent trustee?

A trustee needs to be approachable and demonstrate that they have the best interests of the business and the people who work in it at heart.

They need to be willing to talk to everyone and be a great listener. They will also be skilled in asking questions of the board and challenging appropriately.

Skills and qualities required:

- Initiative and energy
- Ability to analyse and extract relevant detail from financial and other reports
- Confidence to ask questions of the executive or company board of directors/leadership team and to challenge appropriately
- Absolute discretion – highly confidential information will be shared and any disclosure may be detrimental to the business
- Be open and honest in your views

How to choose the right independent trustee for your business

- Decide what the business wants from an independent trustee. By identifying any business challenges that are likely to impact the organisation in the next 3-5 years,

or thinking about the balance of personal skills and qualities to balance the trust board, you can begin to think about the type of person who will best fit the role.

- Involve the whole trust board in the process to ensure all have buy-in to the successful candidate
- Define the role clearly with skills, experience and attributes that are needed to complement the existing board