

## **GOVERNANCE POLICIES AND TERMS OF REFERENCE**

*Last revised: February 2009*

### **2.1 Independence of non-executive directors**

- At least half the plc Board, excluding the Chair, will be non-executive directors.
- At least three non-executives will be independent in the terms set out in the Combined Code.

### **2.2 Re-election of directors**

- Non-executive directors, other than the Chair, are normally expected to serve no more than nine years, and any who have served more than nine years will be subject to annual re-election.
- The Chair may serve six years as Chair before becoming subject to the normal annual re-election requirements, even if this means they would have served more than nine years in total on the Board.

### **2.3 Senior Independent director**

- The Board will appoint a Senior Independent Director, to whom stakeholders could turn if not satisfied with responses from Chair and Chief Executive. The Senior Independent Director should not be the Foundation Director.
- The Senior Independent Director will also be responsible for leading the annual evaluation of the Chair's performance.

### **2.4 Board member induction and training**

- Board members will receive letters of appointment, including a job description and statement of expectations.
- A training budget will be established for non-executives; some Board training will be included within the normal pattern of meeting; induction packs will be provided to all new directors.
- Non-executive directors may be asked to develop a particular understanding of the interests and perspectives of a key stakeholder group. These groups may include shareholders, producers/beneficiaries, Fair Traders, staff, donors and consumers. The allocation of such stakeholder groups to non-executives may be changed from time to time.

### **2.5 Performance evaluation**

- The Board will carry out an assessment of its own performance, and that of each director (including the Chair and the executive directors in their capacity as Board members), in May each year.

### **2.6 Reporting requirements**

In addition to the information required to be included in our Annual Report with which we already comply, we will disclose the following (either in the Report or by reference in the Report to material on our website):

- a) a statement of how the Board operates, including a high level statement of which types of decision are to be taken by the Board and which are to be delegated to management; also to cover the terms of reference of Board committees
- b) the names of the Chair, vice-Chair (if any), Chief Executive, senior independent director, Chair and members of the committees;
- c) number of meetings of the Board and attendance record of all directors;
- d) statement of which non-executives the Board considers to be independent; the other significant commitments of the Chair and any changes to them during the year;
- e) how performance evaluation of the Board and its committees has been conducted;
- f) steps taken to ensure that members of the Board, and in particular non-executives, develop an understanding of the views of major shareholders and other significant stakeholders about their company;
- g) description of the work of the Nominations Committee and its process in relation to Board appointments, including details of the terms and conditions of appointment for non-executives, and an explanation if neither external search consultancy nor open advertising has been used in the appointment of a Chair or non-executive director;
- h) where an executive director serves as a non-executive director elsewhere disclosure of what their earnings are and whether or not they are to be retained; also details of any posts held by non-executives to which they have been appointed by the Board, and whether they receive remuneration for those roles;
- i) an explanation of how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.

### **3. COMMITTEE TERMS OF REFERENCE**

These are attached as Appendix 1.

### **4. JOB DESCRIPTIONS**

These are attached as Appendix 2. The letter of appointment of a non-executive director is attached as Appendix 3.

## **TERMS OF REFERENCE FOR THE BOARDS**

### **Matters reserved to the Boards**

The Boards are collectively responsible for the success of Traidcraft Exchange and Traidcraft plc in achieving Traidcraft's mission, and for ensuring that they operate within their powers and objectives, that they comply with charitable and legal requirements, and that they fulfil their responsibilities to shareholders, donors, staff, suppliers and other stakeholders.

In addition to legal requirements, the Boards are responsible for:

- Setting the companies' values and standards, in the context of Traidcraft's mission and Foundation Principles, and ensuring that their responsibilities to shareholders, donors and other stakeholders are understood and met;
- Providing entrepreneurial leadership of the companies within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Developing and setting the companies' strategic aims and other policies, and ensuring the necessary human and financial resources are in place for Traidcraft to meet its objectives;
- Agreeing any items of capital expenditure, project expenditure, or expenditure outside the normal course of business in excess of £25,000;
- Scrutinising and monitoring management performance in meeting agreed goals and objectives;
- Determining the remuneration policies of the companies, setting appropriate levels of executive remuneration through the Remuneration Committee;
- Ensuring adequate succession planning, appointing and removing executive directors and the Company Secretary where necessary.
- Establishing and monitoring an effective corporate governance framework.

### **Decisions delegated to Executive Directors**

The Chief Executive and other executive directors are responsible for:

- The day to day management of the companies within the framework of the strategies, policies and budgets agreed by the Boards;
- Recruiting, managing, motivating, developing and, if necessary, dismissing staff who are not appointed directly by the Boards, and ensuring Traidcraft acts as a responsible employer;
- Keeping the Boards informed in a timely manner of progress against objectives, of significant events and of any major risks faced by the companies;
- Managing risk, and implementing effective internal control procedures.

## **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

### **Status**

1. The Financial and Social Audit Committee (“the Audit Committee”) is a committee of the Boards of Traidcraft Exchange Limited and of Traidcraft plc and is independent of management.

### **Membership and attendance**

2. The Audit Committee will be appointed by the Boards from the non-executive directors of both companies, taking into account the need for adequate representation of the interests of both companies. The Chair of the Boards will not be a member of the Audit Committee, nor will they be eligible to be the Committee’s Chair.
3. The Chair of the Audit Committee shall be appointed by the Board.
4. There shall be a minimum of three members of the Audit Committee. A quorum shall be two members.
5. Any Traidcraft Board member who is not a member of the Audit Committee will have the right of attendance at an Audit Committee meeting to which they have been invited by the Committee. However, it is expected that the Chair of the Board and/or Chief Executive will be invited to attend meetings of the Committee from time to time.
6. The Finance Director will normally attend meetings of the Committee and act as its secretary. If at any point the Finance Director is not responsible for social audit then the officer with that responsibility will also be expected to attend.
7. The Chair of the Board and the Chief Executive shall receive copies of the committee’s agendas in advance, to allow them to suggest additional items to be added or to comment on issues to be considered.

### **Frequency of meetings**

8. The Committee will meet as required but at least twice each financial year. At least once each year the committee will meet with the external auditors. The external auditors will be invited to meet with non-executive directors only at least once each year.

### **Reporting**

9. The minutes of the committee will be presented to all directors.

### **Responsibilities**

10. The committee shall: -

- a) Consider and make recommendations to the Boards about the fees, appointment, dismissal or resignation of any external auditor;
- b) Review the work plans of auditors:
- c) Review annual financial statements and social accounting statements being prepared for publication before submission to the Boards, providing the Boards with a report on
  - i) any changes in financial or social accounting policies
  - ii) major judgmental areas
  - iii) significant adjustments resulting from the audit
  - iv) the going concern assumption
  - v) compliance with accounting standards
  - vi) compliance with legal requirements
  - vii) best practice in the preparation of social accounts;
- d) Review the external auditors' management letters and management's response;
- e) Annually assess the qualification, expertise and resources, effectiveness and independence of the external auditors, including a report on the audit firm's own internal quality control procedures;
- f) Review the companies' statements on internal control systems before the Boards endorse them;
- g) Consider the findings of major internal investigations and management's response;
- h) Consider other matters delegated by the Board.

## **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

### **Status**

1. The Remuneration Committee is a committee of the Boards of Traidcraft Exchange Limited and of Traidcraft plc.

### **Membership and Attendance**

2. The Remuneration Committee will be appointed by the Boards from the non-executive directors of both companies, taking into account the need for adequate representation of the interests of both companies.
3. The Chair of the Remuneration Committee shall be appointed by the Boards.
4. There shall be a minimum of three members of the Remuneration Committee. A quorum shall be two members.
5. The Chair of the Boards will not normally be a member of the Committee, and if present he/she shall not participate in discussions or decisions on the remuneration of the Chair.
6. The Director of Human Resources will normally attend meetings of the Committee and act as its secretary. The Chief Executive will normally be invited to attend meetings, but will not be present for discussions of his/her own remuneration.

### **Frequency of meetings**

7. The Committee will meet as required and at least once each financial year.

### **Reporting**

8. Given the confidential and personal nature of the matters discussed at this Committee, a summary of the minutes of the Committee will be presented to the Board, removing references to discussions about individuals, whilst disclosing the outcomes of all decisions.

### **Responsibilities**

9. The Committee will: -
  - a) be responsible for setting the terms and conditions of employment of all members of the Executive team, including those who are not directors of Traidcraft plc;
  - b) ensure that terms and conditions of employment, including remuneration, are set in such a way that Traidcraft can recruit, retain and motivate a high calibre

- and effective Executive team, within the context of Traidcraft's financial constraints and overall remuneration structures;
- c) propose to the Boards a framework for Executive remuneration that is aligned with Traidcraft's core values and mission and that is perceived as fair by members of the Executive team themselves, by internal Traidcraft audiences and by supporters/external audiences; this framework is to be reviewed by the Board at least every three years;
  - d) determine, within the agreed framework, the total individual remuneration package of each member of the Executive team, including any bonuses, incentive payments and share options;
  - e) determine and set targets for any performance-related pay schemes and assess performance against those targets;
  - f) determine the policy for and scope of pension arrangements for each Executive team member;
  - g) determine the remuneration of the Chair of the Board
  - h) agree policies for authorising claims for expenses from the Chief Executive and Chair;
  - i) ensure that contractual terms on termination of Executive contracts by the companies (and any payments made) are fair to the individual and the company, that failure is not rewarded and the duty to mitigate loss is fully recognized;
  - j) ensure that provisions regarding disclosure of remuneration, including pensions, are fulfilled, both to internal and external audiences;
  - k) be exclusively responsible for setting selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants.
10. Remuneration of non-executive directors other than the Chair of the Boards shall be a matter for the Chair of the Boards and executive directors.

**TERMS OF REFERENCE FOR THE NOMINATIONS COMMITTEE**

**Status**

1. The Traidcraft Nominations Committee is a committee constituted under the Trust Deed of the Traidcraft Foundation, to which Traidcraft Exchange and Traidcraft plc have agreed to contribute under the Deed of Covenant.
2. The Deed of Covenant signed in December 2002 commits the Foundation to consult with the Committee about:
  - whom to appoint as a Foundation Director of Traidcraft plc;
  - its use of its voting rights through the Guardian Share in connection with the appointment or removal of any director of Traidcraft plc;
  - any use of its rights as Founder member of Traidcraft Exchange in connection with the appointment or removal of any director of Traidcraft Exchange.
3. The Foundation may not appoint a director or Foundation Trustee who has not been approved by the Nominations Committee, but they may vote in favour of an individual elected by shareholders even though that person has not been approved by the Nominations Committee.
4. Traidcraft plc and Traidcraft Exchange have committed themselves through the Covenant to ensuring their Chairs or other directors attend and participate in the Committee.

**Membership and attendance**

5. The Committee shall consist of:
  - The Chair of the Traidcraft Foundation
  - The Chair of Traidcraft plc (or any other non-executive director nominated by the Board of the plc)
  - The Chair of Traidcraft Exchange (or any other non-executive director nominated by the Board of the Exchange)
6. The Committee may include an external member (appointed by the Foundation Trustees after consultation with the other members of the Nominations Committee).
7. The Foundation Trustees may appoint a trustee to act as the nominated alternate member of the Committee in the absence of the Chair of the Foundation; and the Boards may appoint one of the other non-executive directors to act as the nominated alternate member of the Committee in the absence of either the Chair of the Boards or the other non-executive director member of the Committee.
8. A quorum shall be at least two members of the Committee, at least one of whom must be a Foundation Trustee and at least one of whom must be a non-executive director of the Boards.

9. The Chair of the Committee will be the Chair of the Traidcraft Foundation.
10. The Committee may invite whomever they feel will be helpful to attend meetings from time to time.
11. The Chief Executive or Head of Human Resources will act as secretary to the Committee, where necessary.

### **Frequency of meetings**

12. The Committee will meet as required, but at least once each year.

### **Reporting**

13. Owing to the sensitive nature of some aspects of the discussions, minutes of meetings will not normally be made available to other Foundation Trustees or directors of the Boards, but regular reports will be made on progress in identifying potential new directors and Foundation Trustees. The Committee will provide a written report to the Foundation and to the Boards at least once per year. A report on the Committee's activities will also be included in the Annual Reports of the Foundation, Traidcraft plc and Traidcraft Exchange, including the process used for appointments and explanations if external advice or open advertising has not been used.

### **Responsibilities**

14. The Committee shall:-
  - a) encourage the Boards and Foundation to evaluate regularly their structures, size and composition, assessing the balance of skills, knowledge and experience they require, in order that they may provide descriptions to the Committee of the characteristics most desired in potential new directors and trustees;
  - b) implement appropriate search and selection processes, in order to identify and recommend to the Foundation Trustees and to the Boards suitable new Foundation Trustees and non-executive directors, ensuring consideration is given to candidates from a wide range of backgrounds;
  - c) confirm to the Boards that new executive and staff directors may be appointed, in so far as this relates to the ability of candidates to complete the necessary declarations of faith and adherence to Traidcraft's Foundation Principles;
  - d) consider the eligibility of any candidates for the Board of Traidcraft plc who have been nominated/elected by shareholders rather than the Board;
  - e) consider the need for succession planning for key non-executive director and Foundation Trustee roles;
  - f) ensure that new non-executive directors and Foundation Trustees receive formal letters of appointment setting out Traidcraft's expectations of them;

- g) advise the Foundation Trustees where necessary on the removal of any director of Traidcraft Exchange, and on taking steps to ask shareholders to remove any director of Traidcraft plc.
15. In respect of the appointment of a new Chair of the Boards, the Committee will establish a process which enables the views of the Boards, the Foundation Trustees, and other interested parties, to be ascertained and taken into account. It will then make a recommendation to the Boards and the Foundation as to whom should be appointed. (The Chair of the Boards is an appointment made by the Boards of someone who is acceptable to the Foundation Trustees, and the Trustees must confirm this through exercise of their powers as Guardian Shareholder).
  16. The Foundation Trustees themselves decide who their Chair should be. The Committee has no formal role in that appointment, but may be consulted by the Trustees.
  17. The Committee has no power itself to make any appointment to either the Foundation Trustees or the Boards.

**TERMS OF REFERENCE FOR THE FINANCE COMMITTEE**

**Status**

11. The Finance Committee is a committee of the Boards of Traidcraft Exchange Limited and of Traidcraft plc.

**Membership and attendance**

12. The Finance Committee will be appointed by the Boards from the non-executive and executive directors of both companies, taking into account the need for adequate representation of the interests of both companies.
13. The Chair of the Finance Committee shall be appointed by the Board.
14. There shall be a minimum of three members of the Finance Committee. A quorum shall be two members.
15. The Committee it is expected to consist of the Chair of the Boards, the Chief Executive, the Finance Director and one other Non Executive director.

**Frequency of meetings**

16. The Committee will meet on a monthly basis, usually by teleconference.

**Reporting**

17. The minutes of the committee will be presented to all directors.

**Responsibilities**

18. The Committee's role is to take over the detailed review of Finance Director's report on the financial performance of Traidcraft plc and Traidcraft Exchange from the full board. This function will save the Board time and also ensure a more rigorous review takes place. The Committee will report to the board at each Board meeting giving reassurance that material financial matters are being handled correctly.

The Finance Committee in no way usurps the role of the Audit Committee or the full Board. Further, it should be noted, that the Committee's role is one of review and to provide constructive suggestions rather than interfere in executive decisions.

Specifically the committee shall: -

Traidcraft Plc

- a) Review sales, margins and costs compared to budget and prior year.
- b) Review cashflow

- c) Review trade debtors
- d) Review stock levels
- e) Review forecasts
- f) Consider other matters delegated by the Board.

Traidcraft Exchange

- a) Review fundraising compared to budget and prior year.
- b) Review project activity
- c) Review costs
- d) Review adequacy of reserves
- e) Review forecasts
- f) Consider other matters delegated by the Board.

**JOB DESCRIPTION FOR A NON-EXECUTIVE DIRECTOR OF  
TRADCRAFT PLC OR TRADCRAFT EXCHANGE**

**Responsibilities**

To further the achievement of Traidcraft's mission, in keeping with its Foundation Principles and charitable objectives, and in compliance with legal and charitable regulations.

In particular this will involve:

- a) Preparing for, attending and contributing to all Board meetings, and where attendance is impossible, informing the Chair of views on the matters to be discussed.
- b) Participating in the workings of at least one Board committee.
- c) Taking decisions objectively in the interests of Traidcraft plc and Traidcraft Exchange, and their key stakeholders (e.g. shareholders, producers/beneficiaries, Fair Traders, staff, donors and consumers), ensuring that a proper balance is maintained between the two companies and that Traidcraft complies with all legal, charitable and other regulations.
- d) Contributing to the development and agreement of strategy proposals and policies.
- e) Encouraging the development of good practice in governance and other matters, participating in training sessions provided for the benefit of directors, and ensuring that Traidcraft adheres to the highest possible standards of ethical practice.
- f) Appointing, removing and determining (through the Remuneration Committee) the remuneration of executive directors, and maintaining dialogue with senior management, other staff and wider stakeholders.
- g) Supporting, scrutinising and monitoring the performance of management in meeting agreed goals and objectives, and ensuring that financial controls and risk management systems are robust and defensible.
- h) Representing the Boards of Traidcraft at Annual General Meetings, Stakeholder meetings and other events, and acting as an ambassador for Traidcraft.
- i) Supporting fund-raising activities.
- j) Participating in any appeals panels when so requested by the Chair of the Boards.
- k) Praying regularly for the work of Traidcraft.

Non-executives will not be involved in decisions relating to the setting of non-executive fees for work in relation to Traidcraft plc.

**The effective non-executive director will:**

- a) Ensure they receive and assess the information they need to remain knowledgeable about the affairs of Traidcraft and the environment in which it operates and therefore that they are able to take responsible and informed decisions.
- b) Seek to understand the interests and perspectives of major stakeholders, including producers, shareholders, donors, Fair Traders and staff.
- c) Listen sensitively to the views of others inside and outside the Boards.
- d) Be independent of judgement, with an enquiring mind and a willingness to question and challenge management and other directors constructively and rigorously.
- e) Respect the confidentiality of information provided to them as Board members, and remain aware of the need to be especially careful about disclosing commercially sensitive or price sensitive information to other parties.
- f) Request appropriate professional advice where necessary (at the companies' expense).
- g) Uphold at all times the highest standards of integrity and probity, gaining the trust and respect of other Board members and so promoting openness and trust.

**Declaration required of non-executive directors:**

All directors of Traidcraft plc or Traidcraft Exchange are required to be able to complete the following declaration:

*“I declare that I am normally an active member of a worshipping Christian community, that I subscribe to the Apostles’ Creed, that I am in full sympathy with the Objects of Traidcraft plc and Traidcraft Exchange and with Traidcraft’s Foundation Principles, and that I am in sympathy with Traidcraft’s Basis of Faith ”.*

**Independence of non-executive directors:**

The Chair of the Boards, the Foundation Director and the Staff Director are not considered to be independent non-executive directors, nor is any other non-executive who holds a remunerated position on behalf of Traidcraft or who has served more than nine years on the Board.

## **JOB DESCRIPTION FOR THE CHAIR OF THE TRAIDCRAFT BOARDS**

In addition to those responsibilities common to all non-executive directors the Chair will create and sustain the conditions required for the effectiveness of the Boards and individual directors, both inside and outside Board meetings.

### **Responsibilities**

#### ***Board***

- a) Ensuring that the Boards focus on strategic matters, developing a vision for the organisation as a whole (TX and PLC), and setting clear strategies and policies, and respecting the delegation of day-to-day management to the Chief Executive and senior team;
- b) Running the Boards and setting their agendas, in consultation with the Chief Executive and Company Secretary, ensuring that the concerns of all Board members are taken into account and that meetings are held sufficiently frequently and regularly to enable the Boards to carry out their functions effectively;
- c) Ensuring that all Board members receive timely, clear and accurate information to enable the Boards to take sound decisions and provide helpful advice to promote the success of the companies;
- d) Managing Board meetings to ensure sufficient time is allowed to discuss complex or contentious issues, and ensuring that non-executive directors are not faced with unrealistic deadlines for decision-making;
- e) Ensuring that decisions taken by the Boards are followed through;
- f) Participating in the Traidcraft Nominations Committee, to ensure effective succession planning and the identification of suitable candidates for non-executive and Foundation Trustee positions;
- g) Acting as line manager to the Chief Executive, providing support, advice and encouragement in the fulfilment of his/her duties, building a close relationship of trust while respecting executive responsibility, setting objectives and carrying out appraisals. Also leading on the recruitment of any new Chief Executive;
- h) Ensuring that effective communication is sustained with shareholders and other key stakeholders, so that their views are heard and understood;
- i) Leading the discussion and decision about non-executive fees with the executive director members of the Board;
- j) Maintaining good communication with the Chair of the Traidcraft Foundation, and attending meetings of the Traidcraft Foundation;

- k) Ensuring that new Board members receive appropriate induction and that the performance of all directors and the Board as a whole is appraised at least once each year, with training provided to address development needs of individuals and the Boards.

### ***Beyond Traidcraft***

- l) Actively engaging with the work of the organisation in order to act as a spokesperson, representative and ambassador of Traidcraft to external audiences;
- m) Encouraging active engagement by all members of the Board in Board and Committee meetings and in wider activities related to Traidcraft, and promoting good relationships between executive and non-executive directors and between Board members and Foundation Trustees. This will be assisted by maintaining a good high level awareness of the fair-trade marketplace, and by seeking to experience the work of the whole organisation at first hand on an occasional but regular basis;
- n) Acting as final point of appeal in some disciplinary processes, and/or nominating other non-executive directors to sit on appeal panels.

The Chair will:

- a) Set an appropriate tone for Board meetings that promotes effective decision-making and constructive debate.
- b) Get to know all Board members and encourage them to participate in the Board to the best possible extent.
- c) Build effective and complementary Boards, containing a range of skills and perspectives that will promote the achievement of Traidcraft's mission.
- d) Promote the highest standards of corporate governance, ethical behaviour and good practice.

The Chair will not be a member of the Audit Committee, nor will they be involved in decisions relating to the remuneration of the Chair.

### **Person Specification:**

Candidates will require the following experience:

- A heart for the mission of Traidcraft, characterised by their Christian faith and a strong desire to achieve the goals of the whole organisation.
- A good track record of success in developing a complex organisation. This will speak not only by results, but also be evident through a sense of drive and purpose, clarity of expression, and an ability as chair to influence and inspire.
- Demonstrable team player behaviour and good listening skills.
- Confidence combined with good networking and people skills.
- A wise counsel, coupled with the ability to ask the right questions and maintain the balance of attention in respect of TX and the PLC

- A readiness to give sufficient time to Traidcraft and a level of flexibility and control over their time so as to be able to allow Board and other meetings to be arranged.

The time commitment for the role is expected to be twenty-eight days per annum. This will include attendance at board meetings, committee meetings, the AGM and other Traidcraft events. In addition, the Chair would be expected to devote appropriate preparation time ahead of each meeting and to be available for consultation by telephone and e-mail.

Traidcraft is based in Gateshead, in the NE of England and has a small London Office and currently, two overseas offices (Bangladesh and Kenya). As a non-executive position, the role of Chair is not based anywhere in particular but most board meetings take place in Gateshead, with a limited number held in London.

## **LETTER OF APPOINTMENT FOR A NON-EXECUTIVE DIRECTOR**

Dear xx

I am delighted that the Board of Traidcraft plc and the Board of Traidcraft Exchange have appointed you as a non-executive director, following the recommendations of the Nominations Committee [and votes at the recent Annual General Meeting]. I am therefore writing to set out formally the terms of your appointment. It is agreed that this is a contract for services and is not a contract of employment.

### **Appointment**

Your appointment will be for an initial term of three years, commencing on [date], unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs. Non-executive directors are typically expected to serve two three year terms, although the Board may invite you to serve an additional period.

This appointment is subject to your continuing to be able to assent to the declarations required of all Traidcraft directors. By signing this letter you are also confirming that you have had no convictions for dishonesty, and have not been declared bankrupt or otherwise disqualified from acting as a company director or charity trustee. You also undertake to inform the Chair of the Board immediately should your status change in any of these respects.

### **Time commitment**

Overall we anticipate a time commitment of fourteen days per annum. This will include attendance at board meetings, committee meetings, the AGM and other Traidcraft events. In addition, you will be expected to devote appropriate preparation time ahead of each meeting and to be available for consultation by telephone and e-mail.

By accepting this appointment you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the Chair should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of Traidcraft.

### **Role**

Non-executive directors of Traidcraft plc have the same general legal responsibilities to the company as any other director. The Board as a whole is collectively responsible for the success of the company. Non-executive directors of Traidcraft Exchange are in addition responsible for ensuring that the company operates within its charitable objectives and in ways consistent with charity regulations.

The Boards:

- Set the companies' values and standards, in the context of Traidcraft's mission and Foundation Principles, and ensure that their obligations to shareholders, donors and other stakeholders are understood and met;
- Provide entrepreneurial leadership of the companies within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Set the companies' strategic aims, and ensure the necessary human and financial resources are in place for Traidcraft to meet its objectives;

In addition to these requirements of all directors, the role of the non-executive director has the following key elements:

- Strategy – constructively challenging and helping develop strategic proposals;
- Performance – scrutinising and monitoring management performance in meeting agreed goals and objectives;
- Risk – satisfying themselves on the integrity of financial information and that financial controls and risk management systems are robust and defensible; and
- People – determining (through the Remuneration Committee) appropriate levels of executive remuneration and where necessary appointing and removing executive directors and ensuring adequate succession planning.

We would also like you to seek to develop a particular understanding of the interests and perspectives of a key stakeholder group, ensuring that these are raised where you think appropriate in discussions. The particular stakeholder group that we would like you to focus on initially is [name of group].

### **Fees**

You will be paid a fee of [£x,xxx] gross per annum for your services to Traidcraft plc. This will be paid monthly in arrears, and will be subject to annual review by the Board. There is no payment for time spent in your role as a director of Traidcraft Exchange. Traidcraft will reimburse all reasonable and properly documented expenses you incur in performing the duties of your office.

### **Outside Interests**

It is accepted and acknowledged that you have business interests other than those of the companies and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chair and Company Secretary as soon as apparent.

[The Board has determined you to be independent according to provision A.3.1 of the Combined Code on Corporate Governance.]

### **Confidentiality**

All information acquired during your appointment is confidential to Traidcraft and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chair.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chair or Company Secretary.

### **Insider Trading**

Your attention is also drawn to the rules on insider trading, and if in any doubt as to how they might apply to any dealings you may have in Traidcraft plc or connected companies, you should consult with the Chair and Company Secretary prior to buying or selling shares.

### **Induction**

Immediately after appointment, Traidcraft will provide you with a comprehensive and formal induction, including a site visit and meetings with senior and middle management.

### **Review process**

The performance of individual directors and the whole board and its committees is evaluated annually. If in the interim there are any matters which cause you concern about your role you should discuss them with the Chair as soon as appropriate.

### **Insurance**

Traidcraft has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is [£x]; a copy of the policy document is attached.

### **Independent professional advice**

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisers at Traidcraft's expense, and you should raise such a requirement with the Chair or Chief Executive.

### **Committees**

Non-executive directors are expected to be willing to serve on at least one of the Board committees as part of their normal commitment to Traidcraft. They may also be asked to become part of working groups established from time to time. In normal circumstances this would not lead to the payment of any additional fee. However, this may be considered should your role require you to exceed the expected fourteen days per annum of work and if the additional work is clearly for Traidcraft plc and not for Traidcraft Exchange.

I would be grateful if you would sign the enclosed copy of this letter where indicated at the foot of the letter, and you should then return it to the Chief Executive's office at Traidcraft.

I very much look forward to working with you in our mission of fighting poverty through trade.

Yours sincerely

**Chair  
The Boards of Traidcraft plc and Traidcraft Exchange**

I have read and understood the contents of this letter of appointment

**Signed:** .....

**Date:** .....