+27 78 428 4820
info@bimsolutionsgroup.com
www.bimsolutionsgroup.com

Director Duties / Fiduciary Risk Note

This Director Duties / Fiduciary Risk Note is designed for boards, directors, founders, executives and governance structures that require a practical, board facing understanding of director obligations and the governance controls required to reduce fiduciary risk.

Core Duty Themes

Duty Theme	Practical Meaning	Governance Evidence Required
Good faith and proper purpose	Directors should act for the benefit of the company and within legitimate corporate purpose.	Board minutes showing rationale and purpose.
Care, skill and diligence	Directors should make informed decisions and apply proper attention to material matters.	Board packs, advice, questions, deliberation record.
Avoidance and management of conflicts	Conflicts should be declared, managed and recorded before decisions are made.	Conflict register, declarations and recusal record.
Accountability and oversight	Directors should ensure oversight of legal, financial, operational and regulatory risks.	Risk reports, committee reports and action tracking.

Common Fiduciary Risk Triggers

1. Approving major transactions without sufficient board pack information.
2. Failing to declare interests, related party concerns or potential conflicts.
3. Allowing informal decision making to replace proper resolutions.
4. Ignoring regulatory warnings, financial distress, governance complaints or litigation risk.
5. Allowing founder, shareholder or executive interests to blur board accountability.
6. Failing to maintain proper minutes, resolutions and decision records.

Board Decision Defensibility Test

Question	Why It Matters
Was the decision maker authorised?	Authority defects can expose decisions to challenge.
Was the board properly informed?	Care and diligence require proper information.
Were conflicts disclosed and managed?	Unmanaged conflicts create fiduciary and reputational risk.
Was the decision rationally connected to company interests?	A defensible process reduces litigation and regulatory exposure.
Was the decision properly recorded?	Minutes and resolutions are critical evidentiary records.

Recommended Controls

1. Adopt a conflict declaration and recusal protocol.
2. Maintain a board approval matrix aligned to delegations of authority.
3. Use board ready memoranda for material decisions.

4. Record reasons, risks and dissent where appropriate.
5. Track action items and implementation responsibility.

Suggested Board Minute Language

The Board noted the material legal, governance, financial and commercial considerations presented. The Board further noted the disclosed interests, questions raised, supporting documentation and management recommendations. Having applied its mind to the matter, the Board resolved to [approve / reject / defer / escalate] the decision for the reasons recorded.

This document is a structured advisory output and is not a substitute for matter specific legal advice unless prepared pursuant to a confirmed mandate, conflict check, document review and agreed scope of work. Any recommendations should be implemented with due regard to the organisation's constitutional documents, applicable law, governance framework, sector obligations and commercial objectives.