*This template has been developed by Pearl Initiative. It is intended to be used for informational purposes only and is not a standard document or template. Organisations are encouraged to adapt the document to meet their specific requirements.*

Insert

Organisation

Logo

[Insert Organisation Name]

Board Mandate

Introduction

A board mandate is a document that clearly defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and management in setting the direction, the management and (where applicable) the control of the organisation.

The purpose of the mandate is to formalise the procedures of the board and ensure that appropriate checks and balances are in place to monitor the operations of [Organisation Name] and those charged with its management.

## Scope

The document applies to the following individuals/groups of individuals:

|  |  |
| --- | --- |
| Department | ` |
| [Department Name] | [Title of the responsible individual] |

# Organisational Goals

The purpose of the organisation is [Enter organisation mission, vision and purpose.].

# Role and function of the board

## The role of the board is to effectively provide strategic oversight and direction for the [Organisation Name] and ensure that organisational activities are aligned with its mission, vision and values. Having regard to its role, the board will support and oversee the management of the organisation and affairs of the organisation including:

1. Ensuring that the organisation goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management)
2. Ensuring that a good system of corporate governance is carried out in the organisation
3. Establishing policies for strengthening the performance of the organisation
4. Ensuring that management is proactively seeking to build the organisation by ensuring that resources are aligned accordingly
5. Monitoring the performance of senior management, financial performance, communication with stakeholders and the effectiveness of internal control in managing risks
6. Ensuring the organisation has appropriate risk management/regulatory compliance policies in place. In the normal course of events, day-to-day management of the organisation will, however, be the responsibility of management
7. Appointing the [Title of Organisation Head], setting the terms of the [Title of Organisation Head]’s employment contract and, where necessary, terminating the [Title of Organisation Head]’s employment with the organisation
8. Approving the annual budget
9. Reviewing the organisation’s financial statements
10. Appointing committees that the board considers necessary to carry out its responsibilities effectively
11. Evaluating economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the organisation or the interests of internal and external stakeholders and, if thought appropriate, will take outside expert advice on these matters

# Structure and Procedures of the Board

## **Board Composition**

The composition of the board will reflect the duties and responsibilities it is to discharge and perform as a representative of the interests of internal and external stakeholders and in setting the organisation’s strategy and seeing that it is implemented.

The size of the board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the members are not jeopardised. It must be large enough to ensure a range of knowledge, views and experience. Typically, the size of the board will vary between 8 to 15 members and will be subject to any local laws and regulations.

Directors are not offered remuneration, however, may seek reimbursement for expenses legitimately incurred in travelling to attend board, committee or general meetings with prior approval from the chair.

## **Board Appointments**

Elections to the [Organisation Name] Board are held at the general meetings of the directors. Directors serve a term of three years unless they resign beforehand.

## **Independent membership**

Independent members of the board (i.e. those who do not have any role in the day-to-day management of the organisation) will be active in areas which enable them to relate to the strategies of the organisation and to make a meaningful contribution to the board’s deliberations. They will be independent of management and free from any relationship which could materially interfere with the exercise of their independent judgement. Generally, independent (i.e. non-executive) individuals on the board should be the majority.

## **Chair and deputy chair**

Each year the board will appoint from among the members a chair and deputy chair.

Both the chair and deputy chair will be non-executive members. The deputy chair will deputise for the chair in his or her absence or at his or her request.

The chair is responsible for:

* Representing the board to internal and external stakeholders
* Ensuring the integrity and effectiveness of the governance process of the board
* Maintaining regular dialogue with the [Title of Organisation Head] overall operational matters and will consult with the remainder of the board promptly over any matter that gives him or her cause for major concern

The chair will act as a facilitator at meetings of the board to ensure that no member, whether executive or non-executive, dominates the discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The chair will ensure that discussions result in logical and understandable outcomes.

## **Board procedures**

The conduct of members will be consistent with their duties and responsibilities to the organisation and, indirectly, to internal and external stakeholders. The board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy.

Members will always act within any limitations imposed by the board on its activities. Members will use their best endeavours to attend board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table. Members unable to attend a meeting will advise the chair at the earliest date possible and confirm in writing to the secretary.

Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The board resolution shall be passed by the majority of members present. The chair will, nevertheless, seek a consensus in the board but may, where considered necessary, call for a vote. In the event of a tie, the chair of the board shall have a casting vote. All discussions and their record will remain confidential unless there is a specific direction from the board to the contrary, or disclosure is required by law.

The board will normally hold meetings in each [Month/Quarter] of the year and will hold additional meetings as the occasion requires. The presence of more than half of the members of the board shall constitute a quorum for the meeting. Participation by modern communication methods shall be permissible. At each normal meeting, the following will be provided to the board:

* An operational and financial report from the [Title of Organisation Head]
* Reports on the activities of the organisation’s individual departments
* Specific proposals for capital expenditure and acquisitions (if applicable)
* Major issues and opportunities for the organisation

In addition, the board (if applicable) will, at intervals of not more than one year:

* Review the organisation goals
* Review the strategies and operating plans for achieving the organisation goals
* Approve the annual budget
* Approve the annual and half-yearly financial statements, reports to stakeholders and public announcements
* Approve the annual report
* Review the board composition, structure and succession
* Review the organisation’s audit requirements
* Review the performance of, the necessity for and composition of board committees
* Undertake board and individual member evaluations
* Review members’ remuneration
* Review the [Title of Organisation Head]’s performance and remuneration
* Review remuneration policies and practices in general including superannuation and incentive schemes for management
* Review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements
* Review the organisation’s code of conduct and ethical standards
* Review internal and external stakeholder relations
* Review donations and sponsorships
* Settle the following year’s board work plan.

Members are entitled to have access, at all reasonable times, to all relevant organisation information and to management.

Subject to legal or regulatory requirements the board will decide the manner and timing of the publication of its decisions. Executive members attend board meetings to discharge their board responsibilities. At board meetings, board responsibilities supersede all executive responsibilities.

The board has sole authority over its agenda and exercises this through the chair. Any member may, through the chair, request the addition of an item to the agenda. The agenda will be set by the board secretary in consultation with the chair and the [Title of the Organisation Head].

## **Provision of business or professional services by members**

Because a conflict of interest (actual or perceived) may be created, members should not, generally, provide professional services of an ongoing nature to the organisation. Notwithstanding the general rule, the organisation is at liberty to for the purpose of a special assignment, engage the services of any member having special expertise in the particular field or engage the services of another member of a member’s organisation, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

## **Other board appointments**

Any member is, while holding office, is at liberty to accept other board appointments so long as the appointment is not in conflict with the organisation and does not detrimentally affect the member’s performance as a member. All other appointments must first be discussed with the chair before being accepted.

## **Independent professional advice**

Any member is entitled to obtain independent professional advice relating to the affairs of the organisation or to his or her other responsibilities as a member. If a member considers such advice is necessary the member shall first discuss it with the chair and, having done so, shall be free to proceed.

Subject to the prior approval of the chair, the cost of the advice will be reimbursed by the organisation, but the member will ensure, so far as is practicable, that the cost is reasonable.

## **Board and member evaluations**

The board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the board in effectively fulfilling its role. Each year, individual members will be evaluated by a process whereby the board determines questions to be asked of each member about him or herself and about each other including the chair, each member answers the questions in writing, and the responses are collected and collated by the chair who then discusses the results with each member. The chair’s own position is discussed with the deputy chair and/or the rest of the board.

## **The board secretary**

The appointment of the board secretary is made on the recommendation of the [Title of Organisation Head] and must be approved by the board. The secretary is responsible for ensuring that board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the board are complied with and for all matters associated with the maintenance of the board or otherwise required for its efficient operation.

All members, particularly the chair, have access to the advice and services of the secretary for the purposes of the board’s affairs and the organisation.

# Relationship Management

The board will link the organisation’s governance and management functions through the [Title of Organisation Head]. All board authority conferred on management is delegated through the [Title of Organisation Head] so that the authority and accountability of management are considered to be the authority and accountability of the [Title of Organisation Head] so far as the board is concerned.

The board must agree to the levels of sub-delegation immediately below the [Title of Organisation Head]. The board will agree with the [Title of Organisation Head] to achieve specific results directed towards the organisation goals. This will usually take the form of an annual performance contract under which the [Title of Organisation Head] is authorised to make any decision and take any action within the management limitations, directed at achieving the organisation goals.

Between board meetings, the chair maintains an informal link between the board and the [Title of Organisation Head], expects to be kept informed by the [Title of Organisation Head] on all important matters, and is available to the [Title of Organisation Head] to provide counsel and advice where appropriate. Only decisions of the board acting as a body are binding on the [Title of Organisation Head]. Decisions or instructions of individual members, officers or committees should not be given to the [Title of Organisation Head] and are not binding in any event except in those instances where specific authorisation is given by the board.

## Accountability of [Title of Organisation Head] to the Board

The [Title of Organisation Head], is accountable to the board for the achievement of the organisation goals and the [Title of Organisation Head] is accountable for the observance of the management limitations. At each of its periodic meetings the board should expect to receive from or through the [Title of Organisation Head]:

* The operational and other reports and proposals referred to above
* Such assurances as the board consider necessary to confirm that the management limitations are being observed.

**Management limitations**

The [Title of Organisation Head] is expected to act within all specific authorities delegated to him or her by the board as described in the [Organisation Name] Delegation of Authority.

The [Title of Organisation Head] is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the organisation the [Title of Organisation Head] is expected to adhere to the organisation goals. The [Title of Organisation Head] is expected to not cause or permit any action without taking into account the health, safety environmental and political consequences and their effect on long-term shareholder value.

In financing the organisation, the [Title of Organisation Head] is expected to not cause or permit any action that is likely to result in the organisation becoming exposed to any embarrassment/adverse attention due to its financial disclosures. The reputation of the organisation is expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the organisation must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the organisation’s external auditors.

The [Title of Organisation Head] is expected to not permit employees and other parties working for the organisation to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.