



IRM BOARD CHARTER

1 Introduction

The purpose of the Board Charter is to set out the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) in setting the direction, the management and the control of the Institute of Risk Management (IRM).

As the top level policy document, the Charter serves a number of important functions. It:

- Serves as a reminder for the board of the legal framework within which it operates.
- Documents the policies that the board has decided upon to meet its legal and other responsibilities.
- Assists the organisation's leadership in delivering good governance.
- Allows communication of the board's policies and expectations to management.
- Provides guidance and comfort to members that the board has implemented robust governance processes.
- Is a point of reference for disputes.
- Serves as an induction tool for new directors and senior managers.

It also:

- Ensures that the board focuses on how it can continuously improve its governance processes for the benefit of the organisation.
- Provides a forum to discuss some 'hard-to-mention' governance issues.
- Serves as a team development technique for both board members and senior management, to clarify roles and expectations.

2 Roles and responsibilities

In headline terms, the board is responsible for:

- defining IRM's vision, values and strategic plan;
- approving through the budget, the allocation of resources to achieve the objectives set out in the strategic plan;
- approving any decision that might create a significant business risk or opportunity, financial or otherwise, that would impact on the business plan;
- setting and maintaining a framework of delegation, risk management, performance monitoring and internal controls;
- managing the appointment, remuneration and performance of the chief executive;

- ensuring compliance with IRM’s purpose and values in accordance with the Memorandum and Articles of Association;
- ensuring that IRM complies with all relevant law and regulatory requirements;
- amending the Memorandum and Articles of Association for approval by the members;
- setting the professional standards required for being a member;
- monitoring and maintaining these standards and making sure that the Articles and codes of conduct on disciplinary matters are properly applied;
- managing IRM’s business and affairs; and
- entering into, amending, adding to or revoking such agreements as the board in its absolute discretion shall consider appropriate for the advancement of the objects of IRM.

Operational and day-to-day management of IRM is the responsibility of the chief executive, who works with the board to develop IRM strategy.

2.1 Delegation

The responsibility of all directors for the business and affairs of IRM remains absolute although the board may delegate all or any of its powers to the CEO, committees, advisory groups or working groups as it sees fit, except where this is specifically prohibited by the Articles of Association.

The chief executive is responsible for the day-to-day management of IRM, on behalf of the board.

Matters which the board has deemed suitable for delegation either to the chief executive and the executive team or to a specific board committee are set out in the *Schedule of Delegation*.

Delegation of financial authority is covered within the *Schedule of Delegation*, but is also subject to separate authority limits. These limits are set out in the *Schedule of Financial Authority*.

Ultimately, the board is responsible for the acts and omissions of those to whom it has delegated responsibilities.

In the interests of IRM, some matters can only be decided by the board as a whole. These matters are documented as - *Matters Reserved for the Board*.

2.2 Role and Responsibilities of Directors

As members of the board, directors are required to:

- have overall responsibility for the affairs of IRM;
- provide entrepreneurial leadership of IRM within a framework of prudent and effective controls which enable risk to be assessed and managed;
- set IRM’s strategic aims, ensuring that the necessary financial and human resources are in place for IRM to meet its objectives, and review management performance; and
- set IRM’s values and standards and ensure that its obligations to its members, students and others are understood and met;

- oversee IRM;
- attend up to six board meetings in each year and positively participate while there;
- be members of various IRM committees, advisory groups or working groups;
- represent IRM at regional, external meetings and external bodies and promote the interests of IRM;
- work with IRM's executive team to help communicate key IRM activities or initiatives;
- abide by the Board Charter.

2.3 Legal and statutory duties of directors

IRM board members are company directors and have the legal duties and responsibilities that accompany this role. The duties are set out in the Companies Act 2006 and are:

- a duty to act within the Articles and powers
- a duty to promote the success of the company
- a duty to exercise independent judgement
- a duty to exercise reasonable care, skill and diligence
- a duty to avoid conflicts of interest
- a duty not to accept benefits from third parties, and
- a duty to declare interests in proposed transactions or arrangements.

Directors must act honestly and reasonably, taking account of their own level of skill and experience. They must demonstrate loyalty and be prepared to act in good faith in the interests of IRM.

Directors must not use their powers for an improper purpose, take personal advantage of IRM's opportunities, allow their personal interests to conflict with those of IRM, nor misapply IRM's assets.

2.4 Liabilities of directors

IRM is a company limited by guarantee. The basis of limited liability is that all debts incurred by a company are the company's liabilities and not directly the liabilities of the directors. The company is a separate legal person from the directors. If the company incurs debts in the course of its business, only the company is liable for those debts.

A company limited by guarantee does not usually have a share capital or shareholders, but instead has members who act as guarantors. The members are bound by a guarantee in the company's Memorandum of Association requiring them to pay the company's debts up to a fixed sum. In the case of IRM this sum is £1.

Provided that they act within their statutory duties, the directors incur no personal liability as all their acts are undertaken as agents for the company. However, there are certain circumstances where liability may be imposed by the court, particularly in respect of wrongful or fraudulent trading and under the Health and Safety at Work Act, 1974 and the Corporate Manslaughter and Corporate Homicide Act, 2007.

Directors are also liable to penalties if the company fails to carry out its statutory duties – such as the preparation and filing of accounts. In practice many of the administrative duties imposed under the Companies Act are dealt with by the company secretary. But if there is no appointed company secretary then these duties remain the responsibility of directors.

2.5 Directors' Authority and Power to Commit IRM

Directors must observe any limits placed on IRM's powers contained in the Articles of Association and may be personally liable if they exceed such authority and powers.

Directors' powers are not individual, but collective, exercised by the board working together. However, the board may delegate powers to committees, advisory groups, working groups or individual directors to carry out activities of IRM. An individual director who acts without the delegated requisite authority of the board can be liable for breach of duty to IRM.

2.6 Directors' and Officers' Liability Insurance

A company is permitted to buy insurance, in the form of Directors' and Officers' Liability Insurance, to cover any legal action which may be brought against one or more directors. The risks covered are personal losses incurred by the insured as a result of "wrongful acts" by individual directors.

IRM maintains Directors' and Officers' Liability Insurance.

2.7 Independent Professional Advice

IRM directors have the right to consult the Institute's professional advisors, and if they are not satisfied, to seek independent professional advice at the Institute's expense in the furtherance of their duties as a director. Prior notice must be given to the chairman, the company secretary or the chief executive of a director's intention to seek independent professional advice, together with the names of the professional advisor he or she proposes to instruct and a brief summary of the subject matter.

The company secretary will provide a written acknowledgement of the notification which will state whether the fees for the professional advisor are payable by the Institute.

Independent professional advice includes legal advice, the advice of accountants and other professional financial advisors on matters of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the director concerned (such as disputes with the Institute).

3 Board protocols

IRM has a responsibility to the risk management profession to conduct its business in accordance with the highest ethical standards. Each member assumes part of that responsibility. Those members entrusted with responsibilities for the strategy, policies, programmes and governance of IRM have an additional responsibility to the membership, to the staff and to the profession.

The following protocols establish the principles expected of directors and committee members in order to maintain the highest standards of integrity and stewardship, and to ensure that the governance of IRM is effective, open and accountable.

3.1 Board Values

The following values guide the way in which the board works. Directors have made a commitment to uphold these values in their dealings with each other; their dealings with IRM's members and staff, and the ways in which they represent the IRM.

In their capacity as a member of IRM's board, directors will act with:

- Respect & Collaboration
- Professionalism
- Integrity
- Impartiality
- Openness
- Commitment

This means that:

Respect & Collaboration

- In accordance with their legal duties, directors will act in good faith to promote the success of IRM.
- Directors will respect the views of others, giving them the opportunity to be heard.
- Directors will act in partnership; they recognise that the strength of the Board is as a collective body. They will support the collective decisions of the board.
- Directors will act with courtesy.
- Directors will not use their authority un-necessarily or inappropriately.

Professionalism

- In accordance with their legal duties, directors will exercise reasonable care, skill and diligence.
- Directors will act in the professional manner that is appropriate for company directors.
- Directors will bring their particular professional skills to bear on their work for IRM.
- Directors will represent the aims and values of IRM.
- Key decisions should be based on minimum standards of quality, insight and value for IRM members.

Integrity

- When directors receive confidential information in their capacity as board directors; they will respect that confidentiality and immediately declare any potential conflict of interest.
- Directors will never use inappropriately any information that they received as board members' in any other capacity.

Impartiality

- In accordance with their legal duties, directors will not accept benefits from third parties related to their work as a director. They will not seek to gain advantage from IRM or to benefit directly from their work as a director.
- In accordance with their legal duties, directors will exercise independent judgment and not represent interests other than those of the members.
- In accordance with their legal duties directors will always act in accordance with the Articles, and will only exercise IRM's powers for the purposes for which they are conferred.
- Directors will ensure that they consider all relevant matters in their decision making and take decisions in a measured way.
- In accordance with their legal duties, directors will avoid conflicts of interest. They will take a wide interpretation of conflicts, ensuring that they avoid indirect and potential conflicts of interest as well as direct conflicts of interest.

Openness

- In accordance with their legal duties, directors will declare the nature and extent of any conflicts of interest that may arise.
- Whilst respecting necessary confidentiality, directors will uphold the principle of transparency to members.
- Directors will be open with each other about the reasoning behind their views and recommendations.
- Directors will remain open and ethical in their dealings with others.

Commitment

- Directors will take the time to prepare for meetings, and attend meetings on a regular basis.
- Directors will ensure that they keep up to date about the work of IRM and the external environment in which it operates.
- Directors will endeavour to contribute to IRM sub-committees and the delivery of the business strategy.
- Directors should make themselves available to support IRM's agenda through attendance at events, etc.

The way the board works

Working as a board:

- The board will oversee the business strategy which will be implemented and monitored through annual business plans prepared by the executive and approved and supported by the board;

- The board will provide support, guidance and advice to the executive;
- There will be clear responsibilities for board members, perhaps some board members taking a 'board champion' role, as and when appropriate or necessary;
- The board will oversee the work of its committees and sub-groups;
- Board members will participate in and support the work of board committees and sub-groups;
- The board will monitor financial performance through oversight of financial forecasts, budget and variances, and reports
- The board will monitor and reward executive performance against annual business plan
- Board members will engage with members and drive a more tangible value proposition for them;
- The board will work to position the IRM as a professional body for risk
- The board will take all necessary steps to strengthen the IRM's global brand.

Working with the Executive

- The board will guide the executive in implementing the business strategy through annual business plans approved and supported by the board.
- The board and the executive will work together to support the work of board committees and sub-groups.
- There will be a focus on financial performance through control of financial forecasts, budget and variances, and reports;
- The board will review the annual survey of members and provide advice and guidance to the executive on its implications;
- The board will adopt a risk policy and delegate its implementation to the executive.
- The board and the executive will together develop a communication strategy to improve member engagement, actively engage with key influencers, and raise the profile of the IRM;

3.2 Boardroom behaviour

In their recent research into board effectiveness the Chartered Institute of Secretaries (ICSA) observed the following examples of poor boardroom behaviour:

- Using electronic devices
- Conversing with colleagues
- Interrupting colleagues
- Reading non-board papers during the meeting
- Arriving late

If board members are not fully engaged throughout the duration of a board meeting, decision making will inevitably be impaired. A board etiquette exists to guide directors on appropriate meeting behaviour.

3.3 Contracts with directors and committee members

Directors are required to act with probity and due prudence in the best interests of IRM. Except where expressly authorised, directors may not gain financial or other material benefit for themselves, their employers, or their families from the Institute. IRM wants to ensure that there is no possibility of a perception that directors can gain a commercial advantage from their directorship.

For this reason, as well as ensuring that any conflicts of interests are dealt with appropriately, the Board has agreed, that, with some limited exceptions, directors (with the exception of the Chief Executive) may not receive payments for work undertaken for IRM. This includes contracts with organisations where a director is a partner, major shareholder or company director.

The nature of IRM's work, and its reliance on volunteers, is such that from time to time it will need to contract with, and enter into commercial relationships, with directors. For this reason, the three exceptions to the prohibition set out above are:

- Where a contract exists prior to an individual becoming a director. In this instance, that contract can be fulfilled, but may not be renewed.
- A *de minimis* exemption applies to contracts less than £1,000 in cumulative value over an ongoing period of 12 months. The *de minimis* exemption does not apply to contracts of employment with IRM.
- In instances where the organisation contracted with is not wholly owned or controlled by the director and where it would be against the interests of IRM for the contract not to be entered into. Any such contracts must be agreed by the Chief Executive and reported to the next board meeting.

Where there is a need to contract with, and/or enter into commercial relationships with, IRM committee members, the Institute must ensure that there is transparency, that the volunteer is not gaining a commercial advantage from his or her relationship with IRM, and that there is a clear distinction between the commercial and voluntary work.

For these reasons:

- any contract, payment or commercial relationship with a committee member must receive the prior approval of the Nominations Committee. (This includes close family members, or any firm of which the volunteer is a partner, major shareholder, director or senior executive.)
- in considering whether to approve any work, the Nominations Committee must ensure that the payment / commercial relationship is reasonable and necessary; that the contract has been let on normal terms; and that there is no potential overlap between the voluntary and commercial roles.

3.4 Attendance at events

Where attendance at an IRM event is necessary for the running of that event; the promotion of IRM; or at the invitation of the board, any fee normally payable may be waived for directors and committee members. Where a director and committee member is attending an IRM event primarily in a personal or professional capacity, the fee will normally be payable.

3.5 Gifts and hospitality

Directors may not solicit hospitality and may not give or receive repeated or lavish hospitality from representatives of any other organisation. Occasional and modest hospitality will be allowed, but only where it is reasonable in the interests of IRM. If in doubt, advice should be sought from the Chief Executive or the Chairman.

Personal gifts must not be solicited or accepted. The only exception to this policy is if small personal gifts (e.g. small diaries, calendars, stationery) are received which cannot reasonably be returned.

If there is any doubt as to the value of such a gift, the matter should be referred to the Chief Executive or the Chairman. It is important to avoid any suspicion that a supplier may give or receive favourable treatment. For this reason, directors and committee members should try to achieve separation between their purchasing decisions as individuals and those for IRM

3.6 Conflicts of Interest Policy

Directors have a legal obligation to:

- act in the best interests of IRM;
- act in accordance with IRM's Articles of Association;
- avoid situations where there may be potential conflict of interest.

Directors must therefore not place themselves under any financial or other obligation to outside organisations that might influence how they perform their duties. The board has adopted this policy on conflicts of interest to protect both the Institute and individual directors from any appearance of impropriety. All directors are required to act in accordance with this policy.

Potential conflicts

Conflicts of interests may arise where an individual director's personal, pecuniary or family interests and/or loyalties conflict with those of IRM. Such conflicts may create problems; they can:

- Inhibit free discussion;
- Result in decisions or actions that are not in the interests of IRM; and
- Risk the impression that IRM has acted improperly.

It is impossible to define all potential conflicts of interest, however, the following are provided as examples of issues that could give rise to specific instances of conflicts of interest for directors.

- Direct pecuniary interest e.g. a contractual relationship with IRM;
- Non-pecuniary interests such as kinship, friendship, membership of an association, trusteeship and many other types of relationship which can influence judgment and give the impression, rightly or wrongly, that there might be a personal motive;
- Indirect pecuniary interests e.g. significant shareholdings or investments in companies, partnerships and building societies;
- Pecuniary or non-pecuniary interests of a spouse/partner (or in some instances another close family member).

Declaration of Interests

All directors are required to declare their interests, and any gifts or hospitality received, in connection with their role as a director of the Institute. A *Declaration of Interest form* is provided on appointment and must be updated annually. In addition an oral declaration is made and minuted at the start of each board meeting.

The information provided by directors on their *Declaration of Interest form* will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that the director acts in the best interests of the Institute. Information provided will not be used for any other purpose.

Action to be taken by directors who face a conflict of interest

If a director has a potential conflict, e.g. a business interest in a company or organisation which is considering bidding for a contract put out for tender by the Institute, they should declare their interest at the earliest opportunity and withdraw from any subsequent discussion. This applies if they face a conflict for any reason. Once an interest has been declared, if the board agrees, directors may however, participate in discussions from which they may indirectly benefit, for example where the benefits are universal to all users, or where the individual benefit is minimal.

Decisions taken where a director has an interest

In the event of the board having to decide upon a question in which a director has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate.

Interested board members may not vote on matters affecting their own interests. They must absent themselves from both the discussion and the decision-making process, unless the other board members have agreed that they can take part in the discussion.

All decisions under a conflict of interest will be recorded by the company secretary and reported in the minutes of the meeting, including the nature of the conflict and the action taken to manage the conflict.

The minutes will record:

- The nature and extent of the conflict;
- An outline of any discussion on it;
- The actions taken to manage the conflict.

Violations of the Conflicts of Interest Policy

If a member of the board has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, they should inform the Chairman as soon as possible. The Chairman will inform the member of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Chairman determines the member may have failed to disclose an actual or possible conflict of interest, he/she shall report the matter to the full board. The board will discuss the matter and take appropriate disciplinary and corrective action.

The Chairman will report all such matters to the board even where he/she believes that no further investigation is warranted.

3.7 Board meetings

Board meetings are held in accordance with an annual agenda and schedule approved by the board. There are normally 5 board meetings a year held in February, May, July, October and December. The exact date of each meeting is set in early January each year. The annual agenda is based on current strategic priorities and key business/governance issues requiring board decision and/or approval.

Board meetings are usually held from 10.00am until 1.00 p.m. in the IRM meeting room at Sackville House, Fenchurch Street. The December board meeting is held immediately after the Annual General Meeting and Annual Lecture.

Notices and meeting agendas are issued by IRM's head office at least 5 calendar days prior to the scheduled meeting time.

In certain circumstances directors may dispense with the formal requirements for a board meeting, and agree to transact business via a written resolution circulated by email. The resolution will be passed by a simple majority vote.

Quorum

The quorum for board meetings is fifty per cent of the current number of directors plus one additional director.

Decision making

Decisions will be made by consensus wherever possible. If a vote is required, each director is entitled to one vote and decisions are taken by majority vote. If a vote is equal, the resolution is treated as lost. The chairman of the meeting has a vote (as a board member) but does not have a casting vote.

The board acts collectively. Directors make decisions together and take joint responsibility for them. This may mean supporting the majority agreed position externally, even if the director took a different position in the meeting itself. In the event of a serious disagreement a director may request that their minority view be recorded in the minutes. If a director feels that he/she cannot publicly support the decision of the board on a particular issue they must seek the advice of the Chairman. The extent to which any one person is empowered to speak for or take action on behalf of IRM is a matter for all its members to decide together. Such decisions should be recorded.

Minutes

The company secretary is responsible for ensuring that minutes are taken of all board meetings. The minutes will contain a short description of discussions held and decisions made.

Minutes of each board meeting are circulated to board members for comment within two weeks of the meeting. Amendments are made at the time and the revised minutes circulated with the board pack in advance of the next meeting.

The minutes are signed by the chairman at the next proceeding meeting. Once approved by the board the minutes cannot be altered.

Attendance expectations

Directors are expected to attend all board meetings in person or by teleconference. If a director is unable to attend they must inform the company secretary at least 3 days before the scheduled meeting. Directors should attend board meetings dressed as they would for a normal business meeting.

3.8 Confidentiality

Confidential information or material provided to, or discussed at board meetings, or provided to a director, must remain confidential. Directors must not disclose or use any information concerning IRM that could injure or compromise the interests of the Institute. The unauthorised use or disclosure of educational, technical or research information of IRM is specifically prohibited.

3.9 Relationships with staff

Directors and committee members should treat staff with courtesy and respect. If a director or committee member has a concern about an individual member of staff s/he should raise this with the Chief Executive. Concerns about the Chief Executive should be raised with the Chairman.

3.10 Representing IRM

Directors and committee members must always conduct themselves in a manner that enhances the reputation of the Institute. Where directors and committee members are aware of anything that could be damaging to the reputation of IRM, this should be raised immediately with the Chairman or the Chief Executive.

Directors accept that in fulfilling their role as directors, their responsibility should be solely to IRM and they will focus the expertise they bring from other spheres of their lives for the benefit of IRM. While committee members do not share this legal obligation they must ensure that when acting in their capacity as committee members, they act in the interest of the IRM alone.

Directors and committee members are expected to work in a manner consistent with the principles of equal opportunities.

Directors and committee members must not make statements or act in any other manner that could imply endorsement or support of any issue by IRM without specific authorisation.

Approved by IRM's Board of Directors
5 December 2015