Faculty of Pharmaceutical Medicine

GOVERNANCE USER MANUAL

PART 1 of 2: Board Operating Protocol

Version 1.0
Reviewed and updated May 2025

CONTENTS

This Governance Manual contains the current performance standards, values and expectations of the Board of Trustees ("the Board") of the Faculty of Pharmaceutical Medicine (FPM).

Purpose: This Manual is designed to help the Board approach decisions from the perspective of its own, previously established standards, values and expectations by:

o   Providing clear, proactive policies to guide the Chief Executive and staff, as well as Board officers, Trustees, and committees. This aids FPM by:

    o   Elevating effectiveness and efficiency by having all ongoing Board policies in one repository;
    o   Quickly orienting new Board members to current policies;
    o   Eliminating redundant or conflicting policies; and
    o   Having greater ease of reviewing current policy when considering new issues.

Consistency: Each policy in this document is consistent with the law and the Articles of Association, both of which have precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approving minutes, electing officers, etc.), which are recorded in Board meeting minutes, all standing Board policies shall be included or referred to in this document. The Chief Executive is responsible for developing operational and administrative policies and procedures that are consistent with the standards set forth in this Manual.

Transition: Unless a prior Board resolution or contract obligates the organisation with regard to a specific matter, these policies supersede previous Board resolutions with the exception of those obligating the organisation in regard to a specific matter. If an actual or apparent conflict arises between this Manual and other policies or Board resolutions, the matter shall be brought to the Board's attention for resolution.

Changes: These policies are intended to be reviewed and refined periodically, as appropriate. Proposed revisions may be submitted for Board consideration by any Board member or by the Chief Executive. Whenever changes are adopted, the updated document should be dated and promptly disseminated to the Board and relevant staff.

Specificity: Each new policy will be drafted to fit into the appropriate section of the Manual. For consistency, policies will be drafted starting with the broadest policy statement, then adding specificity down to the level of detail that the Board finds appropriate/necessary for Board action. The Board will afford discretion for implementation (allowing reasonable interpretation) when delegating further decisions to the Board Chair, Board Committees or the Chief Executive.

THE PURPOSE OF GOVERNANCE

Governance is the establishment of policies and practices (and the continuous monitoring of their proper implementation) by the members of FPM's Board of Trustees. It includes the mechanisms required to balance the powers of trustees (and the associated accountability), with their primary duty of enhancing the prosperity and viability of the organisation. FPM is best placed to achieve its ambitions and aims if it has effective governance and the correct leadership structures. Skilled and capable trustees help the organisation to secure resources and put them to best use.

HOW WE DEFINE "GOOD GOVERNANCE"

In broad terms, "good governance" enables and supports FPM's compliance with relevant legislation and regulation, but it also promotes attitudes and a culture where everything and everyone works towards fulfilling FPM's vision, mission, and values. More specifically, "good governance" is about the processes for making and implementing decisions. It is not about making 'correct' decisions but about the best possible process for making those decisions. Good decision-making processes and good governance share several characteristics, all of which have a positive effect on multiple aspects of business:

1. **Good governance requires leadership**
   Every successful organisation is headed by an effective Board that provides strategic leadership in line with the organisation's mission, vision and values. Strong, positive, and constructive leadership helps the organisation adopt an appropriate strategy for sustainability and growth.

2. **Good governance is responsive**
   The Board is clear about the organisation's purpose and ensures the aims and objectives are delivered effectively and sustainably, whilst balancing competing priorities in a timely, appropriate, and responsive manner.

3. **Good governance is effective and efficient**
   The Board is ultimately responsible for the decisions and actions of the organisation, but it cannot and should not do everything. Boards and staff should implement decisions and follow processes that make the best use of available money, people, resources, and time to ensure the best possible results for their community. Boards delegate authority but not responsibility, and so the Board must utilise sustainable financial and related controls as well as reporting arrangements to ensure it oversees delegated matters appropriately. Therefore, decision-making processes must be informed, rigorous, and timely; and effective delegation, control, risk-assessment, and management systems should be established, monitored, and regularly reviewed.

4. **Good governance is transparent and accountable**
   Accountability is a fundamental requirement of good governance. The Boards of companies, charities, and government organisations all have an obligation to report, explain, and be answerable for the outcomes of the decisions they make on behalf of their communities. Trust in an organisation is fundamental to its reputation and success (be it via members, donors, partners, or beneficiaries of support), and by extension to the success of that organisation's wider sector or markets. Making accountability real, through genuine and open two-way communication that celebrates success and demonstrates willingness to learn from mistakes helps to build trust and confidence and earn legitimacy.

5. **Good governance embraces diversity**

The Board's approach to diversity defines its effectiveness, leadership, and decision-making. In its widest sense, diversity is essential for Boards to stay informed and responsive, and to navigate the opportunities, challenges, and complexities facing its sector. Boards whose trustees have different backgrounds, experience and expertise are more likely to encourage debate and to make better decisions. Diversity comprises the individual characteristics that identify a person. This includes but is not limited to physical and cognitive disability; gender identity and gender expression; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation; cultural background, socioeconomic status; geographic location; education; and mental health. In a governance context, this should be extended to include industry focus and experience, professional skills and expertise, social backgrounds, life experiences, and career pathways. Ultimately, constructing a high-performing board is about the delicate task of balancing the calibre and perspective of individuals with the deliberate creation of a dynamic and a chemistry that allows for diverse representation and the effective execution of corporate governance. When assessing Board composition or identifying suitable candidates for appointment or election to the Board, as part of our succession planning process, we always consider candidates on merit against these criteria whilst having due regard to the benefits of diversity and the needs of the Board.

6. **Good governance is participatory**

Collective responsibility for decision-making is one of the most important parts of the Board's role, and whilst decisions do not always need to be unanimous, once made, all members of the Board must comply, including those who disagree. To legitimise the decision-making process, every member of the Board must feel able to participate in discussion and debate. This requires Boards to nurture trust-based environments in which all members are willing to contribute, and to be open and honest because they trust that their views, opinions, and ideas will be heard and valued. When there is trust, a Board can engage in unfiltered, constructive debate, without fear of conflict or the need to preserve artificial harmony. An environment where members are not calculating the cost of disagreement or considering political ramifications, and where they trust that they can speak their opinion without fear of retribution, will foster a culture of high-performance and productivity.

7. **Good governance has integrity and follows the rule of law**

Trustees have ultimate responsibility for an organisation's assets, including its reputation. The Board therefore should maintain the respect of its community by behaving with integrity, adopting and living by positive values, and creating a culture which helps to achieve the organisation's purposes, even when difficult or unpopular decisions are required. Not doing so risks bringing the organisation and its work into disrepute. Decisions must always be consistent with relevant legislation and/or common law.

OUR GOVERNANCE MODEL

FPM's Board of Trustees seeks to work within the parameters of the Governance as Leadership model which provides a powerful framework for an effective way of working between Trustees and staff: more macro-governance in exchange for less micro-management. The model outlines three modes of governance which Boards should use.
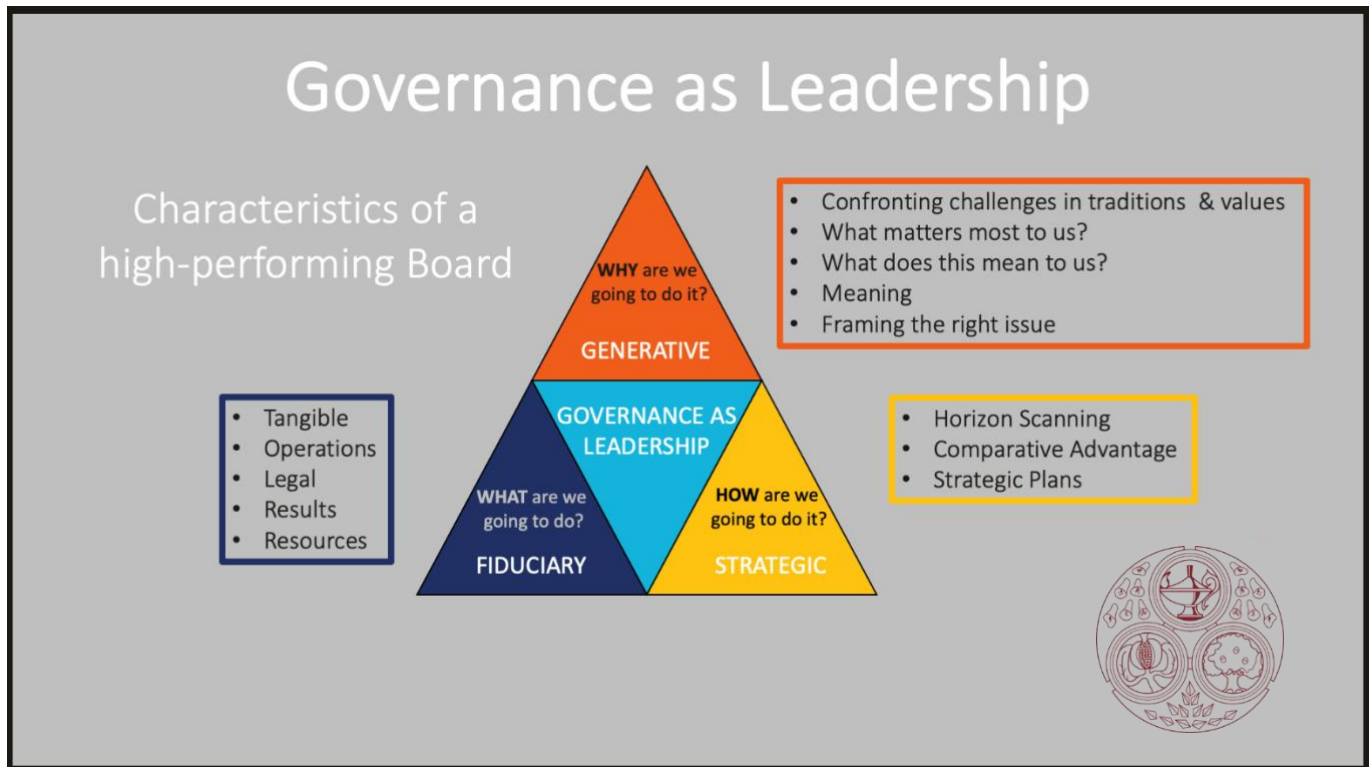
Each mode serves important purposes, and together they add up to governance as leadership:

- **Fiduciary:** The Board's role is the stewardship of tangible and intangible assets, and its principal function is to guard these. It oversees operations and ensures efficient and appropriate use of resources, legal compliance, and fiscal accountability.

- **Strategic:** The Board's role is to ensure a winning strategy for the organisation, and its principal function is to be a strategic partner to senior staff. Its core work includes setting priorities, reviewing, and modifying strategic plans, and monitoring performance against plans.

- **Generative:** The Board's role is to be a source of leadership and vision for the organisation, exploring long-term scenarios; identifying potential trends; perceiving and framing problems and opportunities; suspending the rules of logic to tap intuition and intellectual playfulness; and encouraging robust discourse rather than quick consensus.

The Board will govern lawfully, using the principles of Governance as Leadership, with an emphasis on (a) integrity and truthfulness in all of its activities and practices; (b) outward focused, long-term vision; (c) encouragement of diverse viewpoints; (d) strategic leadership; (e) clear distinction of Board and Executive roles and accountabilities; (f) collective rather than individual decisions; and (g) being pro-active rather than reactive.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not staff, will be responsible for Board performance. The Board will lead FPM by proactively setting performance expectations for the organisation.

2. The Board will use the expertise of its members to enhance its understanding of issues but will not defer to that expertise as the judgment of the entire Board.

3. The Board will set performance standards and expectations for the organisation through the careful establishment of written governing policies. The Board's primary policy focus will be on the intended long-term impacts for and on behalf of current and future members, not on the staff administrative or programmatic means of attaining those results.

4. The Board will adhere to its own performance expectations pertaining to matters such as attendance, preparation for meetings, policymaking, respect of roles, speaking to the Chief Executive and/or the public with one voice, and continually building the capability and reputation of the Board as an effective leadership team.

    a. Continual Board development will include periodic discussion of its own performance, orientation of new Board members in the Board's governance process, and enhanced learning for seasoned Board members.

    b. New Board members must participate in our induction process (see below) prior to being seated as voting Board members.

5. The Board will be accountable to current and future members for competent, conscientious, and effective fulfilment of its governance obligations. The Board will not allow any officer, individual or Board Committee to be an obstacle to this commitment.

6. While the Board may change these governing policies at any time, it will diligently observe those currently in effect.

7. All on-going policies of the Board are contained in this document, and they remain in effect, unless amended or deleted by Board action.

8. The Board will regularly evaluate and strive to improve its performance, including self-assessment at each face-to-face meeting, in which the Board will compare its activity and discipline standards set forth in these governance process and Board-Chief Executive delegation policies.

9. The Board will not allow the organisation, in its hiring of personnel, appointment of a management company, selection of new Board members and other activities, to discriminate on the basis of race,

creed, national origin, religion, age, disability, political affiliation, sex, sexual orientation, marital, parental, or military status, or any other legally protected status.

10. The FPM's governance values should be applied by extension through any management company employed to deliver FPM services; and the Board expects any management company working on its behalf to adhere to and promote these values.

The FPM is registered as both a company limited by guarantee and as a charity. As such the Board's legal duties are defined by the provisions of the Companies Act 2006 *and* the Charities Act 2011 and 2022. Whilst the legal contexts may differ, the principles of director and trustee legal obligation largely align and reinforce the other.

COMPANIES ACT 2006

The Companies Act 2006 still represents the greatest reform of UK company law for over 150 years and contains revised measures on a wide range of issues, including financial and non-financial reporting; company communications with shareholders; and crucially, the duties of the company director. The Act sets out seven general statutory duties of a director:

1. **To act within powers:** This requires a director to comply with FPM's constitution (Articles of Association) and decisions made under the constitution and to exercise the powers only for the reasons for which they were given.

2. **To act in a way the director considers (in good faith) is most likely to promote the success of the company for the benefit of its members as a while (or, if relevant, other purposes specified in the constitution:** In performing this duty, a director must have regard to all relevant matters, but the following are specifically identified in legislation:

   - the likely consequences of any decision in the long term;
   - the need to foster FPM's business relationships with suppliers, customers, and others;
   - the impact of FPM's operations on the community and the environment; and
   - the need to maintain FPM's reputation for high standard business conduct.

3. **To exercise independent judgement, that is, not to subordinate the director's power to the will of others:** This does not prevent directors from relying on advice, so long as they exercise their own judgement on whether to follow that advice.

4. **To exercise reasonable care, skill, and diligence:** This requires a director to be diligent, careful, and well informed about FPM's affairs. If a director has particular knowledge, skill, or experience relevant to their function (for instance, is a qualified accountant and acting as a finance director), expectations of what is 'reasonable' will be judged accordingly.

5. **To avoid conflicts (or possible conflicts) between the interests of the director and those of the company:** The prohibition will not apply if FPM consents (and consent meets the necessary formal requirements).

6. **Not to accept benefits from third parties (i.e., a person other than the company) by reason of being a director or doing anything as director:** FPM may authorise acceptance (subject to its constitution), for instance to enable a director to benefit from reasonable corporate hospitality; and

7. **To declare any interest in a proposed transaction or arrangement:** The declaration must be made before the transaction is entered into and the prohibition applies to indirect interests as well as direct interests.

In addition to these obligations, a director has duties:

- to consider or act in the interests of creditors (particularly in times of threatened insolvency); and
- to maintain confidentiality of FPM's affairs (a duty which to a large extent follows from the general duties outlined above).

FPM itself has numerous legal duties. These include duties under the Companies Act itself, such as maintaining full and accurate accounting records and to making relevant filings at Companies House (including the annual accounts). It also must comply with all other laws and regulations applicable to it (such as tax and employment laws). As FPM acts through the Board of Trustees (Directors), the directors are responsible for ensuring compliance by the organisation. In certain cases, directors are made specifically liable for breach, for instance, in the case of accounting records, every officer of FPM is liable to a fine, imprisonment or both.

Consequences of a breach

The general duties outlined above are owed by the director to the organisation and only the organisation will be able to enforce them as such. Remedies available for breach of these duties include injunctions (to prevent further breach), setting aside an affected transaction (e.g., entered into in breach of requirements on conflict), or restoration of FPM's property held by the director and damages.

A breach may also be grounds for termination of a director's appointment.

This note only covers the general duties of directors under the Companies Act 2006 and it is beyond the scope of this note to identify all circumstances where a director may be personally liable for acting as a director. By way of illustration only:

- as noted above, under the Companies Act, a director may be liable for failure by the company to make required filings at Companies House;

- under the Insolvency Act 1986, a director may be personally liable for wrongful or fraudulent trading in the context of insolvency of the company;

- the board and each director have responsibilities under the Health and Safety at Work Act 1974, breach of which may result in criminal sanctions on a director; and

- In certain circumstances, a director may be disqualified from being a director under the Company Directors Disqualification Act 1986.

Can a director be relieved of liability?

A director of a company cannot be exempted from liability in connection with any negligence, default, breach of duty or breach of trust in relation to the company. A director cannot be indemnified by the company against those liabilities unless the indemnity meets specific statutory criteria. The prohibition does not prevent a company from providing Trustees' and Officers' (D&O) insurance for directors, but this does not exonerate them from their obligations.

A company may generally ratify acts carried out by a director in breach of duty. Appropriate procedures need to be followed for ratification and not all acts can be ratified (for instance, fraudulent acts of the director). A court may relieve a director if it considers that the director has acted both honestly and reasonably and that he ought fairly to be excused.

THE ESSENTIAL TRUSTEE

There are approximately 900,000 charity trustees in England and Wales who are overseeing, promoting and protecting the interests of 170,000 registered charities, which manage an annual turnover of £100bn and employ nearly 1.3m people. The charitable sector is a large, complex sector, not least because of the vast array of different types of organisations that can register as a charity. Everything from church groups and local youth clubs with turnovers of a few hundred pounds, through to multinational research organisations, with multi-million-pound portfolios come under the same regulatory and legislative umbrella.

Trustees have independent control over (and legal responsibility for) a charity's management and administration. The guidelines for governing charitable organisations are extensive: the Charity Commission lists no fewer than 48 pieces of detailed guidance (CC Publications), three public benefit guides; and 167 'how to' guides covering seven key areas of charity management. These cover every aspect of charity governance, ranging from setting up and registering a new charity, to taxation, mergers, and managing conflicts of interest.[1]

The Charity Commission recognises that the sizeable nature of its guidance can seem onerous and daunting for new, and existing trustees and so they have published *The Essential Trustee: what you need to know, what you need to do*. This is publication number CC3 and is the Commission's flagship guidance. It was last updated in May 2018 and informs on the six essential duties of running a charity effectively and protecting it from harm and all trustees are asked by the Commission to confirm that they have read this guidance.

'Must' versus 'Should'

The Charity Commission has thought carefully about the language it uses in CC3 and the differentiation between what trustees *must* do and what they *should* do:

- 'Must' is a legal or regulatory requirement or duty with which trustees have to comply. For example, filing the charity's annual accounts.
- 'Should' is something that is considered good practice which the Commission expects trustees to follow and apply to their charity.

The Commission's view is that following good practice will help trustees to govern effectively, avoid difficulties, and comply with their legal duties. If trustees opt to not follow the guidance, then the Commission expects Boards to a) know that they have chosen a different option; and b) to be prepared to explain the rationale for a particular course of action if things go wrong. In corporate governance, the closest comparator is the comply or explain code. In short, the Commission would prefer Boards to follow their guidelines but accepts that one size does not fit all and that organisations will use good judgement in determining the appropriate path for them.

Essential duties

There are six 'core' legal duties of which trustees much be cognisant. Ensuring compliance is as much about applying common sense and good business judgement as it is about adhering to technical or regulatory guidelines:

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[1] See https://www.gov.uk/government/collections/list-of-charity-commission-cc-guidance-publications for full list of Charity Commission guidance

1. Ensure your charity is carrying out its purpose for the public benefit
Trustees must know:

- What the charity can and cannot do within its specified charitable purpose;
- How the charity is fulfilling its purpose and benefiting the public; and
- What difference the charity is really making.

A charity's charitable purpose is specified when an organisation registers as a charity. There is no automatic presumption that an organisation with a stated aim that falls within one of the descriptions of purposes is charitable. To have a 'charitable purpose' the organisation must operate for the public benefit, and this has to be demonstrated by the organisation. The Charities Act 2011 specifies 13 distinct charitable purposes, which range from the prevention or relief from poverty to the advancement of arts, heritage or science, and organisations can only operate within the parameters of these purposes.

2. Comply with your charity's governing document and the law
Trustees must:

- Be familiar with the charity's governing document, e.g. Articles of Association, Constitution, etc;
- Ensure the FPM is up to date with filing its accounts, returns, and any changes to its registration details; and
- Be aware of other laws that apply to the charity.

In addition to the Charities Act 2011 (and 2022) and/or the Companies Act 2006, there 50+ immediately relevant acts of which trustees need to be aware, covering employment law, equality legislation, consumer rights, corporation protocol, and health & safety law (see *Legislation* below). Trustees do not need to be expert in these laws but they do need to know that their charity is subject to these laws and regulations, and to be relatively familiar with their clauses. It is trustees' individual responsibility to take steps to find and understand this information. Ignorance of the law is no defence.

3. Act in your charity's best interests
Trustees must be able to:

- Recognise and deal with conflicts of interest;
- Understand how and ensure trustee benefits are allowed;
- Make balanced, informed decisions;
- Be prepared to question and challenge; and
- Accept majority decisions.

When things go wrong at a charity, it tends to be in this area that troubles begin. This should be a relatively easy area for trustees to navigate but without clear internal processes and guidelines, acting the charity's best interests can become subjective and open to all sorts of interpretation.

Conflicts of Interest
Recognising and dealing with conflict of interest for example, is not a complicated matter, if you have in place agreed procedures for managing conflicts. It's not about conflict never arising but rather how Boards recognize and manage that conflict. Sometimes it is impossible to avoid a conflict but as long as the relevant trustee declares the interest and the Board agrees and records the decision on how to

manage the conflict (e.g. step back from discussion and decision), then it really is just a matter of common sense.

Trustee Benefits
It is highly unusual for a charity to pay a trustee but that doesn't mean they should be out of pocket. Trustees should be able to reclaim reasonable expenses, such as travel of childcare costs. A trustee's company can contract to their charity to provide goods and service but non-conflicted trustees must be satisfied that provision of the contract is in the best interests of the charity, and the conflicted trustee cannot be involved in any related decision-making.

Decision-making
When it comes to decision-making, collective responsibility is one of the most important aspects of the trustee role. Trustees are absolutely at liberty to ask their executives for more detail to inform their decisions, and indeed, if they feel ill-equipped to make a decision, it is a trustee's responsibility to ask for more information, to question proposals, and to challenge assumptions but ultimately all trustees are responsible for a Board's decision. If a trustee defers to the opinion and/or decision of others, then they are not fulfilling their duties.

Nobody can opt-out of responsibility because a) they do not agree with the decision, or b) the subject doesn't relate to their area of expertise. And nobody is absolved of responsibility if they are absent when a decision is made. Collective responsibility is paramount. Decisions don't always need to be unanimous but once made, all trustees must comply, including those who disagreed.

4.   Manage your charity's resources responsibly
Trustee should:

- Manage risk and protect assets, reputation and people;
- Secure the resources required by the charity to function;
- Have in place and follow appropriate controls, processes and procedures;
- Assume responsibility for, and to, staff and volunteers; and
- Deal with land and buildings management.

Managing the charity's resources responsibly is the area most trustees worry about, and yet it is probably the area where there is the most control, the most checks and balances, and the greatest level of regulatory oversight. And whilst it is about managing and controlling income and expenditure, it equally relates to managing people and ensuring the charity adheres to its role as a responsible employer. It is about protecting a charity's reputation, and it is about the process for dealing with a charity's estate. Ultimately a charity requires a risk management framework that allows trustees to determine their collective appetite for risk and to identify, assess, review, monitor and manager financial and non-financial risks. This, coupled with provision of adequate internal processes for managing, monitoring, reporting and reviewing resources and performance, will be more than adequate in helping trustees to fulfil their duties.

5.   Act with reasonable care and skill
Trustees should:

- Effectively use their skills and experience;
- Decide when they need advice;
- Routinely source all of the information needed to stay informed;

- Be ready for something going wrong; and
- Prepare for meetings.

Using skills and experience
Each trustee comes to the Board with a specific professional expertise but it is not enough to just possess those skills and experience. Trustees have a responsibility to use those skills and to draw on their experiences to inform the governance of and to benefit their charity.

Deciding when you need advice
This includes understanding, and admitting when they need external specialist advice, including legal and financial advice, auditor input, or any other specialist expertise. Trustees should always be prepared to buy-in professional support when required: muddling through for fear of spending (or wasting) the charity's money or worse refusing to engage with specialists because of ego, is not acting with reasonable care.

Being ready for something going wrong
Despite putting in place a risk management framework and enacting processes and procedures to mitigate risk, sometimes things will go wrong. The Board therefore must have agreed processes for managing the consequences:

- How do you prevent or minimize any further losses or damage?
- How and when do you report to the Charity Commission, or the police if a crime has been committed?
- What do you say to staff, members, funding recipients, the public, the media, etc? and
- What reasonable steps will you take to prevent it from happening again?

Being prepared for the worst by a) mitigating risk and b) by handling the fallout is acting with reasonable care and skill. Trustees can't always avoid things going wrong. Circumstances can be beyond the Board's control but how the Board handles the aftermath can be as important as how it managed the risk in the first place.

Preparing for meetings
Trustees cannot act with reasonable care or skill if they are completely ill-equipped to engage in discussion and contribute to decision-making. Even if trustees do not read their papers, they are still responsible for the decisions. Preparing for meetings is therefore critical and if trustees cannot do so, they should consider resigning from their Board.

6. Ensure your charity is accountable
Trustees should:

- [Know how to and] Meet legal accounting and reporting requirements;
- Be able to show that the charity complies with the law and is effective;
- Be accountable to members and other interested parties; and
- Welcome accountability as an opportunity not a burden.

Demonstrating that a charity is effective can be quite subjective and therefore clarity around an organisation's success indicators and desired and/or projected outputs and outcomes is crucial. Trustees are legally required to account for their charity's performance via publication of an annual report and/or the annual accounts, but trustees have an opportunity to welcome accountability as a

useful mechanism for enhancing their charity's reputation. By telling the charity's story, the Board can attract new partners and collaborators, benchmark their charity's performance against other, and strengthen the foundations of business development.

Consequences of non-compliance
It is extremely rare for a trustee to go to prison for something their charity has or hasn't done. Charity law recognises that mistakes happen and generally protects those who have acted honestly and reasonably, i.e. those who have followed the six essential duties. That said, trustees can be held personally liable:

- To their charity for a financial loss caused by them acting improperly; or
- To a third party that has a legal claim against the charity that the charity cannot meet.

Personal liability to the charity
The Charity Commission and the courts can relieve trustees from liability if they have acted honestly and responsibly and have not benefited from their actions. The courts rarely enforce liability on an unpaid trustee who has made an honest mistake. There is however no legal protection for trustees who have acted dishonestly, negligently, or recklessly.

This is likely to be financial protection for those trustees who have made an honest mistake and can rely on the indemnity provisions of their charity's governing document, insurance covers, or relief from the Commission or the courts.

Personal liability to third parties
Trustees can become liable for claims such as breaches of an employee's terms, conditions or rights; failing to pay for goods or services; from a member of the public being injured on the charity's premises; or to any staff pension scheme.

Criminal liability
Trustees can personally become liable for some offences committed by staff, such as offences under the Bribery Act or corporate manslaughter, the legal argument being that trustees are responsible for putting in place measures to stop such breaches of the law, and therefore are guilty as they retain ultimate overall responsibility for the charity.

Mitigating liability
The best way to minimise liability is to have in place the mechanisms for ensuring the charity:

- Meets its financial obligations;
- Meets its obligations to staff pension schemes;
- Holds regular meetings and records decisions;
- Takes advice from qualified and/or experienced specialists;
- Prevents conflicts of interest from effecting decisions;
- Has effective financial management and controls;
- Complies with all laws that apply; and
- Considers whether it needs additional insurance.

LEGISLATION

In addition to the Companies Act 2006, there are over 50 immediately relevant acts of which trustees need to be cognisant, covering employment law, equality legislation, consumer rights, corporation protocol, and health & safety law. In addition, there are many pieces of secondary legislation and regulation of which trustees must be aware. Trustees do not need to be expert in these laws, but they do need to know that their company is subject to these laws and regulations, and to be relatively familiar with their clauses. It is trustees' individual responsibility to take steps to find and understand this information. Ignorance of the law is no defence and examples of relevant legislation given Royal Assent in the last six years include:

1.   National Insurance Contributions (Secondary Class 1 Contributions) Act 2025
2.   Digital Markets, Competition and Consumers Act 2024
3.   Paternity Leave (Bereavement) Act 2024
4.   Carer's Leave Act 2023
5.   Neonatal Care (Leave and Pay) Act 2023
6.   Employment Relations (Flexible Working) Act 2023
7.   Pensions (Extension of Automatic Enrolment) Act 2023
8.   Protection from Redundancy (Pregnancy and Family Leave) Act 2023
9.   Workers (Predictable Terms and Conditions) Act 2023
10. Professional Qualifications Act 2022
11. Corporate Insolvency and Governance Act 2020
12. Parental Bereavement (Leave and Pay) Act 2018
13. General Data Protection Regulation 2018
14. Data Protection Act 2018

TRUSTEES' ROLES AND RESPONSIBILITIES

FPM's Trustees play a critical role in the success of the organisation. The Board has significant legal and ethical responsibilities to the organisation and its staff, members, and stakeholders (see above). Strong and knowledgeable Trustees help the organisation maintain credibility, provide important access to the membership, and serve as effective advocates for FPM.

FPM is a nonprofit membership body and as such its surpluses are reinvested into the organisation for the benefit of its members and the achievement of its strategic objectives. Within that context, the Board's main purpose is to enhance the prosperity and viability of the organisation by collectively directing the organisation's affairs for the overarching benefit of FPM's membership. Specifically, the organisation's Trustees focus on 10 key areas:

1. Reflect the Member Voice
   - Recognise that the role of a governing body is to promote the success of the organisation and to only represent the interests of the organisation; but
   - Be cognisant of members' needs and expectations, and reflect the member voice in Board deliberations; and
   - Maintain perspective by assessing and responding to circumstances rather than reacting to vociferous individuals.

2. Establish the Vision, Mission and Values
   - Determine FPM's vision and mission to guide and set the pace for its current and future development;
   - Define the value proposition;
   - Set, monitor, and review the organisation's goals; and
   - Set the tone and culture of FPM.

3. Strategic Planning
   - Review and evaluate present and future opportunities, threats, and risks in the external environment; and identify current and future strengths, weaknesses and risks relating to the organisation; and
   - Determine strategic options, select those to be pursued, and decide the means to implement and support them.

4. Resource Management
   - Agree the organisation's policies, business strategies, and operational plans which underpin the Strategic Plan; and
   - Ensure the organisational structure, capability and resources are appropriate for implementing the chosen strategies.

5. Review Board Composition, Evaluation, and Succession Planning
   - Protect and promote the interests of FPM by ensuring the organisation is stewarded by confident, competent, and capable Trustees, today and in the future;
   - Maintain and utilise a Board skills matrix and undertake a regular skills audit of the Board;
   - Commission an annual assessment of Board performance;
   - Define recruitment criteria for appointment/election cycles; and

- Manage the Board's talent pipeline by identifying and stewarding relationships with suitable potential candidates.

6. Ensure Legal and Regulatory Compliance
- Develop and monitor appropriate organisation policy, practices and reporting processes which ensure compliance with relevant legislation and regulation.

7. Financial and Operational Oversight and Scrutiny
- Ensure the solvency of the organisation, safeguarding assets, and ensuring the effective and efficient use of resources;
- Approve the annual operating budget and inform the continual review of a multi-year budget cycle;
- Agree any variation from budgetary targets, in accordance with the organisation's financial regulations;
- Agree funding for non-recurrent expenditure;
- Ensure financial probity through the regular review of financial and accounting balance sheets and reports; and
- Ensure retention of financial documents as required by legislation and informed by best practice.

8. Risk Management
- Agree the Board's shared appetite for risk;
- Integrate risk as a standard part of Board discussion and decision-making; and
- Identify and analyse risks, recording within a risk register the scores of the likelihood and impact of risks, and monitoring as required.

9. Stakeholder Engagement
- Steward relationships that will help realise the objectives of the strategic and operational plans;
- Advocate FPM, articulating the goals, missions and purpose of the organisation and its membership;
- Represent the organisation to external stakeholders, communicating the organisation's [policy and other] positions and influencing and/or contributing to stakeholders' own activities; and
- Listen to the needs of the organisation's members and direct any necessary changes that will enable the organisation to serve its community to the highest potential.

10. Support the Chief Executive
- Identifying, appointing, motivating, appraising, and supporting an individual with the skills, experience, and temperament required to lead the day-to-day executive functions and deliver against the objectives of the strategic and operational plans.

The Chair of the Board's primary role is to assure the integrity of the Board's processes, and secondarily to represent the Board to outside parties as the FPM's President.

Accordingly:

1. Leadership: The Chair provides leadership to the Board of Trustees, who set strategy and to whom the Chief Executive is accountable. The Chair facilitates the Board's role in strategic planning and, after developing the agenda with the Chief Executive, they preside over the meetings of the Board. They also serve as the FPM's figurehead and chief advocate.

2. Governance: The Chair helps guide and mediate Board actions with respect to organisational priorities and governance concerns. The Chair reviews with the Chief Executive any issues of concern to the organisation and presents to the Board accordingly for discussion and agreement.

3. Management: The Chair fulfils a partnership with the Chief Executive, providing a valuable source of peer-support and acting as a critical check and balance to the Chief Executive's planning and decision-making. The Chair is also responsible for investigating any matters involving irregularities or suspected irregularities in the exercise of the activities of the organisation.

TRUSTEES' CODE OF CONDUCT

The Board expects of itself and its members ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

1. Board members must demonstrate loyalty to the interests of the organisation as the body corporate, superseding any conflicting loyalties to segments of the membership, advocacy or interest groups, staff or other organisations, or of any personal interest as a consumer of FPM's services.

2. Board members are to discharge their duties honestly and in good faith and in accordance with the Seven Principles of Public Life, i.e., the Nolan Principles.[2] Board members shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

3. Board Members must avoid conflict of interest with respect to their fiduciary responsibilities and take into consideration potential for an appearance of conflict of interest (see *Conflict of Interest Policy*).

4. Board members may not attempt to exercise individual authority over the organisation.

    a. Board members' interaction with the Chief Executive or with staff must reflect the lack of authority vested in individuals, except when explicitly Board authorized.

    b. Board members' interaction with any external entity, including public or media, must recognize the same limitation and that Board members are not to speak for the Chief Executive or for the Board except to repeat explicitly stated Board decisions.

    c. Board members will not publicly express individual judgments of performance of fellow Trustees, FPM staff, partners, or the Chief Executive.

5. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

6. A Board member aware of credible information that suggests that a Board policy has been violated, by either the Board, a Board member or the Chief Executive, has an affirmative obligation to bring the concern to the Board's agenda.

7. A Board member who is aware of credible information that another board member or individual working on behalf of the FPM has caused or allowed any practice, activity, decision, or organisational circumstance that is unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics must report that information to the Board within five business days. If any unlawful activity is suspected, notification to an appropriate civil authority is required as soon as is prudently possible. The Board will investigate the alleged misconduct, and following the conclusion of the investigation, the Board will notify the Board member of how it was addressed.

8. Board members will support the legitimacy and authority of the final determination of the Board on any matter, irrespective of the member's personal position on the issue.

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[2] Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership.

Induction is one of the most practical ways of ensuring new Board members understand their role, the workings of FPM and their relationships with others in and outside the organisation. It underpins the work and success of the organisation by ensuring trustees have all the information they need to fulfil their role and by creating a level playing field for new trustees, allowing them to engage effectively with colleagues who have more experience and knowledge of the organisation.

OVERVIEW

FPM's **mandatory induction process** comprises several core elements:

1. A formal introduction of newly appointed Trustees to the organisation by way of 1-2-1 briefing sessions with the Chair of the Board, the Chief Executive, and members of the SMT;

2. The clear statement of expectations for, and the responsibilities of, new Trustees;

3. The specification of personal accountability;

4. The deliberate, systematic, and rapid familiarisation of new trustees with FPM and the operations of the Board, through provision of a copy of the organisation's Governance Framework, supporting information, and other briefing papers; and

5. A culture that acknowledges the whole Board is in a new space and must consider how best to interact with, and use, the talent of new Trustees.

FPM's induction process is designed to ensure:

1. New Trustees are supported in making an immediate effective contribution to discussion and decision-making;

2. The capabilities and dynamics of the newly reconstituted Board is explicitly addressed and enhanced;

3. The Board is stimulated to review its assumptions and positions on key issues and processes; and

4. Trustees' relationships are strengthened, and the Board is maintained as a high-performing team.

PROCESS

New Trustees can easily be overwhelmed by an intense one-off process and so our approach is to spend time familiarising new Trustees with our governing environment and to highlight the salient aspects of good governance for FPM, thus allowing for new information to be absorbed and further inquiries made as individuals become more familiar with what they need to know and do. The emphasis of our process is on stewarding productive internal and external relationships, for the purpose of constructive decision-making and meaningful business growth. Whilst there is an expectation on Trustees to readily make a constructive contribution to Board discussion and decision-making, we recognise however that induction cannot be adequately fulfilled in just one meeting:

MONTH 1
1-2-1 briefing sessions with chair of the Board of Trustees
½ day induction workshop with the company secretary

Organisational background
o   FPM history, including details of membership structure
o   Strategic Plan and latest Annual Report

Current issues
o   Overview of recent performance and external trends, issues and opportunities effecting FPM
o   Key governance issues effecting FPM
o   Most recent Board assessment and appraisal
o   Update on any task-and-finish groups which the Board has commissioned

The role of an FPM Trustee
o   Legal, regulatory, and organisation-defined roles and responsibilities
o   Support role and relationship with FPM staff
o   Board composition and succession planning
o   Ambassadorial role: relationships with external stakeholders

Boardroom behaviours
o   Explanation by the Chair of their expectations of the Board in terms of its outputs and behaviours
o   Culture and values, codes of conduct and ethics
o   Attendance Policy, Conflict of Interests Policy, and Board meeting protocol
o   Diversity, equity, and inclusivity

Board communications
o   Formal: Format, agenda items, AOB, papers, frequency (calendar of dates)
o   Informal: Teams meetings, WhatsApp groups, informal get togethers, etc.

Risk management
o   Risk Management Framework
o   Current issues, future projections, trends, etc.

BUDDY SCHEME

Joining a Board of Trustees can be like joining the team in an unfamiliar sport. Not only are new trustees unaccustomed to the rules of play, but they are also teaming up with people with whom they may be unacquainted. To help our new volunteer leaders along the learning curve, we pair them with seasoned Board members who can show them the ropes and break the ice with colleagues. We want new Trustees to avoid feeling disorganised and trying to play catch-up and so we pair a new Board member with a current one, who is charged with establishing a relationship with the new Trustee and explaining what to expect while serving on the Board. The seasoned Board member is the newbie's go-to person for fielding questions or providing the backstory on Board agenda items, i.e., questions that new Trustees might not feel comfortable asking in front of the whole group.

MONTH 2
1-2-1 briefing sessions with Chief Executive and members of the SMT

Operations

- o Overview of operations and executive office
- o Latest Operational Plan
- o Scheme of Delegation
- o Financial Plan: annual operating budget(s), principal income/funding sources, trends, and projections
- o Annual Cycle of Business and Performance Reporting
- o Stakeholder Engagement Strategy

Financial matters

- o Financial regulations, structure, processes, and financial reports
- o Management accounts
- o Audit processes
- o Insurance
- o Bad Debt Write-off Policy
- o Investment Policy and Use of Reserve Funds Policy
- o Procurement & Contract Management Policies

MONTH 3
1-2-1 briefing sessions with Chief Executive and members of the SMT

[Relevant] operational activities

- o Business Development
- o Horizon Scanning
- o Marketing & Communications
- o Monitoring and Evaluation
- o Social Responsibility
- o Membership products and services
- o Policy and external affairs
- o Research programs

Board meetings typically have six core objectives:

1. Agree strategy and assess performance. To do this, Board members must prepare for the meeting, and individuals need to understand:

   - the key drivers for the organisation;
   - the strengths, weaknesses, opportunities, and threats to the organisation;
   - and the changes occurring within FPM's internal and external environments.

2. Review strategic risks and consider in relation to strategy and decision-making.

3. Ensure FPM operations remain aligned with strategy, and that staff, the Board (and its sub-committees), and/or volunteers are not straying into activity areas that are not defined by the Strategic Plan or annual operational plan.

4. Monitor financial performance against agreed budget.

5. Ensure procedural and compliance issues are identified and dealt with properly. For example, any issues arising from amendments to any relevant legislation. It also includes matters such as declarations of conflict of interests amongst the Board, breaches of any related Code(s) of Conduct, or compliance with partner requirements.

6. Explore new ideas for growth, source alternative approaches to problems, and agree ways of exploiting opportunities for the organisation.

The Board meets quarterly for up to 6-hours, i.e., an average of only 24 hours per year and therefore it cannot afford to sit and listen to reports on activity. Board members are expected to read papers in advance and all Trustees should join the meeting well-briefed and prepared for strategic conversation about relevant items. Meeting agendas and corresponding papers are therefore made available 10 days in advance of a meeting. If a Trustee is not prepared and/or able to make a constructive contribution to discussions and decision-making, they should not join the meeting.

Board meetings should benefit from intentional design and good facilitation. Routine matters are quickly handled, and the most pertinent items placed at the top of the agenda. The Board may talk about information provided by Trustees, staff or volunteers and a brief verbal overview of papers can be provided in a meeting, but only as a precursor to broader discussion: Sometimes the Board makes decisions; and sometimes the Board learns and explores through conversation, preparing to make a decision in the future. Board members are expected always to ask strategic questions and to challenge assumptions, probing to ensure they are drawing on information that is accurate, insightful, and useful.

HOW WE ENSURE PRODUCTIVE MEETINGS

Good meetings take time and preparation; conversely bad meetings waste time and can be deeply demotivating for Trustees and staff alike. Reflecting critically on our Board meetings can tell us a lot about the effectiveness of the Board.

The Chair makes a substantial impact on the quality of engagement by good management of Board meetings and their efforts will be rewarded by participants feeling useful and productive, with

confidence and quality increasing as a result. Meetings management is therefore an important topic to consider, and the Board routinely addresses the following to ensure it is productive:

1. How does the Board spend its time?
2. What is the quality of the papers?
3. What is the quality of the discussion?
4. Did the discussion change anyone's mind?
5. Did we actually make any decisions?

Pre-meeting

- We plan the annual meetings calendar so that major agenda items are not overlooked. The Chair and Chief Executive work together on this so that Board discussion aligns with the annual cycle of business, allowing the Board to make timely contributions and decisions.

- We include in the Board calendar one or more Board/senior team away days, which are not business meetings. We plan the program with an external facilitator who then leads on the day, thus releasing the Chair to fully participate.

- Board papers are circulated 10 days in advance of a meeting and Board members have 5 days from circulation to:

  - Raise clarification questions and questions of substance, and to send them to the Chief Executive who will source an appropriate response. These are documented and circulated to all Board members prior to or immediately after the meeting;
  - Request any additional agenda items;
  - Confirm in writing if there is a change to the register of interests and/or declare a conflict of interest; and/or
  - Raise any points regarding the minutes of the previous meeting which will be documented and circulated prior to or immediately after the meeting.

- We allocate indicative timings to agenda items. This focuses the mind and helps to ensure an appropriate amount of time for important items.

- We ensure good news is reported and celebrated.

- Items of Any Other Business (AoB) must be raised by Trustees in advance of or at the start of a Board meeting.

The meeting

- The meeting chair sets a tone that is constructive and upbeat.

- We adopt a 'consent agenda' to use Trustees' time more productively. Routine items such as Board minutes and routine performance reports are agreed without discussion 'by consent'. If anyone objects, then we make time for the item to be discussed.

- We vary the use of time, space, and groupings within the Board meeting. We 'mix it up' by sometimes creating small groups to interrogate particular challenges, develop strategy, or to problem-solve. We also prepare a schedule of external specialists who can brief the Board on a relevant topic at alternate Board meetings.

Post-meeting

- The Chair and Chief Executive review meetings, asking the Board for feedback on what worked well and what could be better.

- We ensure minutes are distributed promptly and indicate clearly any decisions made and actions agreed, including who is responsible for taking forward the action and when it should be delivered.

- We create regular space for Board members to get to know each other, for example by including a meal before or after the Board meeting.

INTERMITTENT ENGAGEMENT

We recognise that in the course of conducting standard business, Trustees engage with their peers and with members of staff outside the quarterly Board meeting, for example informal meetings, video calls, email, messaging apps, or a variety of other digital communications methods. Rather than dictate a stringent communications protocol, we have adopted a realistic and pragmatic approach to managing intermittent engagement by expecting Trustees to inform the Board of any significant internal or external communication activity in order to maintain a consistent, unified, and communicative approach to effective governance.

WHAT SHOULD BE INCLUDED IN AN FPM BOARD PAPER

Board papers are a critical part of the governance process and are used to describe the business items for a Board meeting. There are common sections that should be included in all Board papers:

1. Objective: Board papers are produced for one of three outcomes:

   o For Information: Financial results would be an example of an information only Board Paper.

   o For Discussion: A discussion paper is provided to introduce a point of discussion for the Board, including sufficient facts to support the discussion. This may be necessary when introducing a business development opportunity or prospective partnership that will take time to agree but which the Board should be aware.

   o For Decision: A decision paper is intended to ask the Board to decide.

2. Purpose: An executive summary of no more than a single paragraph of 4-5 lines explaining why the paper has been submitted.

3. Recommendation: As the writer of a Board paper, it is important you provide a very clear and concise recommendation to the Board. The recommendation should include:

   o The reason why the Board should accept the recommendation; and

   o Summary of alternatives (where relevant), and therefore why the recommendation is the best option.

4. Background: The background section should provide enough information to enable a Board member to understand the recommendation and to form an opinion on the correct outcome. Board members do not work in the organisation on a day-to-day basis and therefore their knowledge of the detailed operation needs to be considered. The background should also indicate if there are previous Board papers on similar subjects that Board members can refer to. If there is more background information than can fit within approximately one page, the information should be summarised in this section and provided as appendices to the Board paper.

5. Discussion: This is essentially the business case for the recommendation, i.e., given the background (see above), why this is a relevant, timely and/or beneficial decision for the Board.

6. Issues and Risks: Issues are any general factors that will affect the proposal that the Board should be aware of in making their decision. Unlike issues, risks are factors that may occur and may have an impact on the intended outcome. If they do occur, risks may have a significant impact and therefore considerable thought should be put into identifying the possible risks and how best to manage these.

7. Alternatives analysis: A key aspect of decision making is considering alternatives or other options. Most decisions are not just a case of yes or no. A good alternatives analysis should demonstrate that there are different ways to achieve the same or similar outcome.

8. Financial summary: A financial summary is required if the decision will have any financial impact on FPM income, expenditure, or both.

9. Consultation: The consultation section should include details of who has been involved in developing the proposal. This will include other people from within FPM and may include external people used as advisers. The consultation section should provide the Board with assurance that all key stakeholders have been involved in the development of the proposal.

10. Conclusion: Draw all the discussion and recommendation(s) together in this final section, summarising in a single paragraph, ensuring Trustees are in no doubt as to the focus/purpose of the paper.

DEVELOPING A BOARD PAPER

When developing a paper, it is important to recall the purpose of the Board. The Board's governance role with respect to decision-making is to ensure that the decisions support FPM's short, medium, and long-term strategies, adhere to the policies of the organisation and meet the needs of the members. The Board do not work in the organisation on a day-to-day basis and therefore may not be aware of all the factors affecting a particular decision. As such it is important to:

1. Include managers and other key people in FPM in the development of the proposal and subsequent Board paper. This will ensure you have identified the widest scope of the decision and can confidently present all the required information to the Board.

2. Consider informal discussions with some of the Board members while developing the Board paper. This will help to ensure you capture the information the Board will require and give those consulted an opportunity before the Board meeting to consider their views. If the decision is going to be complex for the Board, discussions prior to the Board meeting are invaluable.

Depending on the magnitude of a decision, it may be necessary to provide a presentation to the Board as well as the written paper. If this is the case, the Board paper needs to stand alone as a document with all the information necessary for the Board to make a decision. The presentation is only to provide an opportunity to present a summary of the information and respond to questions. You should not include any new factual information in the presentation, as some Board members may not be able to attend the presentation, and the Board paper is the official document of record for the organisation.

When you have completed your Board paper, ask yourself the following questions:

1. Is this targeted at the right level for the audience?
2. Does the subject matter reflect and/or respond to FPM's strategic priorities?
3. Does it contain all the relevant information for the Board to make a decision?
4. Is it clear and concise?
5. Is the rationale obvious?
6. Does it ask for a specific decision to be made?

For FPM's Board to be successful they must have sound information on which to act. Any attempt to formulate strategy, assess progress, and be accountable for FPM's performance requires high-quality, timely, and relevant financial and business data and reporting. These guidelines provide details of FPM's reporting protocol and the process for presenting business for discussion (and possible decision) by the Board.

PRINCIPLES OF GOOD REPORTING

The Board should:

1. Set aims, policy constraints and guidelines, objectives, and broad strategy, and then communicate these to the Chief Executive (and through them to staff and volunteers).

2. Agree critical success factors and tangible performance indicators.

3. Ensure it is receiving all the information that enables it to probe and question; focus on critical success areas and key performance indicators; and identify appropriate management actions where there are positive or negative variances from projected performance.

4. Periodically review the information it accepts to ensure it is receiving what it needs and that it is fully understood by all Trustees. The Board should guard against being inundated with an unnecessary amount of prose and/or data that provides little or no information and which may prevent it from taking action.

5. Ensure that the performance reporting process links objectives, principles, and practices to its needs and is timely and relevant to the Board's decision-making.

THE CHARACTERISTICS OF GOOD INFORMATION

Performance reporting is a means to an end, never an end in itself. The purpose of information is to promote action. Board papers are therefore the documents that pull together all the relevant information with balance and objectivity.

A good Board paper should contain all the information necessary to facilitate decision-making at Board level, including financial, reputational, and other business risks and opportunities (see Annex A). It should lead Trustees to ask the correct questions and initiate a chain of actions that will enhance the ability of FPM to achieve its short and long-term aims and create sustainable member value.

Financial reports are particularly important in this context, since the information they contain reflects the overall health of FPM. The Chief Executive and staff have critical roles in ensuring the financial information presented to the Board is unbiased, even-handed, and multi-dimensional. Having robust systems for collecting, storing, and analysing financial and non-financial information is important, but the value of integrity and transparency should not be overlooked. There is always a risk that information can be distorted on its way up to the Board. Working at the heart of FPM and its decision-making process, the Chief Executive and their staff team are responsible for presenting the Board with a prudent view of the financial health of FPM.

Relevant

Information presented to the Board should be sharply focused and reflect the defined objectives and the overall strategy of FPM. It must not obscure the overall picture with irrelevant detail. The Board should be able to drill down and access further supplementary reports where necessary. The information should be sufficient to allow the exploration of as many alternatives as are necessary for impartial decisions to be taken. If the Board is to exercise its strategic, long-term planning function fully, it needs to focus on more than the current performance indicators. These may say something about historical performance, i.e., how it measures up to past objectives, but they can be poor predictors of the future. The Board should therefore have some forward-looking information at its disposal, including trends, projections, and forecasts, but these should be based on more than a simple extrapolation of past data.

It is often hard for those who prepare the information to know what level of detail they should go into when compiling Board reports: Staff need to balance the task of running FPM with that of supporting Trustees in setting its strategic direction. The right balance must be struck however to avoid too much and too little detail, and staff should make this balance one of their goals.

Board papers should contain performance information relating to key operational issues as defined by the Board, i.e., the critical success factors (CSFs) and key performance indicators (KPIs). They should also contain broad coverage of organisational activities and should address qualitative areas of FPM's business. It is important that only the key pieces of information are presented to enable a succinct and useful report to be produced. Research by KPMG has however highlighted the danger of reporting KPIs by exception only: Many trustees in a recent survey blamed this for their limited understanding of business processes, value creation, and customer [member] satisfaction, all of which are crucial strategic areas for any professional body or membership organisation.

Timely

It is better that the Board receives information that is imperfect (but within acceptable tolerances of precision) in good time than completely accurate information too late. Marconi is often cited as an example of an organisation that failed partly because its Board did not receive timely information (2001). In other words, it was not simply a case of incompetence or flawed risk assessment, as is often stated. Rather, the company's trustees did not have the chance to act because they did not find out what was going on until it was too late. Information should, as far as possible, be available in parallel with the activities to which it relates. The report should be available promptly enough to plan from it and/or take action to mitigate risks.

Reliable

Information should be of good enough quality for the Board to be confident in its accuracy. This will depend on its source, integrity, and comprehensiveness. The papers supplied by staff before the Board meeting will be the key source of information for Board members; but there are other channels available, including access to external publications, formal and informal contacts with staff and so on. Last, but not least, the extra information and analysis delivered orally by the Chief Executive or staff at a Board meeting will probably be the most useful additional information in terms of decision-making.

Comparable

Board reports are the performance reports for the organisation, covering both financial and non-financial aspects of performance. For financial performance, comparing what happens (actual) with what should have happened (budget/plan/rolling forecast), or in some cases what did happen previously (last month/year), will be valuable. Presenting a forecast year-end position will focus minds

on the effectiveness of FPM, rather than just its economy and efficiency. Comparison with budget should be one of the key management tools, but the emphasis should be on the future, which can be influenced, rather than the past, which cannot.

Clear

Board papers should always be written clearly and simply. Everyday language should be used wherever possible, and jargon or acronyms should be avoided. The structure of Board papers is formulaic, the protocol for which is outlined above.

To fulfil its role, the Board will prepare and follow an annual work plan which (a) delivers, assesses, and reaffirms priorities and (b) continually improves Board performance through Board education and interactions with staff, customers, beneficiaries and outside experts.

1. **Annual Cycle:** The Board's annual planning cycle will conclude each year at its fall meeting so that administrative planning and budgeting for the next calendar year can be based on planning for both long- and short-term strategic objectives.

2. **Board Work Plan Development:** The Board's annual planning cycle will also begin at its fall meeting. At that time, the officer serving as Chair for the next year will present for the Board's consideration and approval a suggested work plan for the following year's meetings. Considerations will include:

   a. **Ownership Linkage:** Consultations with selected groups, within the ownership or among beneficiaries, or other methods of gaining their input.

   b. **Board Education:** Identification of topics for Board education, primarily related governance, ethics, and external issues and trends that affect Ends, and to a lesser extent key areas of operations.

   c. **Objectives Review:** How the Board will systematically review all of its strategic objectives over the course of the year, (e.g., by priority, by topic, or other emphasis of the Board's choosing).

   d. **Assessment/Evaluation of Management Company Performance:** Reviewing the schedule of planned monitoring activities to assure performance on strategic objectives and Executive Limitations policies.

   e. **Board Self-Assessment:** Methods and timeline for periodic and objective evaluation of how well the Board is fulfilling its role (i.e., in accordance with its governance policies and scheme of delegation) and open discussion of how the Board's performance can be improved.

   f. **Meeting Schedule:** Establishment of the meeting schedule for the coming year to maximize Board member attendance and participation.

EQUITY, DIVERSITY, AND INCLUSIVITY COMMITMENT

FPM is committed to fostering a diverse and inclusive community in which all members are encouraged to contribute to the advancement of the profession. We promote involvement and advancement of our members regardless of the characteristics of a person's identity[3]. Merit-based success, in which an individual is recognised for their expertise rather than by their personal information, is central to our vision of a vibrant community and is a principle we will always uphold.

HOW WE UNDERSTAND EDI

Diversity is about differences, equity is about providing people with what they need to succeed, and inclusion is about fostering a sense of value and empowerment in employees and practitioners. The FPM defines equity, diversity, and inclusivity as:

1. **Equity:** The fair treatment for all people, so that the norms, practices, and policies in place ensure identity is not predictive of opportunities or workplace outcomes. Equity differs from equality in a subtle but important way. While equality assumes that all people should be treated the same, equity takes into consideration a person's unique circumstances, adjusting treatment accordingly so that the end result is equal.

2. **Diversity:** All attributes, experiences, cultures, characteristics, and backgrounds of the workforce which are reflective of the membership's global nature and enable the FPM to complete its strategic objectives.

3. **Inclusivity:** The principle of valuing and integrating each individual's perspectives, ideas, and contributions into the way an organisation functions and makes decisions, enabling constituency members to achieve their full potential in focused pursuit of organisational objectives.

In principle and in practice, FPM values and seeks diverse participation within the organisation and across our members' professions. In support of those values, FPM encourages an inclusive community where differences are celebrated, and all can participate to their fullest potential in FPM's success. To meet the ever-changing needs of an increasingly complex world, our membership must mirror the marketplace and our local communities; and to ensure our services and practices are designed for a diverse membership, we must attract and retain the best talent who will bring unique life experiences and professional capabilities that enrich all of us and our respective communities. Hence, diversity is foundational to creating an innovative and competitive membership able to relate to the multi-faceted issues facing today's workplace. Having a diverse membership helps to build a broad array of backgrounds and talents to approach and solve business problems in the modern global economy; and having an actively involved, diverse membership reflective of the broader general population helps FPM recognises the full horizon of issues that are central to the success of our members, their employers, and society.

To promote equality of opportunity and to foster a sense of belonging and community among members of all identities, we pledge to:

- o Listen to those who best understand the challenges impacting their own communities in developing solutions to increase representation and inclusion, especially through strategic partnerships with other organisations.

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[3] Including but not limited to ethnicity, gender, religion, age, sexual orientation, national origin, physical or mental ability, appearance, military service or geographic location.

- o Narrow the gaps in awareness of the freelance editorial profession and access to influencers and role models.

- o Encourage equal opportunities for members to develop and advance to leadership within FPM volunteer roles.

- o Offer optional continuing education for general business skills related to diversity, equity, and inclusion.

- o Advance the body of knowledge of the independent engineering testing, inspection, and certification industries through research and education on issues of unintended bias in the industries our members work, in collaboration with stakeholders in those industries.

INTRODUCTION

Long-term business success and good governance go hand-in-hand; and therefore, an effective board must take the lead in shaping and embedding a sustainable corporate culture, led by a collaborative, communicative and constructive boardroom. This is equally applicable in the non-profit environment as it is in the for-profit world, and within this context FPM's Board of Trustees is proactive in succession planning, managing the talent pipeline of potential Trustees by effectively identifying and mentoring individuals to be potential new members of the Board of Trustees.

BOARD COMPETENCIES

We seek to maintain a Board comprised of talented and dedicated trustees with a diverse mix of expertise, experience, skills, and backgrounds, as informed by our Board Competency Framework and assessed via a regular skills audit. The skills, knowledge and behaviours collectively represented on the Board should respond to accepted good practice in corporate governance whilst also reflecting the diverse nature of the environment in which FPM operates. We recognise and value the benefits that diversity brings to our Board of Trustees by promoting the inclusion of different perspectives and ideas, mitigating against group think and ensuring we benefit from all available talent. The promotion of a diverse, multi-talented Board makes prudent business sense and makes for good governance.
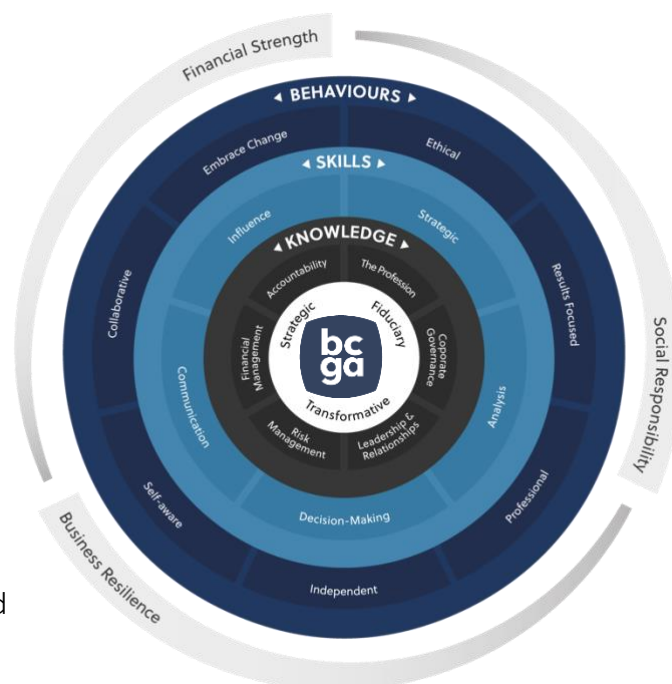
MAINTAINING THE TALENT PIPELINE: MENTORING PROGRAMME

Key to our successful succession planning is our consistent and considered approach to stewarding relationships with potential FPM Trustees. To that end, each year we offer FPM members the opportunity for governance mentoring whereby Trustees undertake to identify and mentor aspiring Board members, providing insights, sharing knowledge, and generally improving mentees' understanding of governance in practice.

The selection process for Board positions must always be fair, based on a standard and transparent evaluation process and criteria related to the critical competencies required for our success; and so we offer mentoring positions without any guarantee of Board appointment but rather as a benefit of FPM membership, and as an incentive for individual career development: participating in the governance mentoring program will equip mentees with the requisite skills to be successful as a company trustee where and whenever they join a board of trustees.

Whilst we provide no guarantee of appointment to FPM Board, the professional profile of mentees nonetheless responds to any gaps in our Board Competency Profile (as informed by our annual skills audit) and reflects the knowledge, skills, experience, and expertise required to deliver our strategic priorities.

MAINTAINING THE TALENT PIPELINE: PROFESSIONAL NETWORKS

Beyond the formal mentoring program, Trustees recognise that their responsibility to the long-term sustainability and success of FPM includes an obligation to explore their own professional networks to identify potential candidates for the Board. Trustees therefore undertake to continually assess their networks to identify and steward relationships with individuals whose values are aligned with those of FPM and whose skillset and experience will add value to our good governance.

PRACTICAL PLANNING

To guide the Board in its succession planning process, the Nominations Committee routinely addresses the following questions to determine our existing position and future needs:

1. Do we have a clear idea of what vacancies are open and when future vacancies will open?
2. Do we have a wish list of candidates for when vacancies do arise?
3. Do we have any current skills gaps (informed by our annual skills audit)?
4. How can we better fill our committees, Board working groups and/or special interest groups?
5. Are we adequately presenting FPM trusteeship as a desirable prospect?

In addition, at appropriate junctures in the governance cycle, we monitor Board turnover by:

1. Monitoring term limits for Trustees;
2. Reviewing the current Board and committee(s) membership;
3. Evaluating the relevance and effectiveness of current positions and updating role descriptions accordingly;
4. Conducting an annual Board self-assessment and appraisal, which informs our skills audit;
5. Conducting exit interviews with departing Board members;
6. Reviewing the needs of the Board's skillset and experience in relation to current strategic objectives and business priorities;
7. Identifying potential Chairs from the current group of Trustees and investing in their training; and
8. Implementing a buddy-system for newly appointed Board members.

Committees of the FPM may be established to help the Board be more efficient and/or effective in its governance function. Committees should not undermine the Board's delegation of authority to the Chief Executive, or that of the Chief Executive to other staff.

Accordingly:

1. A governance committee is a Board committee only if its existence and charge come from the Board, regardless as to whether Board members sit on the committee. When establishing a committee, the Board will carefully state its intended purpose, deliverables, estimated length of tenure or due date, its authorised resources (money and time), accountability and any communications expectations.

2. Board committees are to help the Board to do its job, not to help, advise or exercise authority over staff.

3. Board Committees ordinarily will undertake activities not delegated to the Chief Executive, such as due diligence for and preparation of policy alternatives and implications for Board consideration or performing specific monitoring functions.

4. Board committees may only speak or act for the Board when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with those delegated to the Chief Executive.

5. As the Chief Executive is accountable to the Board of Trustees, they will not be required to seek approval of a Board committee before an executive action.

6. Board Committee members are expected to abide by the Board's Code of Conduct.

7. This policy applies to any group that is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the Chief Executive.

8. Board committee performance and membership will be reviewed annually

To be updated following the planned review of the FPM's committee structure.

BUDGETING FOR GOVERNANCE

Poor governance costs more than learning to govern well, and so the Board will continually invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.

    a. Training and retraining will be used to orient new members, as well as to maintain and increase existing member skills and understandings.

    b. Outside monitoring assistance will be arranged, under the direction from the Board, so that the Board can exercise control over organisational performance. This includes, but is not limited to, audits, reviews or opinions on fiscal, legal or governance matters.

    c. Outreach mechanisms will be used as needed to ensure the Boards ability to listen to beneficiary viewpoints and values.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of effective capability. Line-item considerations for Board prerogatives include but are not limited to:

    -   Board training, including publications
    -   Board member travel / reimbursements (attendance at board meetings, conferences, workshops, etc.)
    -   Third-party "external" monitoring of organisational performance (other than fiscal audit).
    -   Surveys, focus groups or other linkage activities with beneficiaries
    -   Board meetings
    -   Board committee functions

3. The Board will establish its governance budget for the next fiscal year at its annual budget meeting.