



Governance Manual

IWA Board of Directors' Procedures and Guidelines

**Approved by IWA Board on 6 March 2018, Revision
Approved by IWA Board on 07 June 2022**

Introduction

This manual brings together some of the key materials and principles relevant to the role of a director and trustee of International Water Association (IWA). Some of these are mandated by the laws to which Directors and Trustees are subject. Others reflect guidelines for the operation, structure and composition of the Board and its Committees that have been agreed by the Board.

The purpose of this Manual is to assist IWA to achieve the highest standards of governance. It is not an exhaustive listing of all the legal requirements nor does it set out a complete code for conduct of the business of IWA. It should, however, provide helpful guidance on the key issues and represent a starting point for further discussion.

Note on terminology and interpretation

This Manual should be read in conjunction with the IWA Articles of Association and Bylaws. Words and expressions in the Manual have the same meaning as in these two key Governance Documents.

One area that often causes confusion is around the words "Trustee" and "Director." First, because in some countries, members of the senior management team often have the word Director in their title. Second, because under UK charity law, the members of the Board of Directors are also the Trustees of the Charity. In this Manual, *Director* is used in preference to *Trustee*; and a reference to a Director is a reference to a *Board Director*.

1. IWA LEGAL STRUCTURE

IWA is an international membership-based organisation which is incorporated in the United Kingdom. As it operates internationally, IWA is also registered in other countries, or may be present in those other countries through a subsidiary or other related incorporated entity.

There are two key elements to IWA's legal structure in the UK:

1. It is a company limited by guarantee; that is the liability of the members are limited to the extent of the guarantee each of them give (£1.00). The members do not hold shares in the company and they cannot sell their membership.
2. It is also a registered charity in the UK.

Company limited by guarantee

Some of the key characteristics are

- It is a company without a share capital and which is not traded on a stock exchange. Membership is personal and may not be transferred.
- Its members are not liable to contribute to the company's capital while the company is a going concern but they are liable, to the extent of their guarantees, if the company is wound up and a contribution is needed to enable its debts to be paid. In the case of IWA, this liability is the nominal sum of £1.00.
- No need for the word "limited" in company name. The Registrar of Companies may agree to dispense with the word "limited" from the name of a company limited by guarantee if certain requirements are met.
- It uses a legal structure that is common for not-for-profit entities, charities, technical and scientific associations and community or sporting associations.

Charitable status

A charity is an institution established for exclusively charitable purposes, i.e. it is for the public benefit and is not-for-profit.

The Objects of IWA are found in its Articles of Association. Article 3 states:

3.1 The purposes of the Association ('the Objects') are:

3.1.1 to promote the art and science of water management for the public benefit, particularly, but not exclusively, by the encouragement of education, training, study and research in water management and the publication of the useful results of such research;

3.1.2 to advance education of members of the public in the science and practice of water management;

3.1.3 to promote and enable the development and direct provision of water management schemes worldwide for the public benefit, where "water management" means the establishing, maintaining and securing the supply of safe and sustainable water supplies, stormwater systems and wastewater treatment and disposal systems.

The consequences of charitable status for IWA are tax reliefs and the enhancement of public confidence; it also means that IWA is subject to Charity law regulation.

Governing Documents

As with any company or other entity (whether incorporated or not), IWA is governed by its Constitution, which is known under UK Law as the "Articles of Association." The Articles of Association set out the Objects and Powers of IWA and then set the primary rules by which IWA will be governed.

The hierarchy of instruments outlining the legal obligations for a Board Member can be considered as follows:

Applicable laws and regulations (UK or elsewhere depending on scope of activities)
Articles of Association
IWA Bylaws
Policies, Procedures, Codes

Usually, the first place to look when a question of governance arises is the Articles of Association.

Membership

There are two broad categories of membership within IWA:

- a. Governing Members
 - Entitled to attend and vote at Annual General Meeting
 - Must receive a copy of the Annual Report and Financial Statements
- b. Ordinary Members
 - These fall into the classes of Corporate, University, Individual, Student, Retired and Honorary

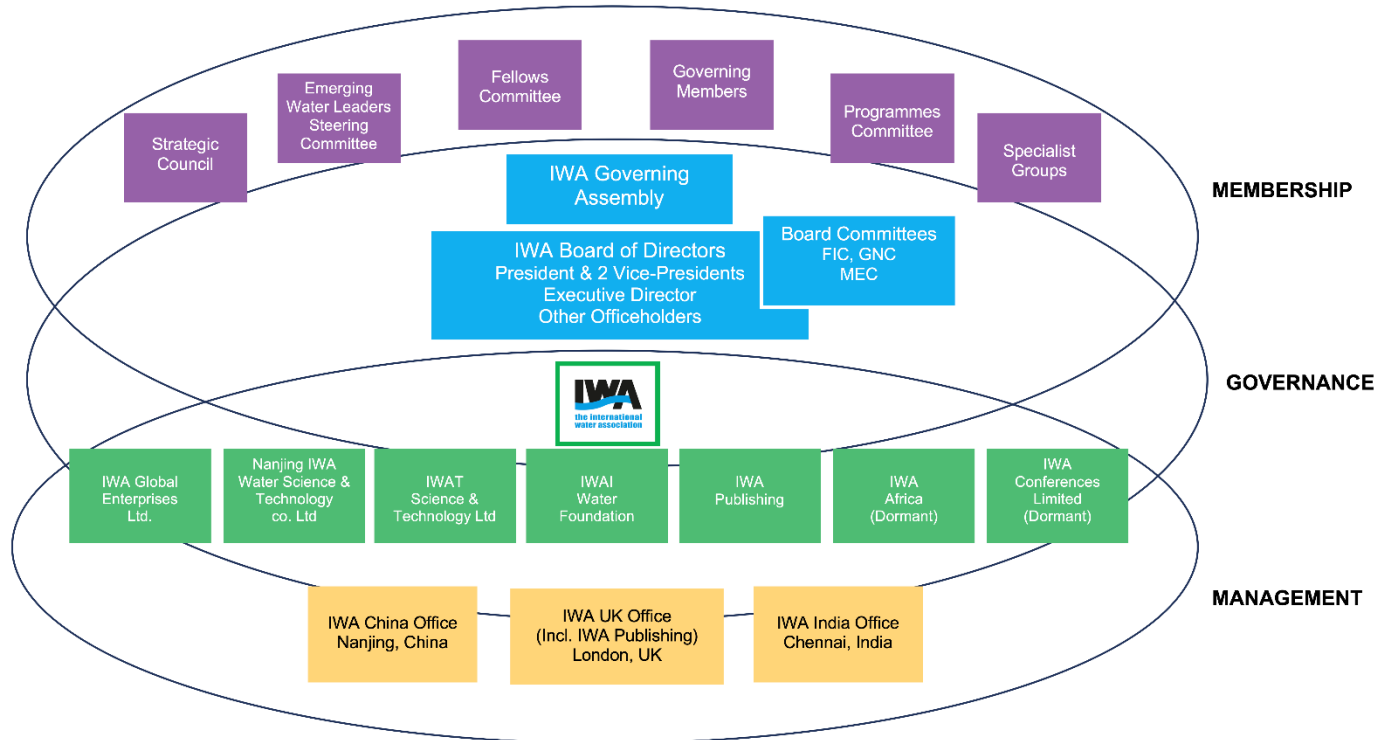
- (Fellows and Distinguished Fellows are Ordinary members with additional recognition and responsibility.)
- Have the benefits of membership but not the right to attend and vote at General Meetings etc

The Governing Members have a special role in overseeing the activities of IWA in general and the Board of Directors in particular. Directors are either elected or appointed by the Governing Members. There is a more detailed discussion of the role of Governing Members below.

Governance Structure and Organisational Framework

The organisational chart below aims to provide a concise overview, with accompanying descriptions, of the various IWA governance bodies, legal entities, offices and key member groups.

Organisational chart



- **Governance Body** Have a formal role in the overall legal and operational governance of IWA
- **Legal entity** Either IWA (a limited liability company) or one of its subsidiaries or related legal entities
- **IWA Office** An administrative group: this shows the physical location of IWA group staff
- **Member Group** Unincorporated groups or committees that guide, advise or contribute to IWA activities

Governance Bodies

The **Governing Assembly** is the standing committee of the Governing Members. It determines the Association's broad objectives, elects the Officers and advises the Board of Directors. The **Board of Directors** is composed of Officers (President, Senior Vice-President, and Vice-President), Other Officeholders and the Executive Director. It manages the business and sets the strategic direction of the Association in accordance with the Articles. There are three Board Committees: The **Finance and Investment Committee** reviews and advises the Board on matters relating to financial management, investment and remuneration. The **Governance and Nominations Committee** reviews and advises the Board on matters relating to the governance of the Association and nominations (including awards and committee membership). The **Membership & Engagement Committee** reviews and advises the Board on matters relating to membership and the Association's engagement with its stakeholders.

Legal Entities

IWA is registered in England and Wales as a charitable company limited by guarantee. It is the parent company of the IWA group and is the main legal entity through which the Association conducts its operations and activities. **IWA Publishing Ltd** is a wholly owned subsidiary of IWA. It is registered in England and Wales as a limited company and is the entity through which IWA's publishing activities are conducted. Its profits are transferred to IWA in the form of gift aid. **IWA Global Enterprises Ltd**, is a wholly owned subsidiary of IWA registered in England and Wales as a limited company. There are other non-operating subsidiaries within the IWA Group. In addition, where required for local operational purposes, IWA has established related entities – in China: Nanjing IWA Science & Technology Co. Ltd.; and in India: IWAT Science and Technology Private Limited and IWAI Water Foundation - with IWA's interests protected through license agreements and the right to appoint Directors.

IWA Offices

Brexit prompted the closure of IWA's operation in the Netherlands and relocation of activities back to the UK co-locating IWA and IWA Publishing within a new expanded London office. In recent years there has been an expansion of IWA operations to China and India to expand the Association's support to water professionals in the Asia-Pacific region. IWA's **UK Office** is in London and is the Registered office address for the Company. This is a new office which was opened in July 2020. This is where the majority of the IWA Secretariat is based, headed by the Executive Director, and where the Association's worldwide operations are coordinated. It is also the office where IWA Publishing is hosted and operates. IWA's **China Office** is in Nanjing and became fully operational in July 2019. It is IWA's main representation in the Asia-Pacific region and coordinates IWA's activities across the region. Several key activities of IWA also reside in the Nanjing office including Water Intelligence, IWA Learn, and Events Management. IWA's **India Office** in Chennai coordinates the Association's regional activities across South Asia and in particular supporting membership growth and enhanced IWA visibility in India. It is also the location of a sub-unit within the IT and Digital Transformation team working on data management of IWA content.

Member Groups

Governing Members are not-for-profit organisations which represent their respective countries in the IWA Governing Assembly. Their overarching aim is to fulfil the Association's mission and vision. Admission to Governing Membership is approved by the Board of Directors. The **Strategic Council** advises the Board and Governing Assembly on the strategic direction of the Association and assists in the coordination of member activities. It is composed of representatives of Specialist Groups and member segments. **Specialist Groups** are coalitions of IWA members structured around an area of specialist interest. They are self-managing with the support of the secretariat and conduct a range of

activities including organising conferences, producing reports and publishing papers. The **Fellows Steering Committee** coordinates the activities of the IWA Fellows and Distinguished Fellows programme, reviews nominations for the programme and makes recommendations to the Board. It is composed of two IWA Distinguished Fellows and six IWA Fellows. The **Programme Committee** is appointed by the Board to develop the scientific and technical programme for the World Water Congress. It also reviews and approves proposals for IWA-branded events around the world. The **Emerging Water Leaders Steering Committee** is a body of IWA's Young Water professionals. It provides advice to the Secretariat on engaging with young professionals in the water sector.

2. BOARD OF DIRECTORS' CODE OF CONDUCT

The Board of IWA aims to meet the highest standards of governance. It actively promotes ethical behaviour and decision making as set out in this Code of Conduct. Board members are expected to act with integrity to ensure that the interests and reputation of IWA are managed, protected and enhanced. In this Code of Conduct, a reference to IWA includes all IWA Group companies and related entities.

A Director will:

- act with honesty, in good faith and in the best interests of IWA
- use due care and diligence in fulfilling the functions of office and exercising the powers of that office
- use the powers of office for a proper purpose, that being in the best interests of IWA as a whole
- recognise that his or her primary responsibility is to IWA but should, where appropriate, have regard for the interests of all members and other stakeholders of IWA
- not take improper advantage of the position of Director nor make improper use of information acquired as a Director
- not allow personal interests, nor the interests of any associated person or entity, to conflict with the interests of IWA
- accept gifts only when they are of token value, are genuinely offered in the spirit of goodwill, and where the giver is not seeking favoured treatment
- be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board
- ensure that confidential information received in the course of the exercise of Directorial duties remains the property of IWA and not disclose it, or allow it to be disclosed, unless that disclosure has been authorised by IWA or is required by law, even after the Director ceases to be a Director or Officer of IWA
- not engage in conduct likely to bring discredit upon IWA
- comply with the spirit, as well as the letter of the law and with the principles of this Code.

In the discharge of their duties, Directors also commit to

- Contribute to a positive board behaviour and culture by showing respect for other board members opinions and allowing each member a fair and equal opportunity to contribute to discussion / decision making.
- The board recognises the importance and value of board diversity. Directors are expected to promote and encourage equity and inclusiveness throughout the organisation and to respect the different backgrounds, languages and cultures of the Board and the IWA membership
- Recognise the separate roles and responsibilities of the Board and management
- Be diligent and continuously strive to improve the Board's operation, including:

- Review board papers before board meetings and acquaint themselves with the issues confronting the board.
- Attend substantially all meetings of the Board and in those cases where attendance is not possible, to seek leave of absence
- Be punctual and not depart meetings early
- Direct any concerns regarding the conduct of the Board Meetings to the President without delay
- Develop an understanding of the role and functions of IWA

3. GUIDELINES FOR BOARD STRUCTURE AND OPERATION

The Board of Directors has the overall responsibility for the Corporate Governance of IWA, including its strategic direction, the review of the plans established by the management team, the monitoring of performance against those plans and the establishment and implementation of policies and internal controls

The existence of the IWA Board, like many others, is based on the belief that the effective oversight of an organisation exceeds the capability of any individual and that collective knowledge and deliberation are better suited to the task. To be effective, therefore, Directors must co-operate to exchange information, evaluate the merits of competing alternatives and reach well reasoned decisions.

The Board's success can be measured in relation to how well it performs its specific tasks and functions, as well as by analysing the Board's ability to work together, as evidenced by the cohesiveness of the Board. This is not to discourage vigorous debate on issues but to ensure that, as a group, the Board performs to its full potential.

These Guidelines are designed to assist the effectiveness of the Board, as the peak leadership group of IWA.

Role of Governing Assembly

The Governing Members collectively come together as the Governing Assembly. Usually this is at the Annual General Meeting.

The Governing Assembly is the opportunity for Governing Members to:

- Receive reports on IWA activities and performance
- Question the Board of Directors
- Elect the Officers (President and Vice-Presidents) and appoint other Officeholders
- Review By-laws
- Discuss the Strategic Direction of IWA
- Where necessary (and usually acting on the recommendation of the Board of Directors) amend the Articles of Association.

Full details of the role and powers of the Governing Assembly are in the Articles of Association.

It is important to note that the responsibility for the management of IWA rests with the Board of

Directors. The Board is accountable for the financial and operational performance of IWA. The Board reports to and consults with the Governing Assembly but the Board must make its own judgement and decisions.

Board Composition

IWA’s membership is diverse in many respects including culturally, linguistically, professionally and geographically. Additionally there are numerous interest groups and segments within IWA. Whilst the Board is required to have regard to the interests of all these constituencies, individual directors do not represent any one group or constituency, although they may bring specialised understanding or skills as a consequence of their own background or training.

To the extent permitted by the Articles of Association, the Board will aim to ensure diversity in its membership through:

- A broad range of appropriate skills, expertise and professional backgrounds. These may include:
 - academic ○ technical/engineering ○ legal ○ accounting ○ managerial ○ strategic
- Cultural, Age and Gender diversity
- Geographic and regional balance
- Sectoral or segment balance:
 - Utilities ○ Technology Providers ○ Industry
 - Research/Academia ○ Young Professionals ○ Consultants ○ Regulators

The Board has determined not to adopt a model of geographic (or segment) Board representation (where specific seats on the Board would be reserved for candidates from the nominated region or segment). The Board considers that the best balance of skills, experience and geographic or gender mix will be achieved through a robust nominations process under the auspices of the Governance and Nominations Committee which will follow current good practice for achieving, monitoring and disclosing board diversity.

Summary of Board Appointment Provisions and Terms

OFFICERS – ELECTED POSITIONS		
Contested Election from nominees who meet qualifying criteria		
Position	Election Timing	Term
President	Elected in “Off Congress” Year	Commences at end of World Congress and expires at end of next Congress. Up to two x 2-year terms; further terms if exceptional circumstances exist.
2 x Vice Presidents (one of whom is Senior V-P)	Elected in Congress Year	

OTHER OFFICEHOLDERS – APPOINTED POSITIONS		
Appointment must be confirmed by Governing Members		
Position	Appointment	Term
Immediate Past-President	Formally appointed in Congress Year	Commences at end of World Congress and expires at end of next Congress. One x 2-year term.

President-elect	Joins Board following election in "Off Congress" Year	One x 1-year term.
Treasurer	May be appointed in either a Congress or Off Congress Year	Up to two x 2-year terms; further terms if exceptional circumstances exist.
(Up to) 9 General Appointees	May be appointed in either a Congress or Off Congress Year	Up to two x 2-year terms; further terms if exceptional circumstances exist.

EXECUTIVE DIRECTOR
Appointed by the Board of Directors. Executive Director is a member of the Board of Directors. Term of appointment as per Contract of Employment.

The Board is ordinarily comprised of up to 15 Directors, but if the President elect is not already a Director, the maximum number is 16.

Other Directorships

Directors should be careful to avoid potential or perceived conflicts when considering other directorships, positions or roles. Directors should discuss such appointments with the President (Chairperson) prior to acceptance.

Board Proceedings

- The Board will meet at appropriate intervals when, and as often as, required to enable it to fulfil its responsibilities. Typically the Board meets four times per year – three times "face to face" and once "virtually", with the opportunity for additional meetings (face to face or virtually) if required.
- It is recognised that travel to attend all meetings is difficult for some Directors. Directors should attend as many meetings of the Board as possible and of those Committees of which they are members. If a Director is planning to be absent from a Board meeting, they should give advance notice.
- IWA Management and staff, nominated by the Executive Director, will attend at Board meetings to address issues relevant to their areas of responsibility. Directors can, through the President, request attendance by other IWA management or staff.
- The overall management of business of the Board meetings is the responsibility of the President in consultation with the Executive Director.
- The President is responsible for ensuring that, at each meeting, the business of the meeting is properly dealt with and the Directors have the opportunity to carry out their own responsibilities.
- All Directors, non-executive and executive, have the same rights and responsibilities in their capacities as Directors, and the Board must act as a whole when it is acting as a Board.
- There may, however, be circumstances in which the Executive Director should not participate in discussion of staffing and management where matters of individual privacy, significant personal

affiliation, material personal interest or conflicting duties are involved. To this end, the nonexecutive members may, from time to time, meet in the absence of the Executive Director.

- The Executive Director will, at each meeting, report to the Board upon all matters and raise for discussion all issues of which, in carrying out their roles, the Directors should be aware and on which they should be able to express a view. All Directors should also be made aware of matters likely to come into the public arena and of matters of material concern which may adversely or favourably affect IWA.
- The business of the Board over the year should include:
 - Consideration and/or revision and approval of the Strategic Plan and Business Plan;
 - Approval of Annual Budget, forward strategic plans and estimates for the Company including resourcing strategies and long term capital expenditure programmes;
 - Consideration and approval of proposed variations of a material nature to approved areas of operation or activity, plans and budgets;
 - Receiving and considering regular reports covering financial and operational performance against budget and reasons for material variations and trends;
 - Regularly receiving and considering reports from the Executive Director and other executives covering key performance indicators; all material aspects of IWA's operations, including key areas of risk and importance; and
 - Regularly receiving and considering reports from its major subsidiary IWA Publishing covering key performance indicators; financial and operational performance against budget and reasons for material variations and trends
- In their interaction at Board meetings and elsewhere, Directors must recognise that it is not their role to direct the day-to-day management of IWA. However management must recognise that the Directors have the right to information they seek for the purposes of discharging their role as a Director and that they have the right to receive answers to the questions they ask.
- The Executive Director is responsible for informing the Board, through the President, of any matter which has come to his or her attention and of which other Directors should, but may not otherwise, be aware.

Management and staff, in turn, should raise issues they wish to bring to the attention of the Board through the Executive Director, or in exceptional circumstances, through the President.

Outside and between Board meetings, the President is the principal point of contact with management, on behalf of the Board, on matters of substance. Chairpersons of Board Committees will have direct contact with members of management reporting and servicing those Committees.

Directors wanting to raise other questions or issues with members of management between Board meetings should advise the Executive Director of such approach, who will, in turn, keep the President informed of such discussions.

Directors should contact the President to raise matters of concern or which are not appropriate for discussion with the full Board.

- The proceedings of the Board are confidential and are not to be disclosed outside of the Board meeting other than as stated below.

Directors are expected to vigorously debate issues within the Board room and to continue to raise matters of concern if they feel they have not been adequately addressed. However, once a Board decision is taken, Directors are expected to support it publicly.

This does not preclude a Director disclosing matters, which in his or her genuinely held view, involve serious wrongdoing where all other avenues for addressing the issue have been tested without success (e.g. if a majority of the Board is acting improperly and the President is unable or unwilling to act).

Board Committees

The Articles of Association allow the Board of Directors to delegate any of its powers to committees consisting of such Directors or other persons as it decides.

- The Terms of reference, membership and Chair of any Committee will be determined by the Board of Directors;
- Committees do not have authority to incur expenditure except in accordance with a budget previously agreed with the Board of Directors
- Committee Chairs should report regularly to the Board on the work plan and deliberations of their Committee. The Committee Chair is responsible and accountable to the Board. As a matter of courtesy and to facilitate the management of the Board's business, it is usual for the Committee Chair to alert the President to issues as they arise and before raising them with the Board.
- The Board will endeavour to appoint at least one member that is nominated by or a representative of the Governing Assembly to each Board Committee. The three Board Committees are: Finance and Investment; Governance and Nominations; and Membership and Engagement.

Board-Staff Communications

It is important that Directors maintain a focus on their roles as non-executive Directors and do not become immersed in management matters. Nevertheless there are occasions where it is necessary and proper for Directors to communicate directly with staff. The following summarises the main principles to ensure that lines of communication are clear, consistent and supportive of the functions of the Board and staff.

- There are no restrictions on board-staff contact, but the Executive Director should generally be informed about all meetings that are scheduled.
- Because many meetings involve both staff and board -- such as preparation for committee meetings -- it is not always viable to insist that the Executive Director be present at all such meetings, but all parties should try to keep the Executive Director informed of substantive meeting/discussions.
- For all email communications from board to staff and staff to board that are directly related to board matters, including governance, policy and strategy, the Executive Director must be copied on all such communications.
- As most Directors are active members of the Association, it is natural that from time to time they will be contacted by or need to contact staff for non-board matters (Example: in relation to Specialist Group coordination or event coordination). It is at the discretion of the Director and staff member to determine the need to include the Executive Director in such communications. In using their discretion, all parties should consider whether the issues to be

discussed are related to board matters (i.e. governance, strategy or policy). Should there be any doubt, the Executive Director should be included in such communications.

- Directors may request information and reports (such as another copy of the budget or last month's membership statistics report), but they must stop short of directing staff work by asking for reports that are not already prepared or otherwise asking staff to perform tasks. New reports and tasks can be requested of the Executive Director.
- Staff grievances must go through the channels specified in the personnel policies. Directors should direct staff complaints to those channels.
- Should a Director feel that they are unjustifiably being prevented from communicating with staff, they should communicate this to the Executive Director and President in order to resolve the situation.
- Should a member of staff feel that they are receiving requests – for meetings, information, or reports – from a Director that do not fall within the remit of the Board and / or may result in additional work load, they should communicate this to the Executive Director who will take action accordingly.
- The Executive Director is always available to support and guide Directors in regards to communications with staff, to ensure the right staff member is identified for the issue in hand.
- The Association has a whistleblower policy to protect staff and to comply with the law.

4. DIRECTORS' AND TRUSTEES' LEGAL OBLIGATIONS

Introduction

The legal obligations of IWA's Directors largely reflect those of directors of companies generally. IWA's Directors are subject to the provisions of the Companies Act which reinforce and codify many of the common law directors' duties as well as imposing specific requirements. Additionally, Directors and Trustees of the Charity must comply with the Charities Act and the other related laws. These laws complement the laws relating to companies.

A Director is a fiduciary – a role which must be undertaken with utmost good faith and which involves duties of loyalty and care. To some extent, these have also been codified in the statutory provisions which appear below.

This Statement sets out a high-level summary of those duties. They are not a comprehensive legal statement and Directors should request further advice if they require it.

There are presently seven key duties codified under the Companies Act 2006 sections 171 to 177, which reflect the common law and equitable principles.

General Directors' Duties

a. Duty to Act for a Proper Purpose

The first director's duty under section 171 is to follow the company's constitution, but also only exercise powers for the "proper purpose" relating to the power. In determining whether a purpose is proper or in the best interests of the IWA as a whole;

Directors **should:**

- have regard to the purposes set out in the IWA's Articles of Association

Directors **should not:**

- only have regard to the interests of any particular group
- use company assets for personal enrichment
- use their position or information gained as a director to gain advantage for themselves or others or cause detriment to IWA

Directors must act independently, in good faith. They must not use their position to promote the interests of a particular group or act as if answerable to an appointing interest rather than the Company as a whole.

b. Duty to promote company success

This duty is set out in section 172 of the Act and provides that a director: *“must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole”*

This is very similar to the existing common law duty to act in the “best interests” of the company. However the section also sets out a list of non-exhaustive factors which a director must consider while evaluating what would be likely to “promote the success of the company”:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the members of the company.

c. Duty of Care and Diligence

Directors must display the care, skill and competence that is reasonable for somebody carrying out the functions of the office, and if a director has any special qualifications an even higher standard will be expected.

This means that Directors must meet as often as circumstances require and not simply on periodic occasions with no involvement between meetings. Directors must inform themselves with respect to matters for their decision to the extent they reasonably believe appropriate. In order to discharge this duty:

Directors **should:**

- ask questions of, and request information from, the Executive Director and management in Board meetings, or through the Executive Director or President outside of Board meetings
- ensure proper systems are established for the management and supervision of IWA in respect of its business and financial affairs and to comply with the law and meet the objectives or purposes of IWA
- rely on the proper discharge by management of their responsibilities
- make judgments in good faith and for a proper purpose
- inform themselves about the subject matter to the extent they believe appropriate
- rationally believe the judgement is in the best interest of IWA and that belief is not one which no reasonable person would hold

Directors **should not:**

- try to manage IWA or seek to be involved in decisions properly included in the delegation of day to day operations to the Executive Director
- instruct staff members on operational matters
- ignore warning signs that put them on notice that there may be problems with respect to the management of IWA or its compliance with laws
- have a material interest in the subject matter under decision

d. Duty to avoid Conflicts of Interest

Directors must avoid any situation where they have or can have an interest that directly or indirectly conflicts with their duties to IWA or IWA's interests. This duty specifically applies to a director exploiting any property, information or opportunity.

Directors must disclose any potential conflict that arises from a personal interest or conflicting duty. A Director with a material personal interest in a matter being considered at a Board meeting must not be present or vote on the matter unless the rest of the Board resolves that the interest should not disqualify the Director from voting or being present.

e. Duty to Declare Interests

Directors must declare to Board the "nature and extent" of any interest they may have in any transaction or arrangement to which the company is or may be a party. If they are aware of their interest a director must declare their interest before the arrangement is entered into or, if the director only becomes aware of their interest (or the interest only arises) after the company has entered into the arrangement, then a director must declare as soon as possible.

Declarations under either section may be made either at a board meeting or by notice in writing or by a general notice. A director must update any declaration if it becomes inaccurate or incomplete.

f. Duty to take no third party benefits

A Director may not accept a benefit (e.g. gifts or inducements) from third parties arising from their position as a director or which are intended to induce the director to act in a certain way. There will be no breach if the gift or inducement cannot reasonably be regarded as giving rise to a conflict or if it amounts to payment for services provided.

g. Duty to exercise independent judgment

A director is on the board to act in the best interests of the company as a whole and not to represent the interests of any particular stakeholder and/or external parties. The rule applies irrespective of the circumstances in which the director has been appointed.

Right to Information

A consequence of the above is the Directors' right to sufficient information to enable them to properly discharge their duties. In this respect,

Directors **should:**

- request such information as they require to fulfil their responsibilities as a Director of IWA
- respect the need for confidentiality of such information, including if necessary, viewing it in a confidential place at the offices of the IWA

- direct such requests for information through the Executive Director or President

Directors **should not:**

- request information other than for the purposes of discharging their role as a Director

The role and responsibilities of a charity trustee

Section 97(1) of the Charities Act 1993 states that ‘charity trustees’ means the persons having the general control and management of the administration of a charity’. As outlined earlier, IWA is a Charity and the Board Directors are therefore also Trustees.

It is the responsibility of the trustees to apply the income and property of the charity for the purposes set out in the governing document and for no other purpose and to do so with complete fairness between persons who are properly qualified to benefit from it. Trustees must also apply the income of the charity for its purpose within a reasonable period of receipt unless the trustees have an explicit power to accumulate it or unless it is retained in accordance with an agreed reserves policy. The trustees are required to act reasonably and prudently in all matters relating to the charity and to always bear in mind that their prime concern is that of the charity.

The following is an excerpt from the Charity Commission publication “The Essential Trustee: What you need to know” (July, 2015)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/617828/CC3.pdf

Summary of trustees' main legal responsibilities

Ensure your charity is carrying out its purposes for the public benefit

You and your co-trustees must make sure that the charity is carrying out the purposes for which it is set up, and no other purpose. This means you should:

- ensure you understand the charity's purposes as set out in its governing document
- plan what your charity will do, and what you want it to achieve
- be able to explain how all of the charity's activities are intended to further or support its purposes
- understand how the charity benefits the public by carrying out its purposes

Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally.

Comply with your charity's governing document and the law

You and your co-trustees must:

- make sure that the charity complies with its governing document
 - comply with charity law requirements and other laws that apply to your charity
- You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.

Act in your charity's best interests

You must:

- do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
- with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
- avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
- not receive any benefit from the charity unless it is properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner

Manage your charity's resources responsibly

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- avoid exposing the charity's assets, beneficiaries or reputation to undue risk
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds or selling land

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty.

Continued

Act with reasonable care and skill

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary
- should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

Ensure your charity is accountable

You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective
- ensure appropriate accountability to members, if your charity has a membership separate from the trustees
- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

5. ROLE OF THE CHAIRPERSON (PRESIDENT OF IWA)

As regards legal obligations, the President – as Chairperson of the Board – is in exactly the same position as all Directors of the IWA and is subject to all the duties outlined in the section on Directors' Legal Obligations

There can be no universal job description for the role of Chairperson. It will vary with the personality and style of incumbents and the external environment that faces the IWA during their tenure.

The following discusses some key aspects of the position and provides guiding principles for the way in which the role will be carried out.

Board responsibilities

The President has a specific role and delegated powers in respect of the operation of the Board but has no additional powers or authority beyond that of other directors in respect of decisions about the IWA's business except as set out in the Articles of Association or the Scheme of Delegations. In this regard, it should be noted that:

- The President has certain specific authority under the Scheme of Delegation
- The Board routinely authorises the President to do 'other things' e.g. where a second signatory is required, it will most often be by the president.

As Chairperson, the overarching obligation is to ensure that the Board properly discharges its responsibilities.

If the President is required to make decisions without the opportunity to consult all directors, he or she will act in light of an assessment of what the Board would wish to do in the circumstances.

Board leadership

The IWA's President's role must be to ensure that the Board fully utilises the knowledge and skill available to it (i.e. Board members must elicit and respect each others' expertise, build upon each others' contributions and seek to combine their insights in constructive ways). The President should also seek appointments to the Board which ensure the right calibre and mix of Directors.

The President will seek to ensure that Directors are aware of each others' areas of expertise; that Directors feel free and open to ask questions and share ideas and that all Directors are given an opportunity to participate and appropriately influence decision-making.

Board Direction

A key aspect of the President's role is to ensure that the Board has defined its role and relationship with management to enable both to function effectively and efficiently.

This includes overseeing the establishment of Board committees, their remit, composition and reporting procedures, ensuring that there are appropriate processes for strategy planning and budgeting, senior executive appointments, performance management, remuneration and succession planning and all other key responsibilities of the Board.

Chairing the Board

Board meetings

This is where the Board carries out most of its responsibilities. The President's role includes:

- ensuring appropriate matters are brought before the Board for information, discussion or decision as the case may be. This involves ensuring there is an appropriate programme of Board activities each year; agreeing the agenda of each meeting with the Executive Director, and discussing with him or her which are the most important items and how they can best be handled. The President is also the point of contact for non-executive Directors wishing to have items placed on the agenda.
- ensuring that information provided to the Board is appropriate to enable Directors to discharge their responsibilities. It should be relevant, professional, clear and concise.
- ensuring that Directors are exposed to a range of individuals from throughout IWA to ensure that their information is not only channelled and screened through the Executive Director.
- ensure that every opportunity is provided for the full experience of all directors to be brought to bear on key issues. This involves recognising who may have a particular contribution to make on each issue and encouraging their participation and avoiding too much time being spent on less important matters or contributions. There is also the normal chairperson's responsibility to recognise when a consensus is emerging, to articulate it and to ensure that any decisions are unambiguous - particularly when formal resolutions have not been drafted.
- fostering a climate of openness and sense of common purpose which allows vigorous debate without acrimony, where contributions are valued and not derided, which avoids the formation of cliques, and recognises the overlapping but different roles of executive and non-executive Directors.

Between meetings

Between Board meetings, the President is the principal point of contact with management on matters of substance. Non-executive directors should contact the President to raise matters that are not

appropriate for discussion with the full Board and the President should aim to agree a course of action to follow up any issues raised.

Board review

A key responsibility for the President is to review whether the Board is performing effectively. An important aspect of this is developing a suitable process for reviewing performance of Directors and implementing it and seeking to improve the Board's collective performance.

The President and the Executive Director

The President is also the principal source of non-executive advice to the Executive Director between Board meetings. As such the Executive Director should inform the President of any important and urgent matter which arises between Board meetings and the President will discuss with the Executive Director whether it requires involvement of the Board and, if so, what form this should take. When authority is given to management to proceed with an action before consulting the full Board then this process is revealed to the Board by the Executive Director or President at the next meeting.

The President should be readily approachable by the Executive Director to discuss any matters of concern to him or her. The President can serve as a sounding board for the Executive Director, assisting him or her to maintain perspective in the performance of the role.

6. INDUCTION OF NEW DIRECTORS AND DISCLOSURE REQUIREMENTS

Prior to being appointed to the Board, Directors, nominate must provide the Company Secretary with a Consent to Act and any personal details that may be required to meet legal, probity or any other reasonable requirements of the Association. This includes disclosure of personal interests for the purposes of related party transactions or potential conflicts of interest.

If there is any material change to a Director's personal circumstances including their residential address, this must be communicated as soon as possible to the Company Secretary. Disclosures will also routinely be updated annually at the initiation of the Company Secretary.

New Directors will be provided with appropriate induction and training, including copies of or links to:

Material

- Governance Manual
- Strategic Plan
- Most recent Annual Report and Financial Statements
- Articles of Association
- ByLaws and Operating Procedures
- Code of Conduct
- Schedule of Delegated Authorities
- Current Budget and Work Plan
- Most recent Board Papers
- Committee Terms of Reference
- Schedule of Board meetings
- Short biographies of other directors
- Hallmarks of an Effective Charity (UK Charity Commission)
- The Essential Trustee (UK Charity Commission)

- IWA Travel Policy

Briefing

- Introduction to members of IWA management team
- Briefing on key activities and initiatives
- Briefing on IWA Policies, Procedures and Financial arrangements

Training

- Introductory training session on Duties and Responsibilities of Directors and Trustees
- Opportunity for supplementary training as needed (e.g. via Institute of Directors, NCVO, et al)