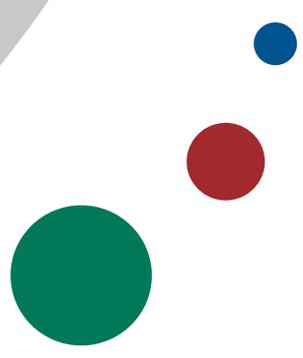




# BOARD APPOINTMENT GUIDE FOR CHARITIES

Foreword by  
**Senior Minister Tharman Shanmugaratnam**





The Board is like the team which pilots a ship. Every member of the team has a vital role to play in ensuring that the ship gets to its destination safely and on time. The team is required to know the destination and what the ship might encounter along the journey. The instruments on board give timely warnings of impending challenges to the ship, whether mechanical or caused by the weather. Team members are then expected to give appropriate guidance and instructions to crew members to deal with the arising situations.

From time to time the ship is upgraded and team members have to be trained and be familiarized with the operational requirements. Sometimes new team members who are familiar with the newly installed equipment have to be recruited. Sometimes team members are transferred to other ships to pass on their skills.

The Board of an organization operates very much like the team operating a ship. The Guide on Board Appointments covers a comprehensive range of topics which an organization must be mindful of to build a strong and effective board which can pilot the organization towards achieving its Mission and Vision. The Guide is indeed a valuable tool for all Charities.

**DR GERARD EE**  
Chair of Charity Council



As demands rise for accountability, transparency and effectiveness, charities like other organisations, need to pay serious attention to whom they appoint as leaders and stewards on the board. A sound appointment and renewal process should be developed. This Guide will equip charity boards with tools and counsel as they seek not only to do the right thing, but to do things right.

We wish to express our sincere appreciation to Ernst & Young Advisory, Singapore Institute of Directors and National Volunteer and Philanthropy Centre for partnering the Council for Board Diversity in developing this Guide. We are also grateful to members of the Review Panel for sharing their perspectives, time and support to make this Guide more useful and applicable to charities.

**LOH BOON CHYE AND MILDRED TAN**  
Co-Chairs of Council for Board Diversity



# FOREWORD

---

Charities create value, in more ways than one. They enhance the lives of people with various needs, complementing and going beyond what families and government can do. They advance public awareness and support for worthwhile causes. And underpinning all they do, they infuse passion in community building.

But as they grow, the demands on charities are becoming more complex. Sustaining passion, public support and impact requires reliable governance, including competent and steady boards and good processes to ensure accountability. This has been behind the collective push by both government and the people sector to help professionalise the charity sector in recent years. The introduction of the Code of Governance for Charities and Institutions of a Public Character, amongst other initiatives, has progressively strengthened our charities' governance capabilities and spread best practices.

This Board Appointment Guide is a valuable addition to the suite of resources we now have for charities.

It suggests practical steps in how charities can set up, run and refresh their Boards. It recognises that various skillsets and experience – and also, typically neglected areas like board culture and dynamics – are required for an effective board, that can help charities respond well to challenges and opportunities.

An effective board does not come by chance. Whether it is in attracting and selecting board members, training them, evaluating board performance, or preparing for succession, none of this happens on its own without intention, or without planning. In fact, it is easy – especially during challenging times like the current COVID-19 pandemic when many charities are working doubly hard – to overlook many of these areas, even as they are critical now more than ever as enablers for success.

It is heartening that this Guide was developed through collaboration between the people and private sectors, drawing on a wealth of collective experience and expertise. It also reminds us that charities can never be alone in serving the community.

**THARMAN SHANMUGARATNAM**

Senior Minister and Coordinating Minister for Social Policies

# CONTENTS

---

What Does This Guide Explain?	6
-------------------------------	---

---

## Section 1:

What Is The Role Of The Board?	7
--------------------------------	---

## Section 2:

### How To Best Compose Your Board

1	Look for skillsets and experience	8
2	Determine the suitable Board size	8
3	Determine ideal traits and characteristics of Chair and Members	9
4	Assure Board independence	10
5	Embrace Board diversity	10
6	Form Board Committees	12
7	Formalise Board and Office Holders' Terms of Reference	14
8	Board evaluation	16
9	Create a renewal and succession plan	17
10	Cessation of Board Membership	18

## Section 3:

### How To Nominate and Appoint Your Next Board Member

1	Identify desired traits and characteristics of new Members	20
2	Search using a wide range of channels and methods	21
3	Shortlist, assess and recommend for the Board's endorsement	22
4	Appoint Members with clear indication of duties, authority and expected commitment	23
5	Provide appropriate induction and ongoing training for Members	24
6	Evaluate the performance of the Board and individual Board Members	25

# CONTENTS

---

## **Section 4:**

### **How To Optimise Your Board Effectiveness Through Board Culture and Dynamics**

- |          |                                     |           |
|----------|-------------------------------------|-----------|
| <b>1</b> | Board – Chair Relationship          | <b>26</b> |
| <b>2</b> | Board – Executive Head Relationship | <b>27</b> |

## **Section 5:**

### **What Boards Can Do To Attract New Members** **28**

---

## **Appendices**

- |           |   |           |
|-----------|---|-----------|
| <b>A:</b> | Sample Nominating Committee Terms of Reference  | <b>30</b> |
| <b>B:</b> | Sample Board Member Terms of Reference  | <b>31</b> |
| <b>C:</b> | Sample Board Chair Terms of Reference   | <b>36</b> |
| <b>D:</b> | Sample Treasurer Terms of Reference   | <b>37</b> |
| <b>E:</b> | Sample Secretary Terms of Reference   | <b>38</b> |
| <b>F:</b> | Illustrative Example on Term Limits   | <b>39</b> |
| <b>G:</b> | Understanding the Internal and External Environments in Formulation of a Strategic Plan | <b>40</b> |
| <b>H:</b> | An Example of Diversity Matrix for Identifying Potential Board Members                  | <b>41</b> |
- 

## **Acknowledgements** **42**

## **Glossary** **44**

# WHAT DOES THIS GUIDE EXPLAIN?

---

This Guide aims to provide Boards of charities in Singapore with useful considerations for nominating and appointing Board Members. A useful starting point is to consider the strategic relevance of reflecting diversity in terms of skillset, experience, gender, age, ethnicity, and other forms of demography<sup>1</sup> on their Boards. Boards that continually assess their structure and composition will be better placed to maintain their strategic focus, meet the needs of the organization, serve beneficiaries, and optimize organisational performance.

Enhancing Board diversity is crucial for accomplishing the charity's goals. Out of the varied elements of diversity, gender diversity is one of the easiest to demonstrate and therefore an aspect of diversity that Boards should actively pursue. Besides being a visible and important aspect of diversity, there is also a substantial pool of talented women suitable for charity Boards and many avenues to find them.

This Guide recommends and highlights:

- **'Foundational standards'** – this comprises mandatory requirements consistent with the Charities Act and its subsidiary legislations such as the

Charities (Registration of Charities) Regulations, Charities (Accounts and Annual Report) Regulations, Charities (Large Charities) Regulations. It also refers to the Code of Governance for Charities and IPCs' guidelines under the Basic and Intermediate tiers;<sup>2</sup>

- **'Exemplary standards'** – these are current best practices that charities could aspire towards as they seek to enhance their standards of accountability, transparency and good governance. This also includes some of the guidelines under the Enhanced and Advanced tiers of the Code of Governance for Charities and IPCs.<sup>3</sup>

It is worthwhile to note that charities can be structured as Companies Limited by Guarantee (CLG), Societies or Trusts. This Guide applies to charities structured as CLGs and Societies, which are more common forms of charities today. It is not intended for charities structured as Trusts, although the principles mentioned have relevance to Board Members of Trusts as well.

This Guide should be read in conjunction with the Code of Governance for Charities and IPCs.

**This Guide will be useful for all charities regardless of whether they have a Nominating Committee. It is the principles behind the nomination and appointment process that matter most.**

---

<sup>1</sup> Demography refers to age, gender, race, ethnicity, education, income, disabilities etc.

<sup>2</sup> According to the Code of Governance for Charities and IPCs, the 'Basic' tier applies to charities with gross annual receipts or total expenditure from \$50,000 to less than \$500,000. The 'Intermediate' tier applies to charities with gross annual receipts or total expenditure from \$500,000 to less than \$10 million, and IPCs with gross annual receipts or total expenditure of less than \$500,000.

<sup>3</sup> The 'Enhanced' tier applies to large charities with gross annual receipts or total expenditure of \$10 million or more, and IPCs with gross annual receipts or total expenditure from \$500,000 to less than \$10 million. The 'Advanced' tier applies to large IPCs with gross annual receipts or total expenditure of \$10 million or more.

## Section 1:

# WHAT IS THE ROLE OF THE BOARD?

### Provide Stewardship

The Board, as stewards of the charity, is responsible for steering towards and overseeing its long-term goals and strategies, and ensures that the charity is run effectively and sustainably.

#### The Board

- Provides entrepreneurial leadership;
- Manages risks;
- Gathers adequate resources to enable the charity to operate effectively and responsibly in the short term and achieve its strategic mission in the long term. This includes making sure that the charity has sufficient funds to operate and strives towards financial sustainability;
- Ensures the charity's compliance with its governing instruments, relevant laws, and regulations;
- Maintains an ethical corporate culture and demonstrates transparency and accountability to key stakeholder groups. This lays the foundation for the charity's reputation, standing and long-term sustainability.

### Guide the Charity's Management

Naturally, the Board works closely with the Executive Head and management, guiding, reviewing, encouraging and challenging their recommendations constructively as well as reviewing their performance. A good working relationship between the Board and management – built on mutual respect, commitment to the charity's cause and hard work – will foster a culture of excellence and professionalism in balance with passion and teamwork.

### Grow the Value of the Charity

Unlike listed corporations whose value is defined by financial markets, a charity's value is defined by its services for and impact on the community, encapsulated under its vision and mission. Board Members need to understand and commit to achieving the charity's vision and mission, in order to increase the value of the charity over time.

This understanding and commitment will sustain the active involvement of Board Members (who are likely to be volunteers) both for the immediate future and the longer term. This forms the basis of the role of charities in our community.



## Section 2:

# HOW TO BEST COMPOSE YOUR BOARD

---

It is important to keep uppermost in mind the charity's mission and strategy when identifying core competencies, skills and experience in potential Board Members, beyond what is immediately apparent for operational needs.

## 1

### Look for skillsets and experience

useful and related to the charity's services and operation.

Typical skillsets required of Board members:

- Accounting;
- Audit;
- Branding, Marketing, Communications, and Public Relations;
- Data & Analytics (including impact measurement);
- Donor Management and Fund-raising;
- Finance and Investment;
- Governance (including familiarity with the Code of Governance for Charities and IPCs ("Code") and applicable laws and regulations);
- Human Resources and Talent Management;
- Industry regulation e.g. health, education;
- Legal;
- Risk and Crisis Management;
- Technology, Digitalisation & Digitisation, Cyber Security;
- Volunteer Management.

## 2

### Determine the suitable Board size

based on the needs of the charity, while balancing the difficulties of managing the deliberations of a large Board and meeting quorum, and small Boards that may be overly dependent on a few individual Board Members. According to the Council for Board Diversity, on average, IPCs have 11 Board Members and the top 100 largest IPCs by receipts have 14 Board Members.

#### **Foundational**

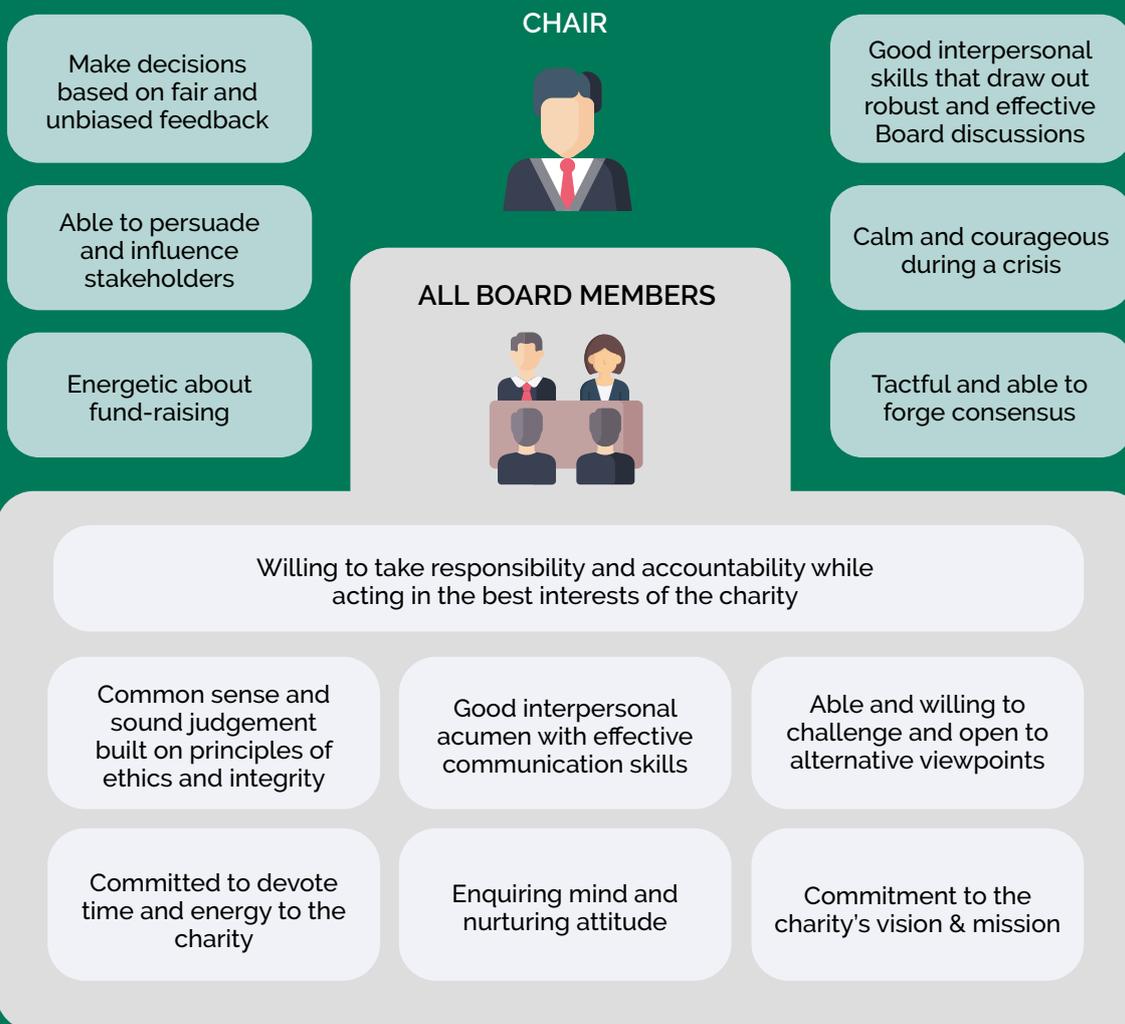
- The Charities (Registration of Charities) Regulations mandates a minimum of three Board Members with at least two being Singapore citizens or permanent residents.
- A "large charity" under the Charities (Large Charities) Regulations requires at least 10 Board Members.

### 3 Determine ideal traits and characteristics of Chair and Members

As stewards of the public good, the Board should comprise Members who possess attributes like integrity, mature confidence, and high standards of excellence (Code ID 1.1.11).

In particular, the Board Chair plays an important role in drawing out the Board’s collective wisdom and setting the culture of the charity. The Chair provides leadership, drives Board effectiveness and effective supervision of the operations of the charity, leads Board development as well as drives recruitment and succession planning. In establishing a new charity, Board Chairs are also instrumental in establishing its vision and mission.

Exhibit 1: Traits and characteristics of Board Chair and Members



Source: Singapore Institute of Directors Singapore Governance For Outstanding Organisation Directors (SGOOD) Module 2 on Board Dynamics and 'Importance of Diversity on Charity Boards: Do You Know Who You Need and How To Find Her?' by Mr Shai Ganu and Mr Suhaimi Zainul-Abidin

# 4

## Assure Board independence

by ideally having all, if not the majority, of the Board Members who are independent from staff working for the charity.

### Foundational

- To ensure independence of the Board, staff of charities may only become Board Members if (Code ID 1.1.3):
  - » This is expressly permitted by the charity's governing instrument;
  - » They do not comprise more than one-third of the Board; and
  - » They do not chair the Board.
- Charities should put in place documented procedures for Board Members and staff to declare actual and potential Conflicts of Interest (COI) to the Board at the earliest opportunity (Code ID 2.1).

### Exemplary

- Put in place a COI policy and require declaration of COI annually.
- Define in the COI an independent Board Member as someone who is not:
  - » Related to any staff working for the charity;
  - » Compensated as an officer or contractor, directly or indirectly;
  - » Involved in any transaction within the charity or entity closely associated with the charity.
- Define relevant exceptions to the rules of independence.

# 5

## Embrace Board diversity

to accomplish the charity's mission.

Having a diverse charity Board:

- Provides a broader range of viewpoints for a fuller understanding of choices and their impact on the diverse communities it seeks to serve;
- Minimises susceptibility to strategic blind spots;
- Results in richer discussions and a more robust decision-making process, by drawing on the diverse knowledge and experience of individual Board Members;
- Enables sharper identification of opportunities and more effective mitigation of risks.

Some Non-Profit Organisation (NPO) leaders regard diversity in technical expertise/skills to be the more important forms of diversity on charity Boards.<sup>4</sup> However, charities are encouraged to embrace other aspects of diversity such as gender, age, ethnicity, and other forms of demography<sup>5</sup> as these provide useful perspectives for accomplishing charities' goals.

### Exemplary

- Communicate Board Diversity Policy and the progress made in achieving the Policy objectives to stakeholders (see Section 5).
- Consider the need for critical mass when pursuing demographic diversity, to support broad thinking and create a culture that thrives on the creative tension of different perspectives and the cross-pollination of ideas, all of which are necessary to achieve good corporate governance.
- Never appoint token Board Members from a particular gender, ethnicity or age group (which may be a temptation if a single Member ticks all boxes of demographic diversity). Such appointees are likely to feel isolated and will not stay for long or contribute to the best of their abilities.

<sup>4</sup>Source: Handbook on Effective Non-Profit Boards 2020 by National Volunteer and Philanthropy Centre.

<sup>5</sup>Demography refers to age, gender, race, ethnicity, education, income, disabilities etc.

# SPOTLIGHT ON

## *Women on Boards of Charities*

One would expect gender-balanced Boards to be a norm in the charity space given that women are said to have greater interest in charitable work. However, women held only one-third of Board seats of the IPCs in 2020 on average.<sup>6</sup>

Many charity Chairs still claim difficulty increasing the gender diversity of their Boards despite acknowledging its value to the Board and the organisation. The notion that there aren't women with both the passion and the ability to be effective charity Board Members is simply untrue. You certainly need to look out for them, but you would not need to look too far to find them.

There is an increasing number of women who have risen to C-suite positions, especially in the past decade, and there is correspondingly a substantial pool of talented women immediately below the

C-suite level who can be particularly suitable for charities. In addition, many enlightened companies now encourage their high-potential talent, including women, to seek developmental experience outside the organisation. This includes taking on non-executive Board positions at charities. So there is no shortage of willing and able women for charities to tap on.

While there has been much commentary and publicity about Board diversity and how it contributes to Board and organisational performance, the importance of diversity among charities takes on a different magnitude of importance because diversity reflects and enables inclusivity and acceptance, which is ultimately what charities are all about.

*Source: The Business Times on 5 March 2020, "The case for greater gender diversity in non-profit boards" by Shai Ganu and Suhaimi Zainul-Abidin*

<sup>6</sup>Source: The Council for Board Diversity.

# 6

## Form Board Committees

to build focused expertise, devote sufficient attention to the specific matters assigned to it, and provide advice to the main Board for further endorsement if necessary.

### *Foundational*

- Boards are required to minimally form an Audit Committee (AC) and a Finance Committee (FC). The Treasurer and FC Chair should not concurrently chair the AC. Besides the Board Committee Chair, other Committee Members need not be serving on the Board (Code ID 1.2.1).
- Board Members holding the position of Treasurer or FC Chair have a maximum term limit of four consecutive years. Reappointment can be considered after a lapse of at least two years (Code ID 1.1.7).

### *Exemplary*

- Provide for the establishment of specific Committees in the governing instrument of the charity and specify term limits for Board Committee Members as determined by the Board.
- Establish formal Terms of Reference for each Committee, endorsed by the Board to ensure effectiveness and accountability (see Section 2.7).
- If required, specify attributes desired of the Committee Chair and/or Committee Members.
- Nomination and appointment processes are best delegated to a Nominating Committee (NC) or selected individuals within the Board. Ideally, the NC should not be headed by the Board Chair, so that the Board Chair's opinion does not dominate the decision-making process.

Staff work groups (comprising employees) may also be established to fulfil certain objectives directed by the Board. The nature of their responsibilities relate to operational matters and generally consist of members chosen from senior management.

The Board retains ultimate responsibility for any decisions made by the staff work groups and hence should ensure adequate communication, sharing of information, and regular reporting prior to making major decisions at the staff work group level.

# *What if* you do not have an NC?

*In absence of an NC, the Chair should ideally delegate responsibility to another Board Member such as the Vice-Chair.*

*Large charities with more than 10 Board Members should ideally constitute an NC, to ensure that matters of Board renewal and composition receive the appropriate level of attention and resources.*

*Boards can consider combining the role of NC with that of a Remuneration / Human Resources Committee, if Board resources are limited.*



# 7 Formalise Board and Office Holders' Terms of Reference (TOR)

## Foundational

- Written TOR should be established to formalise the authority and duties of the Board and each of its Board Committees.

## Exemplary

- The Board could aim to review and ratify the TOR at least once per term to ensure its continued relevance to the Board's objectives and responsibilities, and to reflect any change in regulations.
- Similarly, it is recommended that the TOR for Board Committees and key office bearers (e.g. Chair, General Secretary, Treasurer and NC are established and renewed regularly by the Board (see Appendices A to E for sample TOR).

# SPOTLIGHT

# ON

## *Term Limits*



Term limits help to ensure the progressive renewal of the Board. Appendix F provides an illustrative example of how term limits can be structured to align with the best practices as recommended in the Code.

### Foundational

Term limits should be developed, referencing recommendations in the Code:

- Individuals should not hold the Treasurer (or equivalent) position for more than a maximum of four consecutive years (Code ID 1.1.7).
- All Board Members should submit themselves for re-nomination and reappointment at least once every three years (Code ID 1.1.8).

### Exemplary

- The charity should establish term limits for all Board Members to ensure steady renewal of the Board. These may be set out in the charity's governing instrument. Re-appointment to the Board can be considered after a lapse of at least two years. The charity should disclose reasons for retaining Board Member(s) who have served on the Board for more than 10 consecutive years, in its annual report. (Code ID 1.1.13).

## Exhibit 2: Typical matters included in a Board TOR

**PURPOSE**

The objectives of the Board with respect to the charity

**MANDATE**

The Board's authority and the delegation of its authority to Board Committees, management and other parties

**ROLES & RESPONSIBILITIES**

The specific duties and activities to be fulfilled by the Board for the areas established in its mandate

**COMPOSITION**

Considerations for the appointment of the Chair, number of Board Members, proportion of Independent Board Members and their mix of skills or competencies

**BOARD EFFECTIVENESS ASSESSMENT**

Regular assessments of the effectiveness of the Board against the charities' objectives and targets help to identify gaps in strategy, competency, and experience, as well as create an action plan to address them (see Section 2.8)

**MEETINGS**

Frequency of meetings, quorum and procedures in the absence of a quorum, scheduling of meeting dates, preparation of agenda and Board papers, preparation, circulation and approval of meeting minutes

**OTHER MATTERS**

Any other matters relevant to the Board in its discharge of its responsibilities, for example, reporting timeline and project timeline etc.

## 8

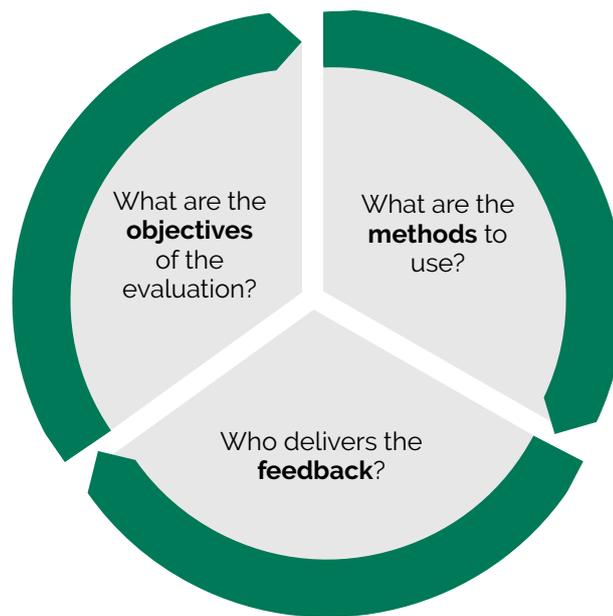
## Board evaluation

enables the Board to hold itself, its Members, and its processes accountable, to identify gaps between current and expected performance, and to chart the course of improvement (see Appendix G). An example of a Board evaluation tool is PulseCheck, offered by the Centre for Non-Profit Leadership (CNPL).

### Exemplary

- Conduct regular self-evaluation once per term or every three years, whichever is shorter (Code ID 1.1.12).

Exhibit 3: Considerations for the Board evaluation process



### Objectives

Most charities evaluate the Board collectively as well as the performance of individual Committees. Some charities also use this opportunity to evaluate each Board Member's contribution (see Section 3.6) and professional development.

These evaluations are useful for taking stock and improving, based on:

- Measuring the Board's effectiveness in achieving agreed objectives and targets;
- Identifying strategic gaps in Board capabilities and development;
- Reviewing Board dynamics.

### Methods

Tools such as anonymous surveys are typically used to gather peer feedback from Board Members. Face-to-face methods such as interviews and focus group discussions are rarely used because of the potential sensitivities involved and time constraints faced by Board Members. Other methods include obtaining independent feedback from external stakeholders, observations by third-party consultants or review of Board minutes. The involvement of a trusted independent third party to collect feedback and strategise the steps required to improve the Board is also popular and highly effective.

### Feedback

The final analysis and feedback to the Board is usually conveyed by the Chair, assisted by the NC Chair (if applicable), or a third party.

### Post-evaluation

These are the additional considerations as Boards chart the course of improvement.

#### a. Analyze the input

Review the key themes that surface. Identify key strengths and areas for improvement.

#### b. Talk about the findings

Schedule time for the Board to discuss the results. The NC can pre-discuss the findings with Board Chair before presentation to the Board.

Discuss the top 2-5 areas for improvement and develop plans to address them.

#### c. Create an action plan

Create an action plan for 2-5 items. This should include a roadmap for the Board to use over the next 12-24 months (before the next evaluation) to ensure development.

## 9

### Create a renewal and succession plan

to achieve the optimal balance of retaining the wealth of organisational memory acquired and accumulated by current Board Members, and at the same time benefit from the injection of new energy and fresh thinking from new Board Members. A well-structured and executed renewal and succession plan helps avoid pre-Annual General Meeting scrambles (see Exhibit 4 for a Board succession planning tool).

A renewal is often the outcome of a holistic review of skills and capabilities on the Board, which then leads to the addition of new Board Members or replacement of current Board Members. Succession planning is the process of replacing a Board Member who is due to step down in the coming future. When Boards adopt proper succession planning to effect its renewal, the Board will be better able to adapt its Board composition over time to ensure its Members have the right mix of skills, backgrounds and other attributes to equip the charity for the challenges ahead. This will require a disciplined approach towards retiring existing Members and welcoming new Members at the appropriate time.

More charities have a formalized Board renewal plan as shown in a survey of 360 NPOs, where the percentage rose from 8% in 2016 to 34% in 2020.<sup>7</sup>

The NC is typically responsible for Board renewal and succession planning. However, if the Board does not have an NC, the Board may delegate the renewal and succession process to certain Members of the Board. Ideally, the planning should not be dominated by the Board Chair.

<sup>7</sup> Source: Handbook on Effective Non-Profit Boards 2020 by National Volunteer and Philanthropy Centre.

**Foundational**

- Charities are required to have periodic re-nomination provisions for their Board Members at least once every three years (Code ID 1.1.8).
- The Board should have a strategy and make arrangements to ensure succession for Board Members resigning or finishing their terms of office. Particular attention should be given to succession planning for key office bearers, in particular, for the Chair, General Secretary and Treasurer (Code ID 1.1.9).

**Exemplary**

- Disclose in the annual reports, reasons for retaining Board Members who stay for more than 10 consecutive years (Code ID 1.1.13).
- If practical, introduce potential Board candidates to Members' attention by appointing them to Board Committees. This helps candidates become familiar with the charity and allows them to be assessed by existing Board Members.
- Consider Vice-Chair or Committee Chair as pipeline for the Chair's position.
- Consider rotating Board Members to different Committees so that they may gain multi-faceted intra-charity experience and expertise.
- Overcome 'Founder's Syndrome' by systematically renewing the Board. One suggestion is elevating the Founder to a non-voting, advisory position.<sup>8</sup>

# 10

**Cessation of Board Membership**

will typically come about when a Board Member reaches the term limit without being re-nominated or reappointed to the Board, whether as a result of Board renewal or reaching the maximum term limit.

In addition, a Board Member may voluntarily resign from the position or be removed from the Board in accordance with the governing instrument of the charity. The governing instruments of charities would typically provide that a Board Member may be removed from the Board by way of ordinary resolution.

There are various circumstances which may move the Board or Board Members of a charity to remove a Member from the Board, and include where a Board Member:

- is disqualified from being an officer of the charity pursuant to the Charities Act or other relevant regulations;
- misses consecutive Board meetings without justification or otherwise is unable to commit the necessary time to Board responsibilities;
- is considered to be unsuitable by virtue of either ineffectiveness on the Board or incompatibility with the values of the charity.

Any decision to remove a Member should be made following proper consideration by the NC (if any) and approval or support by the rest of the Board, and must be conducted in accordance with the charity's governing instruments.

<sup>8</sup>Source: Handbook on Effective Non-Profit Boards 2020 by National Volunteer and Philanthropy Centre.

## Exhibit 4: Board succession planning tool

**Establish Board needs and gaps**

by performing an assessment of key office bearer positions / Board Members that are reaching their term limits in the next one year.

- What is the Board's current composition and its impact on Board effectiveness?
- What are the Board's strengths and weaknesses, the quality of Board engagement, appropriateness of Board size, Committee compositions and strategic skills gaps?
- Is the Board sufficiently diversified in relevant aspects including ethnicity, demography and gender within the context of the mission and operations of the charity?  
**(Use Diversity Matrix as guide – Appendix H)**
- What are the priorities for recruitment based on the strategy of the charity?

1



**Consider internal candidates** as pipeline for the key office bearer positions, taking into account their term limits and suitability. (e.g. Vice-Chair and Committee Chair for Board Chair position)

2



**Find the pipeline for Board candidates** by searching for and shortlisting potential candidates based on commitment and suitability.

**(Use Exhibit 7 for suggested criteria / consider CNPL's Board Match programme to shortlist potential candidates)**

- How and where to find qualified candidates willing to commit time to serve?
- Are there potential candidates identified and earmarked for specific roles?
- How to assist potential candidates to conduct a self-assessment of suitability before joining the Board?
- How can the Board assess the suitability of the candidate? (see Section 3.3)

3



**Appoint the selected candidate** to the relevant committee under the mentorship of the incumbent key office bearer.

- What is the induction process?

4



**Handover** via the resumption of the key officer role at the end of the term and formal handover from incumbent to incoming officer.

5

## Section 3: HOW TO NOMINATE AND APPOINT YOUR NEXT BOARD MEMBER

Having a Board that comprises individuals with requisite traits and characteristics, competencies, and skills need not be left to happenstance.

The NC is ideally responsible for Board nomination and appointment processes. In the absence of an NC, responsibility can be delegated to a few Members on the Board. See Section 2.6 for more information.

### 1 Identify desired traits and characteristics of new Members

by reassessing the structure, size and composition of the Board and Board Committees.

#### *Exemplary*

- Seek input from Board Members, particularly the Chair and NC Members (if applicable), on the desired traits and characteristics of the new Board Member.
- Use results of the assessment to guide the search of new Members.
- See Appendix H for an illustrative example of a Board Diversity Matrix used by some organisations when identifying the desired Board Member's skillsets, traits, and characteristics.

#### Exhibit 5: Effective assessment procedure to identify Board needs



#### IMMEDIATE NEEDS

- Anticipated vacancies (e.g. due to resignation or impending retirement of an incumbent Board Member);
- Changes in personal circumstances of an incumbent Board Member which the independence status, commitment or performance of the Board Member;
- Mix of Board competencies needed;
- Current Board's effectiveness based on results of performance evaluation



#### FUTURE CONSIDERATIONS

- Strategic direction of the charity and the required Board expertise now or in the future;
- Evolution of corporate governance-related guidance and regulations

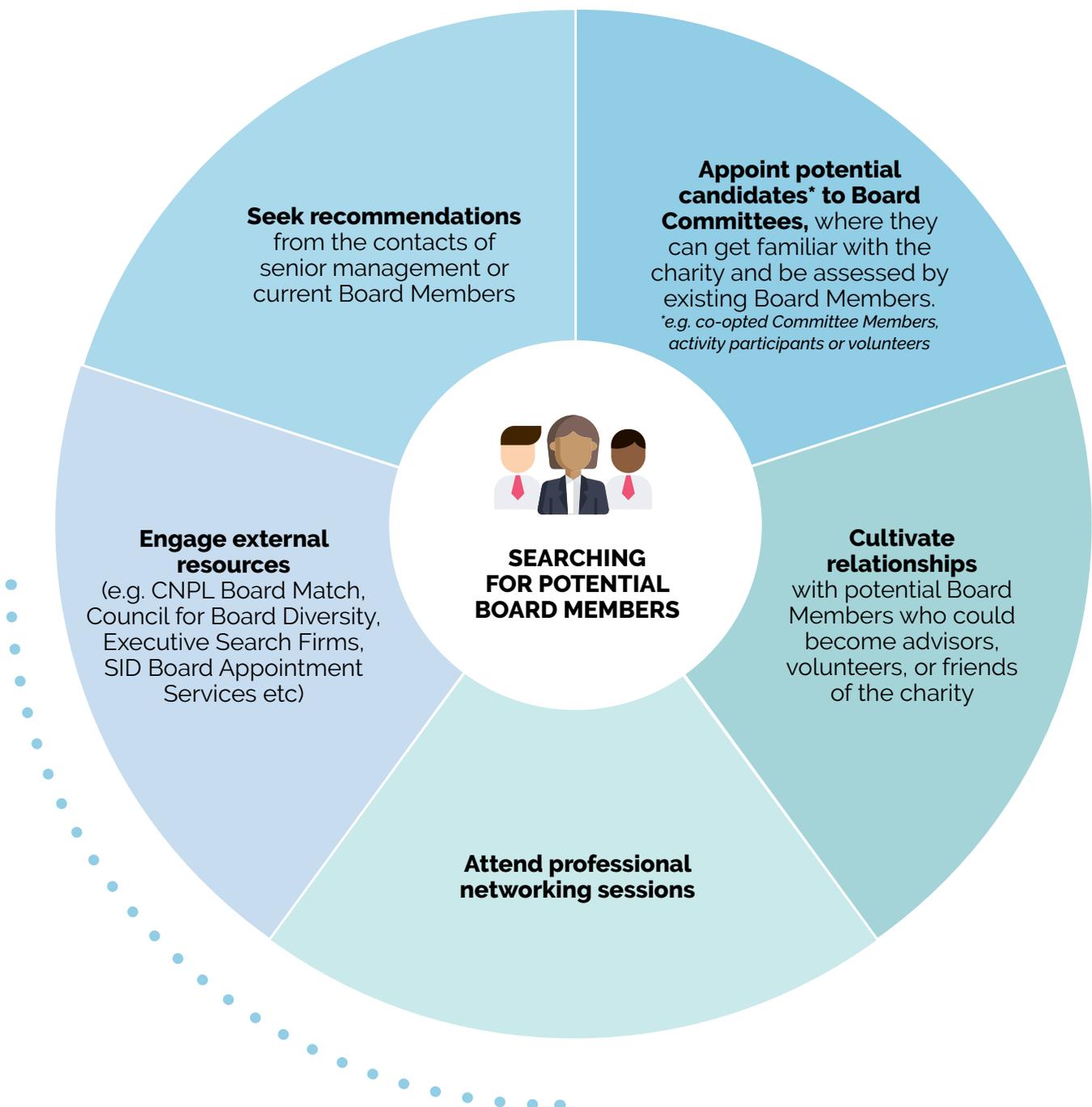
## 2

## Search using a wide range of channels and methods

### Exemplary

- In the search for potential Board candidates, Boards should ensure that the broadest network is tapped for potential Board Members.

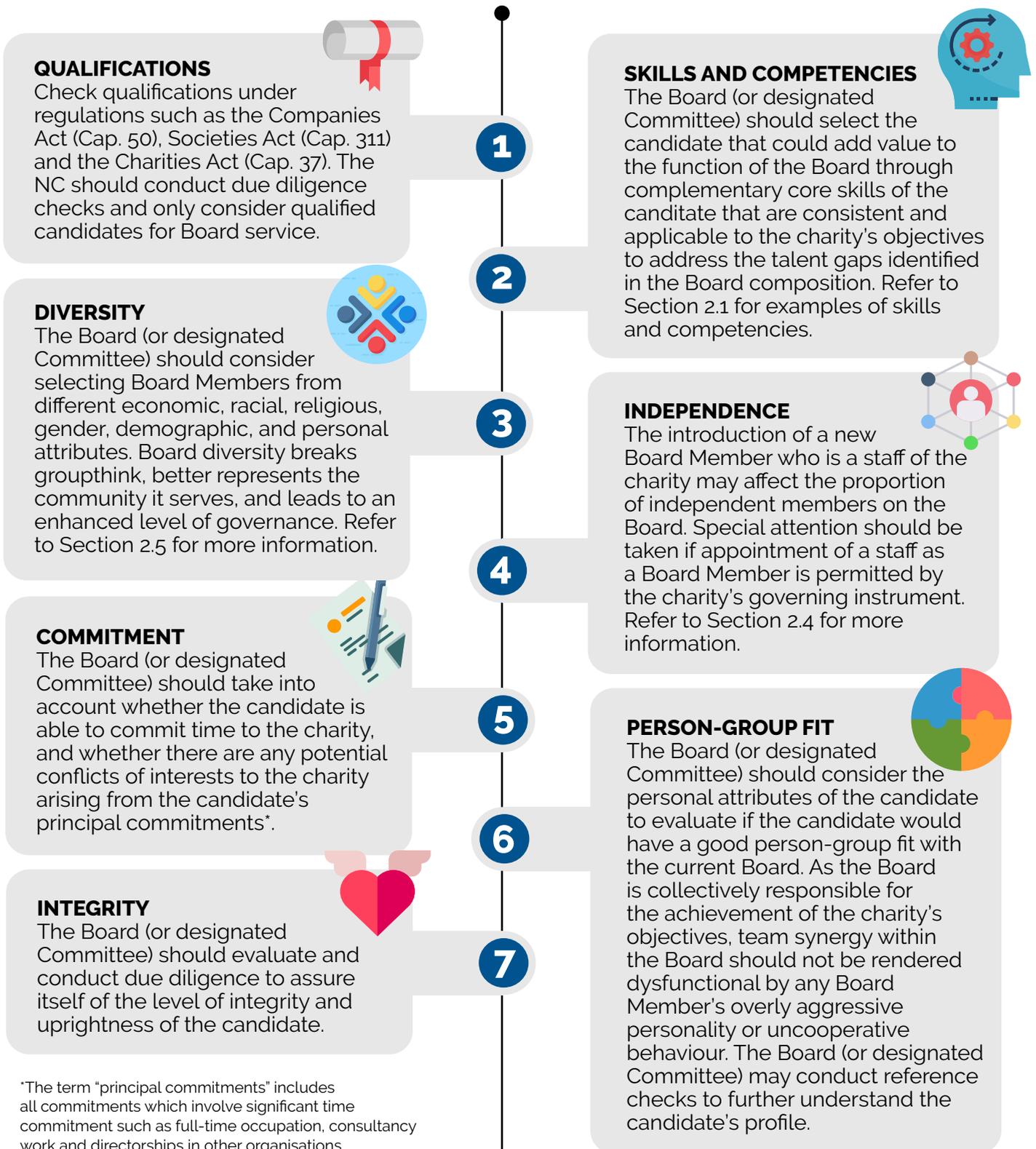
Exhibit 6: Channels and methods of searching for potential Board candidates



# 3 Shortlist, assess and recommend for the Board's endorsement

The Board (or designated Committee) should shortlist and consider a pool of several potential Board candidates with the desired traits and characteristics identified in Section 3.1.

Exhibit 7: Criteria that may be used to assess and shortlist candidates



Boards may also consider introducing shortlisted candidates to existing Board Members to determine appropriateness of “fit” and alignment between the candidate and the charity. This could be done by the Board as a whole, or by selected individuals (e.g. the Board Chair).

### Exhibit 8: Considerations for selected Board candidate nominated to the Board for approval



**Overview** of the evaluation criteria and the search and nomination process

**Professional background** of the nominee, including existing principal commitments and past experiences



**Evaluation** of the successful and unsuccessful nominees, including the rationale for selection and rejection

Any **relationship** (including immediate family relationships) with existing Board Members, the charity's employees and key stakeholders, or any interests that may affect the nominee's independence.



## 4 Appoint Members with clear indication of duties, authority and expected commitment

Members should be appointed based on the rules of the charity's governing instrument and existing term limits. See Appendix B for sample Board Member's Terms of Reference.

The Board (or designated Committee or staff) should provide the new Board Member with an appointment letter that lists the duties, authority and expected commitment as a Board Member of the charity.

All new and renewed Board Members should also sign a Conflict of Interest declaration form. Charities should communicate the social impact of the charity and its vision of the future, so that the new Member understands both the present role, as well as the investment that the current Board needs to undertake that may only bear fruit in the future, beyond the horizon of the Member's term.

# 5

## Provide appropriate induction and ongoing training for Members

### Foundational

- The Board (or designated Committee or staff) is responsible to ensure the appropriate induction of incoming Members, including an orientation programme, to ensure they are familiar with the charity's work and governance practices (Code ID 1.1.2).
- Board Members are also encouraged to attend training to develop core skills and competencies, and keep abreast of evolving laws and regulations (Code ID 1.1.11).

### Exemplary

- The orientation could be performed through providing relevant reports or documents, in-person briefings, site visits, and other means as appropriate to familiarise the new Member with the charity.
- Where appropriate, the Board (or designated Committee or management) may suggest training and professional development programmes for the new Board Member to supplement the orientation conducted and prepare the Board Member for the role. The Singapore Institute of Directors and Social Service Institute offer training courses and CNPL offers development workshops for non-profit Board Members.
- The charity may also wish to perform a review of the on-boarding process after six months to gather feedback on any further assistance required for the appointee to settle into the new role.

Exhibit 9: Process of Board Member induction

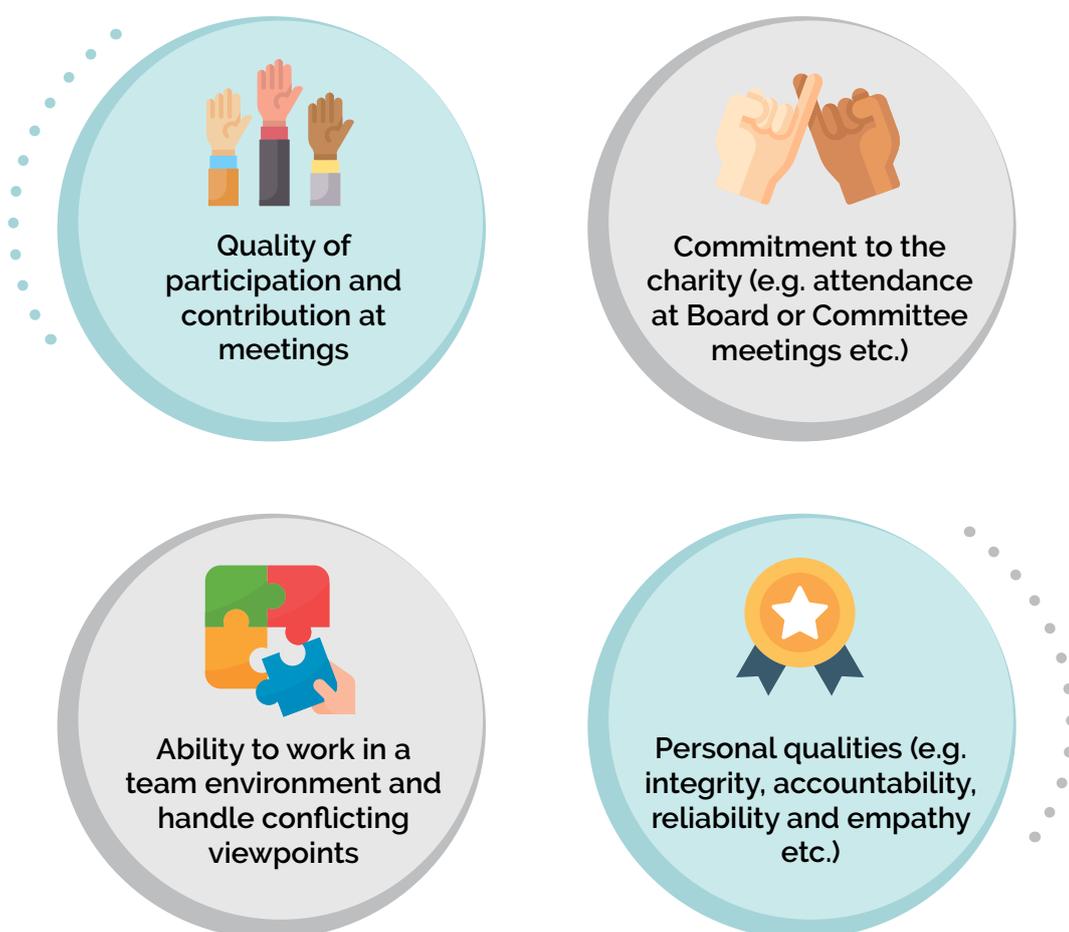


## 6

## Evaluate the performance of the Board and individual Board Members

as it aids the assessment of whether to nominate an existing Board Member for another term of office and identify gaps in the capabilities of the Board. The evaluation may be administered via a combination of self-evaluation and peer appraisal. The evaluation criteria should be endorsed by the Board. For overall Board evaluation, see Section 2.8.

### Exhibit 10: Considerations for evaluation criteria



The Board (or its designated Committee) may undertake the role of an evaluator for every individual Board Member but may also consider involving the whole Board to perform peer evaluation on each individual Board Member and overall Board performance. Having anonymous evaluation would be more likely to produce frank opinions. External consultants could also be considered to facilitate the performance evaluation process, where appropriate.

## Section 4:

# HOW TO OPTIMISE YOUR BOARD EFFECTIVENESS THROUGH BOARD CULTURE AND DYNAMICS

---

## Board–Chair Relationship

The Chair plays a crucial role in cultivating a healthy Board culture to encourage robust debate in the boardroom, and inspire all Board Members to stay engaged and committed in the charity's mission and the Board's work.

### **Exemplary**

An effective Chair would cultivate a Board with the right culture and dynamics, which demonstrates the following:

- **Transparency**  
Ensure that Board Members have equal access to all the relevant information that is needed to make sound and informed decisions.
- **Welcome diverse contributions and build trust**  
Ensure that all Board Members are given the opportunity to state their position or voice concerns, regardless of their backgrounds and personalities. For example, encourage constructive debate on unconventional approaches and draw input in advance from quieter Board Members. This would help Board Members pay attention to one another and promote meaningful debate and collaboration.
- **Organise meetings efficiently**  
An effective Chair distinguishes between matters that need discussion and those that need a decision. The Chair sets meeting agendas in collaboration with the Executive Head and other Board Members, especially the Chairs of various Board Committees, to focus the Board's efforts on important issues in a disciplined manner. Efficient time management of Board meetings go a long way towards ensuring quality conversations and decision-making. For this purpose, the Board Chair may also consider limiting the number of slides and setting presentation formats for Board materials.
- **Build consensus or make decisions**  
The Chair avoids dominating the discussion or be seen to be micromanaging. The Chair could hold back on giving views until Board Members have had the opportunity to voice their views. Where there is no consensus, the Chair would coalesce the different views into a workable way forward.

## Board–Executive Head Relationship

The Board entrusts the charity's management to run the day-to-day operations, while maintaining oversight over them. The key person that typically leads the management is the Executive Head.

A strained Board-Executive Head relationship could place undue stress on the charity's operations and cause a loss in confidence in management's ability to both discharge its duties effectively and to maintain high standards of governance in the charity, thereby putting the functioning of the charity at risk. Precious time and effort will be wasted when the Board does not trust the Executive Head, motives are second-guessed, and the Board and Executive Head cannot have open and constructive discussions.

### **Exemplary**

Boards that have a consultative and collaborative relationship with the Executive Head demonstrate the following characteristics:

- **Open communication and mutual trust**

Being involved in the charity's daily operations, the Executive Head is privy to activities and issues from the ground that the Board is not aware of. Hence, Boards could encourage candid sharing by the Executive Head. This helps the Board to be more effective in its role of overseeing the strategic direction and corporate governance of the charity.

- **Encouraging and supportive**

The Board provides encouragement to the management and the charity's volunteers, and supports their aspirations as they work together towards achieving the charity's vision, mission and strategic goals.

- **Maintain independence**

While the Board and the Executive Head should maintain a close working relationship, the Board should keep a professional distance and maintain its independence. This allows the Board to preserve its ability to remain objective and not be partial or pressured to endorse or accept the Executive Head's proposals on account of their close personal relationship.



## Section 5: WHAT BOARDS CAN DO TO ATTRACT NEW MEMBERS

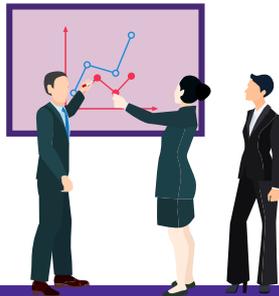
The personal standing and reputation of existing Board Members can influence the decisions of potential Board Members to join the Board.

Charities may undertake the following actions to put themselves in good stead in attracting potential Board Members:

- 1 Disclose their Board diversity policies, objectives, and the progress made in achieving them.** Through this, the charities demonstrate the importance of Board diversity to their stakeholders and potential Board Members.



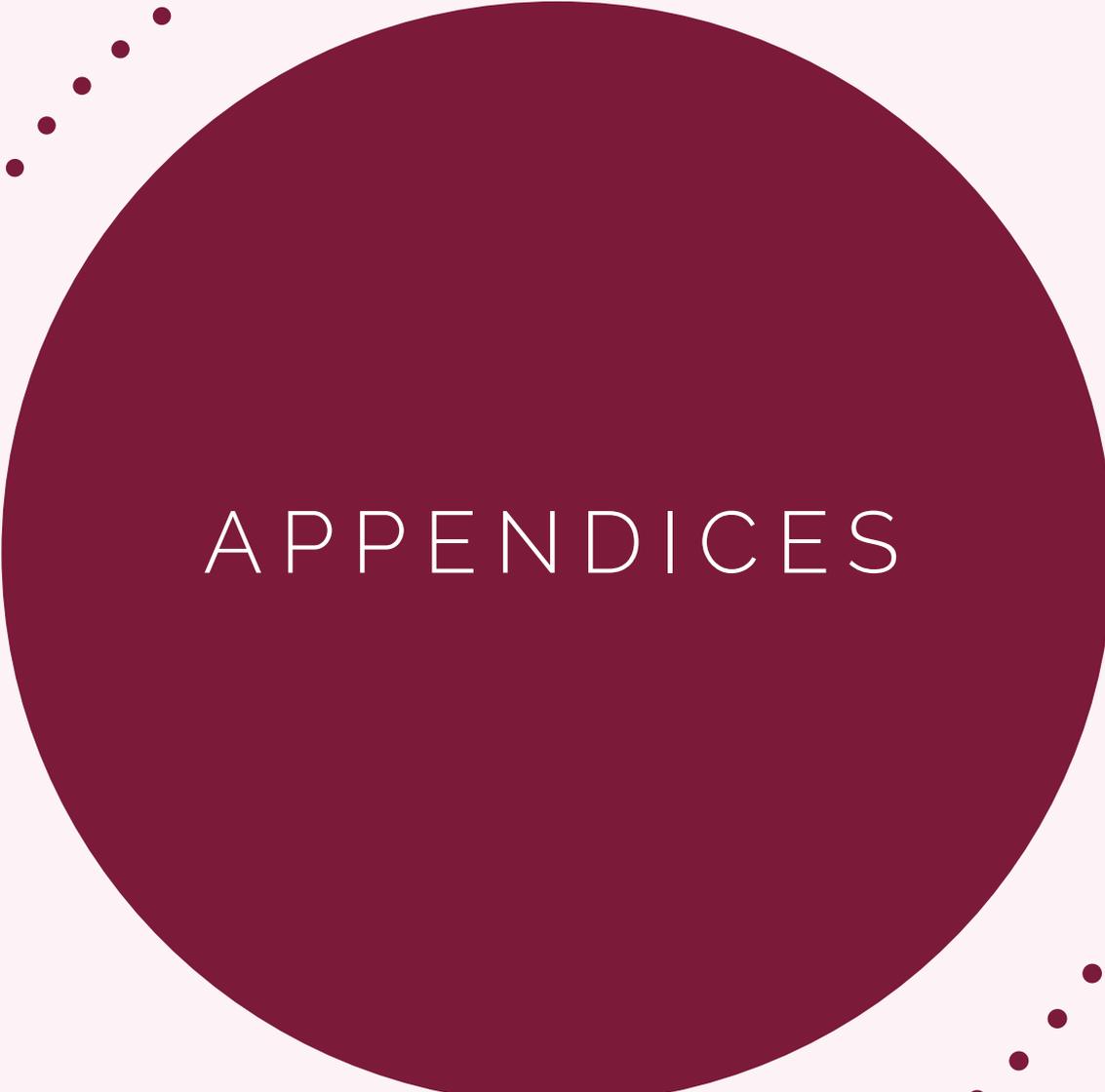
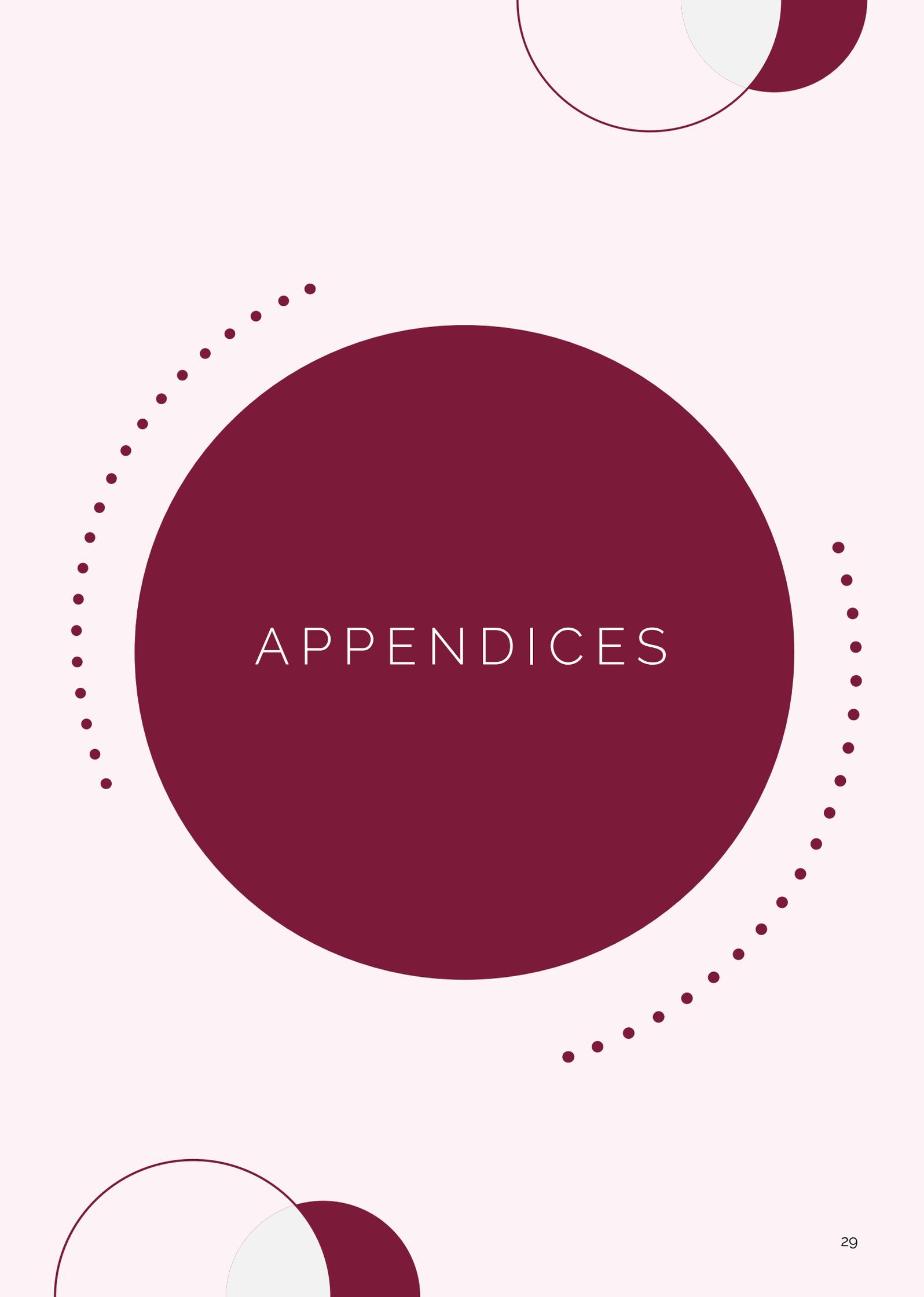
- 2 Showcase the results achieved by their fund-raising, programmes, and the impact made on the beneficiaries and community.** It is beneficial for potential Board Members to build an understanding of the charity through its cause, vision, mission, objectives, and targets.



- 3 Communicate their growing needs** and rally potential Board Members to join the charity to extend its reach. This reinforces the rallying call, which helps to draw out the altruistic nature of potential Board Members. Alternatively, consider that existing Committee Members and volunteers could comprise part of the talent pool for potential Board Members. They would have had exposure to the charity's programmes, beneficiaries, as well as demonstrated a passion and commitment for the cause.

- 4 Obtain endorsements from Key Opinion Leaders** on their services and operations, hence making the charity an attractive option for potential Board Members to contribute to.





# APPENDICES

## Appendix A

# SAMPLE NOMINATING COMMITTEE TERMS OF REFERENCE

---

## 1 General scope and authority

- 1.1** The Nominating Committee (NC) is a Board Committee established by a resolution of the Board.

## 2 Roles and Responsibilities

- 2.1** The NC's responsibilities include the following:
- a.** Propose terms of reference for Board approval;
  - b.** Review the size, structure and composition of the Board and Board Committees;
  - c.** Structure and lead the Board renewal and succession planning strategy;
  - d.** Initiate search, identify potential candidates and explore their interest and availability for Board service;
  - e.** Nominate individuals to be elected as new directors, existing directors for reappointment and Board Members for election as Board officers;
  - f.** Design and oversee Board orientation and cessation processes;
  - g.** Perform skills gap assessment and identify training needs;
  - h.** Review process and tools for evaluating Board, Committee and individual director performance;
  - i.** Review results of Board self-evaluation.

## 3 Composition

- 3.1** The NC should comprise the NC Chair and at least two other Members. All appointments shall be approved by the Board and the Chair of the Committee should be a Member of the Board.
- 3.2** The appointment for Committee Members shall be for a term of three years.
- 3.3** Reappointment for subsequent terms of three years is permitted.
- 3.4** In the event that the Chair ceases to be a Member of the Board, the Chair also ceases to be Chair of the Committee.

## 4 Meetings

- 4.1** It is recommended that the NC should meet at least once a year and additional meetings may be convened by the Chair as needed.
- 4.2** The quorum for a Committee meeting is at least half of the Committee Members, among whom one must be the Chair of the Committee.
- 4.3** The Chair of the meeting shall be the Chair of the Committee.
- 4.4** Minutes of all proceedings of the NC meeting shall be recorded by the Secretary and circulated to all Committee Members.
- 4.5** Prior to circulation, the minutes are to be confirmed by the Secretary or Chair of the meeting.

## Appendix B

# SAMPLE BOARD MEMBER TERMS OF REFERENCE

---

## 1 Purpose

- 1.1 The Board of Directors ("Board") is collectively responsible for oversight of the Charity to meet its objectives while ensuring compliance to relevant governing instruments, laws and regulations.
- 1.2 The Terms of Reference assists the Board and the management in identifying a clear division of responsibilities.

## 2 Mandate

- 2.1 The Board may exercise all powers of the Charity, subject to its governing instruments and relevant laws and regulations.
- 2.2 The Board's Terms of Reference shall be subject to prevailing governing instruments, applicable laws and regulatory guidelines.
- 2.3 The Board may delegate powers and authorities to any committee, task force or persons via a Board resolution but shall remain fully accountable for the Charity.
- 2.4 The Board authorises the management to manage the day-to-day operations of the Charity in accordance to the directions set out by the Board.
- 2.5 The Board shall appoint the internal and external auditors of the Charity, or any other professional advisers where appropriate and necessary.

## 3 Roles and Responsibilities

- 3.1 The Board's responsibilities include the following:

### a. Strategy

- i. The Board shall set out the strategies for the achievement of the Charity's objectives. The strategies should be made in consultation with the management and shall be reviewed by the Board from time to time, or at least once a year. The strategies are implemented by the management and overseen by the Board.

### b. Risk Management

- i. The Board shall determine the Charity's risk appetite, risk tolerance and shall identify, monitor, review and address the Charity's key risks, at least once every year.
- ii. The Board shall ensure that management has put in place strong internal controls with documented procedures over financial, operational, compliance, and information technological aspects.
- iii. The Board shall conduct an annual assessment of the adequacy and effectiveness of these internal controls, through the help of in-house, co-sourced or outsourced internal audit functions, at the Charity's expense.
- iv. The Board shall approve key policies to guide the operating activities of the Charity.
- v. The Board must establish an Audit Committee (AC) to assist the Board in facilitating the internal and external audit of the Charity, as well as other responsibilities defined by the Charity.

**c. Finance**

- i. The Board shall establish a Finance Policy, with documented controls and procedures for financial matters in key areas, including procedures and controls in procurement, receipting, payment processes, as well as system for the delegation of authority and limits of approval in the Charity.
- ii. The Board shall review and approve the capital and operating budgets and plans prepared by the management, and regularly monitor the expenditure and outcomes of these plans.
- iii. The Board shall monitor the financial status of the Charity and ensure financial sustainability required to carry on the Charity's activities for the long term. Where necessary, the Board shall review and approve financing options presented by the management.
- iv. The Board shall ensure the proper accountability of funds and immediately address any financial irregularities or concerns.
- v. The Board shall ensure that financial reports are true and fair and contain adequate and necessary information for stakeholders.
- vi. The Board must establish a Finance Committee (FC) to assist the Board in leading the finance agenda and other agenda defined by the charity. The FC is usually chaired by the Board Treasurer. The FC Chair should not concurrently assume the role of an AC Chair.

**d. Programmes and Services**

- i. The Board shall oversee new programmes being developed and monitor the efficiency and effectiveness of these programmes in meeting the Charity's objectives.
- ii. The Board may establish a Programme and Services Committee to assist the Board in overseeing the operations of the Charity's programmes and services.

**e. Fund-raising**

- i. The Board shall approve fund-raising plans and targets prepared by the management and ensure that these efforts are legal, ethical, appropriate, cost-effective and transparent.
- ii. The Board shall provide oversight over the Charity's fund-raising initiatives and assess whether such initiatives are adequate to contribute to the financial sustainability of the Charity.
- iii. Paid third-party fund-raisers shall be engaged with prudence. Such appointments should be reviewed and approved by the Board, considering in particular the rationale and fee arrangements (including commissions payable) involved.
- iv. The Board shall account to donors what, how and when the funds would be used, ensuring timely disclosures.
- v. The Board shall ensure that all money raised is properly accounted and safeguarded. Where the money is received for a restricted or specific purpose, the Board shall ensure proper monitoring and limits set for the use of such money.
- vi. The Board shall ensure that donors' confidentiality is protected, with no disclosure without their written permission.
- vii. The Board may establish a Fund-raising Committee to assist the Board in overseeing overall fund-raising efforts.

### **f. Human Resources (HR)**

- i.** The Board shall determine the Code of Conduct for Board Members, staff and volunteers (where applicable).
- ii.** The Board shall ensure that there is an adequate process with documented procedures for Board Members and staff to declare potential or actual conflict of interest to the Board in a timely manner.
- iii.** The Board shall ensure that there is a fair process for determining the remuneration of staff, in order to assist the Charity in attracting, retaining and motivating staff.
- iv.** The Board shall approve documented HR policies, including recruitment, background checks, insurance coverage, rewards, training and development, performance appraisal, resignation and termination, staff claims, as well as disciplinary process.
- v.** The Board shall approve documented volunteer management policies.
- vi.** The Board may establish a HR Committee to assist the Board in the review and authorisation of HR matters.

### **g. Investments**

- i.** The Board shall develop an investment policy, with clear and specific guidelines and procedures. This policy may be developed and drafted with counsel from qualified professional investment advisors where necessary.
- ii.** The Board shall determine the Charity's investment objective, risk tolerance, types of investment instruments and investment horizon.
- iii.** The Board shall consider the use of investments to contribute to the financial sustainability of the Charity.
- iv.** The Board shall review and approve investment proposals prepared by management, and/or investment consultants.
- v.** The Board shall ensure periodic reporting, at least semi annually, of the investment performance of existing investments.
- vi.** The Board shall review all existing investments at least once a year, or as and when the investment losses reach the defined stop-loss threshold of the Board; to decide if the investment should be withdrawn, reallocated or maintained at status quo.
- vii.** The Board may establish an Investment Committee to assist the Board in directing and monitoring the Charity's investments in line with established objectives and risk parameters.



## 4 Nomination and Appointment

- 4.1 The Board shall review the Board composition, at least once annually, or as necessary, to ensure that the Board has a majority of independent directors and the required expertise within the Board.
- 4.2 The Board shall actively plan for the succession of key office bearers such as the Chair, the Treasurer, the Secretary and the Executive Head.
- 4.3 The Board may establish a Nominating Committee to assist the Board in facilitating a formal and transparent process in the appointment and reappointment of Board Members.

## 5 Composition

- 5.1 The Board shall be of an appropriate size and comprise directors with a collective mix of appropriate skillsets, independence and diversity, to allow the Board to discharge its duties effectively.
- 5.2 The Board should be made up of at least three directors, as required under the Charities (Registration of Charities) Regulations. In addition, the Regulations require at least two directors to be Singapore citizens or permanent residents. Where the Charity is a "large charity" under the Charities (Large Charities) Regulations, the Regulations require at least 10 directors to be on the Board.
- 5.3 The number of non-executive Members on the Board should be the higher of three and such number that would allow the non-executive Members to make up the majority of the Board. This number enables the Board to form Board Committees such as the AC, where best practice calls for the AC to have at least three Members; all of whom are independent from staff.
- 5.4 The Chair of the Board should be independent and not be the same person as the Executive Head / Chief Executive Officer.



## 6 Meetings

- 6.1** It is recommended that the Board should meet at least four times a year.
- 6.2** Board Members should make every effort to attend all Board meetings (Code ID 1.3.2).
- 6.3** Seven calendar days' notice, or such shorter notice as may be agreed by the Board, shall be given by the Secretary to the intended attendees of the meeting, specifying the agenda, time and venue of the Board meeting.
- 6.4** The quorum for a Board meeting is at least half of the Board Members, with the majority of the quorum being Board Members independent from staff.
- 6.5** Non-Board Members would not count towards the quorum.
- 6.6** Where a Board Member has recused himself or herself from any part of the meeting, the Board Member shall not be counted in the quorum for that part of the meeting.
- 6.7** The Chair of the meeting shall be the Board Chair. In the absence of the Board Chair, a non-executive and independent Board Member shall be the Chair of the meeting. Typically, the Vice-Board Chair would assume the role in the absence of the Board Chair.
- 6.8** Only Board Members can vote in Board meetings.
- 6.9** Every matter shall be determined based on the majority of votes. Voters shall also comprise a majority of Board Members independent from staff. Every Board Member is only allowed one vote subject to the Charity's constitution.
- 6.10** Minutes and resolutions of all proceedings of the Board meeting shall be recorded by the Secretary and circulated to the Board.
- 6.11** Prior to circulation, the minutes are to be confirmed by the Chair of the meeting. Such confirmation may be evidenced in writing or by electronic means.
- 6.12** The minutes and resolutions shall be kept by the Secretary and made accessible to all Board Members.



## Appendix C

# SAMPLE BOARD CHAIR TERMS OF REFERENCE

---

## 1 Personal competencies

- 1.1** The Board Chair is responsible for leading the Board and ensuring that Board discussions are conducted in a constructive manner. He or she should therefore possess the following desired qualities:
- a.** Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations. Industry experience is preferred.
  - b.** Be committed to the Charity and the Board.
  - c.** Be able to demonstrate integrity and strong leadership.
  - d.** Be a strategic thinker with a long-term horizon.
  - e.** Be a good team-builder - able to engage Board Members, encourage constructive discussions, foster open communication, listen attentively and provide impartial and objective feedback.
  - f.** Be willing to take responsibility and accountability for the Charity's matters.
  - g.** Be an advocate of strong and best governance practices.
  - h.** Be ethical and in compliance with legal and regulatory requirements.

## 2 Responsibilities

- 2.1** The Board Chair is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:
- a.** Ensure that the Board fulfils its responsibilities in directing the Charity to achieve its objectives in compliance with ethical, legal and regulatory requirements.
  - b.** Ensure that every Board Member is a contributing, engaged, committed and valued Member of the Board.
  - c.** Preside at Board meetings and facilitate open communication and constructive discussions.
  - d.** Establish a strong tone at the top and advocate adoption of best governance practices.
  - e.** Participate in strategic planning and monitor the Charity's progress in achieving its objectives.
  - f.** Oversee financial sustainability and financial reporting of the Charity.
  - g.** Oversee the Board evaluation process.
  - h.** Represent the Charity at public events, interviews and publications, and cultivate a strong public image for the Charity.
  - i.** Build a strong working relationship with the Executive Head.
- 2.2** Directorship duties are regulated by law. The Board Chair should stay abreast of the latest legal changes that may have implications for the structure and composition of the Board, and Board Members' accountabilities and responsibilities.

## Appendix D

# SAMPLE TREASURER TERMS OF REFERENCE

---

## 1 Personal competencies

- 1.1** The Board Treasurer is responsible for assisting the Board in overseeing the financial governance of the Charity. He or she should therefore possess the following desired qualities:
- a.** Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations.
  - b.** Be committed to the Charity and the Board.
  - c.** Be well-versed in accounting or financial management.
  - d.** Be able to demonstrate integrity and strong leadership.
  - e.** Be a strategic thinker with a long-term horizon.
  - f.** Be able to communicate technical financial concepts and terms in a clear and easily understandable way.
  - g.** Be able to foster open communication; listen attentively and provide impartial and objective feedback.
  - h.** Be willing to take responsibility and accountability of the Charity's financial matters.
  - i.** Be an advocate of strong and best governance practices.
  - j.** Be ethical and in compliance with legal and regulatory requirements.

## 2 Responsibilities

- 2.1** The Board Treasurer is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:
- a.** Assist the Board in fulfilling its responsibilities in directing the Charity to achieve its objectives, in compliance with ethical, legal and regulatory requirements
  - b.** Chair the Finance Committee (FC) and lead the FC in the fulfilment of its duties.
  - c.** Maintain oversight of a finance and accounting system and procedures, including procurement, receipting and payment processes.
  - d.** Establish strong checks and balances in the finance and accounting system to mitigate potential risks.
  - e.** Oversee financial sustainability and financial reporting of the Charity.
  - f.** Ensure that financial reporting is true and fair, in accordance with the relevant accounting standards, and completed/filed within the legal deadlines.
  - g.** Build a strong working relationship with the Executive Head.
- 2.2** Directorship duties are regulated by law. The Board Treasurer should stay abreast of the latest legal changes that may have implications for his or her Board Member duties especially on financial matters.

## Appendix E

# SAMPLE SECRETARY TERMS OF REFERENCE

---

## 1 Personal competencies

- 1.1** The Board Secretary is responsible for ensuring the proper conduct of Board meetings. He or she should therefore possess the following desired qualities:
- a.** Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations.
  - b.** Be committed to the Charity and the Board.
  - c.** Be able to demonstrate integrity and leadership.
  - d.** Be a strategic thinker with a long-term horizon.
  - e.** Be a team-builder - able to foster open communication and provide impartial and objective feedback.
  - f.** Be willing to take responsibility and accountability for the Charity's matters.
  - g.** Be ethical and in compliance with legal and regulatory requirements.

## 2 Responsibilities

- 2.1** The Board Secretary is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:
- a.** Assist the Board in fulfilling its responsibilities of directing the Charity to achieve its objectives, in compliance with ethical, legal and regulatory requirements.
  - b.** Organise Board meetings and ensure due process in the conduct of the meeting, in accordance with the Charity's governing instruments.
  - c.** Advise the Board on procedural matters.
  - d.** Review meeting minutes for completeness and accuracy prior to circulation of the meeting minutes to the Board.
  - e.** Ensure all Board records are well-archived.
  - f.** Facilitate open communication and constructive discussions.
  - g.** Participate in strategic planning and monitor the Charity's progress in achieving its objectives.
- 2.2** Directorship duties are regulated by law. The Board Secretary should stay abreast of the latest legal changes that may have implications for his or her Board Member duties. The Board Secretary must update the Board of any changes to the regulations and legal requirements.



## Appendix F

# ILLUSTRATIVE EXAMPLE ON TERM LIMITS

### Board Member (Non-Treasurer)

#### Foundational

- All Board Members are required to submit themselves for re-nomination and reappointment at least once every 3 years (Code ID 1.1.8). The Board should make arrangements for the succession of Board Members who may be resigning or finishing their terms of office, especially for the positions of the Chair, General Secretary, and Treasurer (Code ID 1.1.9).

#### Exemplary

- To be regularly rotated in order to preserve the corporate memory of the Board and avoid a scenario where the charity sees a large number of Board Members leaving at one time. Rotating Board Members and introducing new Members also bring new ideas and energy to board deliberations. Hence, there may be Board Members who offer themselves for re-nomination once every three years. If necessary, each Board Member should be assessed within the larger context of succession planning and board renewal (see Section 2.9).
- Disclose the reason for retaining a Board Member in annual report if the Member has served 10 consecutive years or more. Otherwise, the long-serving Board Member should retire from the Board for at least two years before seeking re-nomination (Code ID 1.1.13).

#### Scenario 1: Serving 10 consecutive years or longer



#### Scenario 2: Serving no longer than 10 consecutive years



### Treasurer

#### Foundational

- Treasurer (or equivalent position like a Finance Committee Chair or person on the Board responsible for overseeing the finances of the charity) must not serve beyond four consecutive years (Code ID 1.1.7). The Treasurer can be considered for reappointment after a lapse of at least two years.<sup>9</sup>



<sup>9</sup>Should the charity not have an appointed Board Member, it will be taken that the Chair oversees its finances.

## Appendix G

## UNDERSTANDING THE INTERNAL AND EXTERNAL ENVIRONMENTS IN FORMULATION OF A STRATEGIC PLAN

## Internal

## STRENGTHS

- Strong network of partnerships
- Dedicated pool of volunteers
- Long-standing reputation as a reliable and accountable charity



## WEAKNESS

- Lack of expertise in technology-related tools
- High turnover of full-time staff



## External

## OPPORTUNITIES

- Social media platforms to engage a wider audience
- Collaborations with government and corporate organisations with similar values



## THREATS

- Stigma and shortage of charity workers
- Unfavorable economic conditions affecting donations

**Strategic Plan**

To build expertise in digital capabilities and to adopt technologies in the areas of marketing communications and fund-raising within the next 12 months

**Board Recruitment Need**

A new Board Member with familiarity in Digital Transformation projects or IT capability.

## Appendix H

### AN EXAMPLE OF DIVERSITY MATRIX FOR IDENTIFYING POTENTIAL BOARD MEMBERS

Board Member details		Board Chair Mary, age 55	Treasurer Faizal, age 65	Member Divya, age 48	Member Boon Keng, age 63	Member Arjun, age 49	Member Siti, age 49	
Tenure Remaining (years)		3	3	6	0.5	6	6	
Domain Expertise	Human Resource			✓	✓		✓	
	Finance/Accounting	✓	✓	✓				
	Fund-raising	✓				✓	✓	
	Legal				✓			
	Marketing/Partnerships				✓	✓		
	Charity/IPC's	✓	✓					
Other Attributes	Passion for the Cause	✓		✓				
	Team player	✓	✓	✓	✓	✓	✓	
	Age	35-45						
		46-55	✓		✓	✓	✓	
>56			✓				✓	

**Considerations:**

- Board Member Boon Keng confirms that he will be retiring in six months' time. This will lead to a gap in "Legal" expertise as there are no existing Board Members with Legal background.
- There is a clear gap within the 35 to 45 years age segment in the current Board composition. The Board may thus lack insight into the needs of younger stakeholders the charity seeks to engage with.

**Recommendation:**

To replace Boon Keng with a Board Member with legal background who is 45 years old and below.

# ACKNOWLEDGEMENTS

Members of the Review Panel

---

**MR RAMLEE BUANG**

Chairman of 1FSS Pte Ltd  
Independent Director of Far East Orchard Ltd  
and other organisations

**MR SHAI GANU**

Managing Director of Willis Towers Watson  
Board Member of SATA Commhealth and other organisations

**MRS ELAINE LIM**

Board Member of Lien AID

**MS TEO SWEE LIAN**

Chairman of CapitaLand Mall Trust  
Board Member of Duke-NUS Medical School and Agape Fund,  
Caritas Singapore and other organisations

**MR GREGORY VIJAYENDRAN**

Partner at Rajah & Tann LLP  
President of Law Society of Singapore  
Board Member of National Council of Social Service  
and other organisations

# ACKNOWLEDGEMENTS

## Project Team

---

**MR SUHAIMI ZAINUL-ABIDIN**

Member of Council for Board Diversity  
Member of Charity Council

**MS YEO LIAN SIM**

Special Adviser, Diversity at Singapore Exchange Limited  
Executive Director of Shared Services for Charities Limited

**MS VERON WONG**

Partner at Ernst & Young Advisory Pte. Ltd.

**MR RAPHAEL YANG**

Director at Ernst & Young Advisory Pte. Ltd.

**MS THERESA GOH**

Chair of Non-Profit Organisations Committee,  
Singapore Institute of Directors  
Board Director of Agency for Integrated Care  
Board Advisor of SATA CommHealth

**MR KITSON LEONARD LEE**

Head of Centre for Non-Profit Leadership

# GLOSSARY

---

<b>Board</b>	The governing body responsible for overseeing and managing a charity. It is also sometimes known as council or management committee. The head of the Board may be referred to as 'Chair' or 'President' etc.
<b>Charities</b>	All registered charities and Institutions of a Public Character (IPCs).
<b>Charities Act</b>	The Charities Act (2007) is an Act to make provision for the registration of charities, the administration of charities and their affairs, the regulation of charities and Institutions of a Public Character, the regulation of fund-raising activities carried on in connection with charities and other institutions and the conduct of fund-raising appeals, and for purposes connected therewith.
<b>Charities (Accounts and Annual Report) Regulations</b>	The Charities (Accounts and Annual Report) Regulations (2011) provide requirements for the annual report a charity should prepare. The governing Board Members of charities and IPCs are required to file annual reports within six months from the end of the financial year to the Commissioner of Charities or Sector Administrators.
<b>Charities (Large Charities) Regulations</b>	The Charities (Large Charities) Regulations (2008) provide legislation for charities with gross annual receipts in each financial year of not less than \$10 million in the two financial years immediately preceding the current financial year of the charity.
<b>Charities (Registration of Charities) Regulations</b>	The Charities (Registration of Charities) Regulations (2008) provide legislation for the conditions and application for registration as a charity, provisions relating to registered charities, removal from register of charities, and transitional provisions.
<b>Close members of the family</b>	Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the charity. In most cases, they would include: <ul style="list-style-type: none"><li>• That person's children and spouse;</li><li>• Children of that person's spouse; and</li><li>• Dependants of that person or that person's spouse.</li></ul>
<b>Code</b>	The Code of Governance for Charities and IPCs (April 2017) is meant for all registered charities in Singapore. The Code operates on the principle of 'comply or explain'.
<b>Conflict of Interest</b>	A situation where a Board Member, staff, or other person with an existing or potential financial or other material interest that might impair his independence or objectivity in the discharge of responsibilities and duties to the charity.
<b>Demography</b>	Demography refers to age, gender, race, ethnicity, education, income, disabilities etc.
<b>Executive Head</b>	The most senior staff member in charge of the charity's staff personnel. There is a range of job titles that charities use for this position (e.g. Executive Director, Chief Executive Officer).

# GLOSSARY

---

<b>Fiduciary</b>	A person standing in a special relationship or trust, confidence, or responsibility to another. Board Members and staff having the general control and management of the administration of a charity are fiduciaries with respect to the charity they serve and, as such, their responsibilities to the charity are termed fiduciary duties or fiduciary responsibilities.
<b>Founder's Syndrome</b>	<p>"Founder's Syndrome" is a term often used to describe a founder's resistance to change. When "Founder's Syndrome" surfaces, the source of the dilemma often is a founder's misunderstanding of his or her role in an evolving organization.</p> <p>Source: BoardSource</p>
<b>Governance Evaluation Checklist</b>	All charities and IPCs to which the Code applies are required to submit a Governance Evaluation Checklist (GEC) on the Charity Portal. This checklist is made available for public viewing on the Charity Portal.
<b>Governing instruments</b>	The charity's main constitutional document or instrument. It may be its Constitution, Charter, Memorandum and Articles of Association, Trust Deed or any rules or regulations governing the purposes and administration of the charity.
<b>Large Charity</b>	According to the Charities (Large Charities) Regulations (2008), a "large charity" means a charity with gross annual receipts in each financial year of not less than \$10 million in the two financial years immediately preceding the current financial year of the charity.
<b>Relevant offices</b>	<p>a. In relation to a society registered under the Societies Act (Cap. 311), means the President, the Treasurer or the Secretary of the society, or their equivalents; or</p> <p>b. In relation to a company, means a member of the Board of directors of the company.</p>
<b>Reserves policy</b>	A policy that states the level of reserves held and why they are held. For material funds that have been designated for a certain use, the reserves policy statement should state the amount and purpose of the fund, as well as the likely timing of that expenditure (if set aside for future use).
<b>Staff</b>	Paid or unpaid individuals who are involved in the day-to-day operations of the charity, e.g. an Executive Director or Administrative personnel.
<b>Stakeholders</b>	The charity's members, beneficiaries, donors, grantmakers, regulators, partners etc.
<b>Volunteers</b>	Persons who willingly give up time to serve a charity, without expectation of any remuneration. For volunteers who are involved in the day-to-day operations of the charity, they should also abide by the best practices set out in the Code applicable to 'staff'.

# NOTES

---

# NOTES

---



**This is a collaboration between**

Council for Board Diversity  
<https://www.councilforboarddiversity.sg/>

Ernst & Young  
[https://www.ey.com/en\\_sg](https://www.ey.com/en_sg)

National Volunteer and Philanthropy Centre  
<https://cityofgood.sg/>

Singapore Institute of Directors  
<https://www.sid.org.sg/>