

Terms of Reference for the CII Board

As adopted by the Council of the CII on 11 April 2007 for implementation on 19 July 2007

The following words shall have the meanings shown:

“Board” shall mean the CII Board.

“Council” shall mean the CII Council.

“Committee” or “Committees” shall mean the various CII Board Committees.

1. Membership

1.1 The Board shall consist of such members and numbers of members who shall serve on the Board for such period as set out in the Bye-laws.

2. Secretary

2.1 The Head of Secretariat, or his nominee, shall act as the Secretary of the Board.

3. Quorum, Frequency and Notice of Meetings

3.1 The quorum and notice of meetings shall be as specified in the Bye-laws.

4. Minutes of Meetings

4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Board, including names of those present and in attendance.

4.2 Minutes of meetings shall be circulated promptly to all members of the Board.

5. Schedule of Matters reserved for the Board

5.1 No matter how effective the Board may be, it is not possible for the Board members to have hands on involvement in every area of the CII's business. It is, therefore, essential for the Board to delegate day to day responsibility to the executive management. That said, there are a number of matters which are required to be, or in the interests of the CII should only be, decided by the Board members as a whole. It is incumbent upon the Board to make it clear what these Matters Reserved for the Board are. The Combined Code states that “There should be a formal schedule of matters specifically reserved for the Board's decision” and that the annual report should contain a “high level statement of which types of decisions are to be taken by the Board and which are to be delegated to management.”

- 5.2 The Combined Code also states that “The Board’s role is to provide entrepreneurial leadership of the company [CII] within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should set the company’s [CII’s] strategic aims, ensure that the necessary financial and human resources are in place for the company [CII] to meet its objectives and review management performance. The Board should set the company’s [CII’s] values and standards and ensure that its obligations to its shareholders [stakeholders in the CII sense] and others are understood and met.”
- 5.3 Certain of the matters included in this schedule should, under the provisions of the Combined Code, be the subject of recommendations by the Audit, Nominations or Remuneration committees. However, full delegation is not normally permitted in these cases as the final decision on the matter is required to be taken by the whole Board.
- 5.4 Items marked * are not considered suitable for delegation to a committee.

5.5 Strategy and Management

- 5.5.1 Responsibility for the overall management of the CII.
- 5.5.2 Approval of the CII’s long term objectives, including membership, educational and commercial strategy.
- 5.5.3 Approval of the annual operating and expenditure budgets and any material changes to them.
- 5.5.4 Oversight of the CII’s operations ensuring:
- 5.5.4.1 competent and prudent management
 - 5.5.4.2 sound planning
 - 5.5.4.3 an adequate system of internal control
 - 5.5.4.4 adequate accounting and other records
 - 5.5.4.5 compliance with statutory and regulatory obligations.
- 5.5.5 Review of performance in the light of the CII’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 5.5.6 Extension of the CII’s activities into new business or geographic areas.
- 5.5.7 Any decision to cease to operate all or any material part of the CII’s business.

5.6 Financial Reporting and Controls

(following review by the Audit Committee)

- 5.6.1 * Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 5.6.2 * Approval of any significant changes in accounting policies or practices.
- 5.6.3 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

5.7 Internal Controls

- 5.7.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - 5.7.2 receiving reports on, and reviewing the effectiveness of, the CII's risk and control processes to support its strategy and objectives
 - 5.7.3 undertaking an annual assessment of these processes
 - 5.7.4 approving an appropriate statement for inclusion in the annual report.

5.8 Contracts

- 5.8.1 Major transactions.
- 5.8.2 Contracts which are material strategically or by reason of size, entered into by the CII or any subsidiary in the ordinary course of business, for example bank borrowings above £1 million and acquisitions or disposals of fixed assets above £1 million.
- 5.8.3 Contracts of the CII or any subsidiary not in the ordinary course of business, for example loans and repayments above £1 million; foreign currency transactions above £1 million; major acquisitions or disposals above £1 million.
- 5.8.4 Major investments.

5.9 Communication

- 5.9.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.
- 5.9.2 * Approval of press releases concerning matters decided by the Board.

5.10 Board Membership and other Appointments

(in consultation with the Nominations Committee)

- 5.10.1 * Changes to the structure, size and composition of the Board.
- 5.10.2 * Ensuring adequate succession planning for the Board and senior management.
- 5.10.3 * Appointments to the Board.
- 5.10.4 * Selection of the President and the Chief Executive.
- 5.10.5 * Membership and Chairmanship of Board committees.
- 5.10.6 * Continuation in office of Board members at the end of their term of office, when they are due to be re-elected by members at the AGM and otherwise as appropriate.
- 5.10.7 * Continuation in office of any Board member at any time, including the suspension or termination of service of a Board member of the CII, subject to the law and their service contract.
- 5.10.8 * Appointment or removal of the Head of Secretariat.
- 5.10.9 * Appointment or removal of the Finance Director.
- 5.10.10 * Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the audit committee.
- 5.10.11 Appointments to Boards of subsidiaries.

5.11 Remuneration

(in consultation with the Remuneration Committee)

- 5.11.1 * Determining the remuneration policy for the Chief Executive and the Finance Director.

5.12 Delegation of Authority

- 5.12.1 * The division of responsibilities between the President, and the Chief Executive which should be in writing.
- 5.12.2 * Approval of terms of reference of Board committees.
- 5.12.3 * Receiving reports from Board committees on their activities.

5.13 Corporate Governance Matters

- 5.13.1 * Undertaking a formal and rigorous review at least annually of its own performance, that of its committees and individual Board members.
- 5.13.2 * Determining the independence of Board members.
- 5.13.3 * Considering the balance of interests between members, employees, customers and the public at large.
- 5.13.4 * Receiving reports on the views of the CII's members.

5.14 Other

- 5.14.1 The making of political donations.
- 5.14.2 Approval of the appointment of the CII's principal professional advisers.
- 5.14.3 Prosecution, defence or settlement of litigation involving above £100,000 or being otherwise material to the interests of the CII.
- 5.14.4 Approval of the overall levels of insurance for the CII including Board members' & Officers' liability insurance and indemnification of Board members.
- 5.14.5 Major changes to the rules of the CII's pension scheme, or changes of trustees or, when this is subject to the approval of the CII, changes in the fund management arrangements.

6. Other Matters

- 6.1 Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.
- 6.2 In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the CII.
- 6.3 The Board will consult or notify the Council, as appropriate, on all matters listed in the Board to Council Communication, appended to these terms of reference.