

[Company Logo/Name]

[XX] Terms of Reference

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TEMPLATE

Glossary

Term	Definition
ToR	<i>Terms of Reference</i>
SMF	<i>Senior Management Function</i>

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1. Introduction

Briefly describe the following in this section:

- *The ‘purpose’ and ‘objectives’ of the committee i.e. why it is been established and what more ‘senior’ committee it is assisting and/or derives its authority from;*
- *What this Terms of Reference (“ToR”) will provide e.g. roles, responsibilities, membership, decision making and delegating powers, paper and presentation guidelines;*
- *Degree of delegated authority provided (e.g. decision-making in respect of certain matters) and formal capture of ‘accountability’ of the committee (e.g. to the Board);*
- *Evaluation cycle assessing the effectiveness/performance of the committee and the information provide to it against its objectives and responsibilities; and*
- *Ultimate owner of this ToR document and its maintenance and communication.*

If other documents should be read in conjunction with this ToR it can be captured here or in a separate section towards the end of the ToR.

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2. Operating Principles

2.1. Committee Membership and Composition

Describe the following:

- *The overall makeup of the committee including the minimum and maximum numbers;*
- *List the chair, the deputy chair (if one is appointed); and committee members. Some organisations also allow a further group of people attend committee meetings as observers but without the right to vote. These are usually referred to as ‘attendees’ and strictly speaking are best avoided to ensure the integrity of overall governance arrangements;*
- *Selection and appointment process for the Chair and the members including a brief description of the kinds of skills needed to be a part of the respective committee; and*
- *Process for reporting and working around any independence or conflicts of any its members.*

2.2. Decision Making

Describe the following:

- *How are decisions made (e.g. by consensus / majority / qualified majority);*
- *What happens if the result of a vote is draw, does the chair or their deputy have the deciding vote or is the decision escalated to the more senior committee from which this committee derives its authority;*
- *Who has the right to vote; and*
- *Are there any type decisions which have different voting procedures or do certain members have different weights in votes depending on the nature of the decision required.*

Note that if the committee has decision-making authority and chooses to delegate this to sub-committees of its own; this delegation should be clearly captured here and the committee should ensure it periodically ascertains the adequacy of how such delegated authority is being discharged by the sub-committee in question.

2.3. Frequency of Meeting

Describe the following:

- *The number of meetings to be held annually and the length of those meetings;*
- *Minimum number of working days prior to committee meetings taking place, any committee papers must be provided to the committee secretary for circulation;*
- *How regular meetings are called and the process through which any ad hoc meetings can be called and by whom; and*
- *Apportionment of ‘secretarial’ responsibilities (e.g. for keeping a record of attendance; circulating papers; taking and preparing minutes; as well as tracking actions).*

2.4. Quorum

Set out the minimum number of committee members required to achieve quorum, including if quorum requires the chair or their deputy to be present. Care must be taken to balance quorum and overall size of the committee (for example, if the committee comprises nine members a quorum of five including the chair or their deputy may be appropriate).

2.5. Escalation process

While not strictly necessary, some organisations within their ToRs set out the process to be followed for escalation of decision-making whether in respect of matters falling outside the remit or authority of the committee or for ad hoc matters arising in the course of committee business.

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3. Responsibilities

3.1. Specific Responsibilities of the Committee

Describe the following:

- *What the Committee is responsible for / its 'remit'. Typically, this is separated by key topics (e.g. Strategy, Financial Performance, Risk Management, Governance, Operations; and*
- *Where delegated authority for decision making is provided on a targeted / limited basis it is good practice to not by topic, whether the committee will be approving or not.*

These topics and the associated responsibilities will be specific to the purpose of the committee. It is good practice to ensure that committee remits are not overlapping and to periodically ensure that individual committees in fact are operating within the scope of their ToR and covering their responsibilities adequately.

3.2. Reporting and Monitoring

Describe who is responsible (e.g. the committee chair), how often and in what format any reporting to more senior committees is required (e.g. summaries of debates had / basis for decisions made presented by the committee chair on a quarterly basis).

3.3. Independent Advice

Capture whether or not the committee has the right to appoint third-party external advice (e.g. professional services) to support it in its discharge of its responsibilities. If so, also set out the process through which this must be done as well as any thresholds (e.g. maximum total cost) beyond which the decision to appoint external advisors must be escalated to a more senior committee.

Some organisations do not delegate spending authority to committees below the Board or than the Executive Committee. In such circumstances the process of appointing external advice may require escalation to the Board possibly via the Company Secretary.

3.4. Other Matters

Any miscellaneous responsibilities of the forum should be described here, if they are not substantial enough to warrant their own sub section, and are unrelated to each other.

Appendix 1 - Standing Agenda Items

List any regular standing agenda items and their presenters / owners.

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Appendix 2 - Papers and Presentation Guidance

Describe the following:

- *The maximum length and format;*
- *What the quality review process is for papers or presentations submitted before meetings;*
- *If any online and electronic tools that will assist board activities, e.g. shared work spaces; and*
- *The requirements in relation to the provision of committee materials i.e. inputs from contributors and how many days before these materials are shared prior to the meeting.*

Delete this section if there is a wider guidance document available within the organisation.

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