



International Federation of Consulting Engineers  
The Global Voice of Consulting Engineers

# FIDIC GOVERNANCE FRAMEWORK

## Introduction

Corporate governance is the system by which an organization is directed and audited. It contributes to the effectiveness and efficiency of an organisation. It promotes development, responsible conduct, transparency, clarity and stakeholder confidence. It has become a fundamental aspect of organisations across the world.

Primarily, corporate governance is about what the board of directors (the “Board”) does and how it goes about it and the Board of an organization is responsible for that governance.

The Board is responsible for **setting strategic direction**, providing leadership, supervising management and reporting to its members within the legal context in which the organization operates.

The Board referred to under Article 7 (2) and Article 11 of the FIDIC Statutes 2018 is the “Board” described in this Governance Framework.

Implementing corporate governance varies across for profit, not-for-profit and networking organizations. It may also vary across organizational models and legal jurisdictions.

In preparing FIDIC’s Governance Framework, FIDIC has reviewed governance documents for both the for profit and not for profit sector and industry associations from Australia, Canada, South Africa, Switzerland, United Kingdom and USA.

## Objective of Good Governance

There are many documents which describe the benefits of good governance and it is difficult to accurately represent them all but there are a number of important themes which are common among them. An organisation that exercises effective governance:

- is accessible and responsive to its stakeholders, the public and staff
- supports and promotes transparency, disclosing information freely
- operates with a sense of responsibility, integrity, honesty and respect
- embraces diversity and inclusiveness
- builds and protects its reputation, its assets and its interests
- involves its stakeholders in planning and evaluation
- educates its board members and management about their roles and responsibilities
- engages in regular, objective assessments of its board, the directors, the organization and the CEO
- provides a safe and healthy working environment.
- is appropriately resourced and provides quality services
- promotes the value of the organization effectively.

There is considerable evidence that successful organisations are leveraging effective governance to drive growth, change and improved performance.

## **Achieving Good Governance**

The Board of an organisation, which practices good governance puts in place clear statements, documents, expectations, procedures and processes that effectively establish (set the tempo of) the organisation's culture. The clarity in expectation, procedures and process must include articulation of:

- vision, values and mission
- constitution or articles of incorporation or association
- policies (reviewed and updated regularly)
- delegation of authority from the Board to the CEO and from the CEO to management
- strategic plans and business plans
- organisational development
- an operating model and organisation design
- appropriate oversight, review, performance and audit processes

## **FIDIC and Its Governance**

The fundamental question for discussion is "What is FIDIC's governance aspiration?"

In considering this question, it is important to understand how one determines "what is an appropriate standard of governance for an organisation". The answer on one level is simple, it has to be fit for purpose. The reason for that conclusion is that in today's world, every organisation is subject to public and stakeholder scrutiny, is subject to the law and various statutory authorities and lastly of course the media in both the formal and informal environment. Expectations of global organisations are high.

FIDIC, by its nature, is a global industry organisation representing the interests of firms providing professional engineering services globally, whose reputation is critical to its relationships with other high integrity bodies and its ability to influence global, institutional or public policy. FIDIC's continued contribution to global development in terms of publication of world class standard contracts, effective procurement systems and practices, capacity building, training and its ability to attract its resource base of volunteers all rely on the organization's reputation of credibility and integrity.

FIDIC is a complex organisation with wide ranging functionality, activities and resources whose members / constituents / stakeholders come from across the globe. This represents a diversity not only in cultures, but also in economies, which are built on very different political, societal and structural norms.

The Board's position is that FIDIC's governance aspiration, must be high, founded in best practice and built in a way which is collaborative and inclusive.

## **FIDIC's Governance Framework**

FIDIC's governance framework is founded in:

- Swiss Civil Code (Art.60)
- Zewo dispositions (formerly the Swiss NPO-Code)
- Swiss Foundation Code
- Statutes and By-Laws (September 2015).

In summary, the Statutes and By-Laws set out the following:

- The objectives of FIDIC;
- The membership of FIDIC;
- The functional components of the FIDIC organisation;
- The powers and duties of the Board and the Secretariat, Working Committees, the Past Presidents Council;
- FIDIC's Honours and Awards; and
- The processes through which FIDIC operates.

This Manual together with the Statutes and By-Laws describes FIDIC's Governance Framework, including:

- Statement of Governance Principles
- Board Charter
- Matters Reserved for the Board
- Board Protocol

- Directors' Code of Conduct

## **Abbreviations**

Abbreviations used in this document include:

- **Board** means "Board of Directors"
- **CHF** means "Swiss Franc"
- **FIDIC** means "International Federation of Consulting Engineers"
- **GAM** means "General Assembly Meeting"
- **CEO** means "Chief Executive Officer"
- **NGO** means "Non-Government Organisation"
- **NFP** means "Not for Profit"

# **FIDIC Governance Principles**

The Board has adopted the following statement of governance principles:

## **Board Leadership, Composition and Effectiveness**

The Board will lead FIDIC and be accountable to the General Assembly of FIDIC for its strategic direction and performance.

The Board will comprise directors with appropriate experience and expertise to lead FIDIC. The directors elected at the GAM shall be inducted into their roles, assigned specific responsibilities as may be determined by the Board and conduct themselves in accordance with a Board Code of Conduct.

The Board will manage its meetings efficiently and effectively.

The Board will review its effectiveness and that of directors against pre-determined criteria, at least once every two years.

The Board will ensure appropriate succession plans are in place for senior management positions and will make recommendations to the GAM in regard to succession plans for directors.

## **Strategic Purpose, Direction and Planning**

The Board will ensure that there is a documented strategic purpose, multi-year strategic plan and annual business plan in place at all times.

The Board will ensure that there are procedures in place for consultation, communication and decision making.

## **Values, Integrity, Ethics and Culture**

The Board shall build on FIDIC's values and set out its expectations for the behavioural standards of integrity and ethics of the Board members, the management, the staff, the committee members and the members associations.

The Board will actively lead the culture of the FIDIC organisation and work with management to embed and maintain a healthy, values driven culture.

The Board shall be responsible for holding accountable the management, the staff, the committee members and the Member Associations to declare any potential or real conflicts of interests and for adherence to the high standard of integrity and ethics espoused in FIDIC's Code of Ethics.

## **Information and decision-making transparency**

The Board shall document its approach to being a transparent organisation, making information and decision making processes clear to all participants and stakeholders, as may be appropriate to the circumstances.

## **Stakeholder Engagement**

The Board shall determine how it engages stakeholders, what processes it follows and define who has authority to speak on behalf of FIDIC on various subjects.

## **Accountability and responsibility**

The Board will put in place and/or approve policies that set out the expectations that FIDIC and its management are expected to abide by. On an annual basis, the Board will set out the Key Result Areas (KRAs) and Key Performance Indicators (KPIs) the management is expected to achieve. The Board will also set out an appropriate reward structure to support achievement of the KRAs and KPIs. On an annual basis, the Board shall review the performance of management.

The Board shall put in place a delegation of authority document, which clearly sets out the authority of the CEO and defines authorities it holds to itself. It will ensure

that the CEO puts in place a corresponding delegation of authority document for management, committee chairs or other relevant staff.

**Organisational development**

The Board will regularly review the direction of FIDIC, so as to respond to membership, market and stakeholder demands with a view to adapting to its environment and operational context and ensuring its relevance, effectiveness and sustainability.

**Efficiency in Operation**

The Board shall oversee the effectiveness of service delivery and the financial management of FIDIC and shall ensure proper statements of accounts are maintained, reported and audited.

The Board will oversee the statutory compliance of FIDIC.

## Board Charter

Article 12 of the FIDIC Statutes sets out that the FIDIC Board shall:

- Be responsible for all matters which are not explicitly referred to in these Statutes as being within the competence of the General Assembly.
- Be responsible for the carrying out of the resolutions of the General Assembly and shall prepare and submit the annual report to the General Assembly.
- Administer the property of the Federation and shall be responsible for the preparation of the annual accounts and their submission to the General Assembly.
- Formulate or modify the By-Laws for ratification by the General Assembly.
- Appoint at its discretion Standing or Task Committees to assist in the execution of its tasks. These Committees shall be responsible to the Board.
- Be responsible for all its activities to the General Assembly.

This Board Charter sets out the functions, key responsibilities, and main operating mechanisms of the board to clarify board and management accountabilities for FIDIC's strategic direction and performance.

### Objectives, strategies and risks

The Board shall:

- Set the objectives and overall direction of FIDIC
- Prepare and approve the strategic plan,
- Oversee and approve any business plans, for the achievement of the objectives
- Execute directions given by the General Assembly Meeting (GAM)
- Guide and oversee the culture and standards of FIDIC
- Review and recommend the annual budget to the GAM for its approval
- Establish and review performance indicators, control mechanisms, and related benchmarks that will allow the board to satisfy itself that FIDIC is being managed effectively
- Monitor the performance of FIDIC against its financial and other objectives and benchmarks, and to review the implementation of the approved strategies
- Satisfy itself that the risks facing FIDIC have been identified, assessed, and that a proper risk mitigation plan is in place. and that the material risks are being managed appropriately

### Appointments and delegations

- Establish committees reporting to the board, to approve written terms of reference for them, to provide guidance to the committees, and to appoint their members.
- Appoint the CEO and, if required, the FIDIC Board secretary, to approve their job descriptions and to review their performance and to arrange appropriate remuneration.
- Oversee and approve the appointment of the senior executives reporting directly to and as recommended by the CEO.
- Approve the remuneration of management.
- Review and approve the organisational chart and the succession plan.
- Assign responsibility for preparing and implementing its resolutions or monitoring delegations to committees or individual members. It must ensure appropriate reporting to its members.

### Board documents

- Approve and adopt the following charters, policies, delegations, codes and protocols:
  - This Board Charter
  - Matters Reserved for the Board

- The terms of reference of all committees established by the board
- Role statements including delegations of authority and responsibility to the President, as its chair, to the Treasurer and the CEO
- The FIDIC Code of Conduct
- The Board Protocol
- Directors Code of Conduct
- The policy related to risk oversight and management
- The policies related to compliance with the law and ethical standards
- The membership consultation policy and protocol
- The stakeholder communications policy and protocol
- The policy related to accounting
- Such other policies as the board may determine
- Review, and adapt to changing circumstances, the documents listed above and to satisfy itself that they are consistent with the law and with any changes to the overall direction and strategy of FIDIC.
- Monitor compliance with the charters, delegations, policies, codes and protocols and for this purpose, establish performance indicators, benchmarks and reporting procedures, and to receive appropriate reports.

### **Financial matters and reports**

- Approve the accounting policies of FIDIC
- Approve and oversee a system of delegations, controls, approvals and separation of powers which will ensure FIDIC's financial integrity is maintained
- Satisfy themselves about the independence and competence of the auditors
- Review FIDIC's financial reports and to recommend the annual accounts to the GAM for approval
- Approve any directors' report required by law
- Review and approve the reports of the CEO (and the CFO, if one is appointed) on risk management and internal compliance
- Approve the capital structure of FIDIC and any proposals for borrowing or giving security over assets
- Review and approve capital and other expenditures above the levels which board has delegated to management
- Review and approve any proposals concerning the purchase, sale or lease of land or buildings
- Approve any donations or sponsorships

### **Composition and effectiveness of the board**

The Statutes and By-Laws of FIDIC provide that the Board shall comprise the President, two Vice-Presidents or a Vice President and a President-Elect and other members whose number in total is nine.

### **Meetings of the Board, Board Committees and FIDIC**

The Board:

- shall meet at least three times per year and additional meetings may be convened as necessary
- may meet in person or by telephonic, video or electronic means
- shall invite appropriate members of management to attend its meetings
- may meet in the absence of management
- shall adopt an annual agenda to facilitate the discharge of its responsibilities and this will form the basis of its individual meeting agendas

- shall ensure that its meetings are always minuted in accordance with the By-laws
- shall oversee arrangements and lead activities for the GAM and any other meetings of Member Associations

The Board shall prepare an executive summary report from its meetings and make these available to Member Associations, within a reasonable period of each meeting. Should the Board consider it appropriate, it may meet this requirement by issuing minutes of its meetings to Member Associations.



## **Matters Reserved for the Board**

Matters reserved for the Board are as follows:

### **Overall Management**

- Oversight of the management of FIDIC
- Determination of FIDIC's organisation
- Appointment and dismissal of persons entrusted with managing and representing FIDIC
- Establishment or disestablishment of any statutory entity owned or partially owned by FIDIC
- Overall supervision of persons entrusted with statutory and corporate compliance
- Compilation of the annual report
- Organisation of the General Assembly Meeting and implementation of its resolutions
- Notification to the court in the event that FIDIC is overindebted or insolvent

### **Appointments**

- Nominate, from among its own number, the President, Vice-Presidents or the President-Elect to the GAM for approval
- Appointment of and Terms of Reference for a Board Operations Oversight Committee and other Board Committees as the Board sees fit and shall ensure appropriate reporting to its members
- Appointment and removal of the CEO
- Appointment and removal of the FIDIC Board Secretary
- Approval of the appointment and removal of direct reports to the CEO
- Establishment of FIDIC Committees and their Terms of Reference
- Recommend the appointment of auditors to the GAM for approval

### **Board, CEO and CEO's direct reports**

- Delegations to the CEO
- Approval of organisation chart
- Approval of succession plans
- Approval of remuneration of the CEO
- Approval of remuneration policy for FIDIC employees
- Determinations on conflicts of interest
- Assessment and determination of the CEO's performance
- Matters of governance

### **Stakeholder Relationships**

- Recommendations on membership to the GAM for approval
- Recommendation of Member Associations' subscription scheme to the GAM for approval

- Determination on the instigation, continuance and cessation of litigation
- Statutory matters relating to disclosures or actions required of directors by law
- Communications in public or the media concerning any allegations or actions brought by statutory authorities or NGOs regarding FIDIC
- Approval of memberships of external associations

#### **Financial Matters**

- Approval of Accounting Policies, financial control and planning practices
- Approval and recommendation of the Annual Accounts to the GAM for approval
- Authorization for the opening and closing of FIDIC Bank Accounts
- Authorization of bank account signatories
- Authorization for any borrowings or loans proposed to be taken out by FIDIC
- Approval of capital expenditure greater than CHF100,000
- Authorization to enter into any property lease agreements
- Authorization to enter into any contracts with a total term, including optional extensions, of greater than 3 years duration or greater than CHF100,000 in value
- Approval and recommendation of annual budgets to the GAM
- Approval of annual capital expenditure budgets
- Approval of gifts, donations or sponsorships with a value greater than CHF500
- Approval of any gifts, loans, extra-contractual or ex-gratia payments to management or staff with a value greater than CHF1000

#### **Strategy**

- Approval of strategic intent, objects and plans
- Approval of annual business plans
- Approval of FIDIC policies
- Development and approval of the CEO's performance criteria and indicators

#### **Risk**

- Conduct a risk assessment and report it annually
- Engage expert advisors to assist with enterprise annual risk assessment

## **Board Protocol**

The Board accepts and understands that this protocol addresses their collective responsibilities as a Board and that it operates alongside the Code of Conduct to which they are to be held accountable, in addition to any other authority conferred on the Board or the GAM by the Statutes and By-Laws.

### **Board Responsibility**

The duties of the Board and its accountability to the GAM are set out in Article 12 of the Statutes.

In addition to these duties, the Board takes responsibility for the establishment and operation of an appropriate governance framework to maintain the integrity and reputation of FIDIC and its efficiency and effectiveness in operation.

Through the Statutes, the GAM has delegated duties to the Board, as a whole, and with the exception of Authority to sign singly on behalf of FIDIC as indicated under Article 11 (12), those duties are to be exercised as a board.

Except as noted above, the GAM has not delegated any powers to an individual member of the Board. It follows that decisions must be made collectively and individual members of the Board are bound by those decisions.

Where directors are delegated responsibility for Board Committees and/or liaison with FIDIC committees, directors shall undertake these roles without exercising or representing that they have been delegated authority for decision making by the Board, unless such delegation has been expressly authorised by the Board.

Unless directors receive specific delegations from the Board and except to the extent matters are reserved to the Board, the CEO has been delegated authority for the management and operation of FIDIC.

In the interests of harmony, alignment and effectiveness, the directors will conduct themselves with good will and in a way which supports good teamwork.

The Board and directors individually recognise and agree that they will act diligently in preparing themselves for Board meetings, request and obtain necessary information and facilitate due and proper consideration and open discussion and constructive debate of all matters that come before the Board.

The Board and directors individually recognise and respect the need for the Board to consider, discuss and decide on any matters in an environment and in a manner which is free from conflicts of interest. As such, any director with a potential conflict of interest is obliged to declare it to the Board and subject to either the director's view, or the Board's view, as to whether it is material, shall withdraw from any discussion, debate or decision involving the matter.

The Board recognises and respects every director's individual right and duty to raise any matter of serious concern at Board meetings and, where possible, expect directors to alert the Chairman of the meeting to their intention to do so.

The Board and directors individually recognise and agree that they have a duty to FIDIC and the Board, such that, other than in private discussions with each other, outside the Board room they will support the letter and the spirit of Board decisions.

### **Board Leadership**

The President of FIDIC's role is to lead the Board and manage its affairs so that it can effectively discharge its duties under the law and under the Statutes. The President derives his or her authority from the GAM and must be supported and respected by the Board.

The President is responsible for the culture of the Board, its processes and its effectiveness. The President is responsible for planning the annual agenda of the Board and the agenda for each Board meeting.

As the Chair of Board meetings, the President will encourage ideas and contributions from all directors, support open discussion and debate and, recognising when consensus is reached, summarise decisions for consideration by the Board. The President will ensure that clear decisions are accurately recorded and implemented promptly.

The President is responsible for the induction of new directors elected by the GAM.

The President is responsible for arranging an annual review of the Board's and the CEO's performance.

### **Board Meetings and Decisions**

By-Law V sets out a number of matters about the operation of the Board.

The President of FIDIC will or when not available, the President-Elect or a Vice-President will chair board meetings. If none of these officers are available the directors will elect one of their number to chair meetings.

The quorum at Board meetings shall be a majority of the elected members. If this quorum shall be present the Board shall be competent to exercise its statutory authority.

The Board may also adopt resolutions by correspondence. Such resolutions shall be adopted when a majority of the elected members of the Board have replied in favour of the resolutions.

### **Board Composition**

The Board recognises that it is in the interests of FIDIC that the Board include members with a balance of relevant skills and abilities to enable it to be most effective in leading FIDIC and the composition of the Board may need to be adjusted from time to time or supported in other ways to meet the needs of FIDIC.

Recognising the authority of the GAM to elect directors, the Board may inform MAs as to the attributes, skills or experience it is seeking from nominees.

It will review the performance of its members and the Board as a whole at least every two years.

In seeking to satisfy itself or to improve the composition of the Board, it will take into account performance reviews and the future direction of FIDIC.

### **Board Secretary**

The Board may appoint an individual to act as Board Secretary. The President will work closely with the Board Secretary to ensure that Board complies with the law and FIDIC's Statutes and By-Laws.

All directors will have reasonable access to the Board Secretary and be able to seek advice or information from the Board Secretary.

All directors will recognise, respect and support the independence of the Board Secretary.

### **Board Committees**

#### ***Board Operations Oversight Committee***

The Board will appoint a Board Operations Oversight Committee to oversee the operations of FIDIC, and in particular to facilitate operational matters which may require assistance, review or approval by the Board in between Board Meetings.

The Board Operations Oversight Committee shall comprise the President, the President-Elect, Vice-President(s) and Treasurer. The Board Operations Oversight Committee shall meet with the CEO, in months when the FIDIC Board does not meet.

The Charter for the Board Governance Committee is included in Appendix B1.

***Board Risk and Audit Committee***

The Board will appoint a Board Risk and Audit Committee to advise on risk and audit matters in FIDIC.

The Charter for the Board Risk and Audit Committee is included in Appendix B2.

***Board Governance Committee***

The Board will appoint a Board Governance Committee to advise on governance matters in FIDIC.

The Charter for the Board Governance Committee is included in Appendix B3.

***Board Nominations Committee***

The Board will appoint a Board Nominations Committee to advise on nomination matters in FIDIC.

The Charter for the Board Nominations Committee is included in Appendix B4.

## Appendix A

### Directors' Code of Conduct

The directors of FIDIC agree that they are bound by this Code of Conduct and that any director who breaches this Code of Conduct will offer his or her resignation to the Board.

Should the breach be serious and he or she fail to do so, the directors will withdraw their support from him or her and may request the GAM to re-consider the position of that director.

**Act as a leader.** Promote FIDIC values, its mission and its role; recognise FIDIC's role as an industry leader and actively communicate its messages; share its knowledge, participate actively in committees where you have committed to do so.

**Be respectful and constructive.** Support the board and its chair; offer your views thoughtfully and dispassionately; welcome new directors and encourage their active participation; take your responsibilities seriously and be accountable for them.

**Act with honesty and integrity.** Be open and transparent in your dealings; use power and authority wisely and responsibly; do not place yourself in a position of being conflicted; earn the trust of those you interact with and do not act as a representative of any constituency at the Board.

**Act in the best interests of FIDIC.** Act to enhance FIDIC's reputation; act in good faith; accept responsibility for your actions; if your reputation is compromised, recognise the potential impact on FIDIC; bring your best to FIDIC.

**Act fairly and inclusively.** Act respectfully to all; be professional and courteous; balanced and considered; welcome diversity, appreciate difference and different opinions; avoid bias, discrimination, self-interest and constituency interest.

**Use your position appropriately.** Represent FIDIC so as to enhance the FIDIC brand; communicate accurately FIDIC's position to stakeholders; do not misrepresent yourself or FIDIC; do not use your position for personal gain or benefit; decline gifts or favours offered or accorded to you which may be offered to influence your judgement or may bring your integrity into question.

**Use information appropriately.** Respect confidentiality of the Board's deliberations and the information provided to it.

**Act responsibly in financial matters.** Understand financial reports; inquire where financial reports are not clear or where you may have any concerns; question conclusions and language in any report that you may not agree with.

**Exercise due care and diligence.** Read board papers and be prepared at meetings; reasonably inquire if you believe that information is inadequate or incomplete; critically consider decisions put before the board.

**Comply with the law and statutes and by-laws.** Understand your responsibilities before you act; avoid legal mis-steps and act to achieve compliance.

## **Appendix B**

### **Board Committee Charters**

#### **Appendix B1**

##### **Charter**

##### **FIDIC Operations Oversight Committee**

###### **1. Purpose**

The FIDIC Operations Oversight Committee is a committee of the FIDIC Board, whose primary function is to oversee and support the CEO in making decisions on operational matters.

###### **2. Membership and Composition**

The Operations Oversight Committee shall comprise:

- The President
- Two Vice-Presidents or the Vice-President and President-Elect
- The Treasurer

The CEO shall attend all meetings of the Operations Oversight Committee.

###### **3. Chairperson**

The Operations Oversight Committee shall be chaired by the President or in his or her absence, the President-Elect, or in his or her absence the Vice-President.

The Chairman will have the power to require the CEO to recuse him or herself from the meeting at any time.

###### **4. Meetings of the Committee**

The Operations Oversight Committee shall meet at least three (3) times per year, in months which do not coincide with meetings of the Board Meetings.

Except in the case of a critical incident, five (5) working days' notice of meeting shall be provided to all members.

A quorum shall be three members of the Committee.

Meetings may be conducted in person or using any technology agreed by the members.

A standing item on the agenda of each meeting of the Committee will be "Conflicts of Interest". It will include disclosure, management and resolution of actual, perceived or potential conflicts of interests. All aspects of such matters shall be recorded in the minutes.

Decisions may be made by a simple majority vote by those members attending. Decisions may also be made outside of any meeting by a simple majority resolution or agreement in writing by all members.

The Chairman shall not have a casting vote.

Directors, who are not members of the Operations Oversight Committee are eligible to attend meetings of the Committee on request and are entitled to receive a copy of any papers in advance of the meeting.

The Committee may request independent advisers or management staff to attend meetings and assist the Operations Oversight Committee with its deliberations.

All meetings shall be minuted. Copies of the Operations Oversight Committee minutes shall be provided in the papers for the next meeting of the Board.

## **5. Conflicts of Interest**

Members of the Operations Oversight Committee must comply with their legal, statutory and fiduciary duties and obligations as directors of FIDIC, when discharging their responsibilities as members of the Operations Oversight Committee.

Members of the Operations Oversight Committee shall act in good faith and in the best interests of FIDIC as a whole, act with care and diligence and for proper purpose as described in the Statutes.

Members of the Operations Oversight Committee must disclose to the Chairman and/or the Committee any actual, perceived or potential conflicts of interest which may exist as soon as the Committee Member becomes aware of any issue and shall recuse themselves from discussion and/or decisions which may involve that conflict.

## **6. Independent Advice**

Subject to Section 8, the Operations Oversight Committee may engage independent advisers on legal, accounting technological or other professional advice as may be necessary to undertake their function. Where the estimated expenditure exceeds the amount authorised under Section 8, the Committee shall seek the approval of the full Board before proceeding with the engagement.

## **7. Responsibilities**

The Operations Oversight Committee has the following functions:

- Consider, review and decide on matters referred to it by the full Board
- Consider, review and decide on matters put before it by the CEO
- Oversee the implementation of financial control processes and procedures
- Review and approve delegations of authority from the CEO to other managers and staff
- Investigate, assess and decide on any capital expenditure proposals up to CHF100,000
- Investigate, assess and decide to enter into any contracts with a total term, including optional extensions, of greater than 1 year duration or up to CHF100,000
- Oversee the appointment of independent professional advisers
- Management of any critical incidents requiring urgent action

## **8. Authority and reporting**

The Operations Oversight Committee is accountable to the full Board and shall report to each meeting of the Board on activities and decisions it has undertaken since the prior scheduled meeting of the full Board, including the provision of minutes of the Operations Oversight Committee Meetings.

The Board is responsible for all decisions properly made by the Operations Oversight Committee. Should the full Board wish to change a decision made by the Operations Oversight Committee, it is in effect, changing its own decision.

Except as described above, the Board delegates to the Operations Oversight Committee authority to approve expenditure within budget for budgeted programs, incurred in the normal course of business.

Should there be a critical incident, the Operations Oversight Committee is authorised to approve unbudgeted emergency expenditure of up to CHF150,000 to manage the incident. In any event, as soon as practicable, the full Board shall be notified of any emergency expenditure.

## **9. Review of the Charter**

The Board shall review this Charter in not more than two years since it or any revision of it was approved by the full Board of FIDIC. The Operations Oversight Committee shall recommend any changes proposed to the Charter to the full Board for its approval.



## **Appendix B2**

### **Charter FIDIC Risk and Audit Committee**

#### **1. Purpose**

The FIDIC Risk and Audit Committee is an advisory committee of the FIDIC Board, whose primary function is to advise the FIDIC Board on risk and audit matters including:

- Adequacy and integrity of FIDIC's risk management framework
- Adequacy and effectiveness of internal controls and procedures
- Adequacy and effectiveness of FIDIC's financial systems
- Appointment, engagement and oversight of FIDIC's auditors
- Integrity of FIDIC's annual financial statements
- FIDIC's compliance with statutory requirements.

#### **2. Membership and Composition**

The Risk and Audit Committee shall comprise at least three FIDIC Board Members, one of them being the Treasurer, with relevant expertise and experience in financial and accounting matters.

The CEO or the Chief Financial Officer (if such a position is created) shall attend all meetings of the Risk and Audit Committee.

#### **3. Chairman**

The Chairman of the Risk and Audit Committee shall be recommended to the Board by the President. In his or her absence, one of the other members of the Committee may chair the meetings. The Treasurer may be appointed as Chairman of the Risk and Audit Committee.

#### **4. Meetings of the Committee**

The Risk and Audit Committee shall meet at least 3 times per year.

Five (5) working days' notice of meeting shall be provided to all members.

A quorum shall be two members of the Committee.

Meetings may be conducted in person or using any technology agreed by the members.

A standing item on the agenda of each meeting of the Committee will be "Conflicts of Interest". It will include disclosure, management and resolution of actual, perceived or potential conflicts of interests. All aspects of such matters shall be recorded in the minutes.

Decisions may be made by a simple majority vote. Decisions may also be made outside of any meeting by a simple majority resolution or agreement in writing.

The Chairman shall not have a casting vote.

Directors, who are not members of the Risk and Audit Committee are eligible to attend meetings of the Committee on request and are entitled to receive a copy of any papers in advance of the meeting.

The Committee may request independent advisers or management staff to attend meetings and assist the Risk and Audit Committee with its deliberations.

All meetings shall be minuted. Copies of the Risk and Audit Committee minutes shall be provided in the papers for the next meeting of the Board.

#### **5. Conflicts of Interest**

Members of the Risk and Audit Committee must comply with their legal, statutory and fiduciary duties and obligations as directors of FIDIC, when discharging their responsibilities as members of the Risk and Audit Committee.

Members of the Risk and Audit Committee shall act in good faith and in the best interests of FIDIC as a whole, act with care and diligence and for proper purpose as described in the Statutes.

Members of the Risk and Audit Committee must disclose to the Chairman and/or the Committee any actual, perceived or potential conflicts of interest which may exist as soon as the Committee Member becomes aware of any issue and shall recuse themselves from discussion and or decisions which may involve that conflict.

#### **6. Independent Advice**

The Risk and Audit Committee may engage independent advisers on legal, accounting or other professional advice as may be necessary to undertake their function. The Committee shall seek the approval of the full Board before proceeding with the engagement.

#### **7. Responsibilities**

The Risk and Audit Committee has the following functions:

- Oversight the development of FIDIC's enterprise risk management framework
- Annually review FIDIC's risk exposure, tolerance and management system
- Monitor, evaluate, report and oversee management of FIDIC's risk performance
- Annually review the adequacy and integrity of FIDIC's risk management framework
- Oversight the assessment and placement of insurances
- Report on FIDIC's risk exposure and performance to the Board annually
- Annually review and report to the Board on FIDIC's compliance with statutory requirements
- Oversee the adequacy of FIDIC's financial systems, controls and procedures
- Recommend the appointment, engagement and oversight of FIDIC's auditors
- Monitor and assess the integrity of FIDIC's annual financial statements and recommend them to the Board
- Assess the effectiveness of the external audit (the audit body), any internal audit, and their collaboration.
- Critically review the single-entity and consolidated financial accounts as well as the interim financial reports to the Board
- Consult with the CEO, Chief Financial Officer and the head of the external audit team.
- Decide whether the single-entity and consolidated financial accounts can be recommended to the Board for presentation to the General Assembly' Meeting
- Assess the performance and the fees charged by the external auditors and ascertain their independence. It should examine the compatibility of the auditing responsibilities with any consulting mandates
- Review the payment of relevant taxes, to ensure FIDIC is tax compliant
- Identifying, as soon as practicable, any material breach of the law, policy or financial system controls and any material risk event which may prejudice FIDIC's financial position.

#### **8. Authority and reporting**

The Risk and Audit Committee is accountable to the full Board and shall report to each meeting of the Board on activities and decisions, it has undertaken since the prior scheduled meeting of the full Board, including the provision of minutes of the Risk and Audit Committee Meetings.

The Risk and Audit Committee has no authority to incur expenditure without Board or FIDIC Operations Oversight Committee approval.

#### **9. Review of the Charter**

The Board shall review this Charter in not more than two years since it or any revision of it was approved by the full Board of FIDIC. The Risk and Audit Committee shall recommend any changes proposed to the Charter to the full Board for its approval.

## **Appendix B3**

### **Charter FIDIC Governance Committee**

#### **1. Purpose**

The FIDIC Governance Committee is an advisory committee of the FIDIC Board, whose primary function is to advise the FIDIC Board on governance matters.

#### **2. Membership and Composition**

The Governance Committee shall comprise:

- At least three FIDIC Board Members
- Other persons approved by the FIDIC Board

The CEO, Chief Legal Officer (should one be appointed) or appropriately skilled members of the Secretariat may be invited to attend as appropriate

#### **3. Chairman**

The Chairman of the Governance Committee shall be recommended to the Board by the President. In his or her absence, one of the other members of the Committee may chair the meetings.

#### **4. Meetings of the Committee**

The Governance Committee shall meet at least 3 times per year.

Five (5) working days' notice of meeting shall be provided to all members.

A quorum shall be two members of the Committee.

Meetings may be conducted in person or using any technology agreed by the members.

A standing item on the agenda of each meeting of the Committee will be "Conflicts of Interest". It will include disclosure, management and resolution of actual, perceived or potential conflicts of interests. All aspects of such matters shall be recorded in the minutes.

Decisions may be made by a simple majority vote. Decisions may also be made outside of any meeting by a simple majority resolution or agreement in writing.

The Chairman shall not have a casting vote.

Directors, who are not members of the Governance Committee are eligible to attend meetings of the Committee on request and are entitled to receive a copy of any papers in advance of the meeting.

The Committee may request independent advisers or management staff to attend meetings and assist the Governance Committee with its deliberations.

All meetings shall be minuted. Copies of the Governance Committee minutes shall be provided in the papers for the next meeting of the Board.

#### **5. Conflicts of Interest**

Members of the Governance Committee must comply with their legal, statutory and fiduciary duties and obligations as directors of FIDIC, when discharging their responsibilities as members of the Governance Committee.

Members of the Governance Committee shall act in good faith and in the best interests of FIDIC as a whole, act with care and diligence and for proper purpose as described in the Statutes.

Members of the Governance Committee must disclose to the Chairman and/or the Committee any actual, perceived or potential conflicts of interest which may exist as soon as the Committee Member

becomes aware of any issue and shall recuse themselves from discussion and or decisions which may involve that conflict.

#### **6. Independent Advice**

The Governance Committee may engage independent advisers on legal, accounting or other professional advice as may be necessary to undertake their function. The Committee shall seek the approval of the full Board before proceeding with the engagement.

#### **7. Responsibilities**

The Governance Committee has the following functions:

- Consider, review and advise on matters referred to it by the Board
- Advise the Board on its use of committees, their responsibilities and their charters
- Assist the Board to achieve appropriate skills and composition on Board committees
- Review FIDIC Statutes and recommend changes to the Board
- Develop and maintain the FIDIC governance framework and all relevant documents
- Advise the Board in relation to appropriate election and selection procedures
- Assist the President to conduct board reviews
- Identify areas requiring policy development to improve the governance of FIDIC
- Assist the Board and oversee policy development
- Review management policies where appropriate
- Oversee the appointment of independent professional advisers on governance matters
- Assist in any critical incidents relating to governance requiring urgent action.

#### **8. Authority and reporting**

The Governance Committee is accountable to the full Board and shall report to each meeting of the Board on activities and decisions, it has undertaken since the prior scheduled meeting of the full Board, including the provision of minutes of the Governance Committee Meetings.

The Governance Committee has no authority to incur expenditure without Board or FIDIC Governance Committee approval.

#### **9. Review of the Charter**

The Board shall review this Charter in not more than two years since it or any revision of it was approved by the full Board of FIDIC. The Governance Committee shall recommend any changes proposed to the Charter to the full Board for its approval.

## **Appendix B4**

### **Charter FIDIC Nominations Committee**

#### **1. Purpose**

The FIDIC Nominations Committee is an advisory committee of the FIDIC Board, whose primary function is to advise the FIDIC Board on nominations matters. The FIDIC Board will in turn advise FIDIC's Member Associations on nominations matters.

#### **2. Membership and Composition**

The Nominations Committee shall comprise:

- At least three FIDIC Board Members
- Other persons approved by the FIDIC Board

The CEO, Chief Legal Officer (should one be appointed) or appropriately skilled members of the Secretariat may be invited to attend as appropriate.

#### **3. Chairman**

The Chairman of the Nominations Committee shall be recommended to the Board by the President. In his or her absence, one of the other members of the Committee may chair the meetings.

#### **4. Meetings of the Committee**

The Nominations Committee shall meet at least 2 times per year.

Five (5) working days' notice of meeting shall be provided to all members.

A quorum shall be two members of the Committee.

Meetings may be conducted in person or using any technology agreed by the members.

A standing item on the agenda of each meeting of the Committee will be "Conflicts of Interest". It will include disclosure, management and resolution of actual, perceived or potential conflicts of interests. All aspects of such matters shall be recorded in the minutes.

Decisions may be made by a simple majority vote. Decisions may also be made outside of any meeting by a simple majority resolution or agreement in writing.

The Chairman shall not have a casting vote.

Directors, who are not members of the Nominations Committee are eligible to attend meetings of the Committee on request and are entitled to receive a copy of any papers in advance of the meeting.

The Committee may request independent advisers or management staff to attend meetings and assist the Nominations Committee with its deliberations.

All meetings shall be minuted. Copies of the Nominations Committee minutes shall be provided in the papers for the next meeting of the Board.

#### **5. Conflicts of Interest**

Members of the Nominations Committee must comply with their legal, statutory and fiduciary duties and obligations as directors of FIDIC, when discharging their responsibilities as members of the Nominations Committee.

Members of the Nominations Committee shall act in good faith and in the best interests of FIDIC as a whole, act with care and diligence and for proper purpose as described in the Statutes.

Members of the Nominations Committee must disclose to the Chairman and/or the Committee any actual, perceived or potential conflicts of interest which may exist as soon as the Committee Member

becomes aware of any issue and shall recuse themselves from discussion and or decisions which may involve that conflict.

#### **6. Independent Advice**

The Nominations Committee may engage independent advisers on legal, accounting or other professional advice as may be necessary to undertake their function. The Committee shall seek the approval of the full Board before proceeding with the engagement.

#### **7. Responsibilities**

The Nominations Committee has the following functions:

- Consider, review and advise on matters referred to it by the Board
- Prepare brief for candidates for election to the Board and Standing Committees for consideration by the Board
- Lead the identification of suitable candidates for election to the Board and Standing Committees
- Encourage, consult and invite MAs to nominate of suitable candidates
- Brief the Board on candidates nominated for election to the Board and Standing Committees and make recommendations as may be appropriate.

#### **8. Authority and reporting**

The Nominations Committee is accountable to the full Board and shall report to each meeting of the Board on activities and decisions, it has undertaken since the prior scheduled meeting of the full Board, including the provision of minutes of the Nominations Committee Meetings.

The Nominations Committee has no authority to incur expenditure without Board or FIDIC Operations Oversight Committee approval.

#### **9. Review of the Charter**

The Board shall review this Charter in not more than two years since it or any revision of it was approved by the full Board of FIDIC. The Nominations Committee shall recommend any changes proposed to the Charter to the full Board for its approval.

# Appendix C

## Role Statements

### Appendix C1

#### Duties of the FIDIC President

##### Introduction

The FIDIC President has duties both as President of FIDIC as an organisation and as Chair of the FIDIC Board.

There is no specifically correct way to perform either role and no prescribed response that makes sense in all situations. Importantly, each President will bring to the role their personal style, skills, talent and experience which underpin their leadership of FIDIC.

##### President of FIDIC

Various specific elements of the President's role are described in FIDIC's statutes and may be summarised as follows:

- Represent the Federation and hence the industry globally
- Issue warnings to Member Associations not observing the Statutes and By-laws or resolutions of the General Assembly
- Chair the General Assembly Meeting
- Appoint delegates to count votes for the election of FIDIC Board Members
- Chair the FIDIC Board

The President of FIDIC has an important representational role:

- Speaking on behalf of FIDIC when appropriate
- Chairing the General Assembly Meeting
- Making important disclosures required by law
- Leading important presentations to members
- Receiving and overseeing the resolution of complaints

##### Chairperson of the FIDIC Board

The primary role of the President, as Chairperson of the FIDIC Board is to lead the Board and ensure it operates effectively. This entails:

- Planning the Board agenda throughout the year to ensure the right matters are discussed at the appropriate time
- Thoroughly considering the matters discussed with all Board members having an appropriate opportunity to input to the meetings
- Coming to clear conclusions and decisions
- Effectively allocating responsibilities to committees and individual members.
- Holding committees or management to account to implement the Board's decisions
- Reviewing the performance of the Board's effectiveness

Leadership has many perspectives and in a Board setting, the Chairman sets the culture and tone, identifies shared goals, establishes protocols and counsels, coaches and encourages Board members. Human leadership is as vital in a boardroom as any other setting, with the qualification that the styles preferred of a Chair must support the concept that all directors are equal, the Chair is elected by his or her peers and no one has authority over another.

This extends to leading the Board to put in place documents and systems for:

- Determining matters the Board retains to itself
- Reviewing Board skills and performance
- Reporting from the Board to members and from management to the Board
- Policy development and implementation

- Strategic planning
- CEO recruitment and succession planning
- Delegated authority for management
- Management goal setting
- Oversight of risk management and internal controls
- Setting annual budgets and performance measures
- Settling financial accounts and statutory reporting
- Receiving the auditor's report.

The President should lead and manage the Board, such that:

- Agendas are planned and timed so as to give appropriate weight to the matters before the Board
- Time is managed effectively
- The Board Secretary is present to minute the meeting
- Reporting formats and level of detail is agreed on a standing basis with the CEO and/or Secretariat
- Papers or reports are concise and appropriate to the matters for consideration
- Papers are taken as read and presentations succinct and focused on key points only
- Executives required to attend the meeting are agreed between the President and the CEO well before the meeting
- Ground rules are established for discussions and decision on complex or non-routine matters
- The Board members behave politely, respectfully and collaboratively and in accordance with the Directors Code of Conduct
- Conflicts of interest are declared and managed appropriately
- Members have the opportunity to question papers and management
- All Members have the opportunity to make their views known to the Board, succinctly and to the point
- Reticent members are called on for their views
- Systematic ways of working through complex issues are employed
- Consensus is achieved, without unanimity being essential, reasonably and fairly in an atmosphere of respectful diversity
- Conclusions and decisions are concisely and clearly described and recorded in the minutes
- Minutes, in an agreed format and level of detail, are circulated for comment and review within the shortest reasonable period after the meeting
- Provide an opportunity for the directors to reflect on the level of achievement and behaviour of the Board at the end of the meeting.

In structuring the activities of the Board, the President is also expected to:

- Establish Board committees to advise or manage Board matters eg:
  - Governance
  - Risk and audit
  - Operations Oversight
  - Nominations
- Establish Task Groups to address transient issues eg:
  - CEO selection
  - Re-structuring
  - Critical incidents
- Allocate liaison responsibilities with FIDIC Committees eg:
  - Business Practice
  - Capacity Building
  - Conference
  - Contracts
  - Integrity
  - Membership
  - Risk & Quality
  - Sustainability
- Allocate liaison responsibilities with other groups or organizations eg:
  - Young Professionals Forum



- Regional Groupings such as ASPAC, EFCA, FEPAC and GAMA
- Multi-lateral Development Banks

Understanding and improving the Board's effectiveness is an important aspect of achieving Board effectiveness and improving Board performance. It is common if not standard practice to review Board performance to:

- Focus on a common purpose
- Identify shared values and aspirations
- Share perspectives on each member's contribution and value to the Board
- Improve the way the Board allocates its time, makes arrangements, prepares papers and reports
- Improve decision making processes
- Identify opportunities for and coach improvement by individual directors
- Improve the composition of the Board to meet the changing needs of the organisation
- Improve the induction and training of directors

### **Other Roles**

While there is no doubt the FIDIC President may be capable of performing many roles, it is not considered appropriate where there may be any possible challenge to the independence, integrity, impartiality or capacity of the office.

The other roles for the President, which to date are considered appropriate by the FIDIC Board are:

- Holder of the President's List of Approved Dispute Adjudicators
- Chair of the Board's Operations Oversight Committee.

## Appendix C2

### Duties of the FIDIC Treasurer

#### Introduction

The Treasurer's role is as follows:

- Oversee the CEO in the administration of the finances and the property of FIDIC
- Review the establishment and operation of internal controls with the CEO
- Authority to sign documents on behalf of FIDIC
- Approver of expenditure by the President and/or the CEO, where either is personally conflicted.

The CEO shall be primarily responsible for the management, administration and reporting of the finances to the Board.

The Treasurer shall be a member of the Risk & Audit Committee and may also act as its Chair.

The Treasurer is also named in the Registre de Commerce.

#### Specific responsibilities

Support the Board in its duties to:

- Oversee the work of the CEO to ensure that FIDIC conforms to Swiss and other applicable law
- Determine funding requirements for the Working Committees such that they have sufficient resources to carry out the work they have been tasked with by the Board

The Treasurer is responsible to the FIDIC Board to lead the Board in:

- Review the financial system operating in the Secretariat and recommends improvements in financial planning, budgeting and control to the Board
- Review the commercial aspects of FIDICs operations, to secure appropriate income to support anticipated costs
- Review the work of the CEO in preparing financial budgets and financial reports for the Board and present these to the Board
- Regular reviews of the cash position of FIDIC with the CEO
- Review the preparation of and review reports required for the auditor and to meet regulatory and legal obligations
- Review the payment of relevant taxes, to ensure FIDIC is tax compliant
- Identify and consider appropriate action any financial concerns the Treasurer may have to the Board
- Identifying, as soon as practicable, any material breach of the law, policy or financial system controls and any material risk event which may prejudice FIDIC's financial position
- Approve as may be appropriate the personal expenses incurred by the President and the CEO.