

CODE OF GOVERNANCE

FOR CHARITIES AND INSTITUTIONS OF A PUBLIC CHARACTER

4 April 2023

In Conversation with Commissioner of Charities and Charity Council



AGENDA

1 Overview of the Code of Governance (Code)

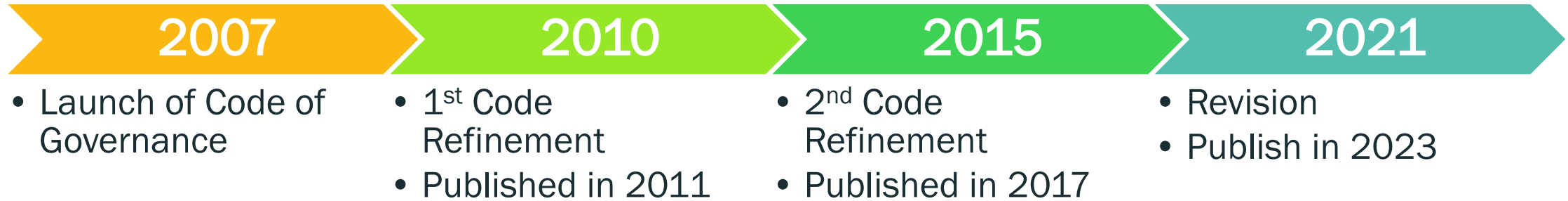
2 Key Revisions

- a. Principle-Based Code with guidelines
- b. Revised Tiers
- c. GEC Compliance and Scoring Matrix
- d. Introducing ESG concept
- e. Revised Guidelines

3 Additional Resources for You!

Overview of the Code of Governance (Code)

ABOUT THE CODE OF GOVERNANCE



‘Comply or Explain’

Review or consider amending their governing instruments, by-laws and policies, if required

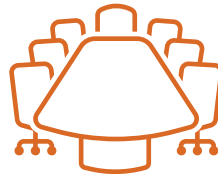
Applicable for financial years beginning on or after 1 January 2024.



OBJECTIVES OF THE CODE



Enhance the
effectiveness
of charities



Provide
guidance to
Board members



Boost public
confidence in
the charity
sector

WHO IS THE CODE FOR?

For Charities

Charities are charitable organisations working for public benefit. The charity's Board and Management are responsible for putting in place the principles and guidelines of good governance. The Code is a practical tool to help them achieve this.



For the Public

Members of the public make donations and volunteer their services to charities. The Code helps the public to:

- a. understand good governance and management practices; and
- b. make informed decisions on which charities to support.



Key Revisions

MOVING TOWARDS PRINCIPLE-BASED APPROACH

Principle 1:

The charity serves its mission and achieves its objectives.

Principle 2:

The charity has an effective Board and Management.

Principle 3:

The charity acts responsibly, fairly and with integrity.

Principle 4:

The charity is well-managed and plans for the future.

Principle 5:

The charity is accountable and transparent.

Principle 6:

The charity communicates actively to instil public confidence.



Encourage charities to be more active in reviewing charity's operations to be aligned with the overarching principle, not a box-ticking exercise.



1

Principle 1:

The charity serves its mission and achieves its objectives.

What does this principle cover?

- Purpose
- Strategic Planning
- Monitoring, Evaluating and Reporting of Impact

The charity understands its charitable purposes and continuously strives to achieve its mission and vision.

“Why do you exist, and who do you serve?”

**Why is this principle important?**

A charity should fulfil not-for-profit and charitable purposes that meet the needs of its beneficiaries and stakeholders. It should adopt clear strategic plans when making decisions to achieve its charitable purposes, and actively monitor, evaluate and report its plans.

Call for Action

- 1.1 Clearly state the charitable purposes (For example, vision and mission, objectives, use of resources, activities, and so on) and include the objectives in the charity's governing instrument. Publish the stated charitable purposes on platforms (For example, Charity Portal, website, social media channels, and so on) that can be easily accessed by the public.
- 1.2 Develop and implement strategic plans to achieve the stated charitable purposes.
- 1.3 Have the Board review the charity's strategic plans regularly to ensure that the charity is achieving its charitable purposes, and monitor, evaluate and report the outcome and impact of its activities.

2

PRINCIPLE 1

Additional Guidelines for Tier 2 charities

- 1.4 Document the plan for building the capacity and capability of the charity and ensure that the Board monitors the progress of this plan.

“Capacity” refers to a charity's infrastructure and operational resources while “capability” refers to its expertise, skills and knowledge.

Example**The charity complies with the principle:**

- A charity has clear written statements of its vision and mission, objectives, who they are, what they do, who the beneficiaries are and how they serve them. These statements are published on its website, social media, and brochures. When a member of the public contacts the charity, it can explain its charitable purposes and share how the charity's resources are being used to further its charitable purposes.

**The charity does not comply with the principle:**

- A charity uses its funds to pay for political campaigns, which should not be the case. A charity should not allow its funds and/or premises to be used for political purposes and should refrain from conducting itself in a way that can be reasonably construed as involving partisan politics.

3

EXISTING TIERS (CODE 2017)

FOR CHARITIES				
CHARITY SIZE ²				
		Charities with gross annual receipts or total expenditure from \$50,000 to less than \$500,000	Charities with gross annual receipts or total expenditure from \$500,000 to less than \$10 million	Large Charities with gross annual receipts or total expenditure of \$10 million or more
TIERED GUIDELINES TO COMPLY	BEFORE	Basic II	Basic II	Enhanced
	NOW	Basic	Intermediate	Enhanced
WHAT CHANGED		<ul style="list-style-type: none"> New tier for non-IPC charities 	<ul style="list-style-type: none"> "Basic II" renamed to "Intermediate" which includes the principles of the former Basic II tier as well as selected guidelines in the former Enhanced tier 	<ul style="list-style-type: none"> No change in tiers

FOR INSTITUTIONS OF A PUBLIC CHARACTER (IPCS)				
IPC SIZE ²				
		IPCs with gross annual receipts or total expenditure of less than \$500,000	IPCs with gross annual receipts or total expenditure from \$500,000 to less than \$10 million	Large IPCs with gross annual receipts or total expenditure of \$10 million or more
TIERED GUIDELINES TO COMPLY	BEFORE	Basic II	Enhanced	Advanced
	NOW	Intermediate	Enhanced	Advanced
WHAT CHANGED		<ul style="list-style-type: none"> "Basic II" renamed to "Intermediate" which includes the principles of the former Basic II tier as well as selected guidelines in the former Enhanced tier IPCs with annual income or expenditure between \$200,000 and \$500,000 will be subject to the new Intermediate tier instead of the current Enhanced tier 	<ul style="list-style-type: none"> Only IPCs with annual income or expenditure of \$500,000 and up to \$10 million are subject to the new Enhanced tier 	<ul style="list-style-type: none"> No change in tiers for large IPCs

REVISED TIERS

TIER 1

Small and Medium Non-IPC Charities

With gross annual receipts or total expenditure (whichever is higher) from \$50,000 to less than \$10 million.

TIER 2

(i) ALL IPCs

(ii) Large Non-IPC Charities

With gross annual receipts or total expenditure (whichever is higher) of \$10 million or more.



REVISED TIERS - *ILLUSTRATION*

CHARITY SIZE

Charities with gross annual receipts or total expenditure from \$50,000 to less than \$500,000

TIER TYPES (BEFORE) TIER TYPES (NEW)

Basic Tier 1

Charities with gross annual receipts or total expenditure from \$500,000 to less than \$10 million

Intermediate Tier 1

Charities with gross annual receipts or total expenditure of \$10 million or more

Enhanced Tier 2

IPC SIZE

IPCs with gross annual receipts or total expenditure of less than \$500,000

TIER TYPES (BEFORE) TIER TYPES (NEW)

Intermediate Tier 2

IPCs with gross annual receipts or total expenditure from \$500,000 to less than \$10 million

Enhanced Tier 2

Large IPCs with gross annual receipts or total expenditure of \$10 million or more

Advanced Tier 2

REVISED TIERS - ILLUSTRATION

Gross receipts/total expenditure, whichever is higher		Applicable Tier for Non-IPC Charities	Applicable Tier for all (i) IPCs and (ii) Large Non-IPC Charities
FY2023	FY2024		
\$49,000	\$49,000	N.A.	Tier 2
\$49,000	\$50,000	N.A.	Tier 2
\$50,000	\$49,000	N.A.	Tier 2
\$50,000	\$50,000	Tier 1	Tier 2
\$9.9 million	\$9.9 million	Tier 1	Tier 2
\$9.9 million	\$10 million	Tier 1	Tier 2
\$10 million	\$9.9 million	Tier 1	Tier 2
\$10 million	\$10 million	Tier 2	Tier 2

Submitting for FY2024 in 2025

GOVERNANCE EVALUATION CHECKLIST (GEC)



SUBMISSION - LEGISLATIVE REQUIREMENT

Please note that any false information provided in this submission will invalidate this submission.

- ☐ I confirm that the information provided in this submission is true and accurate to the best of my knowledge. I am aware that the provision of false or misleading information in relation to this submission to the Commissioner of Charities can constitute a criminal offence, which is punishable by imprisonment and/or a fine.
- ☐ I hereby declare that the Governing Board has approved this Governance Evaluation Checklist and has authorized me to submit this checklist on its behalf. All information given by me in this checklist submission is true to the best of my knowledge and I have not willfully suppressed any material fact.

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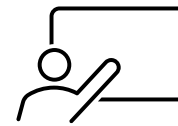
CHARITY PORTAL About Us Charities and IPCs Fund-Raising News and Notices Resource and Training Login

HOME / ADVANCE SEARCH FOR CHARITIES /

Organisation Profile	Financial Information	Annual Report	Governance Evaluation Checklist
Please select the different evaluation period to view the GEC			
S/N	Evaluation Period	Mandatory to submit GEC	Status
1	Apr 2022 - Mar 2023	Yes	Not Received
2	Apr 2021 - Mar 2022	Yes	On Time
3	Apr 2020 - Mar 2021	Yes	On Time



Approved by the charity's Board and Management



Public viewing on Charity Portal

SCORING MATRIX

WE HEAR YOU!



Enhance the charity sector's level of transparency and encourage better disclosure practices.

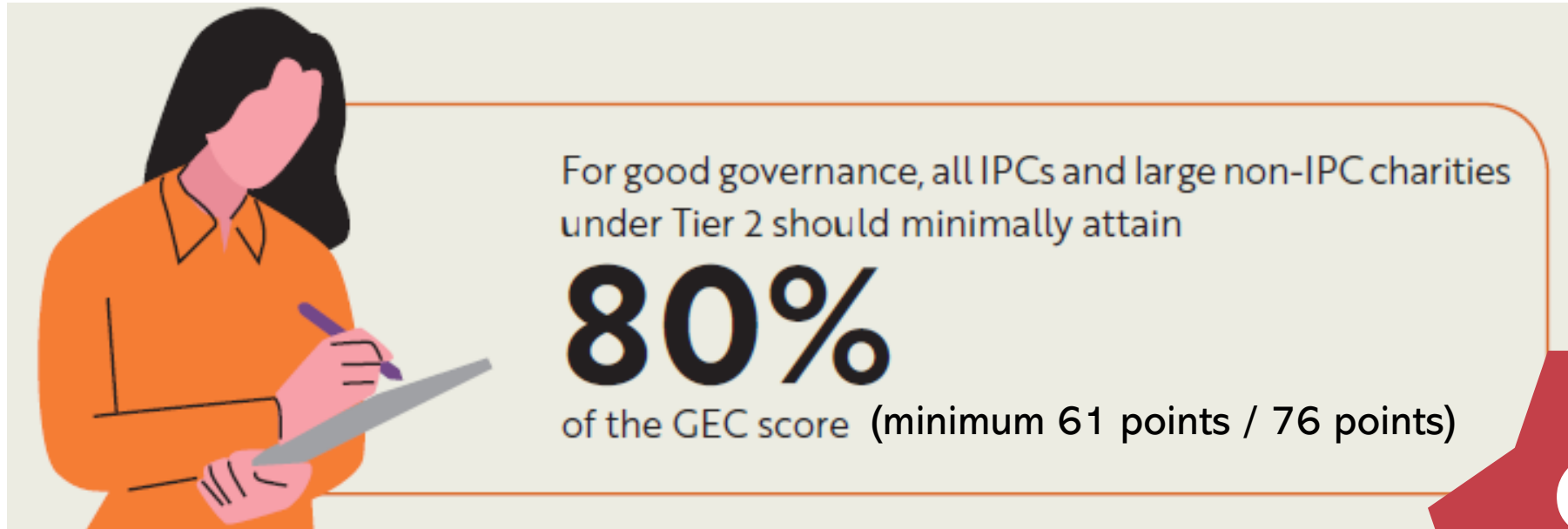
RESPONSE	SCORE
Yes	2
No	0
Partial Compliance <ul style="list-style-type: none"> The charity is taking steps to comply with the guideline even if the charity has not yet fully met the requirement. For guidelines with numerous subpoints (For example, developing internal controls), the charity should achieve 50% of the requirement. 	1

~~Deduction Point System~~

Point Allocation System



SCORING MATRIX



First batch of charities to submit the revised GEC will be those with financial years ending on 31 December 2024.

Submit by June 2025.

95%
(73 points / 76 points)

NO. OF GUIDELINES

PRINCIPLES	TIER 1 No. of GEC Guidelines	TIER 2 No. of GEC Guidelines
Principle 1: The charity serves its mission and achieves its objectives.	3	4
Principle 2*: The charity has an effective Board and Management.	8	10
Principle 3: The charity acts responsibly, fairly and with integrity.	6	6
Principle 4*: The charity is well-managed and plans for the future.	4	7
Principle 5*: The charity is accountable and transparent.	7	8
Principle 6: The charity communicates actively to instil public confidence.	2	3
TOTAL	30	38

*For ease of compliance, some guidelines are further split into sub-items in the GEC.

GOVERNANCE EVALUATION CHECKLIST (GEC)

TIER 1

Principle 1:

The charity serves its mission and achieves its objectives.

CALL FOR ACTION

1. Clearly state the charitable purposes (For example, vision and mission, objectives, resources, activities, and so on) and include the objectives in the charity's governing instrument. Publish the stated charitable purposes on platforms (For example, Charity Portal, website, social media channels, and so on) that can be easily accessed by the public.
2. Develop and implement strategic plans to achieve the stated charitable purposes.
3. Have the Board review the charity's strategic plans regularly to ensure that the charity is achieving its charitable purposes, and monitor, evaluate and report the outcome and impact of its activities.

GOVERNANCE EVALUATION CHECKLIST (GEC)

TIER 2

Principle 1:

The charity serves its mission and achieves its objectives.

CALL FOR ACTION	CODE ID	Did the charity put this principle into action?	If you have indicated "No" or "Partial Compliance", please explain.
1. Clearly state the charitable purposes (For example, vision and mission, objectives, use of resources, activities, and so on) and include the objectives in the charity's governing instrument. Publish the stated charitable purposes on platforms (For example, Charity Portal, website, social media channels, and so on) that can be easily accessed by the public.	1.1	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Partial Compliance	
2. Develop and implement strategic plans to achieve the stated charitable purposes.	1.2	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Partial Compliance	
3. Have the Board review the charity's strategic plans regularly to ensure that the charity is achieving its charitable purposes, and monitor, evaluate and report the outcome and impact of its activities.	1.3	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Partial Compliance	
4. Document the plan for building the capacity and capability of the charity and ensure that the Board monitors the progress of this plan. "Capacity" refers to a charity's infrastructure and operational resources while "capability" refers to its expertise, skills and knowledge.	1.4	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Partial Compliance	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental

Charities are encouraged to conduct their work in an environmentally- friendly and sustainable manner.

(For example, taking reference from the Singapore Green Plan 2030, making green practices such as reduce, reuse, and recycle part of daily operations, using energy efficiently, and if a charity invests its excess funds, it should consider investing only in environmentally-conscious companies, and so on).



WHY?

As other sectors are making decisions based on ESG, this will also have an impact on charities' relationships with their stakeholders, corporate partners and donors.

Social

Charities are encouraged to align their strategies to be socially-conscious and responsible.

(For example, providing care for the charities' stakeholders, show appreciation towards their community and their stakeholders, cultivate good relationships, and so on).



Governance

Charities are encouraged to achieve the highest standards of governance.

(For example, comply with all the applicable regulations and implement the Code guidelines, and so on).



ESG: GUIDELINE 3.5

Principle 3:

The charity acts responsibly, fairly and with integrity.

Call for Action

- 3.1 Conduct appropriate background checks on the members of the Board and Management to ensure they are suited to work at the charity.
- 3.2 Document the processes for the Board and Management to declare actual or potential conflicts of interest, and the measures to deal with these conflicts of interest when they arise.
 - a. A Board member with a conflict of interest in the matter(s) discussed should recuse himself/herself from the meeting and should not vote or take part in the decision-making during the meeting.
- 3.3 Ensure that no Board member or staff is involved in setting his/her own remuneration directly or indirectly.
- 3.4 Establish a Code of Conduct that reflects the charity's values and ethics and ensure that the Code of Conduct is applied appropriately.
- 3.5 Take into consideration the ESG factors when conducting the charity's activities.

3.5

Take into consideration the ESG factors when conducting the charity's activities.

ESG: GUIDELINE 3.5

QN: What if my charity is not equipped to implement ESG in our charitable works?

- ESG seen to **safeguard** organisations from **future risks**.
- Timely to introduce the concept of ESG to **charities** to **familiarise** them with it.
- Collaborating with various partners to **develop relevant ESG guide/template** and **conduct trainings**
- Comply by indicating in your charity's Annual Report and/or other platforms/documents that you have considered the ESG factors when conducting your activities.

TERM LIMITS (CODE 2017)

ENHANCED/ADVANCED TIERS

1.1.13 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 the reasons for retaining Board member(s) who have served on the Board for more than 10 consecutive years**, in its annual report.



TERM LIMITS (Code 2023)



Encourage charity to have succession planning and steady renewal.

FOR TIER 2 CHARITIES

The term limit for all Board members should be set at 10 consecutive years or less.

- Re-appointment can be **considered after at least a two-year break.**
- **Extension beyond 10 years should be deliberated and approved at the general meeting** where the Board member is being re-appointed or re-elected to serve for the charity's term of service.
- **Disclose the reasons** for retaining any Board member and the **succession plan**, in its **annual report.**

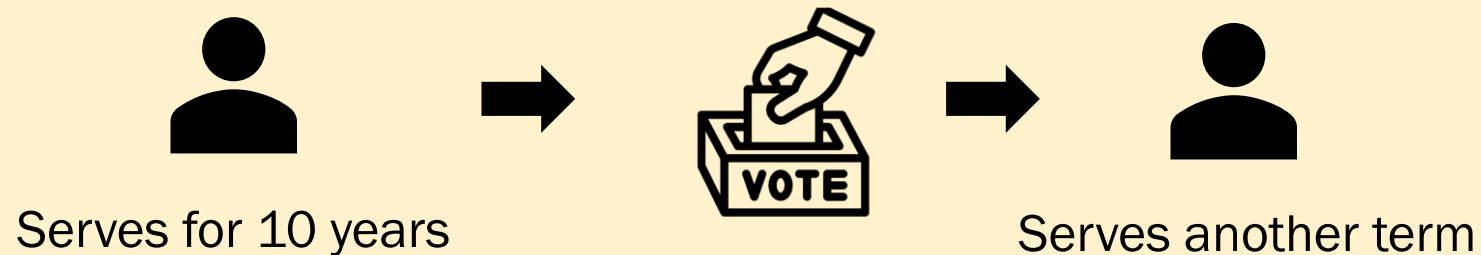
TERM LIMITS - *ILLUSTRATION*

A

Serves for 10 years,
steps down for 2 years,
re-appointed as BM
(Refresh Board Term)

B

Serves for 4 years,
steps down for 1 year,
re-appointed as BM
(Continues Board Term: 5th)

C

Strong need to retain,
conduct an election,
serves for another term
(Explain in GEC and report
in AR.)

TERM LIMITS

QN: I am a smaller IPC, I may have difficulty abiding to this guideline as it is difficult for us to find Board Members.

- **Explain the non-compliance**
- **Re-election** if it is necessary to retain a Board member beyond 10 years
- **Disclose reasons for retaining** the board member
- **Disclose succession plan** in its annual report

OTHER REVISIONS

CODE 2017 – 1.3.1

The Board should meet regularly. The quorum required for a meeting should be **at least one-third of the Board or at least three members**, whichever is greater, if it is not stated in the charity's governing instrument.

CODE 2017 – 1.3.3

Proceedings and decisions of Board meetings should be minuted and circulated to the whole Board as soon as practicable.

REVISED CODE – 5.6B

The Board meetings should have an appropriate quorum of **at least half of the Board**, if a quorum is not stated in the charity's governing instrument.

REVISED CODE – 5.6C

Record relevant **discussions, dissenting views** and decisions in the minutes of general and Board meetings. Circulate the minutes of these meetings to the Board as soon as practicable.

OTHER REVISIONS

CODE 2017

Set internal policies for the charity on the following areas and regularly review them:

- Board strategies, functions, and responsibilities;
- Employment practices;
- Volunteer management;
- Finances;
- Investment (obtain advice from qualified professional advisors if this is deemed necessary by the Board);
- Service or quality standards; and
- Other key areas such as fund-raising

REVISED CODE – 4.4

Set internal policies for the charity on the following areas and regularly review them:

(NEW) Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT);

(NEW) Information Technology (IT) including data privacy management and cybersecurity; data protection

OTHER REVISIONS

CODE 2017 – 9.2

The Board should ensure that there are documented communication policies on the **release of information** about the charity and its activities to its stakeholders, including the media and the public, across all media platforms.

REVISED CODE – 6.3

(NEW) Implement a **media communication policy** to help the Board and Management build positive relationships with the media and the public.

Additional Resources for You!

SUPPORTING CHARITIES

RESOURCES

Charity Portal >
Resource and
Training >
**Guides,
Templates**



<https://go.gov.sg/charityguide>

GRANTS

**Charities
Capability Fund
(CCF)**

Small and Medium
can receive up to
\$100,000 funding!



<https://go.gov.sg/cocccf>

CONSULTANCY

**Shared Services
Initiatives**

FREE clinics!



<https://go.gov.sg/ssicharity>

WEBINARS

**Charities Lean
Forward Series**

Charity Portal >
Webinars



<https://go.gov.sg/cocwebinars>

REMINDER: MANDATORY ANNUAL SUBMISSIONS

- Annual Report (AR)
- Financial Statements (FS)
 - Charities with GAR/TE >\$500k, and all IPCS, must have their FS externally audited.
- Governance Evaluation Checklist (GEC)

All annual submissions are due within 6 months from your charity's financial year end.

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CHARITY PORTAL (43) Logout

Hi, E

HOME

Home

Inbox

Home

Charity Profile ▾

View Charity Profile

Update Charity Profile

Application for Approval as an Institution of a Public Character (IPC)

Annual Submissions

Application for Deregistration as a Charity

Annual Return for Tax

Welcome **ELSPETH OWEN,**

You are representing: PACITO PRIVATE LIMITED

Important Notes:
You are required to update the Objectives, Vision and Mission of your charity. These details are needed to be displayed on the Charity Portal for public viewing. [Update](#)

The deadline for the Annual Submission for FY21 is in 180 days.
You may download the [Checklist for Annual Submissions](#) to prepare yourself the documents you need. [Submit](#)

Your Form(s): 3 Record(s)

To continue with the Application for Registration as a Charity, please select the reference no.

S/N	Reference No.	Name of Form	Last Updated Date	Status
1	APP-25092020-	Update Governing Board Members	03/03/2021	Draft

DOWNLOAD THE CODE



<https://go.gov.sg/cog2023>

This Code is not made public yet,
please treat it in the strictest confidence
and do not circulate.



SUMMARY

DOWNLOAD	EFFECTIVE DATE	SUBMISSION
Understand and <u>APPLY the Code!</u>	FY beginning on or after <u>1 January 2024.</u>	<u>AR</u> <u>FS</u> <u>GEC</u> within 6 months from FY end.

95%

(73 points / 76 points)

THANK YOU

For enquires on the Code of Governance, please contact the
Charity Council Secretariat at charity_council_sec@mccy.gov.sg