

This factsheet covers information on general corporate governance principles and key information on charity trustees. Please also consider the information set out in the **Accounting and Corporate Maintenance Factsheet**.

Paragraph 2.5 of the 1992 Cadbury Report defines corporate governance as "the system by which companies are directed and controlled. Boards of directors [trustees] are responsible for the governance of their companies...the responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting ...on their stewardship."

The following elements are indicators of good corporate governance (for all companies):

- strong leadership;
- effective decision making procedures which are adhered to by the company, its directors and its wider group;
- a positive culture;
- robust systems and controls;
- effective risk management; and
- appropriate training at all levels of the business.

Responsibilities of Trustees

Trustees should use their skills and experience to support their charity and help achieve their charity's aims. The government has [eligibility criteria](#) for trustees and rules, and recommendations on the recruitment and appointment processes for trustees.

Trustees have six main duties¹, which are similar to directors' statutory duties (found in the Companies Act 2006 (the "CA 06")). These duties support the corporate governance responsibilities listed in this fact sheet.

The six main duties of trustees are:

- ensuring that the charity is carrying out its purposes for the public benefit;
- complying with the charity's governing document and the law;
- acting in the charity's best interests;
- managing the charity's resources responsibly;
- acting with reasonable care and skill; and
- ensuring the charity is accountable.

¹ The 6 main values have been laid out by the Charity Commission's [CC3 Guidance](#). Please see the full list of [Charity Commission 'CC' guidance publications](#).

Further information on the duties and responsibilities of trustees can be found in the [Essential Trustee: what you need to know, what you need to do Guidance](#). **Trustees should read this guidance as a minimum to understand their roles and responsibilities.**

Some charities will have special roles such as the chair and the treasurer. Trustees may also be nominated to lead on a particular matter. These trustees are known as officers and must comply with the specific provisions of the charity's governing documents.

Practical tips

Consider:

- establishing an appropriate constitutional and governance framework;
- establishing an effective board of trustees, whose size and composition reflects the scale and complexity of the charity's activities;
- holding regular trustee meetings and prepare comprehensive trustee papers and clear minutes of matters considered and decisions taken;
- delegating responsibility in appropriate ways in order to allow a more effective discharge of trustee duties;
- providing induction training to each trustee on joining the board so that they are sufficiently knowledgeable about the workings of the charity, and regularly update the trustees' skills and knowledge;
- ensuring that the board of trustees is diverse and contains trustees with a sufficient mix of competencies and experiences; and
- monitoring and promoting compliance, including ensuring that individuals within the charity receive appropriate training and that charity policies are easily accessible.

The information in this guide is for information purposes only and should not be relied on as a statement of law or substitute for appropriate advice.

If you are a charity or not-for-profit organisation that requires legal advice, please contact LawWorks at nfp@lawworks.org.uk for further information about our services or submit an application via the [LawWorks website](#).