

Institute of Asset Management

Annex to Byelaws

Guidelines for Patrons & Terms of Reference for 'The Patrons of the IAM'

as at 26 April 2006

Introduction & Definitions

1. 'The Patrons of the IAM' (The Patrons) is constituted as a Section of the Institute of Asset Management (IAM). These Terms of Reference explain the purpose of Patrons and how they are governed, including the Patrons Group (PG).
2. This document is to be read as part of the IAM Byelaws.
3. The provisions of the Articles of the Institute shall be strictly observed and in the event of any inconsistency between the provisions of the Articles and the provisions of this Annex to the Byelaws, the provisions of the Articles shall prevail.
4. For the purposes of this document words and expressions defined in the Articles shall have the same meaning wherever used herein.
5. Words importing the singular number only include the plural number, and vice versa. Words importing the masculine gender only shall include the feminine gender, and vice versa.

Role of Patrons

6. Patrons were established in 2000¹ to assist the Institute of Asset Management (IAM) to grow significantly both in size and influence.
7. Patrons are elected from willing Corporate Members:
 - a) To promote the IAM both in the UK and abroad by acting as ambassadors and supporters - a two-way process of conferring and reflecting status and quality.
 - b) To support the development of the IAM by providing tangible resources: in particular
 - i) to make donations to underwrite IAM expenses of growth and to sponsor specific projects
 - ii) to staff and otherwise help resource IAM Committee work and Project teams
 - c) To foster and promote best practice application of Asset Management theory, principles and techniques.
 - d) To lead the establishment and recognition of appropriate training and competence for individuals and benchmarking for corporate achievement.
8. Patrons benefit from their membership through advance invitations to lead and sponsor IAM initiatives, participation in closed sessions with Government, Regulatory and other influential parties and in playing an active part in determining the direction of best practice Asset Management in the UK and elsewhere.

¹ The seven Founding Members are Anglian Water (AWG), London Electricity/LPN, National Grid, Northumbrian Water, Railtrack, Severn Trent Water and Yorkshire Electricity and their legal successors.

9. Patrons contribute to the direction of the IAM informally and through Patrons Group, through which they have seats on Council.
10. Patrons are entitled, and encouraged, to publicise² their appointment and role both externally and to their own staff.

Appointment

11. Anyone may make proposals at any time to elect a new Patron. All prospective Patrons shall already be or apply to become Corporate Members of the IAM.
12. Maintaining an active, balanced range of Patrons that actively work for the development of the Institute of Asset Management will always be the priority. Therefore, interest from any organisation is welcome, but the IAM Board reserves the right to decline an approach without detailed explanation.
13. Proposals shall be discussed confidentially with the President before any formal approach or implied invitation is made to a prospective Patron (and as part of this process soundings will be taken of opinion within PG).
14. The key criterion for election is to what extent a Patron is able to make a significant contribution to the IAM and normally this will include their reputation for experience or leadership in some aspect of asset management.
15. Originally, Patrons were expected to be end users: that is, asset-owning organisations managing their own assets. However, the increasing emergence of asset owners who do not do their own asset management and of asset owners who are also service providers to other asset owners makes this classification less easy. Some service providers also have valuable expertise that contributes to the development of the discipline.

(The Institute must however take care not to become dominated by any one sector or be perceived as a trade association or dominated by suppliers of services or products, particularly if the IAM seemed to endorse these (This would be incompatible with the Memorandum & Articles of the IAM, enforcement of which is the responsibility of the Board of Management).

16. Once the President is assured of their suitability, an individual will be specifically delegated to approach the organisation on behalf of the IAM to sound out their interest in becoming a Patron.
17. The invitation to become a Patron of the IAM will be issued only by the President.
18. An advantage to both the IAM and to Patrons is the access to, and involvement of, resources within the wider Patron organisations. To make communication easier, Patrons shall nominate a 'Key Contact' whom the IAM may contact for further nominations, contributions or assistance in the pursuit of IAM activities. It is not necessary for the Key Contact to participate directly in any other way.
19. The rates of subscription or other payment shall be determined from time to time by the Board. Patrons shall only be entitled to be classed as such during such time as their subscriptions and donations have been paid in full and up-to-date³.

² Such publicity is governed by IAM Codes of Conduct.

³ If a Patron fails to remedy the situation, having been advised that they are 'in default' they shall not be re-elected except by the above process.

Participation in IAM Activities

20. Patrons (through their Key Contact) will be expected from time to time to nominate several different members of their organisations to participate in appropriate ways. These may include Council, its Committees and Projects in addition to PG (which has a strong element of networking as well as coordination).
21. PG elects a number of Patrons to seats on Council whereby The Patrons have a direct role in influencing the IAM's strategy and leadership. For continuity of Council policy, those nominated are then Council Members in their own right and may not appoint deputies for Council meetings. (PG may, if essential, change a nominee with the agreement of the Board)
22. PG regularly organises cross-sector forums with key regulators and other major organisations. These are by invitation only, and 'Chatham House rules' allow all participants to talk about their views and experiences in confidence.

Purpose of the Patrons Group (PG)

23. The PG is intended to promote effective networking and creativity in finding ways to support IAM initiatives and/or objectives. Before establishing a new activity or project, PG is expected to establish whether this can best be achieved through an existing IAM group or initiative (or, via Council, whether a new body should be created).
24. PG manages its own Agenda and may also submit papers or recommendations to the Council (or Board). It currently meets bimonthly, often in conjunction with another IAM event such as a site visit.
25. PG will establish sub-groups when, and for as long as, these become advantageous in the opinion of the Chair.
26. PG is expected to advise Council in determining the direction of development of the IAM, in particular ensuring it remains relevant to Industry and other significant asset owners. This may be done directly by PG or by a Strategy Group.
(The Board invites submissions under Article 12.2 from the PG and the current Deputy President chairs PG).

Note: Patrons are not responsible for the day to day management of the IAM and are deemed not to be shadow directors for the purposes of the Companies Act⁴.

Attendance at Patrons Group Meetings

27. Patrons shall appoint a single person (the PG Member) to attend meetings with appropriate seniority to make decisions and speak for them. If acceptable to the Chair, an Alternate shall be appointed to deputise if necessary.
28. Where possible PG shall invite all interested Patrons to join their meetings. However, if numbers make such meetings unwieldy it may be necessary to limit attendance for either one meeting or more. Therefore, an invitation to be elected a Patron may be accompanied with conditions.

⁴ For the avoidance of doubt no decision, resolution or direction of the Patrons Group will have any binding effect on the Institute whatsoever and neither the Patrons Group nor any individual member of it will have any authority to commit the Institute to any binding obligations with any third party and members of the Patrons Group shall not be, nor be deemed to be, directors or members of the Board.

29. The following guidelines shall be considered if and when rationing access to PG:
- a) **Diversity.** The Patrons Group is particularly interested in companies managing different kinds of assets (eg transport, manufacturing, process, buildings), and with different relevant skills and perspectives, such as financial expertise or representing shareholders. Other issues of diversity, eg managing long or short terms assets, amount of real time risk, speed of change.
 - b) **Contribution.** What a company will contribute (including good reputation) and account will be taken of previous levels of activity and sponsorship.
 - c) **Rotation.** Should a particular sector become over-represented within the PG then consideration will be given to introducing rotation. The usual process will be that within a given sector, any Patron shall hold a place at PG for a limited period and cede its place to a new invitee at an appropriate interval.
 - d) The President's ruling shall be final in the event of there being no consensual resolution or a conflict of interest.

Proceedings of the Patrons Group

- 30. The Deputy President, or his nominated deputy (elected by PG itself), shall Chair PG and determine the frequency and arrangements for meetings.
- 31. Members of the Board shall be ex-officio Members of PG but will normally attend only when invited to do so.
- 32. The quorum for any meeting of PG shall be those members present at the time the meeting proceeds to business and a simple majority of votes of those present shall decide questions arising at a meeting.
- 33. PG shall review frequently (or at every meeting) the progress in all areas of the IAM's activities and consider how they might be able to support or improve that activity.
- 34. If PG feels it necessary to formalise other rules for meetings (in consultation with the Board), the proceedings of PG shall be governed by the Articles regulating the proceedings of the Board so far as they are capable of applying.
- 35. PG shall review their proceedings from time to time and make recommendations to Council for any changes they wish to recommend.

David McKeown
Company Secretary

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