



BEST PRACTICES MANUAL

BOARD OF DIRECTORS

These guidelines provide “*best practices*” arising from the experience of American Chambers of Commerce (AmChams) throughout Latin America and the Caribbean, in order to assist all AACCLA affiliated chambers in improving performance and increasing affiliate satisfaction.

I- GOVERNANCE

The Nature of an AmCham

An American Chamber of Commerce abroad is an independent, non-governmental and nonpartisan, not-for-profit bilateral institution.

These voluntary associations consist of U.S. enterprises and individuals doing business in a given country, firms and business executives of that country who operate in the United States, and companies from third countries operating in the host country. As members of the U.S. Chamber of Commerce, AmChams benefit from innumerable services and privileges adhering to U.S. Chamber membership.

AmChams are formed to advance the interests and views of U.S. business overseas, to uphold the highest standards of commercial practice, and to convey the points of view of other countries to the American business public. Through AmChams, business executives of the United States and host countries come together to promote their mutual interests.

Mission

The mission of an overseas AmCham is to promote economic relations between the host country and the U.S. through trade and free enterprise, and to further the legitimate general interests of its members.

The typical major activity of an AmCham is to provide services to member firms and business executives who support the organization. Typical AmCham services include:

- Advocacy activities before local and U.S. government on relevant issues impacting members;

- Business facilitation services, including networking events, business appointments, trade missions, and market research;
- Business opportunities, including export-import trade leads, business and government procurement information;
- Seminars and workshops on relevant business themes;
- Development of initiatives and policies to improve competitiveness and the business environment in the host country;
- Breakfast, lunch, and dinner meetings featuring U.S. and foreign business leaders and officials;
- Periodic news bulletins and other publications;
- Information clearinghouse on trade, investment, and commerce;
- Business visa services;
- Trade / Information Center, responds to inquiries on customs, duties, tariffs, and regulations;
- Support for members' corporate social responsibility /sustainability initiatives; and
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- Participation in activities of the U.S. Chamber.

Vision

AmChams believe economic development is essential to social progress and well-being. AmChams consider that the key to economic development is individual effort and initiative by each member of society. They consider the rule of law, respect for property, and individual freedoms as basic human rights to be guaranteed by all authorities.

Incorporation

AmChams abroad incorporate under the laws of the host country, with which they must comply. AmChams abroad must also comply with the "Principles to Govern American Chambers of Commerce Abroad" as approved by the U.S. Chamber of Commerce in 1947 and subsequently amended in 1981. These principles were developed at the request of, and in cooperation with, the AmChams. Members of AACCLA must also comply with the standards of the Association.

Membership

AmCham members are companies and individual business executives that operate on a binational or multinational basis. They join efforts in order to promote trade and investment between the host country and the United States as a source for increased economic opportunities and equitable development, as well as reducing unemployment and poverty, to the benefit of both nations.

Firms and business executives may join an AmCham to enhance community goodwill, without expectation of immediate individual benefit. Others may join for the services they may expect from the chamber, which vary according to their requirements. Most companies join AmChams for the same reason they join local chambers in the United States – to meet people, make business contacts, and exchange information useful to their business. In addition, U.S. concerns often need

special assistance in foreign countries where the language, laws, regulations, and customs may be unfamiliar.

- Rules for Admission

Successful AmChams maintain transparent rules for member admission designed to ensure quality membership and a community of shared values aligned with the general objectives of the institution. Most AmChams prefer quality membership to quantity and have established screening processes through Membership Committees that ensure the participation of companies that add value to its operation and maintain high ethical standards both in business and the community.

- Procedures for Expulsion

Membership in an AmCham is generally renewed annually with the payment of dues, and AmChams usually have the ability to discontinue membership automatically on an administrative basis. Other forms of expulsion generally involve ethical issues that are decided in a fair and transparent manner by a Membership Committee or similar committee of the Board of Directors.

- Differentiated Membership Guidelines

Some AmChams have different membership categories according to company origin and type of activity. In establishing separate categories, rights and responsibilities, AmChams set clear, transparent, and invariable rules for classification, and fully disclose these rules to all interested parties. Active membership should consist of American citizens and American controlled firms, and citizens and firms of other countries who are engaged in commercial trade between the United States of America and the country in which the AmCham is located, and who are in agreement with the policies of the U.S. Chamber of Commerce.

- Relationship with the U.S. Government

Close contacts should be maintained by AmChams with the representatives of the U.S. government. The sympathy and support of the U.S. government and its representatives should be accorded to all American Chambers of Commerce abroad that conform to the established standards in the conduct of their operations.

- Are Members Shareholders or Adherents?

Members of AmChams are companies and individuals that choose to support the aims of the Chamber and derive the benefits of membership. They voluntarily join an existing institution; they do not acquire stock and as such are considered adherents, as opposed to proprietors.

II- OPERATIONS

AmChams represent the highest percentage of U.S. businesses operating in and with the host country, and hold the interests of these members foremost in establishing policies and priorities.

AmCham operations maintain transparency, fairness, objectivity, and balance, while striving for the highest possible degree of professionalism.

III- FUNDING

AmCham financing is a product of member dues and Chamber operations. AmChams should take careful consideration before accepting financial aid from any government, since such aid inevitably carries a degree of governmental supervision and control, and such supervision and control are neither desirable nor consistent with the independence considered essential for American commercial organizations. No subsidies or contributions should be accepted from any source which would tend to prevent AmChams abroad from having the freedom of action which is necessary in the promotion of Chamber interests in general. In the event of accepting funds from governments, AmChams should use the funding for specific projects and not to support the general operations of the AmCham.

Each AmCham Board should determine the degree and conditions in which it accepts funding from multilateral agencies or other institutions for joint projects or contractual responsibilities. In any event, no project or contract should compromise the independence of the institution.

IV- AMCHAM STAFF AND VOLUNTEERS

AmChams are institutions made up of volunteer members, institutions, and, on an occasional basis, individuals¹, and managed by a professional staff. A clear understanding of the roles of volunteers and the professional staff is the key to the success of an AmCham.

Chamber volunteer leaders and officers work with Chamber staff through the CEO / Executive Director, or staff members designated by this individual, in order to carry out Chamber strategies. It is a basic rule of AmChams that all volunteers adhere to an established chain of command in order to guarantee efficiency, coordination, and balance in the execution of Chamber policies.

V- VOLUNTEERS

Volunteers are all unpaid individuals who take an active part in Chamber activities.

- Roles and Responsibilities of Volunteers

The main role of an AmCham volunteer is to support the institution and its staff through initiatives, ideas, and/or financial contributions. Successful AmChams have a broad variety of members that contribute effectively to institutional development with talent and initiatives. Ensuring genuine volunteer participation in Chamber activity and rotating responsibilities are basic traits of a successful AmCham.

AmCham volunteer members, both business organizations and individuals, are stakeholders as opposed to shareholders.

VI- BOARDS OF DIRECTORS

¹ Unlike Chambers of Commerce in other parts of the world, membership is not limited to companies.

The Board of Directors is entrusted with the highest responsibility for Chamber affairs and full representation of member interests; as such, it holds a position of trust that calls for the strengthening of Chamber values and practices, maintaining transparency, fairness, objectivity, and balance, and striving to obtain the highest possible degree of staff professionalism.

As the number of American citizens working for U.S. business abroad continues to decline, the U.S. Chamber has taken into account the fact that today many American firms abroad are represented by non-American citizens.

Therefore, the following organizational characteristics have been deemed acceptable in accordance with the current interpretation of the “principles”:

- AmChams may have a majority of non-U.S. citizens on their Board of Directors as long as a majority are representatives of U.S.-controlled firms;
- AmChams need not have U.S. citizens serving simultaneously as President and First Vice President as long as the AmCham bylaws require alternating the citizenship of the President (American vs. non-American) every other year; and
- AmChams may have non-U.S. citizens serving simultaneously as President and Vice President as long as one is a representative of a U.S.-controlled firm and the Board approves the nomination in advance.

The constitution and bylaws should provide that any questions of policy or any proposed amendments should be approved by the Board of Directors before acted upon.

- Board Selection/Election Procedures
Selection of Board members is best achieved through transparent processes that lead to the identification of individuals most closely aligned with Chamber values and most able to contribute ideas, resources, and prestige to the achievement of Chamber objectives. Procedures ensure the best and broadest identification of candidate options within membership.
- Nomination Procedures for Board Members and Officers
AmChams generally entrust the nomination of new Board members and officers to Nominating Committees that are designated by the Board of Directors and generally comprised of current Board members and senior staff, as well as former officers. Transparency in the selection of Directors and officers is the hallmark of AmCham nominating procedures and requires that members of Nominating Committees fully disclose to the Committee all business or other links to prospective nominees.

“Old-boy” networks within Chamber leadership are discouraged in order to achieve the benefits of broadened volunteer participation.

- Voting Procedures

Voting procedures vary with Chamber bylaws. However, consensus is typically sought for the selection of the best candidates to serve on Boards and as officers. As a general rule, adversarial campaigns have a negative effect on Chamber activities, and volunteers who actively seek to obtain office either as Directors or officers are the least suited for such responsibilities.

- Board Composition and Terms

The profile of companies most suitable for representation on an AmCham Board is a key consideration in the selection of Board candidates. While the number of Board members and the terms that they serve vary, most AmChams have specific provisions outlining the specific numbers, as well as term limits, to ensure regular rotation of Board members.

Keeping the “Am” in “AmCham” is fundamental. Accreditation guidelines for AmChams established by the U.S. Chamber of Commerce require that a majority of Directors represent U.S.-controlled firms as a reflection of the unique mission of AmChams as representatives of U.S. investment overseas and promoters of closer trade ties with the United States.

The ability to influence U.S. policymakers is particularly important, as influence in Washington usually translates to credibility and clout in the AmCham’s host country.

Given the strong advocacy focus of most AmChams, the ability of a company to exert influence locally through official contacts, or a positive image in the media can be a plus for the organization as a whole.

Former presidents are given appropriate recognition and their experience is a valuable asset as advisors, but they have no proprietary rights, and their presence at Board meetings should never “crowd out” renewed corporate leadership.

If regional offices exist, the branches’ Chairs or Presidents of the board should be members of the national Board of Directors in order to ensure adequate communication and coordination in strategies and policy development.

- Balance

The AmCham’s influence will benefit from the inclusion of companies drawn from a diverse range of economic sectors. Having respected blue-chip U.S. and local companies on their Board is the most important element in their success.

- Board of Directors or Board of Trustees?

Whatever the title, a member of an AmCham Board, although typically elected by the general membership, holds a position of public trust as opposed to the proprietary status accrued to Directors in a private company.

- Director Profiles

Attracting the best individuals to serve on an AmCham Board of Directors is just as important as getting the right profile of companies. The willingness of corporate executives to make a significant personal commitment to the AmCham is a key criterion for selection to a Board; and a Director's willingness to assist in recruiting new members or lead special projects can be a tremendous advantage.

It is imperative to attract highly ethical business leaders to serve on the AmCham Board. Individuals with a political background or a partisan agenda are often unsuitable for Board membership.

Consultants and other providers of professional services are often useful, but should only be part of a Board of Directors when they have a demonstrable sensitivity to issues involving conflicts of interest. As previously mentioned, as a general rule members that campaign to obtain positions on a Board or as officers are the least desirable choices for such positions.

- Chairperson and Officer Profiles

The Chairperson is generally the chief officer of the American Chamber and provides the main operating link between the Board of Directors and the professional staff, through the CEO.

AmCham Chairpersons and officers typically hold office for one and not more than two years, and are therefore entrusted with the responsibility of upholding Chamber practices and institutional culture during his or her tenure.

Elected officers in AmChams hold honorary responsibilities of trust, not proprietary functions. Board membership is an honor that provides prestige, which often has positive repercussions for the professional development of Directors.

VII- PRESIDENT

The AmCham President is in charge of providing leadership and visibility to the Chamber and the CEO. Among his or her main responsibilities are:

- Establishing the strategic direction for the Chamber,
- Setting the agenda for the Board and Executive Committee,
- Maintaining and strengthening the image and visibility of the Chamber with the media, authorities, and the U.S. and host country business communities, and
- Providing leadership to the Board, the Executive Committee, and committee Chairs.

VIII- STRATEGIC PLANNING

AmChams have a clear identity and a mission that is periodically updated through a strategic planning process that provides a level of focus beyond what appears in the bylaws. An examination of the mission can be the ideal starting point for any discussion of what sort of Director is most appropriate – or what exactly Directors should do.

IX- STAFF

- Roles and Responsibilities of Staff

AmChams entrust the execution and continuity of operations and policies to professional staffs that are fully qualified, empowered, and appointed by the Board to carry out their mandate, following guidelines set during strategic planning processes.

- CEO Profile

AmCham CEOs (sometimes called Executive Directors) have high community prestige, administrative ability, and a talent for communication at all levels. The ability to work well with professional staff and rotating volunteer officers is essential to the success of an AmCham CEO. CEOs are usually *ex officio* members of the Board of Directors and all Chamber committees.

- CEO Selection and Compensation Procedures

CEOs are appointed by the Board of Directors of an AmCham, usually on a contractual basis, and serve at the discretion of the Board. Selection of CEOs is generally entrusted to a Search Committee made up of senior volunteers, often assisted by professionals. Compensation policies are set at the outset and reviewed periodically by the Board, or by a committee specifically charged with the responsibility of executive retention. At no time is CEO retention or compensation contingent on the decisions of individual volunteers who serve as officers on a temporary basis.

- CEO Oversight Procedures

The correct balance between an adequately empowered and fully qualified CEO and the Board of Directors is essential to the success of an AmCham.

Boards of Directors generally entrust oversight to Executive and/or Management Committees that work closely with the CEO to ensure the best execution of priorities established by strategic planning processes, as well as optimal administration of Chamber resources.

The Chamber's Chairperson is the principal officer charged with CEO oversight, and best results are based on open and close teamwork between the Chairperson and the CEO.

Boards of Directors are obligated to name external Auditors to monitor proper administrative performance by the CEO and receive their reports.

X- EXTERNAL RELATIONS

- Relations with Host Country and U.S. Authorities

AmChams are completely independent of governments and domestic business institutions. They do not take part in partisan politics of any nature in either the host country or the United States. In promoting bilateral economic objectives and member interests, they at all times uphold the highest standards of commercial practice.

AmChams maintain permanent communication with authorities at all levels of both nations in order to promote their objectives, acquire operating information for member companies, and represent their legitimate interests. The AmCham facilitates bilateral communication and understanding between both nations in order to ensure a positive environment for economic development and further integration for mutual benefit.

- Relations with U.S. Embassies

Although AmChams are independent of either government, the most successful Chambers develop open cooperative relations with U.S. embassies in the host country in representation of member interests. They often develop joint programs in areas of practical interest, such as expedited issuance of business visas. In addition, the U.S. Ambassador in the host country often sits on the AmCham's Board of Directors.

- Relations with Regional Offices

In larger countries, AmChams either operate or authorize the operation of regional offices or committees that can best serve members in the different regions. Regional operations or branches share the same objectives and priorities as the principal Chamber. Except in special situations, the U.S. Chamber of Commerce recognizes only one Chamber as the legitimate AmCham in each country. It is suggested to develop a governance process for branches or regional offices, including strategic and administrative/operational guidelines.

- Relations with Local Business Organizations

An effective AmCham transmits the most up-to-date "best practices" within U.S. Chambers to the host community business organizations by setting examples in its own operation and through programs directed at members and the community alike.

XI- ADVOCACY

AmChams contribute experience and information to the formation of public and economic policies in a balanced and objective manner that is institutional, transparent, pragmatic, and non-doctrinaire, in order to seek the best possible conditions for binational trade and investment. AmChams seek practical solutions to structural and economic difficulties, and strive to become a part of the solution instead of the problem.

Policy issues are set forward objectively, on the merits of each issue, with special care to avoid political or personal controversy with other groups, organizations, or personalities.

AmChams should not be placed in, or assume, the role of a "special pleader" on behalf of a particular industry or geographical area. In addition, AmChams should avoid intervention in narrow issues of intra-industry nature, such as matters that concern only a particular group or

segment within an industry. If consensus cannot be reached among relevant committees or members, a mechanism should be in place to make the decision to take on or abandon the issue.

In reflecting member interests within the host country, AmChams give special attention to compliance with established corporate standards in the United States in matters such as abiding by laws, transparency, ethics, and corporate social responsibility. U.S.-based corporate values always apply in operations abroad.

AmChams generally approach advocacy in areas of general policy and principle, and do not engage in representing the interests of specific affiliates, except in matters of a general nature and at the request of the member involved, preferably in writing and with the approval of corporate headquarters wherever applicable. In representing specific cases, an AmCham should avoid conflicts of interest with other members, and comply with legal and ethical standards. In conflicts of interest between members, AmChams should either promote conciliation and arbitration, or abstain.

XII- INFORMATION

An AmCham informs members, public opinion, and all business sectors on the benefits and opportunities in bilateral economic relations and conditions that influence them. It generates objective and balanced information on economic and operating conditions in both nations in order to facilitate planning and evaluation of business decisions by member companies.

XIII- ARBITRATION AND CONCILIATION

AmChams promote improved legal systems that guarantee stable, predictable, equitable, and transparent rules for business within the host country. In doing so, they promote and sponsor arbitration and conciliation mechanisms that facilitate conflict resolution and diminish inefficiencies.

XIV- CORPORATE RESPONSIBILITY

AmChams practice corporate social responsibility and good citizenship as institutions throughout all of their activities and programs, and promote action by affiliates directed at the local community. An AmCham is a catalyst for initiatives in these areas and uses its institutional strength to create synergy between the local community, private enterprise, and government in order to improve social and human conditions within the host country.

AmChams continually inform the community of achievements in corporate responsibility and positive impacts of private social investment in the host country and the world.