

BOARD CHARTER

Introduction and purpose

This Charter sets out a Charter of operations for the Board of Retail NZ. This document serves as the basis for the operations of the Board, and must be read alongside the Position Description for Directors; the Rules of Retail NZ; and any other by-laws executed by the Board.

Part 1 - Retail NZ goals

Retail NZ is a membership organisation whose members represent approximately two-thirds of turnover in the retail sector. Our members are diverse, and range from single-store owner-operators up to national and international businesses.

Our vision:

To be asked first on anything retail.

Our purpose:

To help retailers succeed and strengthen NZ inc.

What we do:



Training

Specialist retail training workshops, e-learning and free best-practice guides.



Events & networking

Helping retailers meet others, share experiences and knowledge.



Advice & information

Helping retailers manage those tricky people and customer issues.



News, intelligence & insight

Keeping retailers informed of market developments and trends.



Delivering savings

Offering better deals for members for key business services.



Speaking up for the sector

Lobbying Government to create the best opportunities for retailers to shine.

Retail NZ will use its resources to fulfil its purpose in the interests of the members as a whole.

Part 2 - Board governance process

Role of the board

The role of the board is to effectively represent Retail NZ's members, and promote the interests of the organisation. The Board's job is to provide oversight and direction to management, in particular:

- ensuring that goals are set and management strategies are in place for achieving them
- establishing policies for strengthening the performance of Retail NZ;
- monitoring the performance of management
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Retail NZ
- deciding on whatever steps are necessary to protect Retail NZ's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring Retail NZ's financial statements are true and fair and otherwise conform with law
- ensuring Retail NZ adheres to high standards of ethics and corporate behaviour
- ensuring Retail NZ has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day-to-day management of Retail NZ will be in the hands of management.

The board's relationship with members and stakeholders

The board will use its best endeavours to familiarise itself with issues of concern to members. The board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of members and other stakeholders, if thought appropriate, will take outside expert advice on these matters.

Board procedures

The conduct of directors will be consistent with their duties and responsibilities to Retail NZ and, indirectly, to members. The board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the board on its activities.

Directors will use their best endeavours to attend board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table. Directors unable to attend a meeting will advise the Chief Executive at the earliest date. A director who is unable to attend three consecutive meetings will automatically be deemed to have resigned.

Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can bring greater clarity and lead to better decisions. The President will, nevertheless, seek a consensus in the board but may, where considered necessary, call for a vote. Minutes will be kept, but all discussions and their record will remain confidential unless there is a specific direction from the board to the contrary, or disclosure is required by law.

Subject to legal or regulatory requirements the board will decide the manner and timing of the publication of its decisions.

The board has sole authority over its agenda and exercises this through the President. Any member may, by notifying the Chief Executive, request the addition of an item to the agenda.

The board will normally hold full board meetings quarterly, with an additional session in June to sign off the annual accounts. Half the board meetings each year will be held by videoconference, with the remaining sessions in-person.

At each normal meeting Retail NZ's interests register will be updated as necessary and the board will consider:

- an operational report from the CEO
- specific proposals for capital expenditure and acquisitions
- major issues and opportunities for the association.

In addition the board will, at least every year:

- review the strategies and operating plans for achieving Retail NZ's goals
- approve the annual budget
- approve the annual financial statements and annual review
- review the board composition, structure and succession
- review Retail NZ's audit requirements
- review the performance and composition of, and necessity for board committees
- undertake board and individual member evaluations
- review the CEO's performance and remuneration
- review remuneration policies and practices in general including superannuation and incentive schemes for management
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements

Directors are entitled to have access, at all reasonable times, to all relevant association information and to management.

President and Vice President

Every two years, the board will appoint from among directors a President and a Vice President. The Vice President will deputise for the President in his or her absence, or at his or her request.

The President is responsible for:

- representing the board to members
- ensuring the integrity and effectiveness of the governance process of the board as set out in Part 3
- maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the board promptly over any matter that gives cause for major concern.

Board committees

Board committees will be formed when it is efficient or necessary to facilitate efficient decision-making. Board committees will observe the same rules of conduct and procedure as the board unless the board determines otherwise. Board committees will only speak or act for the board when so authorised. The authority conferred on a board committee will not derogate from the authority delegated to the CEO.

The board has one standing committee, namely the Audit and Risk Committee. Other committees may be established and disbanded as required.

Board composition and mix

Generally, the qualifications for board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of member value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the non-competitive interests of the sector and the achievement of Retail NZ's goals. Non-executive members will be active in areas which enable them to relate to the strategies of the association and to make a meaningful contribution to the Board's deliberations.

Directors are elected by the Retail NZ membership. However, the Board wants directors to have skillsets that can add value to the governance of the organisation, as well as backgrounds that represent the diversity of New Zealand's retail sector.

Core skills

The core skills required across on the Board are knowledge and expertise in the following areas, and it is expected that directors will have relevant experience in one of the following areas:

- Finance
- Communications
- Legal
- Marketing
- Small Business ownership
- E-commerce
- HR/ people capability

Diversity goals

The Board has set the following diversity goals:

- Scale of retail
 - Small businesses (minimum 1);
 - medium chains (minimum 1);
 - corporate retailers (minimum 1);
- Geographic representation
 - Auckland (minimum 1);
 - Wellington (minimum 1);
 - Christchurch (minimum 1);
 - regional North Island (minimum 1);
 - regional South Island (minimum 1);
- Sex
 - Women (minimum 4);
 - Men (minimum 4)
- Age
 - Under 30 (minimum 1)
- Ethnicity (and language)
 - Asian (minimum 1),
 - European New Zealanders (minimum 1), Maori (minimum 1),
 - Pasifika (minimum 1).

Members' remuneration

The board is a voluntary board. However, travel and accommodation costs (if required) will be paid for by Retail NZ.

Provision of business or professional services by directors

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to Retail NZ.

Other board appointments

Any member is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the business and does not detrimentally affect their performance as a member. All other appointments must first be discussed with the President before being accepted.

Independent professional advice

Any director is entitled to obtain independent professional advice relating to the affairs of Retail NZ or to their other responsibilities as a director. If a director considers such advice is necessary the director shall first discuss it with the President and, having done so, shall be free to proceed.

Subject to the prior approval of the President, the cost of the advice will be reimbursed by Retail NZ but the director will ensure, so far as is practicable, that the cost is reasonable.

Board and director evaluations

The board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that helping the board in effectively fulfilling its role. Each year, individual members will be evaluated by a process whereby the board determines questions to be asked of each member about themselves and about each other including the President. Each member answers the questions in writing, and the responses are collected and collated by the President who then discusses the results with each member. The President's own position is discussed with the Vice-President and/or the rest of the board.

Indemnities and insurance

Retail NZ will provide directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as members, to the fullest extent permitted by law.

Part 3 - Board/management relationship

Position of CEO

The board will link Retail NZ's governance and management functions through the CEO. All board authority conferred on management is delegated through the CEO. The board must agree to the levels of sub-delegation immediately below the Chief Executive. The President will agree annual performance objectives with the Chief Executive.

Between board meetings the President maintains an informal link between the board and the Chief Executive, expects to be kept informed by the Chief Executive on all important matters, and is available to the Chief Executive to provide counsel and advice where appropriate. Only decisions of the board acting as a body are binding on the Chief Executive. Decisions or instructions of individual members, officers or committees should not be given to the Chief Executive and are not binding in any event except in those instances where specific authorisation is given by the board.

Accountability of Chief Executive to board

The Chief Executive is accountable to the board for the achievement of Retail NZ's goals and the CEO is accountable for the observance of the management limitations. At each of its normal monthly meetings the board should expect to receive from or through the Chief Executive:

- the operational and other reports and proposals referred to above; and
- such assurances as the board considers necessary to confirm that the management limitations are being observed.

Management limitations

The Chief Executive is expected to act within all specific authorities delegated to him or her by the board. The Chief Executive is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term member value.

The Chief Executive is expected to manage Retail NZ's finances in a prudent and sustainable way. Retail NZ's assets are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, Retail NZ must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to Retail NZ's external auditors.

In managing risk, the Chief Executive is expected to apply a board approved risk management plan.

The Chief Executive is expected to ensure that employees and other parties working for Retail NZ are treating with dignity, equity, fairness; and that the working environment is safe.