



Hastings Co-operative Limited

BOARD CHARTER

Responsibility for this Document – The Board

Board Committee Supervising this Document – Governance Committee

Management of this Document – Governance Committee

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1. PURPOSE OF THE CHARTER

The Board Charter sets out the role, composition and responsibilities of the Board of Directors (“the Board”) of the Hastings Co-operative Limited (“the Co-op”).

The conduct of the Board is also governed by the *Co-operatives (Adoption of National Law) Act 2012*, *The Corporations Act 2001* and the Rules of the Hastings Co-operative Limited.

A number of operational matters relating to the Board such as number of meetings per year, notification of interests, and election of directors are governed by the Rules and are not reproduced here.

2. PURPOSE OF THE BOARD

The Board has two broad purposes, to monitor compliance and performance of the Hastings Co-op:

(a) COMPLIANCE: to ensure conformity with and meet all legal requirements.

(i) Legal

- Monitor Rules
- Comply with directors’ responsibilities.
- Comply with laws.
- Monitor insurance requirements.
- Monitor compliance with Work Health and Safety requirements.

(ii) Accountability

- Monitor financial performance.
- Monitor compliance

(b) PERFORMANCE: to assess, monitor and guide the organisation to perform to its best potential.

- Develop and implement policy
- Appointment and removal of the Chief Executive Officer (CEO)

Develop and implement the Board’s Strategic Direction

- approve vision/mission/values and ensure these are embedded into the organisation and culture.
- approve overall strategic plans and policies as well as strategic plans and policies for each business unit of the Co-op and monitor the progress and performance of these regularly.

Accountability

- overall performance of the organisation
- board evaluation, succession planning
- report outcomes to stakeholders
- give direction to the CEO.
- Ensure compliance with Work, Health and Safety laws.

Stewardship/Representation

- represent and participate.
- keep stakeholders informed.
- project a strong and positive image.
- promote the vision.
- facilitate cohesion.
- protect the interests of stakeholders.
- speak with one voice regarding Board decisions

Risk Management

- ensure up-to-date and effective risk profile and management strategy.
- monitor critical risks.
- Approve and review the risk management system including the risk appetite statement.

3. ROLES AND RESPONSIBILITIES

The Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The functions of the Board are to:

- (i) Provide effective leadership, building and maintaining trust between the Board, the CEO and Senior Management team in:
 - articulating the organisation's values, vision, mission, and strategies.

- developing strategic (directional) plans and determining strategic priorities for the whole Co-op and each business unit.
 - maintaining open communication, ensuring the values, vision, mission, and strategies are promoted throughout the organisation, as well as to external stakeholders.
 - developing and maintaining an organisation structure to support the achievement of the agreed strategic objectives.
- (ii) Monitor the performance of the CEO against agreed performance indicators in accordance with the CEO Performance policy.
- (iii) Review and agree the business (action) plans and annual budget proposed by, CEO and Financial Controller (FC).
- (iv) Monitor the achievement of the strategic and business plans and budget outcomes on at least a quarterly basis.
- (v) Establish such committees, policies and procedures as will facilitate the effective discharge of the Board's roles and responsibilities.
- (vi) Ensure, through the Board process and committee structure, compliance obligations and functions are effectively discharged.
- (vii) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
- (viii) Ensure that all significant systems and procedures are in place for the organisation to run effectively, efficiently, and meet all legal, compliance and contractual requirements.
- (ix) Ensure that all significant risks are adequately considered and accounted for by the CEO and his/her team.
- (x) Ensure that the organisation has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility.
- (xi) Adopt and promote a culture of continual learning and improvement from Board level and throughout the organisation.

The Board has no operational involvement in the conduct of the organisation's business activities and delivery of services. Its role is confined to setting and reviewing directional strategy and policy.

4. MEMBERSHIP AND TERM

- The Rules provide for a maximum of 7 directors and a minimum of 4 directors (so that a quorum can be formed to transact business at meetings).
- Directors are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the organisation.
- Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.
- The Board has adopted a Board Renewal policy, but according to the Rules, each director must be re-elected by the membership after 3 years on the Board.
- The Rules allow a limited director tenure of 3 consecutive full terms of 3 years before a director becomes ineligible for re-election for a period of 3 years. However, if a directors' skills cannot be replaced, there is an exception to this rule that allows a further term of 3 years.

5. BOARD COMMITTEES

The objective of the Board Committees is to delegate and progress certain strategic policy recommendation or policy-making functions, outside the formal Board meeting structure. This provides a structure for the monitoring of the performance of the Hastings Co-operative on behalf of the Board. The powers of committees may, but only as specifically authorised by the Board, on a permanent or ad hoc basis, include the making and implementation of policy decisions, on behalf of the Board.

The committee structure recognises that many strategic issues require detailed development and consideration, are often beyond the time constraints of a normal Board meeting. Committees can operate in a less formal structure than the Board, and this can be employed effectively in ensuring full consideration and discussion of all arguments and views related to a matter under consideration.

The following Board Committees are in place:

- Governance Committee
- Audit, Risk and Workplace Safety Committee

- Marketing and Innovation Committee
- Director Nomination Committee

Terms of Reference for individual Board Committees have been established.

6. PERFORMANCE REVIEW PROCESS

The Board periodically reviews the process of evaluating its own performance against its major functional responsibilities to measure and monitor director performance. The performance evaluation is based on a collective by the Board Performance Assessment and Individual Assessments. Overall outcomes are discussed by the Board; the Chairman may discuss individual outcomes with directors concerned.

From time to time, a consultant may be engaged to carry out a Board Performance Review, with objectives being to:

- Identify areas for improvement, both for individual directors and the Board as a whole.
- Develop a suitable program for professional development for individual directors and for the Board as a whole, develop a timetable for ongoing monitoring and review.

A Board Skills Matrix review is conducted annually. It is suggested that this occurs prior to advertising Director Nominations.

The Board will conduct a performance review of the CEO. The interview committee for this process will consist of the Governance Committee Chair and members.

6.1 PERFORMANCE REVIEW OF BOARD COMMITTEES

The Board will, on an annual basis, undertake a review of each of the Board Committees with the objective being;

- To evaluate the effectiveness of each committee.
- To review the composition of each committee.
- To identify areas for improvement.
- To review the terms of reference.

7. BOARD PARTICIPATION AND LEGAL OBLIGATIONS

The Board shall meet as often as deemed necessary by the directors to perform their duties and responsibilities as directors and as dictated by the needs of the Co-operative. It is expected that under normal circumstances the Board will meet at least every 3 months. (rule 56).

Directors have a duty to question, request information, raise any issues which are of concern to them, fully canvas all aspects of any issue confronting the Co-operative and cast their vote on any resolution according to their own judgement.

Directors will keep confidential board discussions, deliberations and decisions except where decisions are required to be publicly disclosed. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Co-operative and it is improper to disclose this information, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

A director of the Co-operative must understand the duties of a director, in accordance with legal and statutory requirements, directors will:

- Discharge their duties in good faith and act honestly in the best interest of the Co-operative with the level of skill and care expected of a director of the Co-operative.
- Owe a fiduciary duty to the Co-operative using the powers of office for proper purpose, in the best interests of the Co-operative as a whole.
- Act with required care and diligence, demonstrating commercial reasonableness in their decisions.
- Avoid conflicts of interest.
- Act for the benefit of the Co-operative at all times.
- Not make improper use of information gained through their position as director.
- Not allow personal interests, or the interests of any associate to conflict with the interests of the Co-operative.
- Make reasonable inquiries to ensure that the Co-operative is operating efficiently, effectively and legally towards achieving its goals.
- Undertake diligent analysis of all proposals placed before the Board.

8. MEETING CONDUCT AND REPORTING

- Proceedings of all meetings are minuted and signed by the Chairman of the meeting.
- As a rule, the minutes record decisions rather than discussions unless for clarification.
- Minutes of all Board meetings are circulated to directors within one week of the meeting and approved by the Board at the subsequent meeting.
- The practice of proposing, moving and seconding resolutions is not required by law.

- Board members wishing to abstain from voting on a resolution should clearly advise the meeting their reasons for doing so and those reasons shall be recorded in the minutes of the meeting.
- Board members wishing to vote against a resolution should clearly advise the meeting their reasons for doing so and those reasons shall be recorded in the minutes of the meeting.
- Resolutions will be recorded in the minutes in the following format:
The Board unanimously resolved, "That"
The Board resolved, "That" (where the decision is not unanimous)
"Abstain" Name of board member, reason.
"Against" Name of board member, reason.

9. REVIEW OF CHARTER

- The Governance Committee will review this charter tri-annually to ensure it remains consistent with the Board's objectives and responsibilities.
- Any changes to the Charter shall be submitted to the Board for approval.

10. PUBLICATION OF THE CHARTER

- A copy of the Charter is available at the Co-op Corporate Centre.