



Board Charter and Guidelines

Accepted by the Board at its meeting on 6 March 2006.

The Australian Consumers' Association (CHOICE) is an independent non-profit, non-party-political organisation established in 1959 to provide consumers with information and advice and to promote and protect their interests. CHOICE is a Council member of Consumers International.

The Constitution of CHOICE sets out the following broad objectives:

- Promotion and development of the knowledge, understanding and awareness of consumers.
- Research, testing and comparative evaluation of products, services and practices.
- Development of public policies.
- Campaigning and lobbying for reform in the interests of all consumers.
- Provision of information through publications, education, the media, etc.
- Collaboration with similar bodies within Australia and internationally.

CHOICE is the public name of the Association. Our income is derived from subscriptions, sales of publications and information (print, electronic) and fee-for-service testing and services. Effective promotion and marketing of CHOICE's products and services is an essential activity for the ongoing viability of the organisation. Profits are not distributed but directed to activities for the consumer good.

Code of Ethics

The Board considers there are certain basic ethical values that underpin their role as directors of CHOICE. Directors will therefore:

- Have an active concern for the mission of the Association and the members and customers it serves.
- Diligently apply themselves to the business of the Board with the level of skill and care expected of a director under the Corporations Act.
- Act at all times with integrity and in the interests of the Association as a whole.
- Avoid any situation of conflict of interest so far as is possible, and manage any conflict which cannot be avoided.
- Recognise and respect the distinct roles of the Board and management.
- Work co-operatively with each other as members of the Board, engaging in debate.
- Work co-operatively with management.
- Not make improper use of information gained through their position as director.
- Keep confidential all Board discussions and deliberations and papers.
- Observe the spirit and letter of the laws under which the Association operates.

Role of the Board

The Board has the overall responsibility to collectively oversee the effective performance of the Association, including:

- maintenance of the organisation's vision and ethics,
- the ongoing development and sustainability of the organisation, and
- provide input into and review its strategic direction.

The Board is ultimately legally accountable but recognises management's need to act with certainty and with the clear support of the Board and hence:

- Delegates the majority of responsibility to its managers, setting out clearly its expectations for performance and the way in which performance will be monitored; and
- Defines those responsibilities that it reserves for itself and equally is clear about how these responsibilities will be performed.

The business of the Board includes:

- Consideration and approval of the strategic plan and business plan including the policy framework and broad priorities.
- Ensuring competent management and financial stability of the organisation through appointment of a CEO and broad oversight of management performance.
- Consideration and approval of the annual budget and any proposed (material) changes to the plans or budgets.
- Setting an example of member participation and engagement.
- Monitoring monthly and quarterly reports covering performance against targets/budget.
- Considering regular reports from management covering all material aspects of CHOICE's operations including key areas of risk.
- Setting delegation limits and authorities for management to commit resources.
- Understanding any significant risks to employees, the Association's standing, profits and assets, and approving management's plans to mitigate those risks
- Approval, oversight and review of the auditors, internal audits, remuneration policies, corporate governance policies and structures.
- Ensuring compliance with the organisation's legal accountabilities, including approval of the financial statements, directors' report and annual report.
- Board operations including succession planning.

Interaction with Management

In their interaction with management at Board meetings and elsewhere, Directors recognise that their role is primarily to ask questions of the CEO and management rather than to direct the day-to-day running of CHOICE (the 'noses in, fingers out' protocol).

The delegation of management authority is to the CEO, who will be the prime source of information to the Board.

The CEO and management recognise that Directors have the right to information and to receive answers to the questions they ask. The Board will endeavour to give management predictable requirements for reporting and information and will make reasonable requests of the CEO where additional information is required. Management will provide the Board with regular reports on key activities and outcomes.

Board Meetings

The Board normally functions collectively through its meetings both routine and special. Therefore a significant part of the effectiveness of the Board's performance hinges on the conduct of the meetings themselves. The meetings shall be conducted as follows:

- The Board will meet on dates and at locations as per the agenda cycle set out by management at the commencement of each year.
- Directors are expected to attend all meetings, and any leave of absence must be applied for through the Chair.

- This Board aims for respectful yet vigorous discussion in which disagreement is an accepted part of the process but the aim is eventual consensus.
- The Board will regularly review a sampling of decisions made with a view to improvement of the information used, the group dynamics and the decision process.
- The overall management of the business of the meetings is the responsibility of the Chair in consultation with the CEO. The Chair is responsible for ensuring that the business of the meeting is properly dealt with.
- All Directors have the same rights and responsibilities and the Board must act as a whole when it is acting as a Board. Directors are expected to debate issues within the boardroom. However, once a decision is taken, Directors are expected to support it publicly.
- Outside of Board meetings, the CEO is the principal point of contact with management on behalf of the Board, though Chairs of committees will have direct contact with management servicing those committees.
- Board members will exercise care and appropriate confidentiality in their communication on Board matters with each other and with external parties.

Role of Board Chair

The Chair's overarching responsibility is to ensure that the Board properly fulfils its responsibilities. The Chair must ensure that the Board fully utilises the knowledge and skill available to it. Inside the boardroom the Chair's principal task is to ensure the Board considers the right matters, considers them properly, comes to clear conclusions, and ensures decisions are implemented. This will include setting of meeting agendas, allocation of times, keeping discussion focused, and expressing the consensus of the Board. Additionally the Chair, as leader of the Board, should work to ensure positive dynamics both inside and outside the boardroom.

The Chair is the link between the Board and management between meetings and should be aware of any developments that may require him/her to take action on behalf of the Board or call a special meeting. The Chair should provide the CEO with guidance on matters of Board concern.

Whilst the CEO is the primary spokesperson for the organisation, there may be times when it is appropriate for the Chair to represent the organisation externally.

Conflict of Interest Policy

The standard of behaviour at CHOICE is that all staff and Directors scrupulously avoid conflicts of interest between the interests of the Association on the one hand and personal, professional and business interests on the other. This includes avoiding potential and actual conflicts of interest as well as perceptions of conflicts of interest.

Performance Review

The Board reviews these guidelines periodically. Board reviews its performance and its committee structures annually.

Board Evaluation Policy

Accepted by the Board at its meeting on 26 November 2007

The Board will conduct a performance review annually. From time to time it will conduct a substantial review.

The process of evaluating the performance of the Board is the responsibility of the Board, under the direction of the Chair.

The review may include an assessment of the performance directors.

The Chair will recommend to the Board a process to conduct each evaluation. The process will aim to set performance indicators, against which the Board can be assessed over the following year or over a longer period.

At the completion of the process the Chair will bring recommendations to the Board in respect of performance indicators and enhancements.

Board Committees

Board committees will be reviewed annually and substantial reviews may be conducted periodically.

The process for evaluating each committee will be determined annually by the Chair of the Board, in consultation with the Chair of the respective committee.

The Chair of each Committee, in consultation with the Chair of the Board, will make recommendations to the Board.

Among other things these might address:

- whether continuation of the committee is necessary
- whether the committee mandate needs updating
- whether the composition of the committee is correct eg does it have the right mix of skills and abilities etc
- any impediments to it effectively carrying out its role

The results of the committee reviews will be available to the Chair of the Board at least a month prior to the first Board meeting of each year so as to facilitate the orderly establishment of committees for that year.

CEO

The performance of the CEO will be reviewed annually. Review will be against performance goals set by the Board.

The Chair of the Board is responsible for conducting the review, but the Board will decide the outcome of the review.

In conducting the review the Chair will consult with other directors (especially committee chairs).

The Chair will report to the Board about the review and will make any recommendations necessary, including in respect of performance goals and salary increments.