



# **Board Charter**

**April 2025**

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## About

This charter is adopted in line with clause 3.1.3 of the Constitution, which requires the Board to adopt a governance charter which sets out detailed responsibilities, expectations and processes for the Board.

This charter shall be consistent with the Constitution, the Incorporated Societies Act 2022 (the Act), regulations made under the Act and any other relevant legislation. All defined terms in this document shall have the meanings as defined in clause 1.3 of the Constitution, unless as otherwise provided. In the event of any inconsistencies between any section of this document and any clauses of the Constitution, the clauses of the Constitution shall prevail.

## Overview

On behalf of members, key stakeholders and the public, the Board of InternetNZ is responsible for the stewardship and future wellbeing of the organisation.

In summary, the Board in discharging its responsibilities:

1. provides leadership to InternetNZ, ensuring that it achieves continuing success in the best interests of the organisation, its stakeholders, and the public;
2. takes active steps to ensure an appropriate mix of Board Members whether through interaction with members and stakeholders resulting in the election of appropriately diverse and skilled people or through the appointment of such individuals;
3. establishes InternetNZ's organisational purpose and values, and sets the strategic direction as the basis for further planning, e.g. annual and longer-term planning;
4. determines the appropriate culture for InternetNZ and models behaviours that both reflect and promulgate the desired culture;
5. establishes governance policies that provide the framework for the management of InternetNZ (e.g. financial, human resources, asset management policies), and ensures that internal processes and procedures are designed to provide effective controls and serve as the basis for reporting to the Board as required;
6. employs the Chief Executive and monitors management and organisation performance against the Board-established criteria;
7. identifies and monitors the management of organisational risks;

8. ensures that the organisation complies with all internal and externally imposed compliance requirements; and
9. establishes and maintains an effective interrelationship with members and stakeholders.

## **1. Responsibilities of the Board**

### **1.1 Functions and powers of the Board**

The Constitution (clause 3.1.1) provides that the Society shall be managed by, or under the direction and supervision of the Board, in accordance with the Act, any Regulations made under the Act, and the Society's Constitution.

Clause 3.1.2 of the Constitution provides the Board with all the powers necessary for directing and supervising the management, operation and affairs of the Society, subject to any modifications, exceptions, or limitations contained in the Act or the Constitution.

### **1.2 Legal responsibilities of Board Members**

All Board Members are officers of the Society. As per clause 3.5.3 the Constitution, all officers must not be disqualified from being an officer under section 47(3) of the Act or section 36B of the Charities Act.

The legislative duties of officers are set out in [sections 54-60](#) of the Incorporated Societies Act 2022. In short, these provisions require that each officer:

1. must exercise all powers for a proper purpose (section 55);
2. must not act, or agree to the Society acting, in a manner that contravenes the Act or the InternetNZ Constitution (section 56);
3. when exercising powers or performing duties as an officer, must exercise the care and diligence that a reasonable person with the same responsibilities would exercise in the same circumstances taking into account, but without limitation:
  - the nature of the Society,
  - the nature of the decision, and
  - the position of the officer and the nature of the responsibilities undertaken by him or her (section 57);

4. must not agree to the activities of the Society being carried on in a manner likely to create a substantial risk of serious loss to the Society or to the Society's creditors (section 58); and
5. must not agree to the Society incurring an obligation unless they believe at that time on reasonable grounds that the Society will be able to perform the obligation when it is required to do so (section 59).

### **Use of information and advice**

Board Members may rely on reports, statements, financial data and other information provided by Society (InternetNZ) staff, professional external advisors, and other officers or sub-committees when they are acting within their delegated authority (section 60). When using or relying on this information, Board Members must do so in good faith and make proper inquiries when the circumstances warrant it (e.g. if there is reason to believe that the advice is incorrect or unreliable).

### **Acting in the best interests of the Society**

In addition, section 61 of the Act states that the duties of officers (as outlined above) are owed to the society rather than to members. To this end, Board Members shall act in good faith and in what they believe to be the best interests of the society.

## **1.3 Other considerations when governing**

Board Members, in discharging their responsibilities:

1. should exercise leadership, enterprise, integrity and judgement in directing the organisation in order to provide assurance of its continuing and lasting success, with the public interest always at the forefront of their minds;
2. have a duty to act in the best interests of InternetNZ as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations. Board Members' first duty and loyalty must be to the Society; and
3. are potentially liable (either collectively or individually) if they act illegally or negligently.

## **1.4 Governance philosophy and approach**

The Board, in giving effect to the Society's Constitution, will govern InternetNZ with an emphasis on:

1. serving the legitimate collective interests of the present members, stakeholders and beneficiaries of InternetNZ and accounting to them for the performance of the organisation and for the Board's stewardship;

2. remaining up to date about members' and key stakeholders' concerns, needs and aspirations;
3. developing a future focus, rather than being preoccupied with the present or the past;
4. providing leadership in the exploration of strategic issues, rather than becoming distracted by administrative detail;
5. behaving proactively, rather than reacting to events and others' initiatives;
6. bringing a diversity of opinions and views to bear on its decisions;
7. the development and expression of a collective responsibility for all aspects of the organisation; and
8. ensuring there are positive conditions for the motivation of the Chief Executive and that there is adequate training to support them in their role.

## 1.5 Other functions

The Board will perform such other functions as prescribed by law or assigned to the Board under InternetNZ's governing documents. This shall include:

1. appointing Board Members in accordance with clause 3.7 of the Constitution;
2. appointing (and removing) the chair and directors of the Domain Name Commission Limited; and
3. making key decisions regarding aspects of the .nz domain name space (e.g. pricing, policies).

## 2. Expectations of Board Members

To execute these governance responsibilities, Board Members must, so far as possible, possess certain characteristics, abilities and understandings, as outlined below.

### 2.1 Enacting legal duties

Board Members must fulfil their fiduciary duty to act lawfully and in InternetNZ's best interest at all times regardless of personal position, circumstances or affiliation. They should be familiar with InternetNZ's constitutional arrangements.

### 2.2 Strategic orientation

Board Members should be future oriented, demonstrating vision and foresight.

## 2.3 Integrity and accountability

Board Members must demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on – and remain collectively accountable for – all Board decisions and speak with one voice on all policy and directional matters.

## 2.4 Informed and independent judgement

Each Board Member must have the ability to provide wise, thoughtful counsel on a broad range of issues.

## 2.5 Financial literacy

Board Members are jointly accountable for the financial performance of the organisation therefore all Board Members must be financially literate.

## 2.6 Industry and sector knowledge

Each Board Member is expected to bring or acquire a level of industry and sector knowledge sufficient to contribute to the Board's deliberations and considerations on behalf of the organisation and its owners.

## 2.7 Participation

Each Board Member is expected to enhance the Board's deliberations by actively engaging in value adding Board dialogue and decision-making.

# 3. Governance Process Policies

## 3.1 Code of Ethics

The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority. Board Members shall:

1. act honestly and in good faith and honesty at all times in the best interests of InternetNZ as a whole;
2. declare all interests that could result in a conflict between personal and organisational priorities, in line with clause 3.12 of the Constitution;
3. exercise diligence and care in fulfilling the functions of office;
4. make reasonable enquiries to ensure that InternetNZ is operating efficiently, effectively, legally and ethically in the pursuit of its planned outcomes and strategies;



5. maintain sufficient knowledge of InternetNZ's business and performance to make informed decisions;
6. not agree to InternetNZ incurring obligations unless they believe that such obligations can be met as and when they fall due;
7. attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making;
8. ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of InternetNZ's business;
9. not disclose to any other person confidential information other than as agreed by the Board or as required by law;
10. act in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role;
11. abide by Board decisions once reached notwithstanding a Board Member's right to pursue a review or reversal of a Board decision;
12. not to make, comment, issue, authorise, offer or endorse any public criticism or statement having or designed to have an effect prejudicial to the best interests of InternetNZ; and
13. demonstrate respectful behaviour towards colleagues, management and those they come into contact within the course of enacting Board business.

The Board collectively shall:

1. make every reasonable effort to ensure that InternetNZ does not raise community, supplier or stakeholder expectations that cannot be fulfilled;
2. meet its responsibility to ensure that all staff employed by InternetNZ are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation; and
3. carry out its meetings in such a manner as to ensure fair and full participation of all Board Members.

### 3.2 Strategic Direction and Planning

An essential element in the Board's leadership role is its responsibility to establish a Statement of Strategic Direction for InternetNZ. Accompanying this is an ongoing

responsibility to identify organisational priorities, monitor progress towards the achievement of the stated outcomes and approve the annual budget.

Accordingly, the Board will annually:

1. establish and review InternetNZ's organisational purpose, outcomes and governance-level strategies;
2. review annual business plans to ensure alignment with the Statement of Strategic Direction, priorities and strategies; and
3. schedule a programme of strategic dialogue at Board meetings that reflects the priorities as defined by the Board, and creates opportunities for the Board and management to think strategically about future issues relevant to InternetNZ's wellbeing and success.

### 3.3 Financial Governance

The Board has a duty to ensure the financial integrity and viability of InternetNZ. This entails oversight of all financial processes and systems, regular review of financial results and, annually, adopting InternetNZ's financial plan and budget.

Accordingly, the Board will:

1. ensure the Society is acting in accordance with clause 6 of the Constitution (Financial Management);
2. develop, review and monitor the implementation of governance-level financial policies;
3. provide guidance on budget parameters and priorities, and confirm that the annual budget and financial plan, including capital expenditure, is consistent with those parameters and priorities;
4. approve expenditure outside budget parameters that the Board determines to be material;
5. review and approve the full-year financial statements, reports and outcomes;
6. receive and approve the Audit and Risk Committee's annual plan and scheduled reports; and
7. receive and review regularly scheduled financial statements, reports and projections to ensure consistency with the Board's-set parameters.

### 3.4 Conflict of Interests

The Board places great importance on making clear any existing or potential conflicts of interest for Board Members. Clause 3.12 of the Constitution and sections 62-73 of the Act sets out the rules for how conflicts are dealt with, and Board Members should be familiar with these provisions.

The meaning of conflict of interest is outlined in section 62 of the Act. For the sake of completeness, and to guide Board Members in making decisions about declaring an interest, possible conflicts of interest may include:

1. when a Board Member, or their immediate family or business interests, stands to gain financially from any business dealings, programmes or services of InternetNZ or any of its subsidiaries;
2. when a Board Member themselves offers a professional service to InternetNZ or any of its subsidiaries;
3. when a Board Member stands to gain personally or professionally from any insider knowledge if that knowledge is used to his or her personal or professional advantage;
4. where a Board Member is on another body that may have competing or conflicting interests or where knowledge of InternetNZ views or information might unduly favour the member's other appointment/organisation.

InternetNZ's practice in regards to conflicts of interest is as follows:

1. any business or personal matter which could lead to a conflict of interest of a material nature involving a Board Member and their role and relationship with InternetNZ must be declared to the Board and registered in the Register of Interests;
2. all such entries in the Register of Interests shall be presented to the Board and minuted at the first Board meeting following entry in the records;
3. all conflicts of interest must be declared by the Board Member concerned at the earliest time after the conflict is identified. Normally there will be the opportunity at the commencement of each Board meeting for conflicts of interest to be declared;
4. the Board shall determine whether the conflict is of a material nature (e.g. meets the definition of a conflict under section 62 of the Act) and shall advise the individual accordingly;
5. as per clause 3.12.4 of the Constitution, a Board Member who has an interest regarding a Matter:

- a. shall not vote on any resolution or sign any document relating to the Matter unless all members of the Board who are not interested in the Matter consent; and
  - b. may take part in any discussion of the Board relating to the Matter and be present at the time of the decision unless the Board decides otherwise.
6. The Board will determine what records and other documentation relating to the matter will be available to the Board Member.
7. All such occurrences will be minuted.
8. Individual Board Members, aware of a real or potential conflict of interest of another Board Member, have a responsibility to bring this to the notice of the Board.

### 3.5 Health and Safety at Work

The Board has a duty to ensure that all relevant elements in the Health and Safety at Work 2015 Act (Health and Safety Act) are met.

Accordingly, the Board will:

1. ensure that all Board Members understand and discharge their duties and responsibilities under the Health and Safety Act;
2. ensure that robust systems are designed so that the Board will receive regular information in the form of written and verbal reports necessary to exercise its duties under the Health and Safety Act;
3. verify that records are maintained in a timely and accurate fashion enabling tracking of events, trends and responses/actions;
4. understand the hazards and risks that employees and volunteers are, or might be, exposed to in carrying out their duties;
5. annually undertake a formal assessment of compliance with Board Members' duties and responsibilities under the Health and Safety Act; and
6. ensure that budget planning takes account of all requirements under the Health and Safety Act.

### 3.6 Risk Management

The Board will identify and evaluate the principal risks faced by InternetNZ and ensure that appropriate systems are in place to avoid or mitigate these risks including the protection of intellectual capital. Accordingly, the Board will:

1. engage actively in characterising and monitoring risks associated with the achievement of its overall objectives;
2. ensure that robust risk management policies and processes are developed and monitored that address all areas of organisational risk;
3. ensure that the Board is kept abreast of all key organisational risk areas and strategies in a timely manner;
4. develop a 'risk aware' culture in which both Board Members and staff are encouraged to identify risks and respond to them quickly and effectively;
5. make clear the processes required to enable it to keep abreast of all organisation risk areas;
6. ensure that suitable internal controls are in place and are enacted and monitored to ensure effective and efficient operation and management of the organisation's resources;
7. ensure that the organisation is governed and managed in accordance with its constitution and policies;
8. ensure that proper accounting records are kept; and
9. ensure prompt investigation of any material shortfalls or breaches in compliance or risk management standards.

### 3.7 Board committees and advisory groups

The Board will establish committees<sup>1</sup> and may establish advisory groups to support it in its governance work.

1. The work of committees and advisory groups should not conflict with the Chief Executive's delegated responsibilities.
2. Committees and advisory groups may include members from outside the Board in order to bring additional skills, experience or networks.
3. The Board will determine and agree the skills and expertise required to be on a committee.
4. The Board shall set a terms of reference for each committee and advisory group, as per clause 3.3.2 of the Constitution.

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<sup>1</sup> The constitution refers to committees as "sub-committees", reflecting the language in the Act. InternetNZ's operational practice is to call these groups "committees".

5. Committees and advisory groups shall not exercise authority over staff nor shall they delegate tasks to any staff unless the Chief Executive has specifically agreed to such delegations.
6. Unless explicitly empowered by the Board, committees or advisory groups cannot make binding Board decisions or speak for the Board. For the most part the function of committees and advisory groups in fulfilling their role is to make recommendations to the Board.
7. Committee members (including those not on the Board) are required to follow the conflict of interest provisions set out in clause 3.12 the Constitution.

## **Current Terms of Reference**

The Terms of Reference for all current Committees:

- [Audit & Risk Terms of Reference](#)
- [.nz Advisory Committee Terms of Reference](#)
- [Te Komiti Whakauru Māori Terms of Reference](#)
- [Governance & CE Review Committee Terms of Reference](#)

## **3.8 Board Meetings**

The majority of Board business will be conducted in Board meetings. The Board must meet at least 4 times a year (as per clause 3.4.6 of the Constitution). In practice, it will normally meet six times a year. Board meetings may be scheduled at other times or at other frequencies as determined by the Board.

Board meetings shall be held in accordance with clause 3.4 of the Constitution. Procedural detail about how Board meetings operate can be found in the bylaws. In order to ensure effective meetings, the following principles apply:

1. the Board will make the best possible use of its meetings by dealing only with matters that have governance-level significance, by focusing primarily on the future and, within a defined policy framework, by delegating as much as possible to the Chief Executive;
2. the Board / CEO interactions are supported by clear papers that maintain an appropriate governance-level information and analysis style, supporting the Board in doing its work effectively;
3. the Board will develop a work plan covering the next 12 months that:
  - a. guides the items for discussion at meetings;

- b. ensures the Board regularly reviews progress towards the achievement of the strategic direction/strategic plan and relevant strategic issues;
  - c. provides assurance that all relevant compliance requirements are addressed; and
  - d. improves Board performance through education and continuous focus on its governance effectiveness.
- 4. Board meetings will be conducted in an open and constructive manner, recognising that genuinely held differences of opinion can bring greater clarity and lead to better decisions.

### 3.9 Monitoring Operational Performance

The Board has a duty to oversee and monitor the performance of the operational organisation.

- 1. The Chief Executive will report to the Board on the performance of InternetNZ at a frequency and to a standard specified by the Board.
- 2. All such reporting should be targeted at the Board's interests and duties rather than a description of management actions.

### 3.10 Media statements

Interaction with the media (including radio, press, TV and other media outlets), shall at all times be designed to present an accurate and positive expression of InternetNZ-related matters. It shall be consistent with InternetNZ policy and Board decisions and free from personal opinions and interpretations.

- 1. The Co-Chairs or Chairperson shall be the spokesperson(s) for governance-related matters and all other matters that the Board determines are best presented by the Co-Chairs or Chairperson.
- 2. The Chief Executive shall be the spokesperson for all operational matters and all other matters that the Board deems are best presented by the Chief Executive. The Chief Executive may permit specified staff to act on his/her behalf but remains accountable for such delegation.

### 3.11 Board Member Induction

The Board will provide all newly appointed Board Members with a thorough induction into the affairs of both the Board and InternetNZ at large.

- 1. All Board Members will be provided with all relevant information.

2. Upon appointment/election and prior to attendance at their first Board meeting, new Board Members will:
  - a. receive a copy of this Board Charter and other relevant governance policies, a copy of the Constitution and other relevant legal governance documentation, current and recent meeting papers, an organisational chart, contact details for other Board Members and key staff, a glossary of key terms, definitions and acronyms, the current year's meeting schedule and the annual agenda;
  - b. meet with the Chairperson or one or both of the Co-Chairs for a governance familiarisation. This meeting may be held as a group session or with individuals; and
  - c. meet with the Chief Executive for an operational familiarisation.

### 3.12 Board and Board Member Performance Assessment and Professional Development

The Board's value-adding role requires that the Board as a whole and all Board Members regularly review their performance and have access to professional development relevant to their role and duties.

1. The Board will undertake a bi-annual structured assessment of its performance and a bi-annual assessment of the performance of individual Board Members, including specifically the Chairperson or Co-Chairs. In particular:
  - a. the criteria for assessing the Board's performance will be drawn from the documented policies of the Board together with any further criteria agreed by the Board from time-to-time. The outcomes of the assessment will establish the upcoming requirements for the effective governance and Board leadership of the organisation;
  - b. a suitably qualified independent specialist may be used to assist the Board in this process;
  - c. the assessment process shall culminate in a report presented to the Board analysing the data and providing recommendations for improvements as required; and
  - d. a peer and self-assessment process may be included in the process, with the criteria based on a set of competencies agreed by the Board.
2. An annual Board Governance budget will be established that includes provision for both Board and individual Board Member performance assessment and



professional development together with other governance associated costs. The quantum of this budget item will be determined on a year by year basis. This cost will be made public as part of the Board's commitment to transparency.

3. All Board Members will be encouraged to undertake relevant professional development. The Board will pay all costs associated with this training, including travel.
4. Board Members will be encouraged to attend conferences relevant to their role as Board Members. The Board will consider covering all or some of the costs associated with such attendance on a case by case basis.
5. All costs associated with governance effectiveness will be designed to ensure the development of the highest standard of governance including: meeting costs associated with effective communication withr key stakeholders, surveys and associated analysis, focus groups, the costs associated with external audit and other independent third-party reviews or consulting input.

### 3.13 Role of the Chairperson or Co-Chairs

The Chairperson or Co-Chairs provide leadership to the Board, ensuring that the Board's processes and actions are consistent with its policies. As appropriate, the Chairperson or Co-Chairs represent the Board and the organisation to outside parties. It is expected that the Chairperson or Co-Chairs will promote a culture of stewardship, collaboration and co-operation, modelling and promulgating behaviours that define sound governance.

1. The Chairperson or Co-Chairs shall chair Board meetings in accordance with clause 3.4.4 of the Constitution. When doing so, they will ensure that:
  - a. meeting discussion content is confined to governance matters as defined in the Board's policies and relevant legislation;
  - b. all Board Members are treated even-handedly and fairly; and
  - c. all Board Members are encouraged and enabled to contribute to the Board's deliberations.
2. The Chairperson or Co-Chairs have no authority to unilaterally change any aspect of Board policy.
3. The Chairperson or Co-Chairs will ensure that Board meetings are properly planned to include the development and distribution of Board papers in a timely manner and that the minutes accurately reflect the deliberations and decisions of the Board.

4. The Chairperson or Co-Chairs are responsible for ensuring that Board meetings are focused on the right matters and that time is allocated to apply sufficient attention to those.
5. The Chairperson or Co-Chairs will ensure that all Board decisions are understood by Board Members and accurately recorded.
6. With the approval of the Board, the Chairperson or Co-Chairs may establish a regular communication arrangement with the Chief Executive in which there is an exchange of information. This might also provide an opportunity for the Chief Executive to use such sessions as a sounding out the Board for proposed actions or to check interpretations of Board policy. However, in doing so, the Chairperson or Co-Chairs:
  - a. will recognise that such sessions are not used to ‘personally’ supervise or direct the Chief Executive;
  - b. will maintain an appropriate professional distance from the Chief Executive to ensure objectivity and attention to governance matters and concerns;
  - c. will not inhibit the free flow of information to the Board necessary for sound governance. Therefore, the Chairperson or Co-Chairs will not come between the Board and its formal links with the Chief Executive; and
  - d. may delegate aspects of the authority accompanying the position but remains accountable for the overall role.

### 3.14 Deputy Chairperson Role

In addition to the requirements set out for Board Members, in the case the Board has a Deputy Chairperson, they will have the following additional functions:

1. support the Chairperson in their role as outlined above;
2. act in the absence or incapacity of the Chairperson; and
3. other duties and responsibilities specifically defined in the Constitution.

### 3.15 Indemnities and Insurance

As at April 2025, InternetNZ provides Board Members with, and pays the premiums for, indemnity and insurance cover while acting in their capacities as Board Members.

This is in line with clause 7 of the Constitution, which enables (but does not require) InternetNZ to provide Board Members with indemnity and insurance cover while acting in their capacities as Board Members.

### **3.16 Reimbursement of Board Members' expenses**

InternetNZ will reimburse all reasonable expenses incurred by Board Members in the course of carrying out their role.

### **3.17 Remuneration of Board Members**

InternetNZ will remunerate Board Members on a basis reviewed every three years by the Board. Rates of remuneration will be reported annually to stakeholders as part of transparency around the wider cost of governance.

## **4. Board-Chief Executive Interrelationship Policies**

This section outlines the policies which relate to the relationship between the Board and Chief Executive of InternetNZ. All Board Members should be familiar with these policies.

### **4.1 Delegation to the Chief Executive**

The Board delegates to the Chief Executive responsibility for delivering the outcomes stated in its Statement of Strategic Direction/Strategic Plan while complying with the Chief Executive Delegation policies.

1. The Chief Executive is the sole linkage and point of accountability between the Board and the operational organisation.
2. The Board will view Chief Executive performance as identical to total management performance so that the achievement of successful organisation outcomes will be regarded as successful Chief Executive performance.
3. Only the Board acting as a body can instruct the Chief Executive. Typically, all instruction to the Chief Executive will be codified as policy.
4. The Board will make clear InternetNZ's strategic direction including performance indicators to be applied by the Board when reviewing the organisation's and the Chief Executive's performance.
5. The Board will make clear to the Chief Executive in writing the conditions and circumstances that the Board deems to be unacceptable, allowing the Chief Executive any reasonable interpretation of these (further defined in the Chief Executive Authority policy). The Board holds the Chief Executive accountable for ensuring that all such conditions and circumstances are avoided.

6. The Chief Executive is responsible for the employment, management and performance management of all staff employed/contracted to the organisation. Neither the Board nor individual Board Members will 'instruct' staff in any matters relating to their work.
7. Provided that the Chief Executive achieves the outcomes sought by the Board and does so in a manner consistent with the Board's policies and InternetNZ's values, the Board will respect and support the Chief Executive's choice of actions.
8. The expert knowledge and experience of individual Board Members is available to the Chief Executive at their initiative.

## 4.2 Chief Executive Authority

1. As long as the Chief Executive applies 'any reasonable interpretation' of the Board's policies, i.e. does not set out to defeat their stated intent or spirit, they are authorised to establish all operational policies, make all operational decisions and design and implement and manage all operational practices and activities.
2. Acknowledging a Board Member's right to have access to information necessary to meet his/her duty of care to the organisation, the Chief Executive may refuse instructions or requests from individual Board Members or from unofficial groups of Board Members if, in their opinion, such requests or instructions are:
  - a. inconsistent with the Board's policies;
  - b. are deemed to make unjustifiable intrusions into the Chief Executive's or other staff members' time; or
  - c. are an unjustifiable cost to the organisation; or
  - d. the information is not relevant to the operation or affairs of the Board.
3. The Chief Executive must notify the Chairperson or Co-Chairs of the use of point 2, and the Chief Executive at their own discretion may notify the Board.

## 4.3 Chief Executive Remuneration

Chief Executive remuneration will be decided by the Board based on terms and conditions that reflect the organisation's performance and executive market conditions.

1. Remuneration will be competitive with similar performance within the marketplace based on achievement of the Board's strategic direction and strategic goals while complying with the Chief Executive Delegation Policies.
2. A committee process may be used to gather information and to provide options and recommendations for the Board for its consideration and decision.

#### **4.4 Chief Executive Performance Assessment**

The Chief Executive's performance will be continuously, systematically and rigorously assessed by the Board against achievement of the Board-determined strategic outcomes and compliance with Chief Executive Delegation policies. The Board will provide regular performance feedback to the Chief Executive.

1. Organisation performance will be defined in terms of the Board's policy criteria and as identified through monitoring those criteria.
2. The standard applied to all facets of the performance assessment shall be that the Chief Executive has met or can demonstrate compliance with the intent or spirit of the Board's policies.
3. The Board may monitor any policy at any time using any method but will normally base its monitoring on a predetermined schedule outlining the regularity and method of monitoring for each policy.
4. The Board shall use any one or more of the following three methods to gather information necessary to ensure Chief Executive compliance with Board policies and thus to determine its satisfaction with that person's performance:
  - a. Chief Executive reporting,
  - b. advice from an independent, disinterested third party;
  - c. obtained by a Board-appointed Board Member, Board committee or working party.

### **5. Chief Executive Delegation Policies**

#### **5.1 Overarching Chief Executive Limitation**

As the Board's principal employee, the Board holds the Chief Executive accountable for ensuring that neither he/she or any organisational employees take, allow or approve any action or circumstance in the name of InternetNZ that is in breach of the law, is imprudent, which contravenes any organisation specific or commonly held business or professional ethic or is in breach of generally accepted accounting principles.

## 5.2 Financial Management

The Chief Executive is responsible for the day-to-day financial management of the organisation. In carrying out this duty they must take all reasonable steps to ensure that nothing is done, or authorised to be done, that could in any way cause financial harm or threaten the organisation's financial integrity. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. organisational funds are committed, contracts entered into or liabilities incurred other than for the implementation of Board-approved purposes and priorities;
2. expenditure exceeds the revenue received in the financial year or annual budget or policy parameters unless offset by approved borrowings or Board-approved withdrawals from reserves;
3. undisputed invoices from suppliers of goods and services remain unpaid beyond trade credit terms agreed with those suppliers;
4. land and buildings are acquired, encumbered or disposed of;
5. staff have access to credit or other purchasing cards without limitations on expenditure or adequate controls on their use; or
6. a transaction is entered into that assets more than 25% of gross assets or 25% of budgeted annual revenue without Board approval.

## 5.3 Budgeting and Financial Planning

Budgeting and financial planning for any financial year or the remaining part of any financial year shall be designed to ensure the achievement of the Board-determined outcomes with no risk of harm to the organisation. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. there is too little available information to enable (a) a credible projection of revenues and expenses, (b) separation of capital and operational items, c) projection of cash flows, and (d) disclosure of planning assumptions;
2. financial risks are created that exceed Board-determined parameters;
3. expenditure is incurred within any financial year that could result in default under any of InternetNZ's financing agreements, or risk insolvency;

4. could result in the achievement of a 'bottom line' materially different from that determined by the Board, e.g. a predetermined surplus, acceptable deficit or balanced budget; or
5. omits Board developmental and other governance related expenditure.

## 5.4 Remuneration and Benefits

In managing the setting and review of salaries and benefits, the Chief Executive must not make or allow decisions or promises that would in any way cause or threaten financial harm to the organisation. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. there is any change to his/her own remuneration or benefits;
2. obligations are created that cannot be met over the projected period of an employee's or contractor's term of employment or over a period for which revenues can realistically be projected;
3. unfunded employee/contractor related liabilities occur that in any way commit InternetNZ to unpredictable future costs that could harm the organisation; or
4. promises or offers of guaranteed long-term employment are made under circumstances when such guarantees or promises cannot realistically be honoured.

## 5.5 Protection of Assets

In managing the protection of InternetNZ's physical and intellectual assets, the Chief Executive shall take all prudent and reasonable actions necessary to ensure that these are protected against all foreseeable damaging circumstances. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. unauthorised persons are permitted to handle cash;
2. organisation funds are processed or dispersed outside of controls acceptable to the organisation's official auditor;
3. assets are insured for less than is necessary for prudent risk-management;
4. Board Members and/or staff are unprotected against claims of liability;
5. goods or services are purchased without protection against conflicts of interest;

6. there is inadequate protection against theft, improper use or significant damage to intellectual property and organisation information or information systems;
7. the organisation's good name and reputation is harmed to the extent that the achievement of its Purpose and Strategic Intent are impeded; or
8. the organisation lacks a 'best-state-of-preparedness' necessary for the maintenance of effective and efficient operation in the event of conceivable or unanticipated risk.

## 5.6 Communication & Support to the Board

The Board must not be allowed to be uninformed about issues and concerns an awareness of which is essential to meeting its legal duties, discharging its moral responsibilities and meeting its accountabilities to stakeholders. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. the Board is uninformed about matters critical to its timely and effective governance of the organisation;
2. financial reports lack adequate detail to enable the Board to interpret and assess the significance of:
  - a. significant trends;
  - b. data relevant to agreed benchmarks and Board-agreed measures; and
  - c. data and information relating to all further financial matters as determined by the Board from time-to-time.
3. the Board is placed in the position of being uninformed about significant external environmental trends, breaches of Acts relating to the organisation's performance and the Board's duties and responsibilities, significant internal issues, adverse media publicity, achievement of, or progress towards the achievement of, the Organisational Outcomes as stated in the Statement of Strategic Direction or changes in the basic assumptions upon which the Board's policies are based;
4. Board Members are uninformed when, for any reason, there is actual or anticipated non-compliance with a Board policy;
5. the Board is uninformed about health and safety in the workplace matters that fall within Board Members' duties and responsibilities, or about any related matter the Board has made clear it wishes to be informed of, including the results of all internal and external health and safety audits. The Board is



uninformed of any serious legal conflict or dispute or potential serious legal conflict or dispute that has arisen or might arise in relation to matters affecting InternetNZ;

6. the Board is unaware of any occasion, action or decision that results in it being in breach of its Governance Process policies particularly when this relates to the Chief Executive's ability to carry out their responsibilities;

When communicating to the Board under this policy, the CE shall not treat Board Members as individuals, rather they must communicate the same information to all Board Members ideally at the same time. The CE may respond to individual requests for information from Board Members, Board committees or working parties. (See also Chief Executive Authority policy point 2 in relation to Board Member access to information.)

## 5.7 Emergency Chief Executive Succession

The Board recognises that one of its major risks is the loss of key personnel, particularly its Chief Executive. To this end the Chief Executive must not neglect to ensure that there is an emergency management regime that can operate in the event of unexpected loss of their services. There must also be at least one person capable of responding to Board concerns and requirements at a level necessary to support effective governance.

## 5.8 Employment Conditions

In the management of the organisation's staff and volunteers, the Chief Executive must ensure that the workplace environment is conducive to ethical behaviour consistent with InternetNZ's core values, and sound workplace practices consistent with workplace legislation or its common understanding. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. employees work under adverse conditions or are managed in a manner that may invite behaviour contrary to InternetNZ's values or that might undermine InternetNZ's trust and reputation with its stakeholders;
2. there are no clear guidelines as to employee rights, entitlements and workplace obligations;
3. employees are placed in 'inequitable', 'unsafe', 'undignified', or 'unfair' working conditions or circumstances as defined in relevant workplace legislation;
4. employees and volunteers and others to whom InternetNZ owes a duty of care, are exposed to, unprotected from, or unprepared-for hazardous and risky

situations or circumstances that could result in harm as specified in the Health and Safety at Work Act;

5. staff are denied engagement in planning and review of health and safety policies and procedures;
6. continuous improvement protocols are omitted in the design and execution of health and safety systems and processes;
7. employees are denied the right to an approved and fair internal grievance process;
8. employees are uninformed of their rights under this policy;
9. employees who report directly to the CEO are appointed, dismissed or subject to a change in their employment out of line with the rest of the organisation without the Board first being made aware and given sufficient opportunity to scrutinise the proposed action for any potential conflict of interest; or
10. any proposed restructure that affects more than 25% of roles without the Board first being made aware and being given sufficient opportunity to scrutinise the impact of the restructuring.

## 5.9 Stakeholder Engagement

In engaging with InternetNZ's key stakeholders, the Chief Executive must take all reasonable steps to ensure that the relationships created and maintained are in the best interest of both the organisation and the stakeholder. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

1. the good name of the organisation is placed at risk as the result of poor quality interpersonal or inter organisational communication;
2. unrealistic expectations are created or implied that could cause hardship to either party, i.e. deviation from organisation policy;
3. InternetNZ is unaware of the expectations, needs and aspirations of key stakeholders as these relate to the organisations' planning and programme delivery systems; or
4. the Board is uninformed of any significant change in relationship status with a key stakeholder, notably in regard to revenue.

## 5.10 Public Affairs

As the Board's principal employee, the Board holds the Chief Executive accountable for ensuring that neither he/she or other organisation personnel undertake, approve or in any way support any action or circumstances that are directly or indirectly demeaning or derogatory or in any way damaging to InternetNZ.

## 6. Committee Terms of Reference

The current Terms of Reference for all current Committees:

[Audit & Risk Terms of Reference](#)

[.nz Advisory Committee Terms of Reference](#)

[Te Komiti Whakauru Māori Terms of Reference](#)

[Governance Committee Terms of Reference](#)

[Chief Executive Review Committee Terms of Reference](#)