



# THE RULES OF GOVERNANCE

## THE NRSC GOVERNANCE METHODS:

### **1) NRSC Membership.**

- Being an NRSC member is the personal commitment of a President/Chairman/CEO to join the circle. It entails personal involvement to achieve the NRSC objectives and its collective actions based on a **Resolution Text** and a **Common Guideline** of best practices (signed by all presidents).
- In accordance with the association bylaws (statutes), application for membership from a new prospective member is subject to prior approval by the Board of Directors
- Each new President/Chairman/CEO wishing to join the NRSC will present the actions and best practices to which his or her company is committed in line with the NRSC objectives.
- If the President of a Group/Corporation is a member, that corporation's/group's brands and subsidiaries are considered de facto members. Only a single dues payment is required, based on the corporate turnover. Nevertheless, it does not preclude the personal involvement from their CEO's brands or subsidiaries within the NRSC' activities.
- The president of a brand or subsidiary company may individually join the NRSC without that brand or corporate becoming a member. That member's dues will be calculated based on the portion of turnover for which he or she is responsible.
- The president of a group/corporation or president of an NRSC member company agrees to mobilize his/her employees (and also those of his/her brands) to join the NRSC work groups, in accordance with their areas of knowledge and skill, to contribute to sharing experience, facilitate implementation of the NRSC practices and guidelines within their own organizations, and act as stakeholders in the choice and oversight of collective actions.
- The actual participation of Presidents/CEOs from each company is essential for sharing commitments, experience, information, and facilitating integration of best practices at their respective places of business.

### **2) Annual membership fees**

- The annual dues can be collectively re-evaluated each year, financing the operational budget and the collective actions established for the year(s) to come.
- The dues are shared equally in accordance with the turnover of each member, based on the current allocation (cf: annual membership form).
- Should the number of members decrease; the annual budget will take into account all previous financial commitments toward collective actions in progress in the field.

### **3) Membership dues:**

- A dues payment deadline must be set when the call for dues is sent out, to avoid cash-flow issues. The call for dues is sent out at the very start of each year.

### **4) Collective actions**

- Any action or project under consideration or discussion within the work groups must receive prior approval from the presidents before an initial field study is undertaken by an external consultant/organization.

- Any and all actions agreed upon will receive the support and financial contributions needed from all members.
- No approved action will be launched in the field without a specific budget presented to the members, along with an action plan and detailed schedule.
- Each collective action will integrate and implement the practices according to the common Guideline.
- Each major collective action is placed under the oversight of a president.

#### **5) Decision-making**

- Clear rules and criteria are formalized (cf appendix) defining the objectives, conditions, reasons, and processes applied in the decision-making process for the NRSC's collective actions.
- Collective actions, the annual action plan and budget, and any strategic decisions are put to a vote by all members and adopted once receiving more than 50% of the votes.
- Each president represents one vote and, in the case of a tie, the two NRSC co-presidents may decide the vote.

#### **6) Communication**

However advantageous it might be to capitalize on the companies' best practices that make up our shared guideline, NRSC members cannot use their membership for commercial or personal communication purposes, nor may they do so with the collective actions performed directly by the NRSC.

To ensure homogeneous presentation of the NRSC, only the "institutional" press release will be disseminated (a document placed at the disposal of each member). Nevertheless, promoting the NRSC and its objectives is encouraged.

The members are allowed to mention their NRSC membership in their annual CSR reports. A common text matching that of the website, presenting the NRSC in an "institutional press release" document, without making any mention of supply chain actions or members, is drafted for inclusion in the companies' reports.

The NRSC logo (or brand) may not be used by member companies under any circumstances whatsoever.

#### **REMINDER:**

1. The Association and its members shall not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its members, any applicable competition law. By way of example, members shall not discuss, communicate or exchange any commercially sensitive information, including non-public information relating to prices, marketing and advertising strategy, costs and revenues, trading terms and conditions with third parties, including purchasing strategy, terms of supply, trade programmes or distribution strategy. This applies not only to discussions in formal meetings but also to informal discussions before, during and after meetings.
2. Members are cautioned to remain modest and realistic in the NRSC's ambitions. The circle is determined not to "spread itself too thin" and not undertake too many projects simultaneously. It is crucial to remain focused on just a few actions and devote the bulk of the NRSC's budget and energies to get the best, most tangible results from the chosen actions.

**March 4, 2011**

**THIS DOCUMENT IS SUBJECT TO IMPROVEMENT**

