

RESPONSIBLE WOOD

CORPORATE MANAGEMENT PROCESS PROCEDURE 01

RESPONSIBLE WOOD MANAGEMENT

BOARD CHARTER

October 2017



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BOARD CHARTER

1. PURPOSE

The Board Charter for Responsible Wood sets out the purpose of the Company and the respective roles of the Board and the Chief Executive in managing the business of the Company to maximise benefits to its Members.

The Charter should be read in conjunction with the Company Constitution and to the extent that there are any inconsistencies, the Constitution prevails.

2. SCOPE

Responsible Wood is a not-for-profit public company originally registered in July 2003 as the Australian Forestry Standard Ltd to develop internationally recognised Standards and certification scheme for the sustainable management and tracking of forests and wood products. The Company is a Standards Development Organisation recognised and accredited by Standards Australia, and is currently responsible for AS 4708—2013, *the Australian Forestry Standard* and AS 4707—2014, *AFCS Chain of Custody Standard*.

Responsible Wood provides the structure and framework within which the Certification Scheme is implemented, maintained, reviewed and promoted. The company owns the standard development functions and manages the elements of the Responsible Wood Certification Scheme.

3. ROLE OF THE BOARD

The Board consists of 6 Directors who are elected by Members and appointed at a General Meeting and 3 Independent Directors appointed by the Board.

The role of the Board is to manage the business of the Company, providing strategic oversight and leadership, and effective oversight of management. In particular the matters reserved for the Board will include:

3.1. Policies and Strategic direction

- 3.1.1. Determining and approving the strategic direction and policies of the Company.
- 3.1.2. Working with the CEO to ensure that the strategic direction and policies are reviewed and updated on a regular basis and take into account changes in the operating environment.
- 3.1.3. Approving the Corporate Strategic Plan and related corporate operating plans and performance measures.
- 3.1.4. Delegating any of its functions in accordance with a delegations document approved by the Board from time to time.
- 3.1.5. Ensuring that the Company has appropriate risk management, internal control and regulatory compliance policies and processes in place to protect the overall business value and the integrity and probity of operations.
- 3.1.6. Ensuring that the Company adheres to high standards of ethics and corporate behavior.

3.2. Staff

- 3.2.1. Engage and Approve appointment of CEO and Company Secretary.
- 3.2.2. Approve CEO remuneration package.
- 3.2.3. Confirm performance management has been carried out and set KPIs for CEO.
- 3.2.4. Approve staff redundancy offers and contracts.

- 3.2.5. Resolve or settle industrial disputes (negotiated by management).

- 3.2.6. Resolve or settle Equal Opportunity disputes.
- 3.2.7. Delegate, as appropriate, other staff related matters to the CEO, or a Board committee.

3.3. Financial

- 3.3.1. Authorising any borrowings that the company may enter into.
- 3.3.2. Approving the annual financial budget and any out year forecasts as part of the Corporate Strategic Plan.
- 3.3.3. Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- 3.3.4. Approving and signing off the annual statutory financial statements, ensuring they are true and fair and otherwise conform with law.
- 3.3.5. Approving and monitoring major capital expenditure, major contracts, acquisitions and divestments in accordance with the formal Financial Delegations.

4. ROLE OF THE CHAIR

The Chair will:

- Chair Board meetings.
- Provide leadership to the Board.
- Establish the agenda for Board meetings in consultation with the CEO.
- Be the major point of contact between the Board and the CEO.
- Maintain a high level of knowledge of ongoing issues and their management.
- Provide mentoring for the CEO.
- Chair the CEO evaluation process.
- Keep a record of "in camera" Board meetings in the absence of a company secretary.
- Authorise the CEO's overseas travel and ratify business related expenses.
- Review draft minutes and sign approved minutes.

5. ROLE OF THE CEO

The CEO is responsible for the day to day management of the company and is accountable to the Board. In particular (but not limited):

- The CEO will implement policies and strategies approved by the Board and will take a lead role in assisting the Board in developing the company's strategic direction.
- The CEO will manage the operation of the company within the delegations made in writing by the Board and within the annual budget approved by the Board.
- The CEO will ensure that there are systems and processes documented and implemented to ensure compliance with the Corporations Law, the Constitution and any other legal obligations of the Company. The CEO will have these approved by the Board through the Audit and Risk Committee.
- The CEO will be responsible for the appointment, and management of staff, within the Board approved annual budget.
- The Board will agree specific goals and initiatives with the CEO directed towards the Company objectives and strategies.

- The CEO will manage the company to achieve its objectives and the KPIs established as part of the CEO's annual performance review.
- In this capacity, the CEO is expected to act within all specific authorities approved by the Board from time to time. The key agreements guiding the CEO's activities are:
 - CEO's Position Description
 - Board approved delegations
 - Board resolutions
 - Company Constitution.

6. COMPOSITION OF THE BOARD AND SELECTION OF DIRECTORS

The composition of the Board and selection of Directors is determined by the Constitution. The directors will take all reasonable steps to ensure that this is undertaken in an ethical and transparent manner.

7. MEETINGS OF THE BOARD

- 7.1. The Board will meet at least quarterly, either face to face or by other means where all Directors present are able to hear each other simultaneously. Provisions relating to a quorum apply to all such meetings. Directors will be given at least 48 hours notice of a meeting. A schedule of meetings shall be set in advance for each calendar year.
- 7.2. The Chair may call a meeting at any time (provide the 48 hour notice is given) and the Company Secretary must convene a Board meeting if asked to by the Chair.
- 7.3. Out of session resolutions may also be made in writing in accordance with the provisions of the Constitution.
- 7.4. The Chair and the CEO are responsible for the preparation and circulation of Board Papers. They should be circulated to Directors to arrive at least seven days before the Meeting, where reasonably practical. At minimum they must contain the Minutes of the previous meeting, agenda, a report from the CEO, and reports from committees that have met in the interim.
- 7.5. Minutes will contain reference to relevant Board Papers tabled plus any resolutions adopted by Directors. Draft minutes will be reviewed by the Chair before circulation to all Directors. At the Chair's discretion, an extract or elaboration of the minutes may be circulated for the purposes of communicating decisions within the organization.
- 7.6. The board makes decisions by consensus, or if required a vote by majority. In the event of an equality of votes the Chair has the casting vote in addition to his or her deliberative vote.

8. QUORUM

A quorum is a majority of Directors.

9. DECISIONS OF THE BOARD

Wherever possible the Board will make decision on a consensus basis, but if this is not possible a show of hands will be taken by the Chair and a motion will be carried by a majority of the Directors present.

10. RECORD OF MEETINGS

The CEO will ensure that proper Minutes are kept of all meetings of the Board and Board Committees, and that these are distributed to Board or Committee Members within 10 days of the meeting. The Minutes will be ratified at the next meeting of the Board or relevant Committee at which there is a quorum.

11. DECLARATION OF INTERESTS

At each Board meeting there will be included in the papers a Standing list of each Director's interests which may be related to the business of the Company. There will be an Agenda Item at each meeting to enable Directors to update the list.

12. MANAGEMENT OF CONFLICT OF INTEREST

Directors will take care to ensure that no real or perceived conflicts of interest exist relative to decisions they make as a director of the company. Directors must not use their position with the company to gain advantage to themselves or someone else (including their employer), maintain a fiduciary duty to the Company and not cause detriment to the company (s182 (1) of the Corporations Act).

Directors should disclose any potential conflict of interest at the beginning of the meeting or at the time a particular issue of conflict arises in the Agenda. Such disclosures should be formally minuted. The Chair will then either:

- Seek views of other Directors as to whether a conflict exists; if so,
- Ask the Director to leave the room while the matter is discussed;
- Ask the Director for their views on the matter and then ask them to leave the room while it is discussed.

13. DIRECTORS CODE OF CONDUCT

13.1. Directors must act honestly, in good faith and in the best interests of the company as a whole.

13.2. Directors have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

13.3. Directors must use the powers of office for a proper purpose, in the best interests of the company as a whole.

13.4. Directors must recognise that the primary responsibility is to the company's Members as a whole but should, where appropriate, have regard for the interest of all stakeholders of the company.

13.5. Directors must not make improper use of information acquired as a director.

13.6. Directors must not take improper advantage of the position of director.

13.7. Directors must declare and properly manage any conflict of interest with the activities of the company.

13.8. Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.

13.9. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.

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- 13.10. Directors should not engage in conduct likely to bring discredit upon the company.
- 13.11. Directors have an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.
- 13.12. Directors will support the word and spirit of Board decisions outside the Boardroom.

14. SEPARATE LEGAL ADVICE FOR DIRECTORS

- 14.1. Directors are entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a director.
- 14.2. Before proceeding to obtain advice the director shall first discuss it with the Chairman who will not unreasonably withhold approval.
- 14.3. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

15. COMMITTEES OF THE BOARD

The Board may establish committees as required. Unless otherwise determined by the Board, these will be Advisory and will make recommendations to the Board.

- 15.1. Mandatory committee as per the Constitution;
- 15.1.1. Audit and Risk Committee.
- 15.2. Other committees can be established and dissolved as per the Boards direction.
- 15.3. The Board will appoint Committee Members and Committee Chairs.
- 15.4. Committee Charters will be determined by resolution of the Board and will be reviewed at least annually as part of the review of its Board Charter. The Charters for each Committee are Attachments to this Charter.

16. PERFORMANCE OF THE BOARD

The Board will determine how it will assess its performance and this will be done at least every 2 years.

17. ACCESS TO RECORDS

Directors are entitled to access to Board records during their term of office. This right continues after ceasing to be a Director of the Company.

18. INDUCTION OF DIRECTORS

Directors shall be issued with a comprehensive induction pack which sets out the role and objectives of the company and its constitution and procedures and the duties and responsibilities of Directors including the declaration and management of conflicts of interest, the duty of confidentiality and the duty to act in the best interests of the Company as distinct from any stakeholder interest they perceive they may have a responsibility to represent.

This Charter will be reviewed at least annually.