RESPONSIBLE WOOD

CORPORATE GOVERNANCE POLICY & PROCEDURES GUIDANCE MANUAL

Incorporating policies and procedures for:

Company and Board, Operations, Finance and Risk Management and Employment and Remuneration

POLICY 02- CORPORATE GOVERNANCE

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1 ABOUT THIS MANUAL

1.1 INTRODUCTION

This Manual summarises the Responsible Wood corporate governance policies and procedures as adopted by the Company's Board to provide a single source of guidance. If there are any inconsistencies between the Manual and the primary reference document, the latter prevails.

Responsible Wood is a not-for-profit Company registered in July 2003 as the Australian Forestry Standard Ltd. The Company administers the standard development functions and manages the Responsible Wood Certification Scheme.

Responsible Wood is accredited by the Standards Development and Accreditation Committee (SDAC) as a Standards Development Organisation (SDO), and standards produced by Responsible Wood can be published as Australian Standards. Accreditation ensures Australian Standards retain the quality inherent in the rigorous, transparent and internationally aligned development process.

Responsible Wood provides the structure and framework within which the Responsible Wood Certification Scheme is implemented, maintained, reviewed and promoted to all stakeholders interested in forest certification and wood and wood products chain of custody.

Responsible Wood is committed to serving the interest of all stakeholders, individual and Government or non-government agencies.

Key stakeholders including forest and wood products industry, associations and Government agencies support and embrace the Standards developed and managed by the Responsible Wood.

The policies, procedures, and work instructions of the Responsible Wood to support this Manual are to be sourced within the Electronic Document Management System.

1.2 DOCUMENT DESCRIPTION

1.2.1 SCOPE

This document summarises the policies and procedures developed and adopted by Responsible Wood and provides guidance to assist effective and accountable management of the Company and delivery of its services.

1.2.2 OBJECTIVE

The objective of this document is to provide Responsible Wood Members, Directors, staff, stakeholders, customers and suppliers with guidelines relevant to their responsibilities, business or other relationship with Responsible Wood.

1.2.3 APPLICATION

This document is intended to provide guidance only. Normative requirements to be applied to the operation of the organization can be found in the suite of Responsible Wood Policy and Procedure documents as detailed below:

Policy 11- Risk Management

Policy 13 – Workplace Policy and Procedures Manual (OH&S)

Policy 14- Corporate Travel Policy

Policy 15-Policy for the review of Responsible Wood Fees and Charges

Policy -16 –Public Information

Policy -17 – Delegations Procedure-

Procedure 1 – Board Charter

Procedure 2 – Audit & Risk Committee Charter

Procedure 3 – Governance Committee Charter

Procedure 4 – Marketing Committee Charter

Procedure 8 – Complaints

Procedure 9 & 10 Purchasing

Procedure 14 – Induction Procedures for new Directors

Procedure 15 – Responsible Wood Business Continuity Plan

Procedure 16 – Risk Management Register

Procedure 17-Scenerio Planning

Procedure 18-Payment Processing & Authorisation Procedure

This guidance manual may be useful for Responsible Wood Members, Directors, staff, stakeholders, customers and suppliers. Where sections of the document are relevant to specific positions or other stakeholders, this is indicated at the commencement the relevant section or subsection.

1.2.4 REFERENCES

Primary References

I. The Australian Forestry Standard Limited trading as Responsible Wood Constitution (August 2020).
II. AS 8000-2003 Australian Standard (Good Governance Principles).
III. ASX Australian Securities Exchange (Corporate Governance Principles and Recommendations.
IV. PRIVACY ACT 1988 No. 119, 1988.
V. The Australian Risk Management Standard AS ISO 31000

1.3 AMENDING THIS DOCUMENT

The Board has the authority to add to, amend, or delete any section of this Manual.

2 THE COMPANY

2.1 PURPOSE: ***Through certification, education and communication, we will develop demand for Australasian wood products that are sourced using sustainable forest managed practices tailored to specific regions and environmental conditions..***

2.2 STRATEGY

The Responsible Wood Strategy is provided in Appendix A.

2.3 LEGAL STATUS

Responsible Wood (Australian Forestry Standard Limited) is a not-for-profit Company, limited by guarantee. The Company was registered on 23 July 2003.

2.4 BOARD OF DIRECTORS

The company's Board is responsible for good governance within Responsible Wood.

REFERENCE

Responsible Wood Board Charter.

Australian Forestry Standard Limited Constitution.

PURPOSE

This section provides guidance to Directors on corporate governance matters relating to the Board.

2.4.1 DIRECTORS APPOINTMENT AND INDUCTION

Directors are appointed in accordance with the Company's Constitution. All Directors are non-executive and are appointed primarily on the basis of their expertise to ensure the Board possesses a depth and diversity of experience and expertise and knowledge of the forest and wood products industry, and commands a high level of respect within governments and industry. Once appointed, Directors do not, in their capacity as Directors, represent any particular organisation or interest group. Under the *Corporations Act 2001* Directors are required to always act in the best interests of Company.

INDUCTION FOR NEW DIRECTORS

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company and its business environment. Directors are expected to keep themselves abreast of changes and trends in the Company's business and its business environment generally. The induction program will enable new Directors to gain an understanding of:

- The Company's financial, strategic, and operational and risk management position.
- The rights, duties and responsibilities of the Directors.
- The roles and responsibilities of the Chief Executive Officer.
- The role of the Board committees.
- The suite of Australian Standards developed and maintained by Responsible Wood.
- An overview of the Australian Forestry and Forest Products Industry.
- The Responsible Wood Strategy

Further details of the induction process can be found in The Responsible Wood Procedure for Induction of New Directors CM Proc-14.

PROFFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors are encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

PROVISION OF BUSINESS OR PROFESSIONAL SERVICES BY DIRECTORS

Because an actual or perceived conflict of interest may be created, Directors should not generally, provide paid business or professional services of an ongoing nature to the Company. Notwithstanding the general rule, the Company is at liberty to engage the services of any Director having special expertise in the particular field so long as the terms of engagement are competitive, clearly recorded and legal requirements for disclosure of the engagement are properly observed.

APPOINTMENT TO OTHER BOARDS

Any Director while holding office is at liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not detrimentally affect the Director's performance. Other appointments should be discussed with the Chair before acceptance.

INDEPENDENT PROFESSIONAL ADVICE

A Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her responsibilities as a Director. If a Director considers such advice is necessary the Director will first discuss it with the Chair and, having done so, shall be free to proceed. Subject to the prior approval of the Chair, the cost of the advice may be reimbursed by the Company subject to Director ensuring that the cost is reasonable.

INDEMNITY

Directors and Officer Insurance is provided for all Directors.

2.4.2 THE ROLE OF THE BOARD

The Board consists of Directors who are appointed by the Company in a General Meeting or by General meeting and up to three Independent Directors appointed by the Board, in accordance with the Constitution and the Board Charter.

The Board is responsible for the overall governance, management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company's constitution and legal requirements.

The role of the Board is to govern the business operations of the Company, providing strategic oversight and leadership, and effective oversight of Company's management and operations as well as overseeing the work of its committees. In particular the matters reserved for the Board will include:

Policies and Strategic direction

- Determining and approving the strategic direction and policies of the Company.
- 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.
- Approving the Responsible Wood Strategy and related annual priorities and performance measures.
- Approving the Company's Annual Report for presentation to the AGM.
- Guiding organizational performance so as to deliver member value or benefit.
- Delegating any of its functions in accordance with a delegation document approved by the Board from time to time.
- Ensuring that the Company has appropriate internal control and regulatory compliance policies and processes in place to protect the overall business value and the integrity and probity of operations.
- Ensuring the principle risks and appropriate mitigation measures are identified and oversee monitoring of risk management activities.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.

Staff

- Engage and Approve appointment of CEO and Company Secretary.
- Approve CEO remuneration package.
- Undertake annual performance review and set KPIs for CEO.
- Approve staff redundancy offers and contracts.

- Resolve or settle industrial disputes (negotiated by management).
- Resolve or settle Equal Opportunity disputes.
- Determine appropriate actions for any complaints under Workplace policies referred to by the Complaints Panel.
- Delegate, as appropriate, other staff related matters to the CEO, or a Board committee.

Financial

- Authorising any borrowings that the company may enter into.
- Approving the annual financial budget and any out-year forecasts as part of the Corporate Strategic Plan.
- Monitoring the financial position and performance of the Company.
- 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.
- Approving and signing off the annual statutory financial statements, ensuring they are true and fair and otherwise conform with law.
- Approving and monitoring major capital expenditure, major contracts, acquisitions and divestments in accordance with the formal Financial Delegations.
- Monitoring the company's external auditors.

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:

2.4.3 THE ROLE OF THE CHAIRPERSON

The Chairman is appointed in accordance with Clause 39 of the Constitution and is responsible for:

- Chairing Board meetings.
- Providing leadership to the Board.
- Establishing the agenda for Board meetings in consultation with the CEO.
- Being the major point of contact between the Board and the CEO.
- Maintaining a high level of knowledge of ongoing issues and their management.
- Providing mentoring for the CEO.
- Chairing the CEO evaluation process.
- Keeping a record of "in camera" Board meetings in the absence of a Company secretary.
- Authorising the CEO's overseas travel and ratify business related expenses.
- Reviewing draft minutes and sign approved minutes.

2.4.4 THE ROLE OF INDIVIDUAL DIRECTORS

In order to be able to discharge its mandate effectively the Board should comprise Directors possessing an appropriate range of skills and expertise. The qualifications for Board Directorship include:

- the ability and experience to make sensible business decisions and recommendations,
- an entrepreneurial talent for contributing to the creation of stakeholder value,
- the ability to see the wider picture,
- the ability to ask the hard questions, preferably with some experience in the industry sector,
- the ability to bring to the Board a specific business or industry skill
- high ethical standards, sound practical sense, and
- a strong commitment to achievement of the Responsible Wood's Object and Functions.

Directors are independent of management and will generally be active in areas that enable them to relate to the Company's Business Plan and to make meaningful contributions.

Directors will use their best endeavors' to attend Board meetings and to prepare thoroughly for them. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Directors unable to attend a meeting will advise the Board Secretary.

In accordance with statutory requirements and in keeping with developments at common law, Directors will:

- Directors must act honestly, in good faith and in the best interests of the company as a whole.
- Directors have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- Directors must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- 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.
- Directors must not make improper use of information acquired as a director.
- Directors must not take improper advantage of the position of director.
- Directors must declare and properly manage any conflict of interest with the activities of the company.
- 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.

- 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.
- Directors should not engage in conduct likely to bring discredit upon the company.
- 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.
- Directors will support the word and spirit of Board decisions outside the Boardroom.

2.4.5 THE ROLE OF CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day to day operational 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 or compliance 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 CEO will assist the Board to identify specific goals and initiatives directed towards implementing the Company objectives and strategies.
- The CEO will manage the Company to achieve its strategic goals and the KPI's 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.

2.4.6 THE ROLE OF THE COMPANY SECRETARY

The Company Secretary will be responsible for carrying out the administrative and legislative requirements of the Board including:

- Ensuring that the Board agenda is developed in a timely and effective manner.
- Coordinating, organising and attending meetings of the Board.

- Drafting and maintaining minutes of Board meetings.
- In conjunction with the Chief Executive Officer, carrying out the instructions of the Board and giving practical effect to the Board's decisions.
- Working with the Chair and Chief Executive Officer to establish and deliver best practice governance.
- Ensuring that the Board procedures are followed and that the applicable rules and regulations for the efficient operation and conduct of the affairs of the Board are complied with.
- Organising and ensuring that proper procedures are followed for General Meetings of the Company, including the Annual General Meeting.
- Ensuring compliance with the Constitution and the *Corporations Act 2001.*

2.4.7 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.

- The current Responsible Wood Committees are all advisory.
- Committees may be established as required by the Constitution.
- Other committees can be established and dissolved as per the Boards direction.
- Committee members and Chairs will be appointed by the Board and will have Board approved Charters.
- At least one member of each Committee must be a Director.
- Meetings of any Committee will be governed by the provisions of the Responsible Wood Constitution which deal with Directors' meetings so far as they are applicable and are not inconsistent with any directions of the Directors. The provisions apply as if each Committee member was a Director.

Committees of the Board and reference to their Charters are as follows:

- Audit and Risk Management Committee.
- Governance Review Committee.
- Marketing Committee.

2.4.8 MEETINGS OF THE BOARD

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. However, as far as possible, meeting dates will be set on a rolling basis, 12 months ahead. Directors' meetings procedure is stated in the Constitution at clause 34.

ATTENDANCE

At Board meetings, Board responsibilities will supersede all management responsibilities.

A quorum is a majority of Directors. For clarity, if there are six Directors, four Directors must be present either in person or by other means where all Directors present are able to hear each other simultaneously.

NOTICE AND AGENDA

The Chair and the CEO are responsible for the preparation and circulation of Board Papers. They must be circulated to Directors to arrive at least seven days before the meeting. 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.

- 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.
- Out of session resolutions may also be made in writing in accordance with the provisions of the Constitution.
- Table 1 provides a schedule of issues that are to be addressed by the Board. Other matters are added as required.

BOARD MEETINGS

Table 1 Responsible Wood Board Meeting Schedule

Board Meetings — Activities are in addition to any significant strategy decision that may arise during the period.

Month (Dates TBA)	FORMAT OF MEETING	PURPOSE	COMMENT
February/March	Face to Face	Half Year financial figures. SDAC Audit preparation report. Revise strategies. Budget planning. Identify new opportunities.	This meeting will focus on strategy, business development and marketing activities, and a review of the first 6 months.
May/June	Video link	Quarterly financial figures. Approve draft budget and financial projections Finalise any sub-committee proposals. . Finalise any revised strategy plans. Prepare for Board nominations.	This meeting will address financial tracking and preparation of forecasts. Any changes put forward by the Governance Committee that needs to go forward to an AGM.
August/September	Video link	Year-end audit sign-off. Quarterly financial figures. Annual General Meeting finalise papers.	Finalise Year end, finalise AGM and review year to date. Finalise Board nominations.
October	Face to Face	Pre AGM	AGM preparation
December	Video link	End of calendar year review Feedback from the PEFC General Assembly	Review at the end of year and opportunity to discuss outcomes from the PEFC General Assembly.

ANNUAL GENERAL MEETING			
October	Face to Face	Annual General Meeting Stakeholders Drinks	

Note: *Where possible, Board Meetings should be held in conjunction with wider Industry events.*

Month, location and activities can be changed as necessary. Directors meetings can be called at the Chairs request, or at the request of no less than three Directors.

MINUTES

Meeting minutes will be produced and distributed as follows:

- 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 working days of the meeting.
- 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.
- Minutes must be approved by the chairperson of the meeting or by the chairperson of the next meeting of the relevant body.

BOARD DISCUSSIONS

Board discussions will be open and constructive; recognising that genuinely held differences of opinion could, in such circumstances, bring greater clarity and lead to better decisions.

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.

2.4.9 DIRECTOR'S INTERESTS

CONFLICTS 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.

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. The Chair then will 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.

The following examples, which are not inclusive and do not cover the issue of materiality, provide a guide to the application of this policy:

Direct Financial Interest

A Director must disclose a direct conflict of interest where the Director, his or her immediate family, or any organisation to which the Director is associated receives a direct financial benefit, or loss. Consideration needs to be given to the scope of the organisation and the degree of association. For example, a Director would have a direct conflict of interest where he or she is an employee of a Company or organisation and a contract with the organisation was being considered by the Board.

Indirect Financial Interest

A Director must disclose an indirect conflict of interest where the Director, his or her immediate family, or any organisation to which the Director is associated receives an indirect financial benefit. For example, a Director would have an indirect conflict of interest where he or she is a member of an organisation that has had a strong involvement in a contract that could benefit the organisation or its members.

CONSEQUENCES OF FAILURE TO OBSERVE POLICY

Corporate governance breaches can carry both civil and criminal penalties, could jeopardise the Responsible Wood's operations, prejudice stakeholder perceptions, and put the Responsible Wood itself at risk.

2.4.10 BOARD PERFORMANCE

The Board will determine how it will assess its performance and this will be done each year.

2.5 CODE OF CONDUCT

A Code of Conduct is a cornerstone of the Responsible Wood corporate governance. Framed to reflect good governance principles as set out in AS 8000-2003 Australian Standard, Good Governance Principles.

2.5.1 THE NEED FOR A CODE

Ethical conduct is a non-negotiable obligation of Directors and staff stemming from the duties that they owe to those financing the Company and to their wider stakeholders. It is an explicit and implicit imperative of legislation, which is reinforced by criminal and civil penalties.

Guidelines on corporate governance state that bodies should operate in a manner consistent with community expectations, decisions of the Board and relevant legislation, and that it is essential for the organisation's guiding ethics and Code of Conduct to be clearly understood and followed by each member of the organisation and to be communicated to all stakeholders.

In keeping with those guidelines, the Directors and staff are committed to demonstrating, through both their words and actions, an absolute allegiance to the Code. They accept responsibility for promoting high standards of ethics and integrity, recognising that the attitudes and actions of Directors and staff affect the integrity, ethics, values and other aspects of the Company's culture.

2.5.2 BEING SEEN TO BE ETHICAL

The Code of Conduct not only guides behaviour; it is also important in helping to encourage accurate perceptions of behaviour. Although actual adherence to the highest ethical standards is paramount, it is also important for the organisation and the individual to avoid ambiguous behaviour that may be perceived as unethical. The requirement to be seen to be ethical is not an obligation borne alone by the individual Director or staff member: the transparency of the Company's management processes goes a long way to counter such misconceptions. Nevertheless, the potential for behaviour to be misconstrued is ever-present.

2.5.3 RESPONSIBLE WOOD DIRECTORS CODE OF CONDUCT

- Directors must act honestly, in good faith and in the best interests of the Company as a whole.
- Directors have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- Directors must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- 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.
- Directors must not make improper use of information acquired as a Director.
- Directors must not take improper advantage of the position of Director.
- Directors must declare and properly manage any conflict of interest with the activities of the Company.
- 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.
- 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.
- Directors should not engage in conduct likely to bring discredit upon the Company.
- 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.
- Directors will support the word and spirit of Board decisions outside the Boardroom.
- Directors shall abide by the Responsible Wood Code of Values

2.5.4 CONSEQUENCES OF FAILURE TO OBSERVE THE CODE

Breach of this policy would jeopardise good corporate governance, possibly to a serious degree. The following clauses within the Constitution allow for the dismissal of a Director in breach of Code of Conduct.

Responsible Wood Constitution Clauses:

27.1 The Company may by resolution passed in general meeting:

(a) Subject to Clause 26.1 increase or reduce the number of Directors; and

(b) Remove any Director before the end of the Director's period of office (Clause 27.5).

(c) If the conduct or position of any Director is such that continuance in office appears to the majority of the Directors to be prejudicial to the interests of the Company, two-thirds of the Directors at a meeting of the Directors specifically called for that purpose may suspend that Director.

(d) Within 14 days of the suspension, the Directors must call a general meeting, at which the Members may either confirm the suspension and remove the Director from office in accordance with clause 27.1(b) or annul the suspension and reinstate the Director.

3 RESPONSIBLE WOOD'S PLANNING AND REPORTING FRAMEWORK

3.1.1 RESPONSIBLE WOOD CORPORATE DOCUMENTS

Responsible Wood corporate documents aimed at providing maximum transparency and accountability to the Company's members and stakeholders, and ensuring compliance with relevant laws, include:

- Corporate Governance Manual.
- Company Constitution.
- Responsible Wood Strategy and Communications Plan.
- Board financial reports.
- Company Annual Report.
- Members Update Brief - sent when topics of interest and or importance arise.
- Stakeholders Newsletter – sent to as many stakeholders in the industry, primarily through peak organisational bodies.
- Media Releases to industry and related industry stakeholders.
- Media & Announcements section on the website – updated frequently.
- Information Packs – mail outs to organisations and individuals, handouts at events.

3.2 CONTINUAL IMPROVEMENT PHILOSOPHY

3.2.1 COMMITMENT

Responsible Wood's commitment to continual improvement of its operations and services is aimed at:

- Ensuring an energetic, continuing focus on the needs of Responsible Wood's members and stakeholders.
- Meeting or exceeding the expectations of investors, Members and customers.
- Achieving high levels of staff performance, satisfaction, health and safety.
- Ensuring Responsible Wood personnel have the necessary skills to ensure continuous improvement.
- Providing important controls for corporate governance.

3.2.2 POLICY DEVELOPMENT

The Board must ensure 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 of the Company. The Board must also ensure that the strategic direction and policies are reviewed and updated on a regular basis and take into account changes in the operating environment.

Policies are developed and authorised where there is a need for a clear description of behavioural boundaries or a consistency of approach. Policy originates from the Board and the Chief Executive Officer. However, any member of staff may suggest and draft policy and submit to the CEO.

All policies require Board approval prior to implementation and will be circulated to the Board and staff for comment prior to the next Board meeting at which they are considered.

3.2.3 PROCEDURES

Procedures are developed and authorised where there is a need for a clear and consistent approach to conducting Responsible Wood business. Procedures originate from the Chief Executive Officer; however, any member of staff may suggest and draft procedures. Procedures will be circulated to staff for comment prior to them being finalized.

3.2.4 SYSTEM MANAGEMENT PROCEDURES

Responsible Wood has developed procedures to ensure standardisation and compliance in its delivery and development of management processes, including Standards development. These include the following procedures:

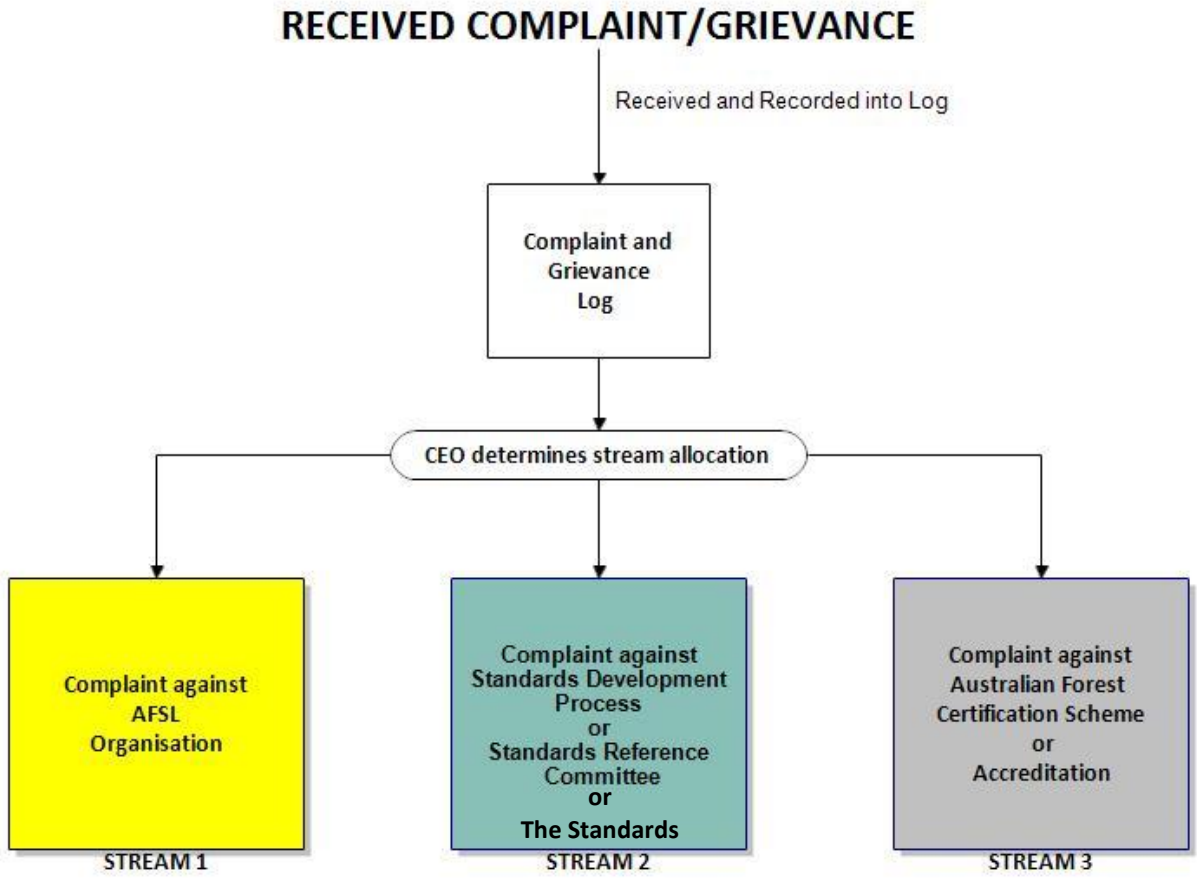
- Document Control.
- Internal Audit.
- Records Control.
- Corrective and Preventative Action.
- Document Reviews.
- Stakeholder Review.
- Management and investigation of complaints.

3.2.5 CORRECTIVE AND PREVENTATIVE ACTION

Corrective actions are those applied to eliminate the cause of nonconformities in the management processes of Responsible Wood in order to prevent recurrence. The CEO is responsible for establishing, documenting and maintaining a process for corrective action. Corrective action shall be appropriate to the effect of the nonconformities encountered and will be initiated as soon as possible after detection of any deficiency in a process or conduct of work.

The CEO is responsible for establishing, documenting and maintaining a process for Preventive Action. Preventive action shall be appropriate to the effect of the potential deficiencies and will be initiated to deal with deficiencies only to a level corresponding to the risk encountered.

3.3 COMPLAINTS AND GRIEVANCE PROCESS



SCOPE

Responsible Wood is committed to handling grievances in a way that is:

- Fair, unbiased, accessible and will not impose any undue burden on the complainant
- Provides for the timely hearing of complaints, and attempts to fully address each complaint.
- Reviewed regularly to ensure its effectiveness.

PROCESS

On receipt of a complaint/grievance details are recorded and the grievance/complaint handled as per the Complaints-Grievance procedure.

PROCEDURE

Complaints and Grievances Procedure is provided on the Responsible Wood website www.responsiblewood.org.au/resources/.

3.4 PRIVACY POLICY

Responsible Wood manages personal information in accordance with the *PRIVACY ACT 1988.* Responsible Wood follows the guidelines as set out in *Schedule 3 of the Privacy Act – National Privacy Principles*

3.4.1 PERSONAL INFORMATION COLLECTED BY RESPONSIBLE WOOD

The Responsible Wood Privacy Policy POL-04 details all aspects of the handling of personal details as accrued by Responsible Wood.

3.5 MEDIA POLICY

3.5.1 OBJECTIVE

To provide for effective communication with the media by ensuring Directors, staff, and others who may act on behalf of Responsible Wood, have the necessary skills, and are aware of their media responsibilities.

Media Policy is provided in "Policy 16-Public Information".

3.5.2 MEDIA SPOKESPERSONS

DIRECTORS

The Chair and the Chief Executive Officer are the principal spokespersons for Responsible Wood.

Directors may communicate with the media and other parties on behalf of Responsible Wood, if it is in relation to an interview or paper they have been asked to deliver on behalf of the Responsible Wood by the Chair of the Board.

If a Director is in doubt about the appropriateness of making any statement, or put in the position they cannot readily avoid responding he/she should refrain from comment until he/she has consulted with the Chair or Chief Executive Officer and reached agreement on the appropriate position.

Where an issue or unavoidable comment to the media could impact on the operations of the Responsible Wood, Directors should advise the Chief Executive Officer immediately.

STAFF

Staffs are not permitted to make statements to the media on behalf of the Responsible Wood. If a staff member is in doubt about any statement they may have made, that may be used by media, he/she are to advise the Chief Executive Officer immediately.

RESEARCHERS AND SERVICE PROVIDERS

Researchers and service providers are not authorised to comment on the role, objects, or general activities of Responsible Wood, and must refrain from providing media comment on any matter that may impact on Responsible Wood unless he/she has consulted and reached agreement with the Chair, or Chief Executive Officer.

3.5.3 MEDIA TRAINING

The Chair, Chief Executive Officer and any others likely to be in contact with the media should have adequate skills and experience in media management or undertake a media training program.

GENERAL MEDIA ENQUIRIES

Responsible Wood will aim to respond appropriately to all relevant media enquiries. Wherever practical, media enquiries shall be directed to the Chief Executive Officer or Chair. Staff or Directors of the company should not allow journalists to pressure them into making comments on or off the record.

3.5.4 MEDIA RELEASES

All media releases are to be cleared by the Chief Executive Officer before being released. Where appropriate, the Chief Executive Officer will discuss media releases with the Chair. Copies of all approved media releases shall be distributed to Directors and relevant stakeholders to reach them no later than the time it is received by media outlets. Staff is responsible for preparation of draft media releases specific to their responsibilities.

3.6 INVOLVEMENT IN EXTERNAL ORGANISATIONS

The involvement of employees or Directors of Responsible Wood in other organisations and committees is on the basis that such involvement is:

- As an individual and not as a representative of the Responsible Wood
- Not undertaken if doing so clearly breaches the guidelines of the Code of Conduct or Conflicts of Interest.

Exceptions to this are where involvement:

- Clearly falls within a Director/employee's responsibilities and has the approval of the CEO or Chair, or
- The Director/employee is designated as the Responsible Wood's representative.

All personnel involved in other organisations should remain aware of their responsibilities to Responsible Wood.

4 FINANCE AND RISK MANAGEMENT

4.1 AUDIT AND RISK COMMITTEE

4.1.1 REFERENCE

Audit and Risk Committee Charter.

4.1.2 ESTABLISHMENT

The Responsible Wood recognises that good corporate governance is vitally important to the fulfillment of its object and functions. Responsible Wood has established an Audit and Risk Committee. The Committee will hold such meetings as the chair of the Audit and Risk Committee shall decide in order to fulfil the Committee's duties, but shall typically meet no less than twice each financial year. In addition, the Chair is required to call a meeting of the Committee if requested to do so by any committee member, the external auditor or Board.

4.1.3 MEMBERSHIP

The Audit and Risk Committee shall consist of three members; the Chair of the Committee and two other Directors.

The CEO, although not a member, shall attend all meetings unless determined otherwise by the Chair of the Committee, or excused by the committee.

The Board Chair cannot be appointed to the Audit and Risk Committee but can attend meetings as an 'ex officio' member of the Audit Committee

The Board can appoint an external expert to the Audit and Risk Committee if it wishes.

4.1.4 ROLE

The Committee's primary objective is to assist the Board in fulfilling its responsibilities by focusing on risk management, financial and reporting issues. In addition, the Audit and Risk Committee will monitor the Company's compliance with the relevant legislation and regulations as well as assisting the Board to ensure Company activities are consistent with the Company's strategic intent and its financial capabilities.

- Management and financial reporting.
- Ensuring the Company and its Directors comply with the relevant laws and regulations.
- Maintenance of an effective audit function.
- Ensure a suitable risk management and external control framework.

4.1.5 REPORTING

The Audit and Risk Committee shall make known to the Board as soon as possible any matters requiring Board attention including issues which are in conflict with or likely to impact negatively on the goals and objectives of the Company

The Committee shall supply the Board with a copy of its reports on a timely basis. The Committee reports to the Board with:

- Reviews and comments on the draft annual financial reports.

- Any issues that arise after meeting with the Company's auditor in relation to the annual financial statements as soon as practicable on.
- Review on the adequacy of audit procedures.
- Assess and report on the adequacy of risk assessment processes and measures to minimise and manage risk exposures.
- Identify and recommend any special projects or investigations deemed necessary.
- Identified instances of fraud.
- Recommendations from the review of fees and charges.
- Other items that it considers to be reported to the Board.

4.2 RISK MANAGEMENT

4.2.1 REFERENCE

Responsible Wood Risk Management Policy

4.2.2 PURPOSE

To ensure that risk management is incorporated into all of Company's operational activities through the adoption and application of systematic processes to identify, analyse and manage risk so that it is reduced to an acceptable level.

Responsible Wood aims to ensure that risk management is incorporated in all Responsible Wood activities by adopting and applying systematic processes to identify, analyse, assess, manage and monitor risk so that it is reduced to a level acceptable to the Company.

The objectives are to:

- Provide achievement of planned outcomes through efficient and effective operations; business continuity; and comfort to stakeholders
- Protect the Responsible Wood's commercial position; public position/image; employees; information; property; and other assets.
- Support legal compliance; due diligence and project budgetary control.

4.2.3 ACCOUNTABILITY

Risk will be reviewed by the Chief Executive Officer for each relevant agenda item of Board Meetings.

4.3 USE OF ELECTRONIC OR SCANNED SIGNATURES POLICY

4.3.1 SCOPE

This policy is to ensure currency of a Responsible Wood signatures register for the purpose of audit.

4.3.2 CONDITIONS OF USE

Electronic or scanned signatures may only be used with the signatories approval.

4.4 DELEGATIONS

4.4.1 REFERENCE

Responsible Wood Board Delegations

4.4.2 AUTHOURITY TO DELEGATE

Pursuant to the Constitution, the Board may make or amend delegations. Delegations are based on a realistic assessment of Company's business.

THE DELEGATIONS

This Responsible Wood Delegation procedure sets out the framework for operating delegations to manage within the Company. The delegations apply to the Board of Directors, CEO and members of Company staff, who have delegated authority to make decisions or sign documents on behalf of the Company.

Delegations of authority are the mechanisms by which the Company enables its staff to act on behalf of the Company. The Company views these delegations as a key element in effective governance and management as they provide formal authority to that officer to commit the Company and/or incur liabilities for the Company.

Delegations will be reviewed by the Board of Directors, through its Audit and Risk committee, as necessary.

All delegations involving expenditure or financial commitment can only be exercised if they are within the Board of Directors approved budget, unless otherwise stated or with other Board approval.

4.5 SUPPLIER SELECTION

4.5.1 REFERENCE

Purchasing Material and Services Procedure CM Proc 10.

4.5.2 MATERIALS AND SUB-CONTRACTORS

Procedure CM Proc-10 applies to goods and services and describes the processes for selecting suppliers, purchasing material and services, and ensuring that the delivered materials and services meet the requirements stipulated.

4.6 RESPONSIBLE WOOD LEGAL CONSULTANTS

A suitable Legal Firm will be selected on an as needed basis.

4.7 ACCOUNTING AND ASSET MANAGEMENT

4.7.1 FINANCIAL REPORT

The Directors of the Company are responsible for the preparation and fair representation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The financial report is prepared on an accrual basis and is based on historical costs.

PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reported annually in the Financial Report. The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

The Company maintains an Asset Register.

EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, are measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year are measured at the present value of the expected future cash outflows to be made from those benefits.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Responsible Wood complies with the guides and information provided by the Australian Taxation Office for superannuation.

REVENUE

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net the amount of Goods and Services Tax (GST).

GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

TAXATION STATUS

The Company is a not-for-profit, public Company for the promotion/advancement of forest certification in Australia and is exempt from income tax.

4.7.2 AUDITOR'S RESPONSIBILITY

The Company's Auditor has responsibility for conducting an audit in accordance with Australian Auditing Standards and to provide an audit report to the members of Australian Forestry Standard Limited and an Auditor's Independence Declaration.

An auditor is appointed at the Annual General Meeting for the next financial year.

The current appointed auditors are:

Conroy's Accountants & Auditors
265 Stafford Road
STAFFORD QLD 4053

4.8 INDEMNITY AND INSURANCE

Responsible Wood provides insurance and indemnities to the Company, Directors and staff commensurate with the associated risk.

4.8.1 POLICIES HELD

The following policies are held by the organisation to cover

All staff and non-working Directors past and present for

- Professional Indemnity Insurance
- Directors and Officers Insurance
- Employment Practices Liability

Workers Compensation - ACT

Workers Compensation – QLD

Commercial Pack Policy

Association Liability

4.9 RESPONSIBLE WOOD CREDIT CARDS POLICY

4.9.1 SCOPE

To ensure an audit trail for Responsible Wood credit card expenditure and comply with good governance principles for financial risk management.

ISSUE OF CREDIT CARDS

The company may issue to permanent staff a credit card, hereafter referred to as the card. Staff issued with a card shall use the card for all business purchases of goods or services as far as practical.

4.9.2 CONDITIONS FOR USE

CARDHOLDER ACKNOWLEDGEMENT

The company has sole liability for all expenditure and charges legally made on the card. However, the issue of the card is conditional upon cardholders signing the Credit Card Agreement that imposes responsibilities on the cardholder.

CARDHOLDER INSTRUCTION

The company shall instruct cardholders on the use of the card and shall issue them with the following:

Credit Card Agreement.

A copy of relevant financial institution's conditions of use (This is provided by the financial institution on receipt of card)

FINANCIAL DELEGATION

Where staff does not have the appropriate financial delegations for the purchases they shall obtain written authorisation from the CEO, prior to using the card. Approval for travel will imply approval for reasonable purchases associated with the travel.

SECURITY

Cardholders are fully responsible for the safe keeping of their cards and for ensuring that important card details e.g. card number, expiry dates are kept confidential.

MONTHLY RECONCILIATION

The cardholder is responsible for holding receipts and reconciling them against card expenditure/charges on monthly statements.

Monthly statements are forwarded to all cardholders for reconciliation. The reconciliation requires:

- Verifying the transactions appearing on the Card Statement to ensure that the amount and details of expenditure are correct (original receipts are attached).
- Providing details to enable FBT and GST to be calculated.
- Reviewing and providing appropriate approval for all expenditure charged to their card on monthly statements.

DISPUTED CARD TRANSACTION

Where a cardholder disputes a card transaction he/she shall initially raise the matter directly with the merchant/supplier. Where a cardholder is unable to resolve the dispute with the merchant/supplier cardholder shall immediately contact the Chief Executive Officer/ Audit and Risk Management Committee.

LOST OR STOLEN CARDS

Where a card is discovered to be lost or stolen the cardholder shall immediately notify the financial institution by telephone. The cardholder shall then advise the Chief Executive Officer/Audit and Risk Management Committee with details of the lost or stolen card for the arrangement of a replacement card.

CARD MISUSE/DISCIPLINARY ACTION

The deliberate use of the card in contravention of the policies and procedures in this policy constitutes misuse and disciplinary action will be taken against the responsible cardholders. Any known incident of fraudulent use of the card is to be reported to the Chief Executive Officer/Audit and Risk Management Committee.

5 BUSINESS STRATEGY

5.1 REFERENCE

Responsible Wood Strategy.

5.2 STRATEGY & COMMUNICATIONS PLANS

The Responsible Wood Strategy and Marketing/Communications Plan set out the business priorities, communications goals and specific activities for the strategic management of Responsible Wood.

The plan outlines the strategic direction and provides input for budgeting and provides the baseline for key performance measurements.

RESPONSIBLE WOOD IS IN THE BUSINESS OF:

Standards Development Organisation

Developing, maintaining and providing process for continuous improvement to the Australian Standards as they relate to sustainable forest management.

Sustainable Forest Management

Increase and maintain hectares of Australian and New Zealand Forests under the Responsible Wood Certification Scheme (RWCS) and servicing members

Business Development

Creating demand for forestry and wood products that can be verified as being from sustainably managed forests.

5.2.1 BUSINESS OBJECTIVES

The CEO and the Board manage and review the business objectives and ensures the alignment of these with the approved strategies of the Board. The CEO can provide recommendations and amendments to the business objectives which the Board will consider at the next Board meeting.

5.3 BUDGET

The Company's financial instruments consist mainly of cash and deposits at bank, trade debtors, trade creditors and secured credit facilities.

It is within the Board Charter to approve the annual financial budget and any out-year forecasts and to determine 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. The annual Budget for the coming Financial Year is generally approved at the May/June Board meeting.

The CEO will implement policies and strategies approved by the Board and will take a lead role in managing the operation of the Company.

5.4 EVENTS PARTICIPATION POLICY

In this policy, "event" means a trade show, conference, seminar, festival or other event relevant to Responsible Wood's business.

5.4.1 GUIDING PRINCIPLES

BASIS OF PARTICIPATION

Responsible Wood will participate in, or help sponsor, events that:

- Are of strategic importance to the Company.
- Have the potential to provide Responsible Wood with sufficient direct or indirect benefits to justify the cost.

EXAMPLES OF POTENTIAL BENEFITS

Potential benefits of participation in an event may include:

- Establishing strategic linkages, alliances or networks.
- Identifying or addressing industry development needs, priorities, or impediments.
- Opportunities for collaboration/integration of industry development efforts.
- Generation of new business and / or funding.
- Identify and / or develop new services.
- Sales of existing services.
- Human capital development.
- Enhancing the Company's profile.

COLLABORATION

Responsible Wood, where practical, will seek to participate at events in collaboration with other relevant industry and related bodies to minimise costs and demand on staff time. Collaboration may involve:

- Joint participation in events.
- Participation in seminar series hosted by other organisations.
- Fostering closer international cooperation with respect to hosting and/or participating in relevant events.
- National and international events.

Responsible Wood will maintain a record of international, national and other events that the Company has participated in. The Register will include the name and objectives, date/s, host and organiser contacts.

5.4.2 APPROVALS

TIMING AND PROCESS

Responsible Wood CEO may approve participation in events on the basis of cost and the potential benefit of the event. Attendance will be determined taking into account:

- The need for Responsible Wood representation.
- The need for specific staff to attend because of their position or specialisation.
- Staff development.

DIRECTORS

The attendance of Directors should be approved by the Chair and coordinated by the Chief Executive Officer.

6 EMPLOYMENT AND REMUNERATION

6.1 REFERENCE

Employee Agreement.

6.2 EMPLOYEE AGREEMENT

A standard employee agreement has been developed to apply to all staff employed by the company.
The agreement was developed in collaboration with the company's industrial relations law specialist;
John Wilson, NSW Law Society Accredited Specialist, Employment and Industrial Relations Law.

6.2.1 THE OBJECTIVES OF THE AGREEMENT ARE TO PROVIDE:

- a stable and harmonious workplace;
- easily understood conditions of employment that suit the needs of the business and the Employees; and
- working conditions that will provide employees and the business with the flexibility to meet changing circumstances and needs.

6.2.2 RELATIONSHIP TO AWARD AND OTHER LAWS

In respect of the employees covered by or employed under this Agreement, this Agreement excludes and replaces in total:

- any award-based transitional instrument;
- any Modern Award;
- Clerks - Private Sector Award 2010; and
- subject to section 29 of the Fair Workers Act (Commonwelath of Australia, 2010) and unless otherwise specified, any law of a State or Territory.

APPENDIX A

Responsible Wood Strategy- 2021/22