

AUSTRALIAN FORESTRY STANDARD LIMITED

CORPORATE MANAGEMENT PROCESS PROCEDURE 03

AFSL MANAGEMENT

GOVERNANCE COMMITTEE CHARTER



[Australian Forestry Standard Limited is a not-for-profit public company registered in July 2003. The company owns the standard development functions and manages the elements of the Australian Forest Certification Scheme]

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GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

The purpose of the Charter is to outline the responsibility, membership and meeting protocol for the Governance Committee. Annexure 1 outlines the Background to the need for the Committee.

2. SCOPE

The Committee's primary objective is to assist the Board in fulfilling its responsibilities by focusing on governance of the company both in relation to the Company itself and in relation to its obligations as an SDO and in retaining its PEFC accreditation.

3. DUTIES AND RESPONSIBILITIES

The following are the key duties and responsibilities of the Committee including advising the Board on the following issues:

- 3.1. Governance alignment to both PEFC and ABSDO requirements, and to AFSL objectives, while meeting the commercial objectives of AFSL.
- 3.2. The Company Constitution and its consistency with Australian Governance Standards and guidelines without impacting or restricting the organisation's ability to change and grow to meet its objectives and vision(s).
- 3.3. The efficiency and effectiveness of the Organisational Structure and Project/System Model in managing the requirements and objectives of the company, its members and its' key stakeholders.
- 3.4. Technical Committee memberships are appropriate and effective for an SDO to develop the appropriate Australian Standards.
- 3.5. Employee's, Directors and expert volunteers have capabilities and skills to meet the objectives of the organisation and the requirements of ABSDO and PEFC criteria.
- 3.6. Wide coverage of stakeholder inclusion and consultation.
- 3.7. Independent practices in the development and management of the Standards.
- 3.8. Transparent demonstration of the organisations policies and procedures. Compliance with laws and regulations.
- 3.9. Assess on a continuing basis whether the Company is conducting its affairs efficiently and in accordance with all relevant legislation and policies. This includes but is not limited to financial, administrative and resource use matters.

4. COMMUNICATION

- 4.1. Act as an advisory body on the adequacy and compliance of the Company's governance.
- 4.2. Liaise with the CEO.
- 4.3. Maintain a current knowledge of ASIC, ISO 9001 and Australian Standards publications in relation to best practices in Governance and/or changes to such practices.

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- 4.4. Maintain a current knowledge of any regulatory or legislation changes that may affect compliance of the AFSL governance.
 - 4.5. Review and approve the organisation's governance related documents for publication.
 - 4.6. Identify and recommend any special projects or investigations deemed necessary.

5. COMPOSITION

- 5.1. The Committee shall consist of at least three non-executive Directors, one of whom will be appointed by the Board as Chair, and the CEO;
- 5.2. The committee can seek advice from external experts as appropriate.

6. QUORUM

A quorum shall be the Committee Chair and at least two non- executive directors.

7. MEETINGS

- 7.1. The Committee will hold such meetings as the chair of the Governance Committee shall decide in order to fulfil the Committee's duties, but shall 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, or the Board.
- 7.2. The CEO shall be responsible for :
 - 7.2.1. circulating the meeting agenda and associated documentation, to Committee members prior to each meeting.
 - 7.2.2. keeping the minutes of meetings of the committee and circulating them to Committee members within 10 days of the Meeting.
- 7.3. The committee may at times discuss matters that are of a sensitive nature. In such circumstances the committee will observe all expected courtesies, confidentiality and statutory obligations while carrying out their responsibilities. The minutes of the meetings where items of a confidential nature are discussed shall be denoted as such.

8. ACCESS AND REPORTING

- 8.1. The Committee will have unhindered freedom to fulfil its duties properly and professionally.
- 8.2. The Committee shall have unlimited access to staff, and documentation. The Committee may also consult independent experts at the company's expense, where it is considered necessary, in carrying out its duties.
- 8.3. The 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.
- 8.4. The Committee shall supply the Board with a copy of its reports on a timely basis.

9. COMMITMENT TO CONTINUOUS IMPROVEMENT

- 9.1. The charter of the Committee will be approved by the Board, to provide it with the level of authority required to discharge its duties.
- 9.2. The charter will be reviewed on a regular basis, and at least annually, for ongoing relevance and consistency with the needs of the company.

Annexure 1 to Governance Committee Charter

Background to the need for the Committee, May 2009

AFSL became a public company in July 2003. It succeeded the Australian Forestry Standard Steering Committee that initiated and managed the development of The Australian Forestry Standard from late 1999 to July 2003. The Australian Forestry Standard Steering Committee was a partnership of the Commonwealth and State and Territory Governments, National Association of Forest Industries, Plantation Timber Association of Australia, Australian Forest Growers and the Australian Council of Trade Unions.

Chronological change of events to reach current status:

- In January 2004 the company was accredited as a Standards Development Organisation. The scope of the accreditation was "to develop Australian Standards for forest management for wood production and Australian Standards that support the Australian Forest Certification Scheme".
- In September 2004 the Australian Forest Certification Scheme (AFCS) was endorsed by the PEFC member countries for mutual recognition under the PEFC scheme.
- In August 2007, AFSL was re-accredited under the restructured National Standards Organisation, ABSDO, and 'Requirements for Accreditation Standards Development Organisations'.
- In 2008, AFCS underwent
 - an endorsement review for its PEFC status – some non-conformities in the initial report that were addressed final result still pending.
 - a surveillance review by ABSDO providing an outcome report which recommended improvements to AFSL's administration procedures and practices with a further review to be held in February 2009.
- In February 2009, ABSDO conducted the next surveillance review to monitor the progress of implementation of the recommended improvements. The result was an improvement had been made but further improvement is required.

Issues

The continual growth and change of the organisation as influenced by the two bodies, PEFC and ABSDO, have impacted on our governance, structure, operations and resource capabilities. To meet the requirements of these organisations, a number of issues need to be further addressed at Board level. The establishment of a Governance Committee allows this to happen most effectively.