



Forest Stewardship Council®



FSC Board of Directors Operating Manual

FSC-MAN-10-001 V2.0 - EN

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1 INTRODUCTION

The FSC Board of Directors is mandated by the FSC AC statutes to manage the organization. The board of directors is the highest decision-making body in the organization after the FSC General Assembly (which is the supreme authority of the organization), being elected by the FSC membership to guide and provide oversight to the organization.

The FSC Board of Directors is composed of 12 FSC members, four from each FSC chamber, including two from each sub-chamber both North and South. Board members are elected for four-year terms and can be re-elected for one subsequent term.

In 2008, the FSC Board of Directors conducted an extensive review of its governance systems, which was ultimately approved by the FSC membership. It was established that the FSC Board of Directors should take an increasingly strategic role in the organization. This was confirmed by the two governance reviews carried out between 2016 and 2019.

In line with this vision, the purpose of this operating manual is to contribute to the clarity and effectiveness of the board of directors' roles, responsibilities and functioning.

2 DUTIES, ROLES AND LIABILITIES OF THE FSC BOARD OF DIRECTORS

2.1 Duties of the Board

The FSC AC statutes provide the board of directors with the broadest legal authority to enter into all agreements and to carry out all acts and operations that are within the scope of the purpose of the organization and which are not expressly reserved to a general assembly. The board is tasked with managing and directing the affairs of

the organization and with implementing, coordinating and supervising the implementation of the decisions, motions and resolutions approved by the general assembly of members and is entitled to issue policies, guidance notes, regulations and similar documentation. Such documents may be necessary or convenient to clarify and/or interpret from an operational standpoint, the statutes of the organization and its plans, work plans, its principles and criteria and other FSC materials and, in general, required to carry out the purpose of the organization. It must perform all acts required to fulfill the purpose, mission and tenets of the organization set forth in its statutes and act in line with the decisions and motions approved by the general assembly. As a collegiate body, the board strives to make decisions by consensus and its responsibility is, as a rule, assumed jointly by all its members, except as expressly authorized by the board of directors or a general assembly (please also see the statutes of FSC, [Annex 1](#)).

The members of the board must comply with the following duties:

- *Duty of loyalty:* Acting in good faith and making decisions that are in the best interest of FSC AC, not decisions that further their own interests or interests of third parties.
- *Duty of care:* Always acting prudently and with the same level of diligence and care they would exercise in a business of their own and with common sense and informed judgement.
- *Duty of confidentiality:* Protecting and holding confidential all confidential information they have access to because of their position as directors.
- *Duty of obedience:* Being faithful to the purpose of FSC AC and never acting against the instructions or interests of the entity as outlined in its statutes or defined by its general assembly ¹.

2.2 Roles of the Board

The FSC Board of Directors is responsible for the following aspects in FSC:

- ***Strategic guidance and accountability***
 - ensure the current and future health and functionality of the organization, in alignment with the FSC purpose, mission and tenets;
 - provide strategic direction for the organization, including the approval and review of strategic plans, such as the FSC Global Strategic Plan and subsidiary strategies for entities or work areas within the FSC group and regional priorities;
 - define, create and monitor board committees, their terms of reference and integration;
 - define, select and monitor advisors and observers to the FSC Board of Directors and their terms of reference;

¹ See also the Conflict-of-Interest Policy, [Annex 3](#) – FSC Board of Directors FSC-POL-10-001 V1-0 EN, where the duties are explained in detail

- determine and evaluate the strategic direction, decisions on development and priority-setting of the FSC network;
 - act as a vehicle for conveying perspectives of FSC members and other stakeholders;
 - provide accountability to FSC members on the progress of the organization and on the implementation of motions approved by the general assembly;
 - ensure continuity in organizational performance through transitions of the FSC Board of Directors and FSC Director General;
 - periodically assess its own performance and functioning as a board.
- ***Operational oversight and support to the organization***
- ensure that FSC operates according to its statutes, see Annex #1, and established policies;
 - hire, supervise, evaluate, and, if needed, dismiss the FSC Director General;
 - establish the compensation for the FSC Director General;
 - ensure financial health of the organization, approving annual budgets and work plans of priorities for the FSC group;
 - approve annual audited statements of the FSC group, based on the recommendation of the board Finance Committee;
 - approve business plans for the FSC group;
 - approve relevant standards, policies, and guidelines in accordance with the procedure on the development and revision of the normative framework;
 - monitor the implementation of FSC strategies and work plans;
 - ensure that the organization counts with effective dispute management mechanisms;
 - define, create and monitor working groups, technical committees, their terms of reference, and their performance and results;
 - support fundraising by contacting donors and advocating for FSC;
 - prioritize motions from the FSC General Assembly and monitor their implementation;
 - represent FSC in meetings and events, with support from the FSC secretariat;
 - provide linkages with other organizations; establish or close any FSC subsidiaries;
 - approve the procuring of any loans by the organization; and,
 - establish and, when necessary, revise annual fees paid by FSC members.

2.3 Role of Individual Board Members

By joining the FSC International Board of Directors, individual board members are committed to ensuring respectful, effective and consensus-based functioning of the

board, beyond any chamber-, individual- or third-party interests. Individual board members are expected to demonstrate the following:

- willingness and commitment to learn about the organization and the environment in which it operates, including the issues, risks and trends that affect or might affect the organization
- ability to dedicate an appropriate amount of time to FSC Board matters, estimated at 30 working days/year
- regular attendance at board meetings and adequate preparation for board meetings and discussions
- active participation in board meetings, both by listening and sharing views and insights
- ability to listen respectfully to other points of view, go beyond individual and chamber perspectives in order to reach broad consensus on what is in the best interest of the organization
- commitment to speak with one-board voice, support board decisions, and provide clear guidance to executive staff
- commitment to acting *bona fide*, with honesty, transparency, and the highest ethical standards at all times
- commitment to provide annual and up to date accurate conflict of interest declarations, abstaining from discussions and/or decisions on issues for which there may be a conflict of interest
- commitment to provide proactive and constructive solutions to problems and issues within the organization
- commitment to accountability, confidentiality and collective improvement.

2.4 Board Liabilities

The possible liabilities of the board of directors and its members are laid out in Annex #2 below.

According to the Mexican legislation, FSC board members have liability only when legally proven:

- Existence of a breached legal obligation or a breached obligation stemming from the FSC A.C. statutes;
- Negligence or willful misconduct, and
- Damage to the organization or a third party as directly attributable to the board's actions.

FSC board members have liability coverage through a D&O (directors and officers) insurance policy maintained by the FSC secretariat. board members have this insurance coverage for actions and decisions taken from the first day to the last day of their terms.

3 GENERAL REQUIREMENTS

3.1 Conflict of Interest

A conflict of interest may arise when a board member has an existing or potential interest that impairs, or might appear to impair, his or her independence or objectivity in the discharge of responsibilities and duties to FSC. Poorly managed conflict of interest situations can lead to loss of public confidence and reputational damage.

A conflict of interest can arise in almost an indefinite number of situations, so each board member should be able to identify an existing or potential scenario where his or her own personal, family, professional or business interests are, or could be, in conflict with the interests of FSC and disclose it accordingly. In this context, board members shall review and agree to be bound by the Conflict of Interest Policy of the FSC Board of Directors (FSC-POL-10-001-V1-0 EN) shown in [Annex #3](#).

Furthermore, board members shall file a conflict of interest declaration (see [Annex #3a](#)) at the beginning of their mandates and refrain from any decision in which they have a conflict of interest. FSC Board members shall update their conflict of interest declarations once a year before the first day of March through a written statement and verbally at the beginning of each board meeting, which will be recorded in the respective meeting minutes.

3.2 Confidentiality

Members of the FSC Board are bound to maintain confidentiality on non-public information to which they have access as a result of their position as director and on issues considered confidential in any discussions of the FSC Board of Directors, as further explained in the Conflict of Interest Policy of the FSC Board of Directors shown in [Annex #3](#). Any other issues can be openly communicated to the FSC membership and other stakeholders. board members shall sign a confidentiality agreement at the beginning of their term, see template in [Annex #3b](#).

4 BOARD MEETINGS

In general, the FSC Board of Directors meets three times a year. If the board decides, it can conduct additional physical or virtual meetings. The dates for physical meetings shall be announced at least 6 months in advance.

The FSC Director General supports the chair of the board in establishing the agenda for each meeting, taking into account the input from other board members. The agenda is developed at least two months before the meeting to allow for timely preparation of the documents necessary. Supporting documentation for board meetings shall be shared with board members at least two weeks in advance by electronic means.

The logistics aspects of board meetings are organized by the FSC secretariat.

The board may also conduct discussions through teleconferences and email.

4.1 Quorum

A quorum shall exist at any meeting of the board so long as at least 10 of its members are present with at least two from each chamber.

4.2 Decision Making

FSC Board decisions are taken by the board at large, provided it has quorum. A quorum shall exist if at least ten of its members are present, with at least two from each chamber. The FSC Board of Directors shall strive to make decisions by consensus. If this does not prove to be possible, decisions shall be taken by a vote. For approval it is necessary to have the affirmative vote of at least seven board members and at least two favourable votes from each chamber (i.e. social, environmental and economic). Board members shall not publicly and privately condemn and criticize any decision that is made through the due processes of the organization, independent of their individual points of view.

The FSC Board of Directors shall concentrate decision making at its three physical meetings during the year, or in exceptional cases at virtual meetings. Issues which may be decided by the board outside of physical or virtual board meetings, e.g. per email, are:

- a) approval of minutes of board meetings
- b) definition of agenda for board meetings
- c) exceptional decisions where no board member objects to the decision procedure

Individual members of the FSC Board of Directors shall not sign any public documents unless authorized by the board and with a joint signature by the FSC Director General.

4.3 Board Meeting Rules

In order to improve board performance, the following rules are established regarding how meetings will be conducted and what board members should expect of each other:

- Meeting materials are taken to be read by all. There will be no presentations of the papers, except in cases, when thought necessary as a basis for discussion.
- Agenda items are categorized in four groups in the board agenda:
 - *Information*: board members to ask questions, but longer discussions are not expected;
 - *Discussion*: board members are expected to discuss, with the purpose of giving guidance, not consensus decisions;
 - *Approval*: board members are expected to say “yes” or “no” to a proposal, possibly after some questions, not to spend time on background or discussion;

- *Decision:* there is more than one option on the table and board members are meant to discuss in order to reach a consensus decision.
- Agenda items will pivot around Global Strategic Plan updates, general assembly required actions, overall governance (including finance matters), issues where board decisions are formally required and Director General reporting.
- Each agenda item will be framed by the Director General, the Chief Operations Officer (COO) or the relevant committee chair, stating the purpose of the discussion and the question asked to the board.
- In addition, when a subcommittee of the board has made a recommendation to the full board, the chair of the committee will introduce the item and speak briefly to it. He or she then responds to questions related to the item.
- Chairing of the meeting is entrusted in the statutes of the organization to the chairperson of the Board, but can be split among more people, involving the vice chairs or other board members as appropriate.
- The chairperson will monitor the discussions and close agenda items when the discussion seems to have reached a possible conclusion.
- Board members are asked to make their points briefly and succinctly, and not to repeat messages.
- When discussion strays from the topic at hand, the chair will remind board members about the strategic context and purpose of the discussion.
- A “parking lot” will be used when a discussion goes off topic and the question coming up should be put somewhere else for further discussion.
- Board members will be given colored cards used to signal when they think a discussion is ready to conclude, is going off topic, or a question should be put to the parking lot.
- During the meetings, there will generally be 5-minute comfort breaks each hour.

At the end of the meeting, the board will conduct a brief exercise to evaluate the meeting.

4.4 Board Closed Sessions

At physical or virtual board meetings, the board may hold “closed sessions” to discuss either sensitive or strictly internal board related matters, limiting participation to board members only. The closed sessions are led by the chairperson, Vice-chairs or a delegated board member. Depending on discussed agenda items, the Director General, other FSC secretariat staff or other non-board participants can be invited into part of the meeting.

When necessary, the respective board closed session decisions will be conveyed to the Director General, or other relevant staff or parties, by the chairperson, executive committee (ExCo), or specifically defined board members.

Closed session meeting minutes are drafted by one board member, identified at the start of the meeting. The draft minutes are then circulated amongst the full board for approval. Closed session meeting minutes remain of confidential nature and, thus, no public version of the minutes will be made available to the members.

4.5 Board Meeting Minutes

The board meeting minutes, including the decision record, are the formally approved source of information for the discussions and decisions of the respective board meeting. The two documents are prepared according to a set timeline which can be found in [Annex #4](#).

The decision record document shall be ready for distribution to the FSC membership via the members' portal 3 weeks after each board meeting.

The board meeting minutes shall be ready for distribution to the FSC membership via the members' portal 6 weeks after each board meeting.

Confidential parts will be **marked in red** and will not be included in the documents to be shared with the FSC membership.

The decision record document provides a quick overview of important decisions made by the board. The document will be developed by the Director General and shared with the board for comments before distribution to the FSC membership, network partners and staff in both English and Spanish.

Draft minutes of all board of directors' meetings are prepared by the Director General or appointed staff and distributed to all FSC Board members for comments, including the rationale for board decisions. Minutes will be finalized through board approval by email. Once approved, a Spanish version of the final minutes will be prepared and the English and Spanish public versions made available to all FSC members on the FSC members' portal, with the exception of issues considered confidential by the board.

4.6 FSC International Staff Participation in Board Meetings

At the discretion of the FSC Director General, and with the acceptance of the board, FSC International staff members responsible for related board meeting topics, will be either physically or virtually present for further information, input or clarifications. Staff members are not part of the board's decision-making process.

4.7 Network Representation at Board Meetings

Perspectives of the FSC network are sought through a survey sent to all network Partners and brought to the board by a network representative appointed by the Director General in accordance with the procedure included in [Annex #5](#). In addition to the official network representative, the director of the national network partner

in the country in which the board is meeting will also be invited to participate. The network representatives will participate in a non-voting capacity.

4.8 Technical Advisors and Observers

In accordance with the FSC A.C. statutes, the board may select a number of technical advisors to participate in its meetings. Advisors shall be selected for a fixed-term period on the basis of their expertise and shall have a voice in discussions but will have no say in decisions of the board.

In addition, the board may appoint a number of other observers to participate in discussions on specific topics when requested. Observers will have no say in decisions of the FSC Board.

At the discretion of the board, advisors and observers may be excluded from the discussion on issues considered confidential.

5 FSC BOARD CHAIR, VICE CHAIRS AND COMMITTEES

The FSC Board of Directors shall elect the chair, vice-chair(s) and treasurer at the last meeting before their agreed term runs out. These four board members constitute the board executive committee (ExCo) and are the chairs of other board committees.

In order to support its work, including by preparing agenda items, the board establishes a number of internal board committees as follows. In the composition of the committees, care will be taken to ensure chamber and sub-chamber representation, geographical and gender diversity, where possible.

5.1 FSC Executive Committee (ExCo) – see Annex #6

The ExCo comprises the chairperson, two vice-chairs – one of them is at the same time the chair of the board governance committee, and the other is at the same time chair of the board strategic plan committee – and the treasurer of the FSC Board, who is at the same time chair of the board finance committee. ExCo will be elected by the FSC Board of Directors for a two-year term. Every effort will be made to ensure chamber and sub-chamber representation, geographical and gender balance, considering the ability and willingness of the members to assume these roles. Exceptions to either the committee composition or serving term shall be decided by the full board. The Director General is an *ex-officio* member of the ExCo.

The ExCo serves the following functions:

- To maintain closer oversight of the organization on behalf of the FSC Board of Directors, and to provide support to the Director General in his/her decision making;
- To provide guidance to the Director General on organizational planning and current issues, as needed or when requested;
- To make decisions on behalf of the board on issues delegated to it by the full board;

- To make recommendations to the FSC Board of Directors with respect to issues presented to the ExCo that need board decision and approval;
- To conduct an annual performance appraisal of the Director General, and present the results and recommendations to the FSC Board of Directors;
- To develop key performance indicators for the Director General, and present these to the FSC Board of Directors for approval;

The ExCo shall have no decision-making authority, except on those issues delegated to it by the board of directors.

The ExCo shall report regularly to the full board. Any decisions taken by the committee shall be communicated to the full board.

5.2 FSC Board Finance Committee (BFC) – see Annex #7

The board finance committee is chaired by the treasurer. Two other members of the board finance committee (BFC) are appointed for two years by the chairperson of the FSC Board with the endorsement of the full board, unless the full board agrees on different terms or composition for exceptional circumstances. Every effort will be made to have chamber balance. Additional support can be requested by the BFC through external experts on financial issues, in a non-voting capacity, as needed.

The BFC's main role is to provide financial oversight for the organization, provide expert input to the board from external advisors and recommend the approval of FSC's accounts to the FSC Board of Directors.

The COO and the Director General are invited to join BFC meetings. Please see [Annex #7](#) for the terms of reference of the BFC.

5.3 FSC Board Governance Committee (BGC) – see Annex #8

The purpose of the board governance committee (BGC) is to strengthen governance in FSC, including through improved board performance to help deliver on FSC's mission and strategy, in the best interest of the membership.

The BGC engages proactively to clarify internal roles and responsibilities in the board, and to continuously improve board procedures and competencies.

The BGC also engages in processes for reviewing and revising the FSC governance model, with a focus on facilitating these processes, preparing board discussions on issues raised by these processes and on ensuring membership engagement as decided by the full board.

The BGC shall comprise three members. Every effort will be made to have chamber-balance within the BGC.

The BGC is chaired by a vice-chair of the board. Two other members of the BGC are appointed for two years by the chairperson of the FSC Board with the endorsement of the full board, unless the full board agrees on different terms or integration for exceptional circumstances. The chair of the FSC Board may, at his or her discretion, appoint alternates to the BGC members.

The Director General is invited to join BGC meetings. Please see [Annex #8](#) for the terms of reference of the BGC.

5.4 FSC Board Strategic Planning Committee (BSPC) – see Annex #9

As elected representatives of the membership, the FSC Board of Directors has a leadership role in developing the strategic direction for the FSC, as part of its role to direct and protect the organization in the best interest of the membership.

The role of the BSPC is to oversee and support the development and monitoring of the FSC Global Strategic Plan (GSP) on behalf of the board, in close cooperation with the Director General and the secretariat, and to advise the board and the Director General on other strategic or planning processes, as required.

The BSPC shall comprise three members. Every effort will be made to have chamber-balance.

The BSPC is chaired by one vice-chair of the board. Two other members of the BSPC are appointed for two years by the chairperson of the FSC Board with the endorsement of the full board, unless the full board agrees on different terms or integration for exceptional circumstances. The chair of the FSC Board may, at his or her discretion, appoint alternates to the BSPC members.

The Director General is invited to join BSPC meetings. Please see [Annex #9](#) for the terms of reference of the BSPC.

5.5 FSC Board Complaints Resolution Committee (BCRC) – see Annex #10

The BCRC has a consultative role in oversight of the various parts of FSC's overall dispute management system (DMS), it advises the secretariat on ways to ensure coherence and efficiency, and it engages with the secretariat in strategic policy preparations for board decisions regarding the DRS.

In addition, the BCRC advises the secretariat when cases filed under the FSC Policy for Association (PfA) are ready for board decision, based on the recommendations from the dispute management team and reports from complaints panels in accordance with FSC-PRO-01-009.

Members of the BCRC are appointed for two years by the chairperson of the FSC Board with the endorsement of the full board, unless the full board agrees on different terms or integration for exceptional circumstances. The BCRC elects a chairperson for the term of its appointment. The chair of the FSC Board may, at his or her discretion, appoint alternates to the BCRC members in case of perceived conflict of interest with a case, complaint, complainant or defendant.

Please see [Annex #10](#) for the terms of reference of the BCRC.

5.6 Board Gender Representative – see Annex #11

The role of the board gender representative (BGR) is to strengthen gender and diversity awareness and engagement in FSC by ensuring a strategic focus on gender and diversity issues in FSC.

The BGR functions include to oversee the process of developing and updating an FSC Gender and Diversity Strategy in coordination with the BSPC, to engage with the secretariat in designing plans for its implementation and monitoring outcomes, to provide strategic guidance to the secretariat on the necessary institutional conditions, resources, planning and implementation processes and to coordinate board activities related to gender and diversity in alignment with the secretariat, participating in forums or events to promote FSC progress on gender and diversity, as necessary.

5.7 Board Liaison to Processes in FSC – see Annex #12

There are many important processes going on within FSC, be it of permanent or temporary nature, e.g. committees and working groups like the Policy and Standards Committee (PSC), the Permanent Indigenous Peoples Committee (PIPC), various working groups, and solutions forums dealing with current important processes.

The board may choose to appoint board liaisons to these committees or working groups. The board liaison will have the overall role of making sure the participants in the process understand the board's guidance on the issues involved, and that the board is kept updated on the implementation of the process.

Please see [Annex #12](#) for the terms of reference of the board liaison.

5.8 FSC Policy and Standards Committee – see Annex #13

The FSC Board established the policy and standards committee (PSC) in order to streamline, facilitate and accelerate decision-making processes in relation to normative FSC documents.

The PSC acts on behalf of, and makes recommendations for decisions to, the board with respect to technical matters related to the development or revision of FSC policies, standards, procedures and other normative documents. The PSC is further mandated to take approval decisions on some national standards developed by national standard development groups (decision authority is delegated to the FSC Performance and Standards Unit (PSU) on other national standards.

In addition, on behalf of the board, the PSC provides guidance and advice to PSU on which 'direction' to take with a policy or standards issue in particular (e.g. policy and standards interpretations) or in general (e.g. on position or discussion papers).

The PSC is accountable to the board. All decisions taken by the PSC, except for approval of national forest stewardship standards which is a faculty that has been delegated by the whole Board to the PSC, are considered as recommendations to the board, and have to be reported to and confirmed by the board. The PSC submits an annual report to the board, which includes a self-assessment of PSC's work.

Please see [Annex #13](#) for the terms of reference of the PSC.

5.9 FSC Permanent Indigenous Peoples Committee (PIPC) – see Annex #14

At its general assembly in 2011 the FSC membership approved a motion (# 19/2011) to establish a Permanent Indigenous Peoples Committee to strengthen indigenous involvement in FSC. The committee advises the FSC International board of directors and proactively champions FSC's commitment to affirming indigenous peoples' rights and customary values through FSC's policies and standards, and the commitment to make the FSC system attractive and accessible to indigenous businesses.

The PIPC role includes, amongst others:

- Gathering and assessing information about indigenous peoples' involvement in FSC through policies and standards, organizational presence, certification, and forest sector engagement;
- Providing recommendations to the board on how to strengthen and renew indigenous peoples' engagement and membership in FSC and how to resolve challenges related to indigenous peoples in the implementation of the FSC Principles and Criteria;
- Promoting FSC's commitment to affirming indigenous peoples' rights and customary values.
- Strengthening indigenous peoples' communication about the opportunities and benefits of involvement in FSC; including certification, membership, and collaborative stakeholder engagement.

Please see [Annex #14](#) for the terms of reference of the PIPC.

6 ROLES OF THE CHAIR, VICE-CHAIRS AND TREASURER

6.1 *Role of the Chair*

The role of the chair of the FSC Board of Directors can be described as a facilitator as it does not entail any decision-making power. More specific roles of the chair are to:

- Preside over general assemblies of the organization, meetings of the board of directors and Exco meetings;
- Establish the agenda for board meetings in consultation with other board members and the FSC Director General;
- Help guide and mediate board actions with respect to organizational priorities and governance concerns;
- Ensure that the board conducts an annual assessment of the Director General;
- Ensure that the board conducts an annual self-assessment;
- Submit for the consideration of the general assembly the annual financial statements of the organization for the previous period;

- Represent the board of directors before the general assembly and, if expressly authorized by the Board, before external parties;
- Be the board liaison to the policy and standards committee (PSC), unless a different board member is selected by the chair and endorsed by the board to serve this role;
- Ensure the adequate functioning of committees of the FSC Board of Directors.
- Formally authorize the remuneration/bonus/salary adjustment and/or travel arrangement of the Director General based on decisions made by the board.

6.2 Role of the Vice-Chairs

The board will appoint two vice-chairs that are at the same time members of the ExCo (see terms of reference of ExCo, [Annex #6](#)). The vice-chairs shall assist the chair during the meetings of the board of directors. At the request of the chair, the vice-chairs can also substitute the chair in conducting FSC Board meetings and support other tasks related to meetings of the board or with actions destined to implement resolutions approved by the board.

The two vice-chairs assume the role as chairs of the BGC and the BSPC respectively, elected by the full board for a term of two years, unless agreed differently for exceptional circumstances.

6.3 Role of the Treasurer

The role of the treasurer is to review the association's financial status, including all reports on accounting, including but not limited to, all bank accounts, accounts receivable and payable, and to supervise the preparation and filing of all financial reports of the association which are to be submitted to the general assembly.

The treasurer is the nominated representative of the FSC Board of Directors to the board of the FSC Investment and Partnership Foundation.

7 BOARD ADMINISTRATIVE GUIDELINES

7.1 Expenses & Travel Procedure

All expenses related to meetings of the FSC Board of Directors shall be covered by FSC. FSC will support board members with regards to travel arrangements for board meetings, unless otherwise decided by the board member in question. In order to ensure the most efficient use of resources, all air tickets shall be purchased in accordance with the FSC Travel Procedure, unless the board member wishes to pay the difference between a low-cost ticket and a higher-class one. Any exceptions, such as for health, age or overly long-distance reasons, can be approved by the

Director General. More detailed information can be found in the FSC Travel Procedure in Annex #15.

board members have two possibilities to get reimbursed for the expenses during board meetings or other meetings where they represented FSC:

1. **Via expense claim** (see Annex #16):
When a board member pays for the flight or other travel costs by her- or himself, and the funds should go to their private bank account, they can get the expenses reimbursed by providing an expense claim. In this case the board member will need to send the **original** receipts to FSC, namely to the Director General's Executive Assistant, or alternatively designated FSC staff.

2. **Via invoice** (for invoice requirements, see Annex #17):
If a board member's company or organization pays for FSC travel and other expenses, the company/organization should send an invoice to FSC, namely to the Director General's Executive Assistant or alternatively designated FSC staff, via email. In this case, scanned copies of the official receipts shall be attached to the email notice and invoice, for reimbursement.

The invoice needs to be addressed to

Forest Stewardship Council A.C.
Calle Margarita Maza de Juárez 422
Colonia Centro
Oaxaca CP 68000 / México

Any other expenses, such as hiring of consultants, organization of meetings and travel for purposes other than meetings of the FSC Board, shall be agreed with the FSC Director General prior to being incurred, in order to be reimbursed.

7.2 Annual Administrative Stipend

FSC Board members may receive an annual stipend in recognition of their services to FSC, in line with the motion approved by the 2002 FSC General Assembly. The annual stipend for board members is 9,000 USD, the chair receives a stipend of 11,500 USD. These amounts shall be fixed from 01 January 2017 – 31 December 2022.

The form to apply for the annual stipend shall be sent to the Director General's Executive Assistant at the end of the year, or at the beginning of the year for those who would like to receive the stipend in advance (see travel procedure, [Annex #15](#)).

8 INDUCTION OF NEW BOARD MEMBERS

Candidates to the FSC Board of Directors will receive this operating manual upon successful nomination. After the election process and before their first official board meeting, newly elected members will receive detailed information on the functioning of the organization from the ExCo, the FSC Director General and key responsible staff.

9 FSC BOARD OF DIRECTORS SELF-ASSESSMENT

The chair of the FSC Board of Directors, supported by the BGC, shall ensure that the board conducts an annual self-assessment exercise to evaluate its overall effectiveness and performance. This should serve as a reminder of the board's primary role and contribute to its continued improvement.

[Annex #18](#) provides examples of questions that can be used for the board's self-assessment process. [Annex #19](#) shows a skills matrix for board members.

To support board performance, the board can also set up coaching arrangements for itself. Coaching will focus on best practices for the board and its members, including subjects as board roles, decision-making and relationships with the secretariat. This can be done from time to time as the members decide.

The FSC Director General may as requested send his/her own report to the board to support the self-assessment process. In addition to this, the FSC Board may also choose to invite comments from the senior management of FSC, FSC members or other stakeholders.

10 FSC EXECUTIVE MANAGEMENT AND LEADERSHIP CONTINUITY

10.1 Appointment of the FSC Director General

It is the responsibility of the FSC Board to appoint the organization's Director General (Director General) as head of the secretariat and chief executive officer of its operations, for the term determined by the board (FSC statutes T V, C35 / C36).

In turn, it is the FSC Director General responsibility to appoint secretariat staff in accordance with respective rules and to grant the powers-of-attorney necessary for the adequate performance of staff duties (FSC statutes T V. C37).

10.2 FSC Director General Remuneration

Director General remuneration is determined by the FSC Board of Directors, taking as reference the top management (CEO) remuneration arrangements found in organizations comparable to FSC. Negotiations over the Director General remuneration package will be carried out between the Director General and the ExCo, under the leadership of the board chair and in representation of and consultation with the full board, in reflection of the level of Director General responsibility, performance, adjustments for inflation as pertinent.

The revision of Director General remuneration will follow after the yearly Director General performance evaluation within the first quarter of the calendar year. Any changes to Director General remuneration shall require written confirmation by the FSC Board chair to the Director General with a notification to the Head of the Human Resources Department, before any such changes take place.

10.3 Director General Performance Evaluation

On a yearly basis, and within the first three months of the calendar year, the Exco, under the leadership of the board chair and in consultation with the FSC Board of Directors will evaluate the performance of the FSC Director General in relation to established operational key performance indicators (KPI's), goals and targets for the preceding year, as well as his/her job description. In order to do this, the board chair may choose to interview other members of the FSC Board, staff members and external stakeholders.

The annual KPI's under which the Director General performance is evaluated, are developed in dialogue between the Director General and the board, represented by the Exco, during the first quarter of the year, and should include:

- Results against implementation of the Global Strategic Plan;
- Strategic development, innovation and leadership;
- Program implementation;
- Institutional representation;
- Revenues and financial management;
- Administration and human resources.

10.4 Signing Authority and Leadership Continuity

It is the FSC Director General's responsibility to ensure organizational performance, risk management, business continuity and succession planning within FSC AC and respective subsidiaries (FSC GD, IC and any other).

Once a year in conjunction with the approval of the financial results, the Director General informs the board on the status of business continuity from a senior management perspective including the respective signatory authorities.

11 ENGAGING FSC STAFF

Board members may also have interactions outside of board meetings with the FSC Director General and with other FSC staff. In some cases, board members will even be asked to act as board liaison to processes run by the FSC secretariat and will therefore need to have direct links to the staff managing the processes.

However, it can cause confusion and uncertainties when board members engage directly with staff on operational issues. The guidelines shown in [Annex #20](#) are meant to assist board members in taking the right approach in their interactions with staff.

12 BOARD REPRESENTATION IN EXTERNAL MEETINGS / EVENTS / FORUMS

There may be occasions where it is opportune for board member(s) to represent the FSC Board in various meetings/events/forums/conferences, based on:

- a. Official invitation by the organizers
- b. Recommendations by the board or the secretariat

To ensure proper representation of FSC Board, such events can be attended by board members, taking into account the following:

- Attendance based on official invitation by the organizers should be acknowledged and approved by the board Exco.
- Attendance at events based on the recommendation by the board or the secretariat should be relevant to the overall FSC mission, global strategy and necessity of board's engagement, and should be approved by the full board. Delegated board members will be supported by the FSC secretariat in terms of logistics, contents of discussion, background materials as well as position papers as necessary.
- Board members representing the FSC Board in external meetings/ events/ forums should only convey positions that have been agreed by the board, and not his/her own views which may contradict those of the overall board decisions.

13 REVISION HISTORY

Version	What has changed	Date
V1-0	Initial approval	BM51 July 2009
V1-1	Addition of guidelines for board members when engaging with FSC staff	BM61 Oct 2012
V1-2	Revision of FSC statutes	Aug 2013
V1-3	BoD travel policy	BM64 Nov. 2013
V1-4	ToRs BoD committees, new structure	Jan 2016
V1-5	Addition of conflicts of interest policy and raise of annual administrative stipend	BM73 Nov 2016
V2-0	General document revision. Additions in duties, liabilities and roles of the board, its committees and individual board members. Inclusion of travel policy, board meeting rules, board closed sessions. Substitution of Financial Oversight Committee (FOC) with board Finance Committee (BFC).	BM82 Nov 2019

14 LIST OF ANNEXES

- Annex #1: FSC statutes
- Annex #2: Legal analysis of the liability for FSC Board
- Annex #3: FSC Conflicts of Interest Policy
- Annex #3a: Template of declaration of interest agreement
- Annex #3b: Template of non-disclosure agreement
- Annex #4: Timeline for decision records and board meeting minutes
- Annex #5: Terms of reference - network representative
- Annex #6: Terms of reference – executive committee
- Annex #7: Terms of reference – board finance committee
- Annex #8: Terms of reference – board governance committee
- Annex #9: Terms of reference – board strategic planning committee
- Annex #10: Terms of reference – board complaints resolution committee
- Annex #11: terms of reference – board gender representative
- Annex #12: Terms of reference – board liaison
- Annex #13: Terms of reference – FSC policy & standards committee
- Annex #14: Terms of reference – permanent Indigenous Peoples committee
- Annex #15: FSC Travel Procedure
- Annex #16: FSC expense claim form
- Annex #17: FSC invoice requirements
- Annex #17a: FSC AC invoice template
- Annex #18: Example of questions for board self-assessment
- Annex #19: Board skills matrix (draft)
- Annex #20: Guidelines for FSC Board when engaging FSC staff

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