

Terms of Reference of the SBP Board of Directors

(Approved by the SBP Board 23 October 2018)

1 Introduction

1.1 The terms of reference (ToR) set herein provide a process in addition to the Articles of Association (AoA) of the Sustainable Biomass Program Limited (Company or SBP) to which each of the Directors hereby agree in relation to the operation of the Board of Directors (Board) of the Sustainable Biomass Program.

2 Objectives

2.1 The role of the Board is amongst other things, to be responsible for overseeing the implementation of SBP's Object (as set out in the AoA) its mission and vision, and governance, as well as setting the overall strategy, direction and budget. The Board shall provide oversight of the overall management of SBP's activities, secure the effective management of relationships with SBP's stakeholders, set the strategic direction and aims of the Company, set the framework within which it is to conduct SBP's activities in ordinary course and to ensure there is established and maintained for the Company an effective system of internal control.

2.2 Decisions on standard setting are delegated to the SBP Standards Committee. The day to day management of the Company and its activities is delegated to the SBP Chief Executive Officer (CEO). The Board is comprised of three (3) Stakeholder Groups (being civil society, biomass producers and end-users) and an independent Chair.

3 Mandate

3.1 The Board's main functions are:

- 3.1.1 to be responsible for overseeing the implementation of SBP's Objective, mission, vision and governance.
- 3.1.2 to set SBP's strategic aims, objectives, values and ensure that the necessary financial and human resources are in place to meet them.
- 3.1.3 to determine the annual business plan and budget of SBP and ensure, that the budget is funded by the applicable revenue scheme.
- 3.1.4 to appoint a CEO who shall be responsible for the management of the SBP.
- 3.1.5 to appoint a Secretary to the Board, and
- 3.1.6 to establish such working groups, committees, advisory bodies or similar as it sees fit.

- 3.1.7 to be the owner and custodian of the SBP standard and standard systems,
- 3.1.8 to commission and oversee arms-length external reviews of the organization and its work periodically
- 3.1.9 to forge and cause to be forged strategic partnerships to leverage broader support in the society for enhancing the reach, influence and impact of the organization
- 3.1.10 to proactively seek and ensure a regular and steady induction of latest thinking and capacities in the organization for it to stay the course of excellence in third-party certification and other related spheres.
- 3.1.11 to oversee nominations of the Standards Committee candidates
- 3.1.12 to appoint Technical Committee members
- 3.1.13 to set up and appoint members to such other committees as it sees fit.

4 **Composition**

- 4.1 The Board consists of a maximum of ten (10) and a minimum of seven (7) Board members.
- 4.2 There shall be three (3) Stakeholder Groups within the Board, each with up to three (3) members.
- 4.3 The composition of the Board should be as follows:
 - 4.3.1 up to three (3) civil society groups
 - 4.3.2 up to three (3) biomass producers;
 - 4.3.3 up to three (3) end-users; and
 - 4.3.4 one (1) independent Chair.
- 4.4 The civil society group shall be made up of individuals with current or recent experience from civil society groups e.g. science, social NGOs, unions, environmental / conservation NGOs and other relevant civil society interests. It shall be ensured, that one of the civil society group members represents social interests.
- 4.5 The biomass producers group shall be made up of individuals with current or recent experience from biomass producing companies and/or biomass producer's associations from regions where SBP certification is applied.
- 4.6 The end-users group shall be made up of individuals with current or recent experience from biomass end-users and/or biomass user associations from regions where SBP certification is applied.

5 **Chair**

- 5.1 The Board members shall appoint an independent Chair (independent from the stakeholder groups in the Board) of the Board following an open call for nominations and a formal vote by the Board members.
- 5.2 Board members must be notified at least one (1) month in advance of the formal consideration of appointment or re-appointment of a Chair. Formal nominations for the position of a Chair should be submitted to the Secretary of the Board at least one (1) week in advance of the meeting at which consideration of the appointment or re-appointment of a Chair is made.
- 5.3 The Chair shall be appointed by a two-thirds majority of the votes, either at a duly convened meeting of the Board or conducted electronically as needed.
- 5.4 The Chair shall be appointed for an initial period of three (3) years.
- 5.5 Upon expiration of this term, the Chair shall be required to seek formal re-election from the Board if s/he wished to be re-appointed. Where the Chair has held two (2) consecutive three (3) year terms of office, s/he must vacate the position of Chair for a period of not less than one (1) year.
- 5.6 Upon vacancy of the position of the Chair, the Board shall nominate a replacement.
- 5.7 The Chair shall lead the Board and shall engage Board members on issues arising for Standards Committee, Technical Committee and CEO consideration.
- 5.8 The Chair shall be responsible for chairing meetings of the Board and for reporting to other committees as deemed necessary.

6 **Directors Role**

- 6.1 Directors are members of the Board. Directors shall be invited as individual expert advisers, nominated in a personal capacity (the individual is appointed to represent an interest group e.g. end-users, producers etc. and not the employer of the person) and chosen for their knowledge, integrity, expertise and basic support for SBP's objectives and the Object of the Company.
- 6.2 Directors shall be (or have recently been) senior-level executives or equivalent, with relevant and recent (not more than 5 years out of work) working experience in a sector that is related and relevant to SBPs object.

7 **Directors Nominations**

- 7.1 New Directors to the Board shall be selected through a nominations and appointment procedure.
- 7.2 From time to time as needed to maintain the number of ten (10) Directors and renew the Board membership, the Nominations Committee shall solicit nominations from among current Board members, and may also receive nominations from other places, including the Standards Committee, the Technical Committee, the CEO and other stakeholders. The Nominations Committee shall ask the relevant biomass producer associations to nominate

candidates for appointment as a Director to represent biomass producers in the Boards biomass producers group.

- 7.3 Nominations for re-appointment shall be reviewed with regards to performance of Board members in terms of attendance at meetings and involvement in the business of the Board between meetings and shall require a positive affirmation from the Director about their willingness and interest in continuing to serve.

8 Directors Appointment and Term

- 8.1 Candidates for appointment as a Director are identified by a Nominations Committee and appointed by the acting Board.

- 8.2 The candidate(s) shall be appointed by a simple majority of the votes, either at a duly convened meeting of the Board or conducted electronically as needed.

- 8.3 If more candidates are nominated for appointment and/or offer themselves for re-appointment than there are Director vacancies and the Board members are unable to reach agreement by applying the voting procedure on which candidates shall be appointed and/or re-appointed, the procedure for appointing and/or re-appointing such Director shall be as follows:

8.3.1 if the voting is to be for the appointment of one (1) Director only from more than one (1) candidate, the voting procedure to be used shall be Instant Runoff Voting; and

8.3.2 if the voting is to be for the appointment of more than one (1) Director from more candidates than there are Director vacancies, the voting procedure to be used will be the Single Transferable Vote.

8.3.3 The Instant Runoff Voting procedure and the Single Transferable Vote procedure shall be applied substantially in accordance with the appropriate rules for such procedures published from time to time by the Center for Voting and Democracy which is a non-profit organisation located in Maryland, USA. If the Center for Voting and Democracy shall cease to publish the relevant rules, the Board of Directors may adapt and implement similar rules of their own to fill any of the Directors' vacancies. The Chair shall, in consultation with the CEO, prepare and distribute to all members and candidates for appointment as members a definitive set of rules for any particular occasion when one (1) or more members are to be appointed by one (1) or other of the above procedures, and such rules shall be binding on all parties. The Chair shall be entitled to appoint, if they deem necessary, a suitably qualified organisation/expert to oversee, manage, operate, count, and announce the outcome of the voting on any particular occasion.

- 8.4 No person shall be appointed as a Director:

8.4.1 if his/her appointment would cause the number of Directors to exceed any number defined as the maximum number of Board members in the AoA and/or these ToR (either in total or for any Stakeholder Group).

- 8.5 No person shall be appointed or re-appointed a Director unless s/he has executed a notice addressed to the Chair stating that s/he is willing to be appointed or re-appointed as a Board member and applying to become a Director.
- 8.6 Directors shall be appointed for three (3) years. Directors are eligible for re-appointment for a subsequent period of three (3) years upon conclusion of which they may not serve as a Director for at least two (2) years.
- 8.7 Prior to appointment, all potential Directors shall advise the Chair of any potential conflicts of interest including those of a commercial nature.
- 8.8 Directors shall not appoint alternates. The Chair shall only exercise his or her power under the AoA to permit Directors to appoint alternates or for alternates to attend and vote at meetings in unusual or exceptional circumstances, and such permission shall only last for so long as is reasonably required in the context of those circumstances. It would not be anticipated that such permission would last beyond one meeting in normal circumstances.
- 8.9 Directors shall not be a member of the SBP Standards or Technical committee.

9 **Directors Removal**

- 9.1 A Director may be removed by the Board of Directors for any of the following reasons:
- 9.1.1 s/he is absent without permission of the Chair from more than one (1) in-person meeting of the Board;
- 9.1.2 s/he takes up employment with the SBP, an accreditation body or a certification body or becomes a member of the Standards or Technical Committee;
- 9.1.3 the failure (or likely failure) to perform as a Director or due to a conflict of interest that is antagonistic to the interests of the SBP, or due to a violation of the confidentiality rules or due to any other reasons the Board of Directors, acting reasonably, consider appropriate.;
- 9.1.4 s/he, through a change in employment or other, no longer falls within one (1) of the qualifying categories within a Stakeholder Group;
- 9.1.5 s/he is involved in the establishment or management or promotion of a competing certification system to SBP;
- 9.1.6 s/he resigns of his or her own accord;
- 9.1.7 s/he ceases to be a natural or legal person or otherwise becomes ineligible to serve as the Director.

10 **Representing SBP**

- 10.1 Board members shall not, unless expressly authorised by SBP, represent SBP to external stakeholders. All representation of SBP to external stakeholders is the responsibility of the Chair of the Board, the CEO and the SBP Secretariat.

11 Commitment of Board Members

11.1 All Board members are required to work openly, positively and constructively in furthering the aims of SBP.

12 Scope of Meetings

12.1 The Board shall select relevant issues and topics for its focus and discussion in pursuit of its objectives. The Chair shall consult with the Board members, the Standards Committee, the Technical Committee and the CEO to also suggest topics for the Board's consideration.

12.2 Only Directors have the right to attend Board meetings. The CEO shall be invited to attend for all or part of any meeting as considered appropriate but have no right to vote. Others such as the Chair(s) of any working groups, committees, advisory bodies or similar may be invited to attend for all or part of any meeting, as and when appropriate.

13 Frequency of Meetings

13.1 The Board shall meet four (4) times a year. The Chair, in consultation with the Board members shall set meeting dates at least twelve (12) months in advance. If circumstances require it, additional or virtual meetings of the Board may be called by the Chair.

14 Observers & Experts

14.1 At the Chair's discretion and following notification to the Board members, technical experts or others who can help take forward the work of the Board may be invited to attend meetings or part of meetings as non-voting, participating observers.

15 Meeting Management

15.1 The Chair shall determine the agenda for meetings after inviting input at least two (2) weeks before the agenda is finalised. The Chair shall co-ordinate but not censor topics s/he receives. The Chair will also consult with the Chairs of the Standards and Technical Committee and the CEO for agenda topics on which they desire Board input.

15.2 Any Board member may have any matter which is relevant to the function of the Board as set out herein for discussion at the meeting. This must be by notice to the Chair and must be received at least twenty-one (21) days prior to the date on which the Board meeting is to be held. The Chair may in his/her absolute discretion determine whether a matter so notified to him/her is relevant.

15.3 No business shall be discussed at any formal meeting of the Board unless a quorum is present.

15.4 Communication from Board members between meetings should be directed to the Chair, who will determine how best to approach the issue. All communication to the CEO concerning Board issues should therefore be directed to the Chair, who will then deal directly with the relevant persons to address the issue.

15.5 Meetings of the Board shall be summoned by the Secretary at the request of the Chair.

- 15.6 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Board member no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees as appropriate, at the same time. Agendas shall identify agenda items, responsibilities, indicative timings and shall cross-reference to supporting papers, where appropriate.
- 15.7 For each Board meeting the CEO shall prepare a progress report including a report on expenditure and budget. The format of this report template shall be agreed between the Chair and the CEO.
- 15.8 The Secretary shall minute the proceedings, decisions of and agreed actions arising from all Board meetings, including the names of those present and in attendance.
- 15.9 Draft minutes of meeting shall be made available to the Chair for approval. Following approval, the draft minutes of meeting shall be circulated promptly to all Board members and approved at the next Board meeting. If any Board member disagrees with the content of the minutes of the meeting the concern must be communicated to all Board members by email. However, once circulated, minutes of the meeting may only be amended by consensus agreement at the next meeting of the Board.

16 Matters requiring the unanimous agreement of the Directors

- 16.1 The following matters shall require the unanimous agreement of the Board members (i.e. there shall be no dissent) as expressed at a meeting of the Board or in writing:
- 16.1.1 a change of name of SBP;
 - 16.1.2 the cessation of the operation of SBP, or the merger or amalgamation with any other organization;
 - 16.1.3 acquisition of any interest in land or property; and
 - 16.1.4 entering into any agreement to borrow or lend any money, or the giving of any guarantee or pledge.

17 Honorarium, travel and subsistence expenses

- 17.1 Directors, except the independent Chair, are eligible to an honorarium for each Board meeting that a Director physically attends. The honorarium is determined and annually reviewed by the Board.
- 17.2 Directors are eligible for reimbursement of reasonable travel and subsistence expenses according to SBP's travel policy.
- 17.3 Invited guests and experts can be eligible for honorarium on a case to case basis and are eligible for reasonable travel and subsistence expenses according to SBP's travel policy.
- 17.4 Refunds will be made against evidence of expenditure according to SBP travel cost refunding procedures.

18 **Advice**

18.1 The Board shall fully consider and respond in due time and in writing to all advice and recommendations received from the Standards Committee and the Technical Committee and justify why they were or were not taken.

19 **Competition/Anti-trust requirements, Conflicts of Interest and Confidentiality**

19.1 Board members shall adhere to SBP's Anti-Trust Compliancy Policy Statement as referred to in the appendix. This Statement shall be referenced at the beginning of each meeting by the Chair.

19.2 Board members with any conflicts of interest with particular agenda items shall advise the Chair ahead of, or at the beginning of, each meeting and absent themselves from the meeting room during consideration of the item.

19.3 Board members shall maintain strict confidentiality regarding the business and affairs of SBP, including any commercially or politically sensitive information, matters discussed at meetings and otherwise in accordance with non-disclosure agreements entered into with SBP.

19.4 Board papers, Board minutes, any SBP related documents and information gained in Board meetings shall be regarded as confidential.

20 **Management, administration and resourcing**

20.1 The CEO shall appoint a member of the SBP Secretariat as the Manager of the Board, that will be responsible for co-ordinating Board meetings (dates, venues etc.), providing agenda and supporting papers for Board meetings.

20.2 On an as-needs-basis the Chair may contract outside specialist services e.g. for meeting facilitation.

20.3 The Chair and the CEO shall agree on and set a budget per meeting.

21 **SBP Articles of Association Govern**

21.1 If any provision herein is inconsistent with the AoA, the AoA shall govern.

22 **Appendix**

22.1 The following appendices apply in addition to these ToR:

22.1.1 SBP Articles of Association

22.1.2 SBP Anti-trust Compliance Policy Statement

22.1.3 SBP Travel Policy

22.1.4 SBP Glossary of Terms