



## STATUTES

### TITLE ONE

#### **CORPORATE NAME, DOMICILE, OFFICIAL LANGUAGES, DURATION, PURPOSE, ACTIVITIES, TENETS AND SOURCES OF REVENUE (July 2013, Sep 2014)**

**FIRST.** The name of the Organization shall be “FOREST STEWARDSHIP COUNCIL” which shall always be followed by the words “Asociación Civil”, or their abbreviation “A.C.” (hereafter referred to as the “Organization” or “FSC”).

**SECOND.** The domicile of the Organization shall be the City of Oaxaca, State of Oaxaca, Mexico. Notwithstanding the foregoing, the Organization may establish subsidiaries, agencies, offices or branches anywhere within the United Mexican States or abroad, in the understanding that such acts will not be interpreted as a change of domicile.

**THIRD.** The official languages of the Organization shall be Spanish and English. The main documents and materials published by the Organization shall be available in both languages. All documents submitted to the Organization, such as standards, applications and Principles and Criteria will be made available in English and Spanish by the Organization. Other languages may be added if approved by the General Assembly.

These statutes are available both in English and Spanish, and both texts shall be binding and constitute one single document; in the understanding, however, that in the event of differences between both versions, the English version shall prevail.

**FOURTH.** The Organization shall have an indefinite duration.

**FIFTH.** The purpose of the Organization shall be the following.

1. To promote the responsible management of forests, by providing the assistance required to achieve an environmentally appropriate, socially beneficial and economically viable use of natural resources and provision of ecosystem services, to avoid deterioration or misuse of such resources, or of the ecosystems or surrounding communities.
2. To promote viable management of forest resources and a forestry production that preserves the environment and respects civil rights and the rights of indigenous peoples, traditional peoples and local communities.
3. To promote FSC's Principles and Criteria (as approved by FSC's Membership) that define the responsible management of the world's forests through the development of the forest management standards and a voluntary accreditation program.
4. To conduct educational activities aimed at increasing the awareness of the importance of improving forest management.



5. To provide guidance and assistance to forest managers, legislators, developers of forest management policies, and to any other person interested in forest management.
6. To provide assistance and to collaborate with all kinds of entities and agencies around the world, public or private, dedicated to care for and maintain forests.
7. To promote the development of activities addressed to the preservation and maintenance of forests.
8. To establish offices for the research, information, and analysis of forest matters.
9. To build, lease and acquire real estate and chattels that could be necessary for the adequate performance of FSC's purpose.
10. To manage and handle FSC's own resources to best achieve its goal, mission and purpose, and to source adequate funds for these same objectives, whether directly or through credits obtained by the Organization, guaranteed or not, provided that in the latter case, the Organization's interests are adequately protected in accordance with the applicable law and regulations.
11. To acquire shares, interest or participation in other companies whether civil or commercial, for-profit or not-for-profit, Mexican or foreign, that could assist in the achievement of its purpose, whether through their incorporation or by acquisition in others already incorporated, as well as to sell or transfer such shares, interest or participation.
12. To obtain, acquire, use, dispose and profit from all kind of patents, trademarks or trade names or any title arising from them, whether in United Mexican States or abroad.
13. To carry out all legal actions and subscribe to all kinds of documents necessary for the performance of its purposes, including the guaranteeing of third party obligations.

**SIXTH.** The mission of the Organization is to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

Environmentally appropriate forest management ensures that the production of timber, non-timber products and ecosystems services maintains the forest's biodiversity, productivity and ecological processes.

Socially beneficial forest management helps both local people and society at large to enjoy long-term benefits and also provides strong incentives to local people to sustain their forest resources and adhere to long-term management plans.

Economically viable forest management means that forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resources, the ecosystem, or affected communities. The tension between the need to generate adequate financial returns and the principles of responsible forest operations can be reduced through efforts to market forest products for their best value.



**SEVENTH.** In compliance with its purpose and in relation with the same, the Organization shall undertake the following.

1. Promote Principles and Criteria of Forest Stewardship through a voluntary and independent accreditation and certification program for forest management.
2. Ensure evaluation and accreditation of Certification Bodies based upon adherence to FSC policies and to FSC requirements for Certification Bodies.
3. Conduct educational activities that increase awareness of the importance of improving forest management and the advantages of using certification as a tool to achieve this aim.
4. Provide guidance and assistance on issues related to responsible forest management to policy and decision makers, forest managers and legislators.

**EIGHTH.** There are two main tenets of the Organization.

1. FSC's Principles and Criteria apply without discrimination to all tropical, temperate and boreal forests worldwide which are managed for the production of forest products and for the provision of ecosystem services over the long term. The Organization shall value equally the environmental, social and economic aspects of forest management included in its Principles and Criteria. The Organization shall be a non-profit non-governmental organization, and shall remain independent from control by commercial interests, and government, multilateral and bilateral agencies, although collaboration with such entities will be sought. Government owned or controlled entities will only be admitted as members of the Organization under specific conditions set forth by the Board of Directors.
2. The Organization shall seek to complement national legislation and international treaties and agreements promoting environmentally appropriate, socially beneficial and economically viable forest management. FSC shall promote equitable access to accreditation and certification, and shall avoid discrimination against small-scale Certification Bodies or forest operations.

**NINTH.** The Organization shall have access to all the sources of revenue authorized by its Board of Directors, including, but not limited to:

1. license fees for use of the Organization's intellectual property rights, including trademarks;
2. grants and donations;
3. membership dues; and
4. returns from investments and charges for the Organization's products and services (e.g. FSC standards, technical reports, etc.).



The Organization will accept contributions from non-governmental organizations, foundations, government sources, multilateral agencies, private and public companies, and individuals, as long as the intended use of these contributions is aligned with these Statutes and no restrictions are attached which would affect its independence or integrity. Any surplus at the end of each fiscal term shall be reserved for future operating needs and/or dedicated to improving and increasing the programs of the Organization.

**TENTH.** In accordance with Article 14 of the Regulations of the Foreign Investment Law and in order to comply with the condition included in the name-use authorization granted by the Ministry of Foreign Affairs, FSC Members agree that any alien who upon the incorporation of the Organization, or at any time thereafter, acquires an equity interest or participation in the Organization, shall thereby be considered as a Mexican (national of the United Mexican States) as regarding such interest or participation, and with respect to all assets, rights, concessions, participation or interests which may be held by the Organization, or the rights and obligations arising from agreements to which the Organization may be a party, and it shall be understood that such aliens agree not to invoke the protection of his/her government, under penalty, in case of any failure to comply with this agreement, of forfeiting such interest or participation in benefit of the Mexican nation.

## **TITLE TWO MEMBERS**

**ELEVENTH.** The Organization shall be formed by Members, which shall be those individuals or legal entities who participated in the incorporation of the Organization, and those that could be later admitted as Members by the General Assembly in accordance with the provisions included in these Statutes.

Legal entities admitted as Members shall designate a representative before the Organization, who will be responsible for the relationship between the Organization and the Member and who will also represent the entity at the General Assembly. This is in the understanding that: (i) individual FSC members cannot be appointed as designated representatives of a Member of the Organization, and (ii) one person cannot represent more than one organizational member.

As further explained in Title Three of these Statutes, the General Assembly of the Organization is made up of three chambers. The Organization's membership criteria to the three chambers is described in Clause Twentieth.

**TWELFTH.** The individuals or legal entities wishing to become Members shall deliver a written or electronic application (including by e-mail) to the Board of Directors. Applications must be accompanied by the following information.

1. A statement of support for the Organization describing how the organization or individual is meeting the tenets of the Organization. In the case of organizational members, this support shall take the form of a statement from its governing body.
2. In the case of organizations, this must include statutes, annual reports or other information regarding funding and activities, and any publicly available accounts, and list of members (if relevant).
3. In the case of a non-profit organization, evidence of charitable or not-for-profit status.



4. In the case of prospective members of the economic chamber, detailed documentation, describing the organization or individual's commercial activities, details of forest operations or sources, including a description of how active commitment to FSC and its Principles and Criteria is being, or will be, implemented, and, for organizations, the identity of directors, the parent company and other relevant commercial relationships. At the request of the prospective member, the Board may treat financial information from the prospective member as confidential.
5. A statement of support for the application from two FSC Members in good standing; in the understanding that at least one letter should be from a member of the chamber to which the prospective member is applying to join, and preferably from the same sub-chamber.

As part of the application process, prospective members must adhere to the FSC Policy for Association (as issued and defined by the Board of Directors).

Upon receipt of the membership application, the Board of Directors shall consider it and ask for additional information if deemed necessary. The Board of Directors may then consult with the National Office (as defined below) in the country where the applicant is based. The Board of Directors shall assess whether:

- A. The organization is *bona fide*.
- B. There are any existent social, environmental or legal grievances. The Organization reserves the right to explore any grievances from its Members concerning a prospective member, its activities or operations. Applications will be held as pending until these grievances are resolved, if considered by the Board of Directors as substantial.
- C. The candidate genuinely supports FSC and its activities.

If the opinion of the Board is favorable on these matters, the organization or individual is admitted to the membership on a provisional basis until confirmed in the next General Assembly. At least every six months the Board shall publish new applications for membership and allow the opportunity for existing Members to challenge any applications recommended by the Board of Directors. Challenges will need to be supported by written documentation and endorsed by at least two Members. If no challenge is received six months after the first publication of the application, the membership application is considered to be approved pending only confirmation by the General Assembly. In the case of a challenge, the final decision will be taken by a vote of the General Assembly.

Once admitted to the membership, each new organizational Member shall ensure that an announcement of its admission is circulated to its own stakeholders with a view to disseminating the objectives of FSC.

Members shall promptly inform the Organization's Director General of any important change in the particulars supplied in support of their application for membership, especially when these changes could affect their eligibility for membership to the chamber they are originally assigned to.



The Board will be entitled to issue manuals to regulate application procedures and to delegate on the Secretariat its faculties and responsibilities set forth above with respect to the application process for new members.

**THIRTEENTH.** Members shall have the following rights and obligations.

1. To participate and vote in all General Assemblies and postal ballots. To such effect and as further explained below, each Member shall have the right to cast one vote. The weight of a member's vote will depend on the chamber and sub-chamber to which they are members, and their type of membership (individual or organizational Member). In order to prevent conflict of interest, members should abstain from discussing and voting in those matters in which their interest is opposite to the Organization's.
2. To vote and be elected to hold any of the offices of the Organization referred to in these Statutes.
3. To submit initiatives related to the Organization's works and activities, as well as those related to the achievement of its mission and purposes.
4. To pay Ordinary and Extraordinary dues.
5. To assist the Director General and the Commissions formed by resolution of the General Assembly to achieve the purpose of the Organization.
6. Any other rights and obligations that might be determined from time to time by the General Assembly.

The rights of a Member in connection with General Assemblies shall be automatically suspended when the dues of that Member are five months in arrears.

**FOURTEENTH.** The Board of Directors will establish the annual fees payable by the Members. The fees must cover the membership service expenses of the Organization, without discriminating against Southern Members. The Board of Directors shall periodically review, update and publish the schedule of membership dues. When a new member joins the Organization, dues for the first year shall be calculated according to the date of membership (e.g. if the member joins on July 1<sup>st</sup>, half of the annual dues will be payable for the first year).

**FIFTEENTH.** In order to prevent conflict of interest, staff working for the Organization or its subsidiaries, FSC National Offices, and FSC National Representatives shall not be Members of the Organization. National Focal Points shall be entitled to apply for membership.

**SIXTEENTH.** The status of Members shall not be assignable.

**SEVENTEENTH.** Membership of the Organization will cease in any of the following cases.



1. Due to voluntary resignation, submitted to the Board of Directors in writing, two months prior to its effective date. The Member resigning from the Organization's membership will not be entitled to any refund of membership dues paid.
2. Due to the issuance by the General Assembly of a destitution resolution. The following shall be considered as destitution causes: (i) to participate in activities contrary to the interests of the Organization, as outlined in the FSC Policy for Association; or (ii) that the Member no longer meets membership requirements, or (iii) non-payment of annual dues for two consecutive years.

A destitution process may be initiated by any member of the Board of Directors or by a Member supported by two other Members. Any proposed destitution must be submitted to the Board of Directors in writing accompanied by a justification. The Board of Directors will review the matter and if it considers that the complaint is substantiated it will grant the Member the opportunity to present its position on the matter within one month from the date on which the Member is informed in writing (including by e-mail) of the destitution process and its supported justifications.

If within one month of the date on which the Member is informed of the Board's preliminary conclusion the Member does not challenge in writing (including by e-mail) this conclusion before the Board, the Member shall be considered to have withdrawn from the Organization's membership. If the Member does challenge the Board's preliminary conclusion, the Board of Directors shall submit the proposal together with the arguments of the Member for a decision of the General Assembly, which shall be final.

As listed above, non-payment of annual dues for two consecutive years is also considered as a destitution cause. If the dues of a Member are two years in arrears, the Member shall be informed in writing (including by e-mail) of this circumstance and will be granted the opportunity to pay all outstanding dues within one calendar month. If within such period the Member does not pay the outstanding dues, the Member shall be considered to have withdrawn from the Organization's membership. If the Member challenges its destitution, the Board of Directors shall submit the case for a decision of the General Assembly, which shall be final.

3. Due to the death of a Member, when the Member is an individual. In such an event, membership may not be assigned to another individual, not even by will or in any other forms. All the contributions made during the lifetime of the Member will be considered as part of the patrimony of the Organization.
4. Due to the dissolution and/or liquidation of an organizational Member. In such an event, membership may not be assigned to another entity in any form. All the contributions made by the organizational Member to the Organization will be considered as part of the patrimony of the Organization.

If a former Member, who is considered to have voluntarily withdrawn from the Organization or that was destitute from the membership due to non-payment of annual dues for two consecutive years, seeks readmission to membership, all outstanding dues at the time of withdrawal or destitution must be paid in advance. After this has been done, the Member may be readmitted at the discretion of the Board without having to complete the application procedures for new Members. A Member that was destitute due to any



other reason could be eligible to apply for readmission to the Organization if previously approved by the Board. In this case, the resolution of the circumstances that had led to the destitution should be required before the destitute member can reapply.

### **TITLE THREE GENERAL ASSEMBLIES**

**EIGHTEENTH.** The General Assembly is the supreme authority of the Organization, composed of individual Members or duly designated delegates of Member's organizations. This body may hold Ordinary or Extraordinary General Assemblies. The Ordinary General Assemblies shall be held at least once every three years. The meetings, whether Ordinary or Extraordinary, can either be called by the Board of Directors or by a group of Members representing at least 5% (five per cent) of the voting power of the membership. The notices for the meeting shall provide whether the respective meeting will be Ordinary or Extraordinary.

The General Assembly will delegate managerial activities of the Organization to the Board of Directors as set forth in Title Four of these Statutes.

**NINETEENTH.** The General Assembly shall be made up of three chambers. The purpose of the chamber structure is to maintain the balance of voting power between different interests without having to limit the number of Members. The votes within each chamber shall be divided equally between the Members, while respecting the provisions set forth herein. If additional Members join a chamber, the voting power of existing Members will dilute accordingly.

As further explained in Clause Twentieth, the Social Chamber shall be made up of social and indigenous organizations and assigned individuals and will have one third of the voting power in the General Assembly. The Environmental Chamber shall be made up of environmental organizations and assigned individuals and will have one third of the voting power in the General Assembly. The Economic Chamber shall be made up of individuals and organizations with an economic interest in forest management operations and/or in the forest products trade, and will have one third of the voting power in the General Assembly.

To achieve a balance between Northern and Southern perspectives within each chamber, there shall be 'Northern' and 'Southern' sub-chambers within each of the three chambers, and Northern and Southern organizations and individuals as distinct groups shall have 50% of the voting power each. The total voting weight of the sum of all individual Members in each sub-chamber shall be limited to 10% of that sub-chamber's total voting weight.

The Board of Directors shall decide on a set of intergovernmental criteria, such as the United Nations or World Bank's classification, to differentiate organizations and individuals between North and South. A periodically updated set of criteria and list of countries classified as North or South will be available upon request from the FSC Secretariat.

In case of any doubt whether a Member shall be assigned to the North or South sub-chamber within a chamber, the Board will have the final say on the matter. On making this decision, the Board of Directors shall consider, among other factors, the nationality of the individual or place of incorporation of the organizational member.





**TWENTIETH.** The Organization's membership criteria to the three chambers shall be as follows.

1. Membership of the Economic Chamber shall be open to individuals, companies and organizations who principally have a commercial interest in forest management, the production, processing or commercialisation of forest products, or in the activities of the Organization, including, but not limited to the following.
  - a) Forest management and forest product companies.
  - b) Manufacturing companies.
  - c) Wholesalers, retailers, traders and brokers.
  - d) Consulting firms.
  - e) Commercially oriented communally-owned forest enterprises, indigenous organizations or community groups.
  - f) Industry associations.
  - g) Research organizations and academics whose primary interests are the economic or trade of forest products.
  - h) Certification bodies.
  - i) Government owned or controlled entities.
  - j) Employees, consultants and representatives of the above.
  
2. Membership of the Social Chamber shall be open to individuals and not-for-profit organizations whose principal purpose and interest is socially beneficial forestry, including, but not limited to the following.
  - a) Socially oriented communally-owned organizations, indigenous organizations and community groups.
  - b) Trade unions, labor unions and workers associations.
  - c) Non-Governmental Organizations engaged in social development, social justice, strengthening civil society or similar.
  - d) Organizations and associations working to promote recreational uses of forests.
  - e) Research organizations and academics whose primary interests are social issues within forestry.
  - f) Development non-governmental organizations.
  - g) Employees, consultants and representatives of the above.
  
3. Membership of the Environmental Chamber shall be open to individuals and not-for-profit organizations whose principal purpose and interest is the protection, preservation or conservation of the natural environment, including, but not limited to the following.
  - a) Environmental non-governmental organizations.
  - b) Environmental interest groups.
  - c) Research organizations and academics whose primary interest is the protection, the technical aspects of forest management and the preservation or conservation of the natural environment.
  - d) Environmentally oriented communally-owned organizations, indigenous organizations and community groups.



- e) Employees, consultants and representatives of the above.

In case of any doubt, the Board will have the final say on whether a Member should be assigned to the Economic, Social or Environmental Chamber.

**TWENTY-FIRST.** Ordinary General Assemblies shall be those called to deal with the following matters.

1. To review the Principles and Criteria of the Organization.
2. To review the financial statements of the Organization for the previous period and approve as appropriate.
3. To appoint and revoke the appointment of members of the Board of Directors as provided in Title Four of these Statutes.
4. Except for a change of the Organization's purpose which is reserved to an Extraordinary General Assembly, any amendments to the Statutes.
5. The admittance or exclusion of Members.
6. Any other matter not expressly reserved to an Extraordinary General Assembly.

**TWENTY-SECOND.** Extraordinary General Assemblies shall resolve exclusively the following matters:

1. A change of the Organization's purpose.
2. Dissolution of the Organization.

**TWENTY-THIRD.** The General Assemblies shall be held in accordance with the following provisions.

1. The notice of the General Assembly shall set forth the agenda, date, hour and place in which the meeting will be held.
2. The notice for any General Assembly shall be sent to every Member, by post, fax or electronic means (including by e-mail) at least 60 (sixty) days prior to the date of the respective meeting, to the latest contact information that such Member registered before the Director General of the Organization.
3. The General Assemblies shall be presided by the Chairperson of the Board of Directors of the Organization, or by the person appointed to such effect by the majority of the Members attending the Assembly. The General Assembly will adopt its own rules of procedure which will be proposed by the Board of Directors.



4. The Chairperson shall appoint one or more recount clerks to verify the existence of quorum and voting power legally required to hold the General Assembly and to adopt resolutions.
5. The General Assembly shall strive to adopt decisions by consensus. For decisions to be made at any Ordinary or Extraordinary General Assembly, a quorum of more than 50% of the voting power of Members in good standing in each of the three chambers shall be required. In order to adopt resolutions at any Ordinary or Extraordinary General Assembly, the affirmative vote of both a simple majority of the voting power of Members in good standing in each chamber present at the time of the vote and at least two thirds of the voting power of all Members in good standing present at the time of the vote, shall be required. The members must be in good standing at the time of the meeting.
6. The provisions set forth in Clause Nineteen above regarding voting power for each chamber shall be observed at all times. Abstentions shall count for purposes of reaching the required quorum, but not for calculating the voting power. The voting power shall be calculated based on the number of votes actually cast.
7. In case that a quorum is not met at any legally convened Ordinary or Extraordinary General Assembly or in a first postal ballot, all matters included in the corresponding agenda shall be voted on by Members in a postal or electronic ballot within two months.
8. In the case of a second postal or electronic ballot for matters that could not be voted on due to a lack of quorum in a legally convened General Assembly or a first postal ballot, a quorum shall not be required and the resolutions shall be considered as validly adopted when approved by both the affirmative vote of a simple majority of Members in good standing within each chamber, and at least two thirds of the total voting power of Members in good standing. Voting power on a second ballot shall be calculated based on the number of votes actually cast. The members must be in good standing at the time they cast their vote;
9. Members may be represented at any General Assembly by any other Member, designated in writing before two witnesses, on the understanding that at a specific General Assembly: (i) a Member can only represent a maximum of five organizational Members that could be part of any of the three chambers, and (ii) a Member can represent an unlimited number of individual Members who could be part of any of the three chambers. .
10. In case any Member may not be able attend a General Assembly due to financial reasons, they may apply to the FSC Secretariat for financial support. The Secretariat shall seek to provide essential support according to the funds available in accordance to these Statutes and as approved by the Board of Directors, with priority going to Southern Members.
11. Notwithstanding the foregoing, written consent resolutions may be adopted by the Members without holding a General Assembly, by means of a postal or electronic ballot (including by e-mail), accepting the following.
  - a) Resolutions adopted through a postal ballot shall have the same validity as if approved during a General Assembly.



- b) The Secretariat may invite the membership to vote on matters through a postal ballot or for the membership to cast its votes electronically (including by e-mail). In this context, electronic evidence of the vote shall have the same validity as if contained in original documents.
- c) The invitation to vote shall establish the voting period for submitting ballots, with the understanding that at the Secretariat's discretion, this period could be extended in one or more occasions and such circumstance shall be properly informed to the membership.
- d) The Secretariat shall gather and maintain evidence of the vote of all Members and will determine if such resolutions are validly adopted by the Members of the Organization in accordance with these Statutes.
- e) Postal or electronic ballots shall be held at least every two years to elect Board Members, with the understanding that the Board of Directors may organize additional ballots at any time at its own discretion.
- f) Whenever elections of Board Members coincide with a General Assembly, board elections will be arranged by a combination of postal or electronic ballot (for individual Members not present or for legal entities not represented at the General Assembly) and votes at the General Assembly according to the procedures determined by the Board of Directors.
- g) Quorum and voting powers necessary to validly adopt resolutions by written consent shall be the same as if approved during a General Assembly, in the understanding that quorum and voting power thresholds will be calculated based on the number of votes actually cast and that Members must be in good standing at the time the invitation to vote is issued by the Secretariat.
- h) In case of a second postal or electronic ballot due to lack of quorum in a first postal ballot or in a General Assembly, rules set forth in paragraph 8 of this Clause Twenty-Three shall apply.

**TITLE FOUR  
MANAGEMENT OF THE ORGANIZATION  
BOARD OF DIRECTORS**

**TWENTY-FOURTH.** The Organization shall be managed by a Board of Directors composed of twelve members elected by the General Assembly. The members of the Board of Directors may be individual Members or delegates duly appointed by Organizational Members. In electing the Board, the General Assembly shall aim for regional and gender balance.

In accordance with the provisions contained in this Title of the Statutes, the Board of Directors will be chaired by a Chairperson, who will be assisted by one or more Vice-Chairs of the Board of Directors. A Treasurer and a Secretary of the Board shall also be designated.

Each chamber shall be represented by four Board Members. There shall be two Northern and two Southern representatives on the Board within each chamber. Board Members shall seek to make decisions which benefit the Organization as a whole and represent the views and concerns of the sub-chamber which they represent (e.g. South/Social) in Board deliberations, rather than simply reflect the views of the organization with which they are affiliated.

Certification bodies, government owned or controlled entities and industry associations may not be represented on the Board of Directors.



Members that are members of the Board of Directors of an FSC National Office shall be eligible to the FSC Board, but if elected, they must resign from the National Office Board before assuming their position on the FSC Board of Directors.

The Board of Directors shall be accountable to the FSC Members and to the public authorities in the country in which FSC is headquartered. Directors shall represent the Organization in public where appropriate.

Board members must ensure that the Organization adheres to its Statutes, as well as to national legislation and administrative procedures for non-profit organizations. Board members shall be required to sign a non-disclosure agreement and to keep financial information about the Organization's Members and accredited Certification Bodies confidential. Board Members shall also sign a conflict of interest declaration and update this whenever necessary.

The Board of Directors shall be able to appoint technical advisors to support the Board both during meetings and at other times. These technical advisors shall be selected by the Board of Directors on the basis of essential additional skills required at the time; e.g. fundraising, organizational development, legal issues, and consensus decision making, among others. The technical advisors shall be selected based on their relevant skills, experience and commitment to FSC's mission and goals. The Board of Directors will seek to maintain a north-south balance in the selection and use of the technical advisors. The technical advisors will be appointed on an as-needed basis and their terms will be variable according to needs and availability. The technical advisors will not have a right to vote.

The Board of Directors may establish a number of committees to assist the Organization with both operational and management tasks, on which both, members and outside experts, may be invited to serve.

**TWENTY-FIFTH.** Members of the Board of Directors shall be elected for a four-year term from the date of their respective appointment. Notwithstanding the above, six members of the Board, one from each sub-chamber, shall be appointed every two years in order to substitute the members of the Board ending their office. The Board of Directors will receive seconded nominations of candidates and will prepare a written ballot classifying each candidate into the appropriate sub-chamber (e.g. Northern/Environmental) to be submitted to the election of the General Assembly. The quorum and voting power for the election of a Board of Directors through a vote at a General Assembly or by a postal or electronic ballot shall be calculated according to the provision set forth in Clauses Nineteen and Twenty-Three above.

If a Board member ends his/her term prematurely for whatever reason, including revocation of their appointment by the General Assembly, the General Assembly shall appoint a new member from the appropriate sub-chamber (e.g. Northern/Environmental) for the remainder of the term, using the process described above.

Directors are allowed to serve two consecutive four-year terms, subject to re-election by the membership, according to these Statutes.

Members of the Board of Directors which represent legal entities that are Members of the Organization may not be replaced or substituted in their role as Board member. In case any member of the Board of Directors ceases to be part of any Member legal entity and becomes part of a different one, such person may continue



as a member of the Board of Directors as long as both Members are part of the same sub-chamber and if they both agree to such circumstance in writing. If a Board member becomes affiliated with an organization in another sub-chamber, he or she must resign from the Board of Directors.

Any member of the Board of Directors may be removed from his/her position by the General Assembly if he/she engages in activities contrary to the interests of the Organization. The following process shall be followed:

1. The Chairperson of the Board shall notify in writing to the member of the Board engaged in activities contrary to the interests of the Organization of such event.
2. If within 30 days, the member of the Board does not file before the Board of Directors the documents evidencing that he/she has modified his/her conduct, an exclusion proposal shall be submitted to a vote by the Board of Directors.
3. An exclusion resolution shall be approved by a majority vote of the Board of Directors and then by the membership in accordance with Clause Nineteen and Twenty-Three of these Statutes. In the case that a second ballot shall be required to approve the exclusion of a Board member, the rules set forth in paragraph 8 of Clause Twenty-Three shall be followed.

Members of the Board of Directors shall continue in office until their successors have been appointed and have taken office; in the understanding that if a Board Member is removed from his/her position as described above, he/she will be ceased from his/her position as member of the Board immediately after approved by the membership.

**TWENTY-SIXTH.** The Board of Directors may meet at any place either within Mexico or abroad, as designated in the notice for the meeting. The living and travel expenses of Directors in connection with the meeting shall be borne by the Organization. The Board of Directors may meet as frequently as deemed necessary or convenient by its Chairperson or a majority of its acting members. Written notice of any such meeting shall be sent to all Board members at least 15 (fifteen) days prior to the meeting, by post, fax or electronic means (including by e-mail), to the latest address registered with the Secretary of the Organization by each recipient.

The notice shall contain the hour, date, place and agenda for the meeting. Any meeting of the Board of Directors shall be valid, however called, if all those entitled to be at the meeting are present.

**TWENTY-SEVENTH.** A quorum shall exist at any meeting of the Board if at least ten of its members are present, with at least two from each chamber. The Board of Directors shall strive to make decisions by consensus. If consensus cannot be reached, resolutions of the Board of Directors shall be validly adopted by the affirmative vote of at least seven of the acting members of the Board present at the meeting, with at least two positive votes per chamber. The Chairperson of the Board of Directors shall not be entitled to cast an additional tie-breaking vote. Minutes of all meetings of the Board of Directors shall be prepared and transcribed in the corresponding Minutes Book, signed by at least the Chairperson and Secretary of the meeting. Spanish and English versions of such Minutes shall be prepared and distributed among all the members of the Board of Directors. A public version of the Minutes will be made available to all Members through the means determined by the Board (including electronic means).



In order to prevent any conflict of interest, Board members should abstain from discussing and voting in those matters in which they have a conflict of interest.

**TWENTY-EIGHTH.** Decision and motions approved by the General Assembly, the supreme Authority of FSC, and resolutions of the Membership as per Clause Twenty-Third numeral 11 of these Statutes, have the highest standing in the hierarchy of decision-making of the organization. Once a decision, motion or resolution has been accepted by the Members, it cannot be modified by the Board of Directors or the Secretariat. The operationalization of a motion shall respect its objective and/or intent of the decision. It is the responsibility of the Board of Directors to make sure it is implemented in a reasonable timeframe. The Board shall report periodically to the members regarding the implementation, including timeline and status of implementation of the motions.

Actions and/or measures, policies, guidance notes, regulations, memoranda, or similar documentation in contradiction with the spirit, objective and/or intent of the decision, motion or resolution cannot be undertaken or issued by anybody of the organization.

If the implementation of a decision, motion or resolution appears to be impossible or to have undesired side effects, the Board of Directors shall report this to the membership.

**TWENTY-NINTH.** The Board of Directors shall have the broadest legal authority granted to attorneys-in-fact to enter into all agreements, to carry out all acts and operations which by law or by these Statutes are not expressly reserved to a General Assembly, which is the supreme authority of the Organization. These may include faculties to manage and direct the affairs of the Organization, to implement and coordinate and supervise the implementation of the decisions, motions and resolutions approved by the Membership, to issue policies, guidance notes, regulations, memoranda, or similar documentation, in accordance with Clause Twenty-Eighth. These may be necessary or convenient to clarify and/or interpret, from an operational standpoint, these Statutes and the Organization's plans, work plans, its Principles and Criteria and other FSC's material and in general, required to carry out the purpose of the Organization. The Board of Directors shall exercise its faculties granted herein in compliance with the purpose, mission and tenets of the Organization and in line with the decisions and motions approved by the General Assembly. The Board of Directors shall also represent the Organization before any judicial (criminal or civil), commercial, labor or administrative authorities, whether federal, state or municipal, with broad authority for lawsuits and collections, acts of administration and acts of domain. These are provided in the first three paragraphs of Article 2554 (two thousand five hundred and fifty four) of the Civil Code of the Federal District and the corresponding Articles of the Federal Civil Code and the Civil Codes of the States, and with those powers, which according to law, must be expressly set forth and referred to in Article 2574 (two thousand five hundred and seventy four), Article 2582 (two thousand five hundred and eighty two), and Article 2593 (two thousand five hundred and ninety three) of the Civil Code for the Federal District and the corresponding articles of the Federal Civil Code and the Civil Codes of the States, and in Article 9 (nine) of the General Law of Negotiable Instruments and Credit Operations. These shall include but without any limitation whatsoever, the following issues.

- a. To file and withdraw criminal complaints, submit accusations, assist the Attorney General and grant pardons.
- b. To file and desist from 'amparo' proceedings that serve to guarantee constitutional rights ('amparo' referring to proceedings that serve to guarantee constitutional rights in Mexico).
- c. To desist of any legal proceedings initiated by the Organization.



- d. To settle any sort of claims or legal proceedings.
- e. To submit to arbitration.
- f. To answer questions representing the Organization in legal proceedings.
- g. To assign assets in favor of third parties.
- h. To recuse any judicial authority in appropriate circumstances.
- i. To receive payments on behalf of the Organization.
- j. To grant without limitations, or with those limitations that the Board of Directors deems appropriate, and to revoke general and/or special powers of attorney of any kind whatsoever, including general powers for acts of administration, or acts of domain, lawsuits and collections, and negotiable instruments.
- k. To delegate any of the above powers to one or more persons, managers, executives, attorneys or committees as the Board of Directors deems convenient.

No member of the Board of Directors may, individually or separately, exercise any of the foregoing powers, except as expressly authorized by the Board of Directors or a General Assembly.

The Board of Directors will also be responsible for surveying the performance of the Director General, in order to guarantee that his/her performance is always in accordance with these Statutes.

**THIRTIETH.** The following are the main duties of the Chairperson of the Board of Directors of the Organization.

1. To preside over the General Assembly and meetings of the Board, including opening, calling to order, and closing.
2. To submit for the consideration of the General Assembly the annual financial statements of the Organization for the previous period.
3. To represent the Board of Directors before the General Assembly and the Organization before third parties when so determined by the General Assembly.
4. Any other duties entrusted by the General Assembly or by the Board of Directors.

**THIRTY-FIRST.** The following are the main duties of the Vice-Chairs of the Board of Directors.

1. To assist the Chairperson during meetings of the General Assembly or of the Board of Directors.
2. To assist the Chairperson in any other task, as requested by the Chairperson of the Board, related to preparation of meetings or with actions destined to implement resolutions approved by the Board.
3. to replace the Chairperson in case he/she is unable to attend to his/her duties, for whatever reason.
4. Any other duties entrusted by the General Assembly or by the Board of Directors.

**THIRTY-SECOND.** The following are the main duties of the Treasurer.





1. To review and monitor the Organization's bookkeeping, including but not limited to, all bank accounts, and accounts receivable and payable.
2. To oversee the preparation and presentation of all financial reports for Board approval, or as requested by external auditors.
3. To submit a financial report at regular Board meetings, including as a minimum:
  - a) the amount at the beginning of the period in question;
  - b) the amounts received since the close of the previous period in question;
  - c) the amounts paid since the close of the previous period, and
  - d) the balance at hand.
4. Any other duties entrusted by the General Assembly or by the Board of Directors.

The Treasurer shall normally delegate authority for managing the Organization's day-to-day accounts to the Director General, upon approval by the Board of Directors.

**THIRTY-THIRD.** The following are the main duties of the Secretary.

1. Maintain all official documents of the Organization, such as these Statutes, Principles and Criteria, Guidelines for Certification Bodies, other regulations, property records, and written records of all General Assemblies and Board of Directors' deliberations.
2. Prepare and distribute to the membership, upon approval by the Chairperson, written summaries of all Board of Directors' deliberations.
3. Any other duties entrusted by the General Assembly or the Board of Directors.

The Secretary of the Organization does not need to be a Board member. The position will automatically be filled by the Director General, who will need to be present at all Board of Directors' sessions in a non-voting capacity. In the unusual event that the Director General is not present at a Board of Directors meeting, the Chairperson of the Board shall appoint one of the members present, or arrange for a staff person of the Organization, to act as the Secretary for the duration of the session in question.

**THIRTY-FOURTH.** The Chairperson, Vice-Chairs, and Treasurer of the Board shall be designated during the last meeting of the Board each year. The Chairperson, Vice-Chair, Treasurer and Secretary of the Board cannot be substituted, unless under exceptional circumstances, it is agreed upon by the Board of Directors.

## TITLE FIVE OFFICERS



**THIRTY-FIFTH.** The day-to-day management of the Organization shall be conferred upon a Director General appointed by the Board of Directors on such terms and conditions as may be determined by the Board and set forth in a written agreement and who shall not be a member of the Board of Directors. The Director General shall head the Secretariat and shall be the chief executive officer of the Organization.

**THIRTY-SIXTH.** The Director General shall continue in office for the term determined by the Board of Directors. The Director General may be reappointed provided this is ratified by the Board of Directors.

**THIRTY-SEVENTH.** The Director General, under the surveillance and approval of the Board, shall have the following faculties and duties.

1. To approve and receive contributions or donations of all kinds from Members or third parties for the benefit of the Organization, in accordance with the guidelines established by the Board for such purposes.
2. To appoint Secretariat staff in accordance with staff rules to be determined by the Board; as well as to grant the powers-of-attorney necessary for the adequate performance of their duties, and to determine their respective considerations. The staff shall be selected on as wide a geographical basis as possible and there shall be no discrimination on gender, ethnic, political or religious grounds.
3. To execute the resolutions approved by the Board including those regarding the use and management of the economic resources of the Organization, in accordance with its corporate purpose and internal regulations.
4. To be responsible before the Board of Directors for the effective implementation of the Organization's policies.
5. To be responsible for the finances, accounting and administration of the Organization.
6. To be responsible for ensuring that the legal requirements for the Organization's operation are met in all countries where the Organization is operating.
7. To represent the Organization before any kind of authority or third party. For such purposes, the Director General is hereby granted powers for lawsuits and collections and acts of administration in accordance with the first two paragraphs of Article 2554 (two thousand five hundred and fifty four) of the Civil Code of the Federal District and the corresponding articles of the Federal Civil Code and the Civil Codes for the States, including the special powers which according to law must be expressly set forth, which are referred to in Article 2587 (two thousand five hundred and eighty seven) of the Civil Code for the Federal District and the corresponding articles of the Federal Civil Code and the Civil Codes for the States, as well as to subscribe negotiable instruments pursuant to Article 9 (nine) of the General Law of Negotiable Instruments. The Director General may grant total or partial substitutions of the powers granted to him as provided herein, and may revoke any substitutions so granted, provided the prior approval of the Board shall be obtained.



8. To submit for the approval of the Board within the first four months of each year, the accounts duly audited by an external auditor appointed by the Board of Directors, together with a report about the activities of the Organization in the previous year. When approved by the Board of Directors this report shall be sent to the membership on request.
9. To submit to the approval of the Board an annual budget and work-plan based on estimates of income and expenditure, and keep the Board informed of unforeseen expenses and significant variations from projected income. Once the budget and work-plan have been approved by the Board, they shall be sent to the membership on request.
10. To encourage collaboration with interested individuals and organizations who can contribute to the Organization's purpose and mission.
11. In accordance with Clause Thirty-Third of these Statutes, act as Secretary of the Board of Directors and attend Board of Directors meetings, in the understanding that he/she will not have a right to vote.

The performance of the Director General shall be assessed from time to time, but at least once every year, by the Board of Directors. In the performance of duties, the Director General and other staff members shall not receive nor follow instructions from any authority external to Organization and shall refrain from any activities incompatible with their positions as Director General and staff members of the Organization.

## **TITLE SIX THE FSC NETWORK**

**THIRTY-EIGHTH.** The Organization shall encourage and support national offices and other Network Partners, listed below, which are in line with the Organization's purpose and mission. The objectives of this are to decentralize the work of the Organization and to encourage local participation in a manner consistent with the structure and purpose of the Organization. Guidelines and minimum requirements for national offices shall be prepared and published by the Secretariat and shall require that Network Partners seek consensus in their decisions. These decisions shall be taken in a manner which demonstrate the support of each chamber following the chamber model described in Clauses Nineteen and Twenty herein and as defined by the Organization. If an Organization's body is established in a country, it shall fit into one of the following categories.

1. FSC National Office: a legally established and independent FSC partner organization promoting responsible management of the world's forests on behalf of FSC at the national level, on the basis of a formal contract (cooperation agreement). National Offices shall have a multi-stakeholder governance structure, similar to that of the Organization, as outlined in these Statutes.
2. FSC National Representative: an individual working on behalf of FSC in his/her country to serve as a national point for information and to promote responsible management of the forests under a formal contract (cooperation and service agreement).



3. FSC National Focal Point: an individual with a specified and agreed task for his/her country, accomplished on a voluntary basis and under a formal contract (agreement). The National Focal Point does not represent FSC.

Irrespective of the nature of the Organization's presence in a country through one or more of the above mentioned bodies, the Organization will retain the final say in approving National Standards. The Organization will retain strict control of the use of the Organization's name, trademarks and logo throughout the world, and the establishment of any national or regional body mentioned above will be subject to formal written authorization by the Secretariat which will define the category in which it shall be placed in and will clearly specify its rights and responsibilities as part of the FSC's network. The Board of Directors of the Organization reserves the right to withdraw the Organization's recognition from any of the bodies described herein if the terms set forth above and the corresponding agreements between such a body and the Organization are not respected. The Secretariat will not undertake action in a country without consulting the relevant FSC body.

#### **TITLE SEVEN DISPUTE RESOLUTION SYSTEM**

**THIRTY-NINTH.** The Board of Directors shall establish a dispute resolution system to address: (i) disputes arising from complaints about compliance with FSC certification or accreditation decisions; and (ii) disputes arising from administrative decisions (such as policy and standards, trademark, membership, etc). The dispute resolution system shall incorporate the following attributes.

1. Accessibility.
2. Timeliness.
3. Transparency.
4. Technical proficiency.
5. Continuous improvement.

**FORTIETH.** Disputes arising from FSC certification decisions shall be addressed by the Secretariat under guidelines developed by the Board and shall include the following elements.

1. Encouragement for early intervention and informal resolution.
2. An accessible complaints mechanism for resolution at the lowest level possible.
3. An appeals body made of relevant technical expertise, including expertise in dispute resolution.

**FORTY-FIRST.** Disputes arising from administrative decisions shall be resolved by the Secretariat under guidelines approved by the Board of Directors.



**TITLE EIGHT  
DISSOLUTION AND LIQUIDATION OF THE ORGANIZATION**

**FORTY-SECOND.** An Extraordinary General Assembly may approve the dissolution of the Organization. Upon dissolution, all the assets of the Organization shall be distributed as provided in article two thousand five hundred and sixty nine of the Civil Code for the State of Oaxaca and the corresponding articles of the Federal Civil Code and of the Civil Codes of each of the States of the United Mexican States.

**FORTY-THIRD.** An Extraordinary General Assembly, approving the liquidation of the Organization, shall also appoint a liquidator who shall carry out the liquidation of the Organization. The corresponding Extraordinary General Assembly of Members shall also grant to the liquidator all the necessary powers to perform his/her duties. The liquidator shall carry out the liquidation of the Organization in accordance with these Statutes, applicable legislation and the regulations approved by the Extraordinary General Assembly of Members.

The Extraordinary General Assembly of Members, from the time that it determines the dissolution, or at any time during or after the process of liquidation, shall be the only organ authorized to decide, and shall decide, to what other similar civil association the remaining goods of the Organization shall pass free of charge.

The institution or institutions to which the remaining goods are transferred shall in all cases be educational, scientific, cultural or promotional, public or private, non-profit, with objectives similar to those of the Organization. If the institution or institutions referred to in this article agree to receive these goods, the handover of the remaining goods of the Organization shall proceed by means of an inventory.