

BOARD CHARTER

Forestry Tasmania

trading as Sustainable Timber Tasmania

Version 2 – approved 31 October 2018



**Sustainable
Timber
Tasmania**

1. INTRODUCTION

Forestry Tasmania, trading as Sustainable Timber Tasmania, is a statutory authority, established under the *Government Business Enterprise Act 1995*.

Sustainable Timber Tasmania's primary functions are set out in the *Government Business Enterprise Act 1995* and the *Forest Management Act 2013 (Tas)* ('enabling legislation') as:

- ✓ operating with sound commercial practice and as efficiently as possible;
- ✓ achieving a sustainable commercial rate of return that maximises value for the State Government of Tasmania in accordance with its corporate plan and having regard to the economic and social objectives of the State Government of Tasmania;
- ✓ to perform on behalf of the State Government of Tasmania its community service obligations in an efficient and effective manner;
- ✓ manage and control all permanent timber production zone land;
- ✓ to undertake forest operations on permanent timber production zone land for the purpose of selling forest products; and
- ✓ such other functions as are approved in writing by both the Portfolio Minister and Treasurer ('Shareholding Ministers').

Scope of Charter

The *Government Business Enterprise Act 1995* serves as Sustainable Timber Tasmania's Constitution and shall prevail over this Charter where there are any inconsistencies.

While the Board's formal duties, functions, roles and responsibilities are governed by the enabling legislation, the Board Charter represents the Board's broad terms of reference and its policies in areas of governance practice in which it has discretion.

The Board adopts the Tasmanian Corporate Governance Framework together with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as its corporate governance framework.

2. ROLE OF THE BOARD

The Board is accountable to the Shareholding Ministers for the overall direction, management, operation, performance and corporate governance of Sustainable Timber Tasmania, in accordance with sound commercial practices.

The aim of the Board is to meet the principal objectives and functions prescribed in its enabling legislation and approved Corporate Plan.

The Board is responsible for setting the strategic direction, appointing and removing succession planning and managing the performance of the Chief Executive Officer, overseeing the management, performance and governance of Sustainable Timber Tasmania and complying with lawful Directors given under the *Government Business Enterprise Act 1995* and/or Ministerial Charter and Treasurer's Guidelines for Tasmanian Government Businesses.



3. BOARD RESERVED POWERS AND RESPONSIBILITIES

In addition to the matters required by law to be approved by the Board, the matters set out below are Board reserved powers and key responsibilities.

- To provide entrepreneurial leadership to the organisation within a framework of prudent and effective controls that enable risks to be identified, assessed and managed.
- To set the values and standards and monitoring compliance with these.
- To ensure Sustainable Timber Tasmania's obligations to its Shareholder Ministers are understood and met, including any written lawful directions received in accordance with the *Government Business Enterprise Act 1995* and Ministerial Charter.
- To engage and communicate effectively with Shareholding Ministers and other key stakeholders;

Chief Executive Officer & GMT

- in accordance with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration*, appoint, remove and manage the performance of the Chief Executive Officer.
- approve the appointment, remuneration and where necessary the cessation of the employment of any General Management Team and the Company Secretary.
- Review the draft performance objectives and key performance indicators established for the General Management Team each year and provide guidance as necessary to the Chief Executive Officer before these are finalised.
- review the outcomes of performance evaluations for members of the General Management Team with the Chief Executive Officer.
- provide coaching to members of the General Management Team to promote individual development and enhance future career aspirations, on the invitation of the Chief Executive Officer.
- regularly monitor the succession plans for the General Management Team and any other business critical roles.

Strategy, Corporate Plan & Statement of Corporate Intent

- develop the organisation's strategy in partnership with the Chief Executive Officer and General Management Team.
- Approve corporate strategy and associated performance objectives;
- Approve Sustainable Timber Tasmania's corporate plan and Statement of Corporate Intent and strategy.
- Monitor the implementation of Sustainable Timber Tasmania's strategy and performance against the Corporate Plan and Statement of Corporate Intent.



Finance & Risk Management

- Oversee Sustainable Timber Tasmania's financial position, including the quantum, nature and term of its debt facilities and its ability to meet its debts as and when they fall due.
- Approve the annual financial statement, the half year statements, the Director's report and significant related disclosures.
- Make recommendations to the Shareholding Ministers regarding the payment of dividends, declaring and ensuring funds are allocated to the financing dividends.
- Oversee external audit activities and monitoring internal audit activities and internal control and reporting systems.
- Approve and monitor the effectiveness of the risk management policy and framework.
- Approve the operating and capital expenditure budgets.
- Approve the organisation's high-level organisation structure, remuneration policy and succession plan for key management personnel.
- Ensure necessary and appropriate financial and people and culture resources are in place to achieve the organisation's objectives.
- Monitor the adequacy of systems of risk management, compliance, controls, financial and corporate reporting.
- Monitor the implementation of approved strategies, budgets and major capital projects and initiating corrective action as required;

Governance and Compliance

- Monitor and influence Sustainable Timber Tasmania's culture, reputation, ethical standards and legal compliance and oversee the corporate governance framework and key supporting policies governing the operations of Sustainable Timber Tasmania, including the Code of Conduct.
- Approve the corporate governance statement.
- Set the Risk Appetite Statement.
- Monitor the health safety and environmental performance.
- Monitor any litigation Sustainable Timber Tasmania is involved in.

Engagement with Shareholder Ministers

- The Board will report to the Shareholding Ministers via the Chair on a regular basis.
- Inform the Shareholding Minister within timely manner of any issues that may materially impact the achievement of the organisation's objectives, the Statement of Corporate Intent, agreed financial targets or the financial viability of the business.



4. BOARD COMPOSITION, TERM, INDEPENDENCE, DIVERSITY AND CONDUCT

Composition & Diversity

In accordance with the *Government Business Enterprise Act 1995* the Board must consist of between four and nine Directors, which includes the Chair of the Board.

The Chief Executive Officer may be appointed as a Director, in accordance with the *Guidelines for Tasmanian Government Businesses – Appointment the CEO as a Member of the Board*, but may not be appointed as the Chair of the Board.

The Board formally assesses the appropriate mix of skills, experience, expertise and diversity required on the Board and the extent to which the required skills are represented (through, among other things, use of a Board skills matrix, which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its composition).

The Board acknowledges the Tasmanian Government's commitment to addressing gender equity and the target of 50 per cent representation by women on Government Boards and committees by July 2020 and acknowledge that all appointments to Governments Boards are to comply with the Tasmanian Government's *Women on Boards Strategy 2015-20*.

The Board is responsible for overseeing the selection and appointment and reappointment of Directors in accordance with *Guidelines for Tasmanian Government Business Board Appointments*.

Term

The Chair of the Board can be appointed for a maximum of 3 terms of 3 years, being a maximum appointment of 9 years in total.

Directors can be appointed for a maximum of 2 terms of 3 years, being a maximum appointment of 6 years in total.

Directors reappointment is subject to satisfactory performance and the ongoing needs of the Board and must be conducted in accordance with the *Guidelines for Tasmanian Government Business Board Appointments*.

Independence and Declaration of Interests

It is the Board's intention that all Directors are independent.

The Board assesses independence of Directors using the guidance provided by the *ASX Corporate Governance Council's Corporate Governance Principles*.

Directors are individually responsible for managing their personal ongoing independence and will advise the Board of any issues that may affect their status of independence as soon as these arise.

The Board may periodically reassess the independence of each Director and the Board as a whole. The Chair will determine when such an assessment is required.

A Director can be removed by the Governor, on joint recommendation by the Treasurer and Portfolio Minister, for a failure to disclose a material personal interest.

Directors have an ongoing and positive duty to avoid conflicts of interest.



Directors are required to disclose any material personal interest, whether actual or reasonably perceived, they have in a matter being considered, or about to be considered, by the Board as soon as it arises. Such disclosures must be advised to the Chair and recorded in the Minutes of the next Board meeting. The Board will also advise the Shareholding Ministers of the interest.

On behalf of the Board, the Company Secretary maintains a standing Register of Directors' Interests, detailing the nature and extent of each interest. The Register will be updated after each new disclosure by a Director, or a material increase in the nature or extent of an interest already recorded in the Register.

Conduct

The Directors are bound by Sustainable Timber Tasmania's Code of Conduct and all policies that apply to them.

5. ROLE OF THE CHAIR, DIRECTORS, & COMPANY SECRETARY

Role of the Chair

The Chair's principal responsibilities are to provide appropriate leadership to the Board, the Chief Executive Officer and Sustainable Timber Tasmania and to ensure the Board fulfils its obligations under this charter, Corporate Plan, Ministerial Charter, enabling legislation and the corporate governance framework.

The Chair also has specific responsibilities to:

- develop and maintain high-level effective relationships with the Shareholding Ministers and other key stakeholders on policy matters;
- Chair Board meetings and facilitate discussion within each meeting;
- Represent the view of the Board to the Shareholding Ministers and the public and to ensure the Board understands the views of the Shareholdings Ministers;
- Maintain a regular dialogue and mentoring relationship with the Chief Executive Officer and General Management Team, serving as a primary link between the Board and management and providing continuity between Board meetings; and
- Work with the Chief Executive Officer in relation to the Board's requirement for information to contribute effectively to the Board decision making process and to monitor the effective implementation of Board decisions.

Role of individual Directors

As members of the Board, individual Directors recognise their contribution to successfully achieving the Board's aims and purpose. Each Director has personal duties and responsibilities to Sustainable Timber Tasmania to:

- act in good faith in the best interests of the organisation as a whole;
- act for proper purpose;
- act with care, skill and diligence,
- avoid conflicts of interest;



- refrain from making improper use of information gained through the position of Director or taking improper advantage of the position of Director;
- refrain from causing damage to Sustainable Timber Tasmania or any of its subsidiaries; and
- keep confidential all Board information, discussions, deliberations and decisions that are not publicly known.

Directors' duties continue after the Directorship ceases.

In addition to these formal duties, the Board's expectations of each Director are to:

- act positively to prevent the organisation from becoming insolvent, and to prevent a debt being incurred when the organisation is insolvent; and
- comply with the obligations imposed on Directors by law;
- act within the spirit and letter of Sustainable Timber Tasmania's Code of Conduct;
- prepare for, attend and participate in Board meetings, Committee meetings on which the Director serves, Board workshops, planning sessions and site visits as well as other occasional business events;
- exercise independent judgement when making decisions;
- work collegially and respectfully with the Chair and other Directors to facilitate orderly completion of business; and
- publicly support the letter and spirit of Board decisions.

Role of the Company Secretary

The Company Secretary reports Directors to the Board, through the Chair, on matters relating to the proper functioning of the Board and all Directors have access to the Company Secretary.

The Company Secretary may also report to the Chief Executive Officer in any other capacity as part of the General Management Team.

The Company Secretary's role includes:

- advising the Board and its Committees on governance matters;
- monitoring that the Board and Committees policies and procedures are followed;
- coordinating all Board business including meetings, agendas, Board and Committee papers and minutes, and monitoring the completion of actions arising from Board and Committee meetings;
- providing a point of reference for dealings between the Board and the General Management Team;
- retaining independent professional advisors at the request of the Board, committees or permitted under this Charter.

6. DELEGATION TO MANAGEMENT

The Board have approved an Authorisations Policy. Where a matter is not articulated in the Authorisations Policy, the matter remains with the Board.



Chief Executive Officer

Subject to formal delegations of authority, the Board has delegated the management function to the Chief Executive Officer.

The Chief Executive Officer must act within the delegated authority and is responsible to the Board for:

- providing leadership to management and staff to achieve all targets within agreed risk, governance, cultural and financial parameters;
- establishing and maintain a strong working relationship with the Board;
- providing an effective conduit between the Board and the General Management Team and promote mutual understanding of roles, objectives and performance expectations;
- in consultation with the Board and with the General Management Team, developing strategies, plans, projects and budgets to meet the organisation's objectives, for Board approval; and implement these;
- fostering a culture within the organisation that promotes good governance and the highest degree of ethics and probity;
- developing and maintaining effective systems for managing risk and compliance, ensuring work health and safety, applying internal controls and ensuring reliable and accurate corporate reporting;
- maintaining primary contact and developing effective relationships with key stakeholders, media, customers and government representatives in operational matters;
- reporting to the Board in accordance with its requirements on the operational and financial performance of the organisation; and
- immediately advising the Board of any material matter likely to seriously impact the organisation.

Board Committees

Authority delegated to Board Committees is included in the respective Committee Charter.

7. COMMITTEES

Audit Committee

As required under the *Government Business Enterprises Act 1995*, the Board has established an Audit Committee. The Committee Chair is a non-executive Director of Sustainable Timber Tasmania and the membership is aligned with the *ASX Corporate Governance Principles and Recommendations*.

The Chief Executive Officer is not a member of the Committee.

Other Committees

At its discretion, the Board will establish other Committees as needed to assist it to meet its functions and responsibilities.

The Board will approve a Charter for each of its Committees to govern its composition, scope, responsibilities, reporting obligations and any delegated authority which will comply with any requirements specified in the *Government Business Enterprises Act 1995* and appoint members.



8. MEETINGS

The Board of Directors will meet at least 10 times per calendar year, which includes meetings at Sustainable Timber Tasmania's head office and regional offices.

The Chair may call out-of-session or addition meetings by giving Directors reasonable notice of the meeting.

Meetings may be by telephone, video conference or any other means of communication approved by the Board from time to time.

Presiding at meetings

The Chair will preside at all meeting which they are present. If the Chair is not present the Directors present at the meeting may nominate a Director to preside.

Quorum and Voting

Quorum is constituted by a majority of the total number of Directors appointed.

The Director presiding as a deliberative vote only and a question is decided by a majority of votes of the Directors presiding and voting.

In the case of a tied vote, the Chair (or alternative meeting Chair) does not have a casting vote, and the matter will be resolved in the negative.

Resolutions without meetings

Decisions can be made by circular resolutions without a meeting but must be decided unanimously by those Directors eligible to vote.

Resolutions without meetings (also known as circular or written resolutions) will typically be distributed electronically and Directors can individually signify their decision by return email, using the exact wording of the resolution.

The result of the written resolution will be advised to all Directors as soon as it is finalised along with a copy of the approved resolutions and subsequently will be recorded in the minutes.

Meeting attendees

The Chief Executive Officer, General Management Team and the Company Secretary will attend Board meetings by standing invitation. Other guests may attend with the agreement of the Chair.

Agenda and papers

The Company Secretary maintains an annual Calendar of Topics on behalf of the Board.

The Chair, Chief Executive Officer and Company Secretary are responsible for compiling each Board meeting agenda, taking into account the Calendar of Topics, to ensure the Board's information needs are met.

Board papers will be available to all Directors electronically one week before each meeting to allow sufficient preparation.

The Secretary is authorised to prevent the distribution of relevant papers to a Director with a known conflict of interest in a given matter on the meeting agenda.



The Chair will decide whether late papers will be presented at the meeting. If a late paper is presented, the Board collectively will determine how the matter should be adequately addressed.

The Chief Executive Officer and Company Secretary are responsible for the quality of the papers. For papers distributed electronically, this includes ensuring that papers reproduce effectively and legibly for Directors.

Directors are encouraged to raise questions or issues emanating from the Board papers with the Chief Executive Officer or Company Secretary in sufficient time to allow management to address them at the meeting.

Board minutes

Board Minutes will record all formal decisions of the Board, as well as any additional information required by the Board. A Director has the right to request that his/her dissenting view is also recorded in the Minutes.

Minutes will be drafted within five working days of the meeting and forwarded to the meeting Chair for review. The meeting Chair will authorise the draft Minutes to be circulated to all Directors.

The Company Secretary is responsible for ensuring that the draft Minutes are promptly circulated to all Directors and entered into the Minutes Register within thirty days of the meeting.

Once formally adopted by the Board as a true and correct record, usually at the next Board meeting, the Chair will sign the Minutes and the signed version will replace the draft version in the Minutes Register.

Once the Minutes have been formally adopted by the Board, they may only be amended by a further formal resolution of the Board at a subsequent meeting. The original Minutes will not be altered but may be marked with the agreed change including a reference to the date of the meeting at which the amendment was resolved.

Retention of Board papers

On behalf of each Director, the Company Secretary will hold electronically complete sets of Board and Committee papers at least for the statutory period of seven years while the organisation exists.

Board and Committee papers are accessible by current and former Directors under the terms of the *Government Business Enterprise Act 1995* and individual Deeds of Access for up to seven years after the Directorship concludes.

Directors are discouraged from keeping their own sets of Board and Committee papers annotated or not.

Managing interests in meetings

Directors have an ongoing duty to disclose any material personal interest they have in a matter being considered, or about to be considered, by the Board as soon as it arises. Such disclosures must be recorded in the Minutes of the next Board meeting, added to the Standing Register of Directors Interests and advised to Shareholding Ministers.



Unless otherwise approved by the Board, a Director who has a conflicting interest is not to be counted towards a quorum for the matter, must leave the meeting during deliberations and decisions on that matter, and must not take part in those Board deliberations or decisions.

The Director must not be present when the Board considers and decides whether the conflicted Director may participate in Board deliberations and voting on the matter in question.

In consultation with the Chair, the Secretary will do all things reasonably practicable to prevent the distribution of relevant papers to any Director who has recorded an interest in that matter.

9. ACCESS TO MANAGEMENT

Directors have complete access to Sustainable Timber Tasmania's General Management Team through the Chair, Chief Executive Officer or Company Secretary at any time. In addition to regular presentations by the General Management Team to Board, Directors may seek briefings from a General Manager on specific matters.

10. ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and can retain, at Sustainable Timber Tasmania's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

All Committees of the Board have access to independent professional advice on this basis.

11. INDUCTIONS AND TRAINING

All new Directors undertake an induction program consistent with the *Tasmanian Government Business - Guideline for Director Induction, Education and Training*.

Director education is conducted regularly and is incorporated into the annual Board cycle.

All Directors are given the opportunity to undertake professional development education activities to assist them in fulfilling their duties and responsibilities and keeping up to date with relevant issues.

To meet its disclosure obligations in relation to Director development, Directors are encouraged to advise the Secretary of relevant activities undertaken each year.

12. REVIEW OF BOARD PERFORMANCE AND CHARTER

Charter Review

This Charter will be reviewed at least three yearly, or earlier if the need arises.

Board evaluation

The Board will determine the scope and appropriate method for evaluations and conduct the agreed evaluation method each year in line with the *Guidelines for Tasmanian Government Business - Assessing Board Performance*.



13. Sustainable Timber Tasmania Seal

The Company Secretary is the custodian of Sustainable Timber Tasmania's seal on behalf of the Board and will maintain records of documents executed under seal.

Approval

This Charter was approved and adopted by the Board at its meeting on 31 October 2018.



Chair – Rob de Fégely





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