



Terms of Reference – ProTerra Board of Directors

The following defines the tasks and procedures of the ProTerra Board of Directors, based on the Articles of Association ProTerra Foundation.

1. Responsibility and Mandate

1.1 The Board of Directors governs the ProTerra Foundation, holding final decision-making authority and legal responsibility for the organization including the ProTerra Certification System.

Key responsibilities of the Board of Directors are:

- to develop economically sound strategies for bringing forward the objective of sustainable agriculture by linking demand and supply, providing information and services and by forming strategic alliances with organizations following similar objectives;
- to set goals to the Managing Director and the ProTerra Secretariat and to oversee their implementation.

1.2 The Board of Directors shall have all powers necessary to accomplish the purpose of the ProTerra Foundation, except for the powers that are specifically granted to other bodies of the Foundation by law or by the Articles of Association of the ProTerra Foundation. The Board of Directors shall act as a collegial body.

1.3 Among other powers of the Board, the Board of Directors shall, in particular, have the following powers:

- a. The adoption on any contract with third parties having a strategic impact on the ProTerra Foundation;
- b. The adoption, the amendment and the revocation of the internal rules, if any;
- c. The adoption of the annual budget and the monitoring of revenues and expenditures;
- d. The admission of new members and the exclusion of members of the ProTerra Network;
- e. The accreditation of new Certification Bodies on recommendation of the Certification and Standard Committee;
- f. The appointment and revocation of the Chairman;
- g. The appointment and revocation of the Managing Director, including the discharge to be given;
- h. The transfer of the Foundation's registered office;
- i. The determination of the different fees (membership fees, certification fees, user fee for services);
- j. The decisions to establish and delegate tasks to one or more committees or ad-hoc working groups and the overseeing of these;

- k. The adoption of the annual report of the organization, including the financial statement;
- l. The risk management including the assessments of risks, the evaluation of risks, decision on necessary measures and the adoption of an annual update;
- m. The responsibility to ensure legal compliance especially with regard to data protection and anti-trust.

The Board of Directors has a duty to review any proposal, timely made by any of the bodies of the organization, before freely taking its sovereign decisions.

The board can give temporary or permanent power of attorney to one or more board members or to the Managing Director, both jointly as well as individually, to represent the foundation within the limits of that power of attorney and to execute decisions taken by the Board of Directors.

2. Composition

ProTerra Foundation shall be administered by a Board of Directors composed of a minimum three and maximum of 12 directors.

2.1 Appointment of Directors

The Board of Directors appoints new directors and makes sure, that all the necessary competencies and skills for a sound development of the ProTerra Foundation are available at Board level and that the diversity is taken into account with regard to

- the geographic and cultural background;
- the different levels in the value-chain;
- the diversity of the actual and potential services provided by ProTerra Foundation.

All members of the Board of Directors

- adhere to these terms, including handling of confidential information as described below;
- duly represent the respective core stakeholder groups but serve in an individual capacity;
- bring in a maximum of expertise in the relevant fields of work;
- regularly participate and actively contribute in Board meetings;
- properly prepare meetings and contribute to all follow-up actions as agreed and/or mentioned in the meeting minutes;
- declare all conflicts of interest at the nomination and before taking part in the decision making processes.

The Board members are appointed for a term of four years, renewable for an unlimited number of terms.

2.2 Expiration of the mandate

The mandate of a Director terminates at expiry of his/her directorship.

Besides the reasons under Articles of Association Art. 4.5 letter to the Board of Directors may end a mandate of a director at any time by majority vote if a Director does not adhere to these Terms of Reference.

2.3 Representation of the Stakeholders Council

Two Members of the Stakeholders Council have the possibility to be appointed to the Board of Directors.

The ProTerra Foundation Managing Director, after having consulted the Stakeholders Council, will suggest the pre-selected candidates to the Board of Directors. The candidates will be selected based on their knowledge, seniority and their genuine interest in the vision and mission of the organisation.

If they are approved by the ProTerra Foundation Board of Directors, the (maximum) two (2) Board Members selected from the Stakeholders Council participants are appointed for four years and cannot be re-elected for additional terms. If the Stakeholder Council requests a second term for the appointed Directors, terms can be extended at the discretion and the approval of the Board of Directors.

3. Working Principles

The Board of Directors shall execute its functions in an efficient manner. Members are asked to act accordingly and to aim for effective decision-making by obeying to the following working principles.

3.1. Language

Working language is English both for written and oral communication.

3.2. Confidentiality

Confidential information is understood as all information and documents gathered during the course of involvement in the Board of the ProTerra Foundation. ProTerra Board members acknowledge that ProTerra is the rightful owner of all confidential information and should undertake all necessary and suitable measures to maintain the level of confidentiality. For all information three levels of confidentiality exist:

- “High”: means that no distribution is allowed other than within the ProTerra Board. High confidentiality level must be clearly indicated on written information or clearly stated during oral conversations;
- “Normal”: means that the information should not be circulated outside the ProTerra Board, however in case of further consultation believed to be needed, with the consent of a majority of the Board, the information may be distributed for that purpose to ProTerra stakeholders;

- “None”: mean that the information can be freely distributed, e.g. if the information is already in the public domain, meaning that it has been published or disclosed previously by ProTerra Foundation or another organisation. There must be a clear indication about the status of confidentiality.

The members of the ProTerra Board of Directors members must accept the rules of ProTerra Foundation regarding confidentiality and sign a Confidentiality Agreement at their appointment date and prior to each renewal term.

Unless otherwise determined by the Board, which shall always be in writing, confidential information shall not be disclosed in perpetuity. In case of breaches of confidentiality by a member of the Board of Directors, the ProTerra Board decides on necessary actions, including legal options.

3.3. Meetings

The Board of Directors shall meet every time the interests of the Organization requires, but at least three times a year, upon convocation by the Chairman, and at such time and place as determined in the convocation. The meetings can take place physically or virtually by electronic means.

A meeting of the Board of Directors has also to be convoked, if three or more Directors are demanding it by writing.

Meetings of the ProTerra Board shall be properly prepared by the Managing Director by timely sending of all necessary information to the Members of the ProTerra Board.

The ProTerra Foundation's Managing Director attends all meetings of the Board of Directors *ex officio*, but does not have voting rights.

Any member of the Board of Directors or the Managing Director may invite one or more third parties to attend without voting right one or more meeting(s) or part(s) of meeting(s) of the Board of Director.

3.4 Remuneration

Members of the Board serve *pro bono* (without compensation).

All members of the Board of Directors are entitled to reimbursement of travel costs (airfare and train based on 2nd/economy class tariffs) and to a daily subsistence for meetings abroad.

None of these payments are made automatically, but only when a member explicitly asks for them by presenting adequate invoices and/or receipts. Payments are done after the Managing Director has approved those invoices/receipts.

4. Working process

4.1. Agenda and Invitation

Convocations for the Board of Directors shall be notified to the Directors by the Chairman or Secretariat via regular mail or via any other means of written communication at least seven (7) business days before the meeting. The convocation shall mention the date, time and place of the meeting. The agenda and the material documents necessary for the discussion shall be attached to the convocations.

Each Director has the right to propose (an) additional item(s) to be included on the agenda of the Board of Directors, which shall be notified via regular mail or via any other means of written communication to the Chairman at least five (5) business days before the meeting. In such case, the Chairman or the Secretariat shall inform the Directors of the additional items on the agenda of the Board of Directors via regular mail or via any other means of written communication at least three (3) business days before the meeting of the Board of Directors.

4.2 Decision taking

4.2.1. Normal process

The Board is validly constituted, when at least half of the Directors are present physically or via other communication means. In any case, the Board of Directors shall always be constituted of at least three (3) directors present.

In the case, a Director cannot participate in a Board Meeting, she/he can give her/his voting right to another Director (Proxy) with a written announcement to the Chairman before the meeting starts. Each Director present can only be the Proxy of one other Director.

In General, the Board of Directors strives for consensus-based decision-making. Consensus is defined as agreement by **all** directors present at the meeting accordingly. Directors expressing a minority position shall be compelled to propose alternative solutions in order to obtain consensus.

Decisions of the Board of Directors shall be validly adopted by a simple majority of the votes cast by the directors present. Each director shall have one vote.

4.2.2. Process for in between consultation - *shorter and limited to one round only*

Papers will be sent out by the ProTerra Secretariat or Chairman to the Board Members with a request for comments to be received within 5 business days. If a Board member has not reacted within 5 working days, (s)he is considered to have accepted the recommendation or document. An extended term, but not longer than 20 working days, may be agreed upon if justified by the number, extend and importance of documents to be reviewed or revised.

4.3 Minutes

Minutes shall be drawn up at each Board of Directors meeting. The Managing Director shall assure that written minutes for all meetings are distributed to all Directors by email following each meeting. They shall be kept in a register of



minutes. Copies of resolutions shall be sent by mail or any other means of written communication by the Managing Director to the Directors.

5. Chairman

5.1 The Board of Directors shall appoint a Chairman among the Directors. Her/his mandate may be remunerated. Her/his term of office is four (4) years, renewable for an unlimited number of terms.

5.2 The mandate of the Chairman terminates by expiry of the term of her/his mandate or automatically and with immediate effect, by expiry of their directorship.

The Board of Directors may further revoke the Chairman as Chairman at any time and by majority vote. The concerned Chairman shall not participate in the deliberation of the Board of Directors regarding such decision or action, and also not to the relevant voting.

5.3 The Chairman shall have the powers specifically granted to him/her by these Terms of Reference. In particular, the Chairman shall inter alia have the following powers:

- Supervising the Work of the Board of Directors.
- Reviewing ~~Finalizing~~ the minutes or the summaries of the meetings of the Board of Directors and the Secretariat, and finalizing the same if needed
- Ensuring the Public Relations of the Association, particularly regarding communication with third parties, as far as this role has not been assigned to the Managing Director.
- Acting as a conciliator when differences of opinion occur, both within ProTerra Foundation and vis-à-vis third parties.
- In the event of a tie vote, having the casting vote within, the Board of Directors or the Secretariat.
- In the event of a crisis situation to decide on her/his own, in case none of the other Board members can be reached. Any such decision needs to the Board of Directors at the earliest possible time.

6. Secretariat

6.1 The Secretariat shall be composed of minimum two (2) members, i.e. the Administrative Manager and the Managing Director.

6.2. The mandate of the members of the Secretariat terminates automatically and with immediate effect, by expiry of their directorship or by expiry of their mandate as Managing Director.

6.3 The Secretariat may invite one or more third parties to attend without voting rights one or more meeting(s) or part(s) of meeting(s) of the Secretariat.

6.4 The Secretariat shall have the powers specifically granted to him/her by these Terms of Reference, in particular:

- The preparation of decisions, as the case may be, to be taken by the Board of Directors.
- Working on ensuring efficient decision making in the Board of Directors and timely implementation by the Managing Director.
- Monitoring of the budget.
- Preparation of the draft annual accounts and the draft budget that must be submitted to the Board of Directors for finalization and approval.
- Approval or rejections of applications to the ProTerra Network based on a criteria list approved by the Board.

6.5 All contracts and expenses outside the normal budget exceeding € 15'000 have to be approved by the Board of Directors and signed by the Chairman and another Director, including the Managing Director.

6.6 The Secretariat shall meet every time the interests of the Association require and at least once a month, upon convocation by the Chairman and at such time and place as determined in the convocation. The members of the Secretariat may not be represented via proxy.

6.7 Convocations for the Secretariat shall be notified to the members of the Secretariat by the Chairman or Managing Director via any means of written communications (including e-mails) at least three (3) business days before the meeting. The convocation shall mention the date, time and place of the meeting. The agenda and the material documents necessary for the discussion shall be attached to the convocations. The agenda of the meetings of the Secretariat shall be established by the Managing Director or by the Chairman.

6.8 The decisions of the Secretariat have to be taken unanimously. Otherwise, they have to be brought for decision to the Board of Directors.

6.9 Minutes shall be drawn up at each Secretariat meeting and kept in a register. A summary of the minutes shall be sent by email to the members of the Secretariat.

7. Committees and ad hoc-Working Groups

7.1 The Board of Directors may establish and delegate tasks to one or more Committees or ad-hoc Working Groups. The Committee(s) and the ad hoc-Working Groups shall have a supporting role of the Board of Directors on specific issues. The Board of Directors shall determine among other the mission, composition, powers, conduct of meetings and governance, convocation and remuneration modalities, drafting of agenda, voting and reporting procedures.



7.2 The Committees and the ad-hoc Working Groups shall be composed of Experts in the respective fields and shall be closely related to ProTerra's activities, and able to substantially contribute to support the Board of Directors and to the effectiveness and credibility of the Organization. The Committees and the ad hoc-Working Groups shall be chaired by a chairperson. The Board of Directors regularly revises the expertise and the contribution of the Committee / Working Group Members and may exclude any member from any Committee / Working Group.

7.3 The Committees shall always act under the responsibility of the Board of Directors and shall report periodically to the Board of Directors on its/their actions, studies, propositions and conclusions, and at the request of the Board of Directors.

7.4 Any Director including the Managing Director shall have the right to attend the meeting(s) of the Committee(s) / Working Group without voting right and with the right to be heard.

8. Miscellaneous

These Terms of Reference are subject to regular update by the ProTerra Board. Members of the Board of Directors are asked to continuously check whether the ToR are appropriate and come up with proposals for amendment.

Approved by ProTerra Board, 15.10.2019