

Appendix 1
Document 1

Statutes of the Sustainable Green Ecosystem Council (SGEC)

Chapter 1: General Rules

Article 1 (Name):

The name of the Association shall be “*Midori no Junkan Ninsho Kaigi*”. The English name shall be “Sustainable Green Ecosystem Council” (abbreviated as SGEC).

Article 2 (Office):

The SGEC shall have its principal office in Chiyoda-ku, Tokyo, Japan.

Article 3 (Objectives):

Section 1:

The SGEC shall aim to develop a rich society based on a material cycle system and to contribute to conserve greenery rich natural environment through widely disseminating the concept of sustainable forest management (SFM) and promoting effective use of wood products from sustainably managed forests as well as upgrading the level of forest conditions and enhancing forestry activities in Japan.

Section 2:

The SGEC shall engage in the following activities in order to achieve the objectives in the preceding Section hereof:

- (1) Operation and management of forest management certification and forest products chain of custody (CoC) certification,
- (2) Cooperation and collaboration with overseas forest certification organizations including activities related to endorsement and mutual recognition by international forest certification scheme(s),
- (3) Research on SFM and its dissemination,
- (4) Research on forest functions and forest practice techniques including CO₂ sequestration and its dissemination,
- (5) Research on utilization and marketing of forest products and its dissemination,
- (6) Communication and collaboration with the relevant organizations interested

- in forest resources cycle system, and
- (7) Other activities relevant to the SGEC's purpose.

Section3:

Activities listed in the preceding Section shall be conducted in Japan and overseas.

Article 4 (Public Notice):

The method of public notice by the SGEC shall be made by electronic public notice. However, in case of inability of the electronic public notice, the public notice shall be made by posting on the government official gazette.

Article 5 (Board of Directors and Auditors):

The SGEC shall establish a Board of Directors and appoint Auditors.

Chapter 2: Membership

Article 6 (Types of Membership):

The membership of the SGEC shall be of the following three types. Full Members shall be "members" as stipulated under the Act on General Incorporated Associations and General Incorporated Foundations (hereinafter referred to as "Incorporated Associations Act").

- (1) Full Members: Individuals or groups who join the SGEC with endorsement of the purpose of the SGEC
- (2) Supporting Members: Individuals or groups who join the SGEC for support the activities
- (3) Honorary Members: Individuals who have contributed to the SGEC or with relevant knowledge and experience in accordance with the recommendation at the General Meeting of Members

Article 7 (Acquisition of Membership):

Individuals or groups who wish to join the SGEC must make an application for membership to the Board of Directors with the membership application form stipulated separately. Upon the approval by the Board of Directors, individuals or groups applied may become the Members respectively.

Article 8 (Enrollment Fee and Membership Fee):

Section 1:

Full Members must pay Enrollment Fee and Full Membership Fee stipulated in the General Meeting of Members separately.

Section 2:

Supporting Members must pay Supportive Membership Fee stipulated in the General Meeting of Members separately.

Article 9 (Voluntary Withdrawal):

Members may withdraw at any time by submitting a withdrawal notice stipulated by the Board of Directors separately.

Article 10 (Expulsion):

In case any of the following apply to a Member, the SGEC may expel such member by the resolution of the General Meeting of Members in accordance with Article 16 of these Statutes:

- (1) Violation of the Articles of these statutes or other rules,
- (2) Engagement in actions causing damage to the reputation of the SGEC or contrary to the objectives of the SGEC, and
- (3) Existence of legitimate reasons for expulsion of membership status other than those in the preceding two items.

Article 11 (Loss of Membership):

Other than those in Article 9 and 10, Members shall lose their membership in case of any of the followings:

- (1) In case membership fees are in arrears for two years or more in succession,
- (2) Consensus of all Full Members,
- (3) Death, in case the Member is a human being, and
- (4) The Member is dissolved

Article 12 (Member Rights and Obligations associated with loss of Membership):

Section 1:

In case of Article 9, 10 and 11, Members shall lose their rights and shall be exempted from their obligations as Members of the SGEC. In this connection, Full Members shall lose their position of “members” as stipulated under the Incorporated Associations Act. However, non-fulfillment of obligations as Members of the SGEC shall not be exempted.

Section 2:

In case of Article 9, 10 and 11, Enrollment Fees, Membership Fees and other donations once paid shall not be refunded for any reason whatsoever.

Article 13 (Member List):

Section 1:

The SGEC shall draft a list of members which states the name and address of its members and shall maintain such list at its principal office.

Section 2:

Notifications and demands made to members by the SGEC shall be sent to the address of such members stated in the list of members or to a different place notified by such member.

Chapter 3: General Meeting of Members

Article 14 (Types of General Meeting of Members):

Types of General Meeting of Members of the SGEC shall be two types, i.e. Regular General Meeting of Members and Extraordinary General Meeting of Members.

Article 15 (Composition):

Section 1:

The General Meeting of Members shall consist of all Full Members.

Section 2:

Each Full Member shall possess one vote at General Meeting of Members.

Article 16 (Authority):

The General Meeting of Members shall make resolutions on the following matters:

- (1) Qualification for Membership as well as the amount of enrollment fee and Membership fee
- (2) Expulsion of Members
- (3) Election and dismissal of Officers and Auditors
- (4) Determination of the amount or the provision of remuneration of Officers and Auditors
- (5) Financial statements and business report of each business year
- (6) Amendment of the Statutes of the SGEC
- (7) Dissolution
- (8) Matters put forward to the General Meeting of Members by the Board of Directors meetings
- (9) Matters other than those in the preceding items which are stipulated in the

Incorporated Associations Act and in these Statutes.

Article 17 (Convention):

A regular General Meeting of Members shall be convened once in every business year within three months from the end of each business year. Extraordinary General Meeting of Members may, if necessary, be convened at any time.

Article 18 (Convocation):

Section 1:

General Meeting of Members shall be convened by the President in accordance with the resolution of the Board of Directors, unless stipulated otherwise by laws and regulations. In case of the President has an accident or in case of difficulty, Vice-President or Executive Directors shall, in accordance with the order pre-determined by the Board of Directors, convene General Meeting of Members.

Section 2:

Full Members constituting more than one-tenth of the total number of Full Members may jointly demand the President to convene General Meetings of Members, indicating in writing the reason for convocation and the matters which are the objectives of the General Meeting of Members.

Article 19 (Chairperson):

The Chairperson of the General Meeting of Members shall be served by the President. In case of the President has an accident or in case of difficulty, Vice-President or Executive Directors shall, in accordance with the order pre-determined by the Board of Directors, serve as the Chairperson of the General Meeting of Members.

Article 20 (Resolutions):

Section 1:

Resolutions of the General Meeting of Members shall be passed with a majority of Full Members in attendance and a majority of voting rights of such Full Members in attendance, unless stipulated otherwise in these Statutes or by laws and regulations.

Section 2:

Notwithstanding the stipulations of the preceding Section, resolutions on the following matters must be passed with a majority of Full Members in attendance and with a two-thirds majority of the voting rights of all Full Members:

- (1) Expulsion of members
- (2) Dismissal of Auditors

- (3) Amendments to the Statutes of the SGEC
- (4) Dissolution
- (5) Matters other than those listed in the preceding items which are stipulated in laws and regulations

Article 21 (Proxy):

A Full Member, who is not able to attend the General Meeting of Members, may entrust his/her voting right to another Full Member as a Proxy. In such event, such Full Member or proxy must submit a document certifying the proxy right to the SGEC.

Article 22 (Waiver of Resolution and Reporting)

Section 1:

When agreed by all Full Members either in writing or digitally with respect to particular proposal at the General Meeting by Directors or Full Members, such agreement can qualify as a resolution at the General Meeting with respect to said proposals.

Section 2:

When agreed by all Full Members either in writing or digitally with respect to Director's omission of particular reporting to General Meeting, such communication may qualify as the report conducted at the General Meeting.

Article 23 (Meeting Minutes):

Section 1:

The proceedings of the General Meeting of Members shall be recorded in the meeting minutes drafted in accordance with laws and regulations.

Section 2:

The Chairperson and two signers of meeting minutes elected by the General Meeting of Members shall sign and affix their seals to the meeting minutes stipulated in the preceding Section.

Chapter 4: Officers

Article 24 (Appointment of Officers):

Section 1:

The SGEC shall appoint the following officers to the SGEC:

- (1) Directors: minimum of three and maximum of 25 persons.
- (2) Auditors: minimum of one and maximum of two persons.

Section 2:

One of the Directors shall be the Representative Director and the Representative Director shall serve as the President. A maximum of four Directors other than the President may be the Vice-Presidents and a maximum of one Director other than the President may be the Executive Director.

Article 25 (Election of Officers):

Section 1:

Directors and Auditors shall be elected by a resolution of the General Meeting of Members.

Section 2:

The President, Vice-Presidents, and Executive Director shall be appointed among Directors by a resolution of the Board of Directors.

Section 3:

Auditors may not simultaneously hold the post of Director or employee of the SGEC.

Section 4:

No more than one third of the total number of Directors shall be constituted by one Director and his/her spouse or relatives within the third degree of kinship or a person with other special relations. Same rule shall be applied for Auditors.

Article 26 (Rights and Obligations of Directors):

Section 1:

The president shall represent the SGEC and manage its operations.

Section 2:

The Vice-Presidents shall assist the President.

Section 3:

The Executive Director shall execute the operations of the SGEC.

Article 27 (Rights and Obligations of Auditors):

Section 1:

Auditors shall audit the execution of duties by Directors and, as stipulated by laws and regulations, to draft audit reports.

Section 2:

Auditors may request a report on activities from Directors or employees or review the status of operations and finances of the SGEC at any time.

Article 28 (Terms of Office of Officers):

Section 1:

The term of office of Directors shall be until the conclusion of the regular General Meeting of Members regarding the final business year which ends within two years from their election.

Section 2:

The term of office of Auditors shall be until the conclusion of the regular General Meeting of Members regarding the final business year which ends within two years from their election.

Section 3:

The term of officers elected as replacement for officers shall be until the expiration of the term of office of the predecessors.

Section 4:

In case the number of Directors or Auditors is less than that stipulated in Article 24, Section 1, Section 2, and Section 3 hereof, officers who have retired due to the expiration of their term of office or due to resignation shall continue to have the rights and obligations of officers until the newly elected officers assume office.

Article 29 (Removal of Officers):

Officers and Auditors may be removed from office by resolution of the General Meeting of Members. However, resolutions on removal of Auditors must be passed with a majority of Full Members in attendance and with a two-thirds majority of the voting rights of all Full Members.

Article 30 (Remuneration):

Section 1:

The remuneration of Directors and Auditors shall be gratuitous. However, Officers of full-time Directors and Auditors may be paid remuneration and compensation based upon the resolution of the General Meeting of Members in line with the guidelines of remuneration and compensation stipulated by the resolution of the General Meeting of Members.

Section 2:

Directors and Auditors may be paid their expenses associated with their obligations.

Article 31 (Partial Exemption of Officers from Liability for Losses):

When a Director or Auditor is liable for losses in accordance with the stipulations of in Article 111, paragraph 1 of the Incorporated Associations Act, the SGEC may exempt the Officer in question from such liability up to the amount obtained by deducting the amount of

minimum liability stipulated in laws and regulations by the resolution of the Board of Directors, where it is recognized to meet necessary requirements stipulated in laws and regulations.

Article 32 (Appointment of Honorary Chairperson and Advisors):

Section 1:

The SGEC may retain an Honorary Chairperson and a few Advisors.

Section 2:

Honorary Chairperson and Advisors shall be appointed among the Members with a fixed term by the Board of Directors.

Section 3:

The remuneration of Honorary Chairperson and Advisors shall be gratuitous. However, Honorary Chairperson and Advisors may be paid their expenses associated with their obligations.

Article 33 (Obligations of Honorary Chairperson and Advisors):

Honorary Chairperson and Advisors shall respond to consultations from, and may present their opinions to, the Chairperson.

Chapter 5: Board of Directors

Article 34 (Establishment of Board of Directors):

The Board of Directors shall consist of all Directors.

Article 35 (Authority):

The Board of Directors shall perform the following duties as well as otherwise stipulated in these Statutes:

- (1) Date and venue of the General Meeting of Members as well as matters put forward to the General Meeting of Members
- (2) Matters related to adoption, amendment and abolition of rules and regulations under the Statutes of the SGEC
- (3) Make decisions on execution of business activities of the SGEC in addition to the matters stipulated in the preceding articles
- (4) Audit the execution of duties by Directors
- (5) Election and dismissal of the President, Vice-Presidents and Executive Directors.

Article 36 (Types and Convene of the Board of Directors):

Section 1:

Types of the Board of Directors shall be Regular meetings and Extraordinary meetings.

Section 2:

Regular meetings of the Board of Directors shall be convened twice a year.

Section 3:

Extraordinary meetings of the Board of Directors shall be convened when it is recognized to meet one of the followings.

- (1) The President recognizes necessary
- (2) When a Director other than the President or an Auditor demands the President to convene a meeting, indicating in writing the objective of the meeting.

Article 37 (Convocation):

Meetings of the Board of Directors shall be convened by the President. In case of the President has an accident or in case of difficulty, Vice-President or Executive Directors shall, in accordance with the order pre-determined by the Board of Directors, serve the duty of the President.

Article 38 (Chairperson):

Meetings of the Board of Directors shall be chaired by the President. In case of the President has an accident or in case of difficulty, Vice-President or Executive Directors shall, in accordance with the order pre-determined by the Board of Directors, serve the duty of the President.

Article 39 (Resolutions):

Resolutions of the Board of Directors shall be passed by the majority of Directors in attendance, given that a majority of Directors who may participate in the voting are attendance, unless otherwise stipulated differently in the Statutes of the SGEC.

Article 40 (Waiver of Resolution and Reporting)

Section 1:

When agreed by all Directors, who may participate in the voting, either in writing or digitally with respect to particular proposal at the Board of Directors by Directors, such agreement can qualify as a resolution at the Board of Directors with respect to said proposals. In case of Auditor has an objection on said proposals, such agreement shall be failed.

Section 2:

When agreed by all Directors and Auditors with respect to Director or Auditor's omission of particular reporting to the Board of Directors, such communication may qualify as the report conducted at the Board of Directors.

Article 41 (Meeting Minutes):

The proceedings of the meeting of the Board of Directors shall be recorded in the meeting minutes as prescribed in laws and regulations. The President and Auditors must sign and affix their seals to the meeting minutes.

Chapter 6: Funds

Article 42 (Contribution of Funds)

The SGEC is allowed to solicit contribution of funds, in accordance with the stipulations of in Article 131 of the Incorporated Associations Act, from the Members or the third party.

Article 43 (Collection the funds)

The Board of Directors decides the procedures of collection, share and payment of the funds

Article 44 (Right of Contributor)

The funds contributed shall not be returned until the date agreed with the contributors.

Article 45 (Procedures for Returning Funds)

Procedures for returning the funds to the contributors shall be done by the rules determined by the Board of Directors after passing the resolution on the total amount of the returning funds by the general Meeting of Members.

Chapter 7: Accounting

Article 46 (Business Year):

The business year of the SGEC shall be from 1st April each year until 31st March of the following year.

Article 47 (Business Activities Plan and Budget of Income and Expenditure):

Section 1:

The President must, by the day before the start of each business year, draft a business

activities plan and budget of income and expenditure and gain the consent of the Board of Directors. Such plan and budget must be reported at the General Meeting of Members. The same also shall apply to their amendments.

Section 2:

Notwithstanding the provisions of the preceding Section, under an unavoidable circumstance of budget shall not be approved before the date of commencement of that business year, the Chairperson may execute an temporary budget in line with the previous business year, with a resolution by the Board of Directors, until the date of the budget of that business year approved.

Section 3:

The temporary budget for this term of the previous paragraph shall be included in the newly approved budget of the preceding Section.

Article 48 (Business Report and Settlement of Accounts):

Section 1:

The President shall, after the end of each business year, draft financial statements as the following items. Such statements shall, after undergoing an audit by Auditors, be approved by the Board of Directors. Item (1) and (2) hereof shall be reported at the General Meeting of Members and item (3) to (5) hereof shall be approved by the General Meeting of Members.

- (1) Business report
- (2) Accompanying statement with item (1) above
- (3) Balance sheet
- (4) Statement of changes in net assets
- (5) Accompanying statement with item (3) and (4) above

Section 2:

In addition to documents listed in the preceding Section, Audit reports shall be kept at the principal office for five years.

Chapter 8: Amendment of Articles of Statutes and Dissolution

Article 49 (Amendment of Articles of Statutes of the SGEC):

The Article of these Statutes may be amended by resolution of the General Meeting of Members with a majority of Full Members in attendance and with a two-thirds majority of the voting rights of all Full Members.

Article 50 (Dissolution):

The SGEC may be dissolved by resolution of the General Meeting of Members with a majority of Full Members in attendance and with a two-thirds majority of the voting rights of all Full Members or by other grounds stipulated by the Incorporated Associations Act.

Article 51 (Ownership of Residual Assets):

Section 1:

Residual assets possessed by the SGEC upon its liquidation shall be donated to corporations listed in Article 5, paragraph 17 of the Incorporated Associations Act or a national or local public body by resolution of the General Meeting of Members.

Section 2:

The SGEC shall not distribute surplus funds.

Chapter 9: Councilors Committee

Article 52 (Councilors Committee)

Section 1:

The Councilors Committee shall be established to deliberate matters relating to operation of forest management certification and forest products chain of custody certification.

Section 2:

The Councilors Committee shall respond to consultations from the Chairperson and deliberate the matters consulted, and shall present their opinions to the Board of Directors.

Section 3:

Councilors shall be appointed among intellectual or academic experts by the Board of Directors.

Section 4:

The number of Councilors shall be minimum of ten and maximum of 20 persons and the term of office of Councilors shall be within two years. One of Councilors shall be the Chairperson of the Councilors Committee and another one shall serve as a deputy chairperson.

Section 5:

The remuneration of Councilors shall be gratuitous. However, Councilors may be paid their expenses associated with their obligations.

Section 6:

Meetings of the Councilors Committee shall be convened by the President.

Section 7:

With reference to section 2 above, the Councilors Committee shall present their opinions in writing with the following items to the Board of Directors.

- (1) Date and venue of the meeting of the Councilors Committee related
- (2) List of the Councilors participated in the meeting
- (3) Content of opinions

Chapter 10: Secretariat

Article 53 (Secretariat):

Section 1:

A Secretariat shall be established to handle the administrative affairs of the SGEC.

Section 2:

The Secretariat shall retain a Chief Secretary and Secretariat staff necessary.

Section 3:

A Chief Secretary and senior staffs of the Secretariat shall be appointed by the Chairperson with approval of the Board of Directors.

Section 4:

Administrative and operational rules required for the Secretariat shall be determined by the Chairperson with approval of the Board of Directors.

Chapter 11: Disclosure and Protection of Personal Information and Handling Complaints

Article 54 (Information Disclosure):

The SGEC shall make available publicly its activities, organization, financial conditions and other items in order to promote its fair and open activities.

Article 55 (Protection of Personal Information):

The SGEC shall make any and all efforts to protect personal information that has been obtained through its operation.

Article 56 (Handling Complaints):

Those who have received disadvantages from operation of forest management certification and forest products chain of custody certification can claim their complaints to the SGEC.

The procedures to handle such complaints shall be determined by the Board of Directors separately.

Chapter 12: Supplementary Articles

Article 57 (Delegation):

In addition to those provided under these Statutes, the Board of Directors is authorized to determine any matters necessary to manage the SGEC’s operations.

Article 58 (First Business Year):

The first fiscal year of the SGEC shall commence on the date of inception and end on 31st March 2012.

Article 59 (Founding Members):

Name and address of Founding Members are as follows:

- Satohiko Sasaki
4-27-11 Kyodo, Setagaya-ku,
Tokyo, Japan
- Hisao Yamada
3-18-8-601, Iwaidokita, Komae-shi,
Tokyo, Japan
- Kiyoo Nakagawa
8-19-19, Fujiwara, Funabashi-shi,
Chiba, Japan

Article 60 (Officers at the inception):

Name of Founding Officers are as follows (address is omitted):

- Founding Director: Satohiko Sasaki
- Founding Director: Hisao Yamada
- Founding Director: Kiyoo Nakagawa
- Founding Auditor: Kenji Uchiyama

Article 61 (Governing Law):

Unless otherwise provided under these Statutes, the SGEC shall be subject to the Incorporated Associations Act and other laws and regulations.

For the purpose of incorporating the Sustainable Green Ecosystem Council, these Statutes were prepared, and signed and affixed their seals by the Founding Members hereby.

Date: 22nd November 2011

Founding Members (Name and address of three Founding Members are omitted)

The General Meeting of Members, on 3rd February 2014, has decided to amend the Article 3 (Objectives) of these Statutes.