# Table of Contents

Directors Report  
1. Directors and Meeting Attendance  
2. Office Bearers  
3. Proceedings on behalf of the company  
4. Principle Activities  
   - Organisational Development and Administration  
   - Membership  
   - Certification  
   - Marketing, Training and Events  
     - Train the Trainers Workshop  
     - Regional Meeting in Hong Kong  
     - FSC AGM and events  
     - Love your Forest  
     - Pin to make a Difference Event  
     - FSC Knowledge Tree Series  
     - FSC Friday  
     - Global Network Meeting  
     - Australian Sustainability Conference and Exhibition  
     - FSC Australia Excellence Awards and Policy forum  
     - FSC Australasia and Pacific International Policy and Standards forum  
5. Operating Results  
6. Significant Changes in state of Affairs  
7. After Balance Date Affairs  
8. Future Developments  
9. Dividend payments  
10. Auditor’s Independence Declaration  

**APPENDIX 1** Directors’ Particulars  
Auditor’s Independence Declaration  
Directors’ Declaration  
Financial Statements  
Independent Auditors Report
MESSAGE FROM THE CHAIRMAN

FSC Australia has achieved an amazing amount of growth, stability, market recognition and engagement with its members in the last 12 months, and has grown rapidly.

After commencing as Acting CEO on a consulting basis, the Board appointed Natalie Reynolds on a permanent basis following a rigorous and independent selection process.

The focus of the Board and the CEO has been to ensure that FSC Australia can deliver on its mission by having the resources to do so. We now have paid staff, and a leader who is driving continuous improvement and a strong governance ethic through the organisation.

This year the net total assets of the organisation have doubled year on year, and the accounts show a significantly improved picture of financial performance. The increased number of events, training and policy work to strengthen and solidify FSC's presence in the Australian environment is reflected in the accounts and in the steady growth in membership numbers.

We look forward to ensuring all parts of our membership see great value in being a member and supporter FSC Australia, and for us to commence developing our FSC Australian National Forestry Standard alongside the IGIs in the coming years.

The work that has already been put in place by an incredibly hard working team has led to results that would be the envy of any organisation or business. We have consolidated and aligned behind our mission and seek to engage further with our members, government, certificate holders, stakeholders and FSC International in the coming year.

It is with honour that I present this report to you.

Jim Adams
Chairman
DIRECTORS REPORT

Your directors present this report on the company for the financial year ended 31 December 2012.

1. DIRECTORS AND MEETING ATTENDANCE

The Board of Directors met seven times in 2012 as follows:

- 06 February: Melbourne
- 19 March: Tasmania
- 30 May: Melbourne
- 29 June: Sydney
- 31 August: Videoconference
- 05 October: Sydney
- 14 December: Videoconference

The name of each person who was a Director during the year 2012 and their meeting attendance is shown below. Director's details are shown in Appendix 1.

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of Meetings Attended</th>
<th>Meetings Eligible to attend</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADAMS, Jim</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>CADMAN, Sean</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>ERASMUS, Vince</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>FEGENT-MCGEACHIE, Jacqueline</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>FELTON-TAYLOR, James</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>FIENBERG, Linda</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>JORDAN, Warrick</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>LANAUZE, Jonathan</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>PRICE, Tony</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>RUSSELL, Susie</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>TAYLOR, Chris</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

2. OFFICE BEARERS

Chair: Adams, Jim (from 29 June)
Cadman, Sean (until 30 May)

Secretary: Spencer, Michael (until 25 May 2012)
Reynolds, Natalie (from 25 May 2012)
3. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.
4. PRINCIPLE ACTIVITIES

FSC Australia is a not for profit membership based organisation established to promote responsible forest management in Australia and in countries supplying the Australian wood and fibre market. Principal activities in pursuit of this mission fall into three broad areas: Organisational Development and Administration, Policies and Standards Development and Market Development.

Organisational Development and Administration

In 2012, FSC Australia continued to build on its 2011 position, creating financial opportunities from available FSC International project funds, and continuing to increase untied revenues through membership and retail supporters. This strengthening in position has allowed the organisation to appoint and employ a permanent CEO, one part time staff member, a contracted communications officer, and an administration trainee, with the intention of recruiting a Trademarks Officer and Policy and Standards Manager in 2013. In April 2012, an IT consultant was engaged to consolidate and streamline the company’s IT infrastructure, in an effort to ensure the integrity of data, and increase the efficiency of the organisation. Through this project, FSC Australia has been able to work remotely, and has put in place data recovery strategies.

Of particular focus this year has been to put FSC Australia on the International map, and the staff have taken every opportunity to engage with FSC International to ensure the timely flow on of important information, and to allow the Organisation to link in with International opportunities for growth.

Engagement with Stakeholders and in particular members of FSC Australia has also been a major focus of the organisation. Staff of FSC Australia have attempted to increase communications to members, and provide more opportunities to engage with members to strengthen and solidify the important relationships between FSC Australia and its members.

From a brand recognition perspective, FSC Australia has seen a large amount of growth in recognition of the brand over the last 12 months from consumers. The number of inquiries handled by the office, requests for participation and input has increased considerably. A number of appointments will need to be considered in 2013 to allow the organisation to continue to grow.

Membership

In 2012, FSC Australia welcomed eighteen new members – three in the social chamber and fifteen in the economic chamber, which took the total number of members to 108.
The Economic Chamber remains the largest chamber in number, with growth in the number of Very Large Company memberships over the last year. There were three Environmental chamber members who decided not to renew their membership in 2012, two of which were Small Not-for-Profit Organisations.

Analysis of membership categories shows growth in the Economic chamber of both Individuals and Very Large Company memberships, and a reduction in the number of Micro Company memberships. In the Environment Chamber, Small Not-for-Profits are still the predominant membership category, and 2012 saw the addition of one Medium not for profit. In the Social Chamber, there has been growth in both the Small and Medium Not-for-Profit categories, with Individual memberships continuing to dominate the chamber.
Retail Supporters Program

In addition to the membership, FSC Australia welcomed 5 new Retail supporters in 2012. Organisations who retail or distribute FSC certified products to final end users of the products are eligible to apply to become a Retail Supporter of FSC Australia.

Retail supporters must have a commitment to FSC and its values of openness, transparency and responsible use of the world's resources. Retail supporters must also commit to using the FSC Trademarks only with permission in accordance with the Trademark standard, which is applicable at the time.
Certification
In 2012, two new Forest Management certificates were issued to Green Triangle Plantations Forest Company (GPFL) and HQ Plantations, which resulted in an increase of almost 350,000 hectares of FSC certified forest in Australia.

In March, HQ Plantations achieved FSC FM/COC certification for 342,687 hectares of Plantation in Queensland. HQ Plantations manages forest estates of Araucaria, Southern Pine, and Hardwood Plantations (including Spotted Gum, Western White Gum and Gympie Messmate).

Green Triangle Plantation Forest Company of Australia had 7004 hectares of Bluegum Plantation certified in the Green Triangle region of Eastern Australia.

Green Man Forest Products, who held a FM certificate for 1,200 hectares in 2011, restructured their operations and are no longer selling timber products.

In late 2011, Elders Forestry announced their decision to exit the forestry sector through a staged divestment of its forestry assets. This exit from forestry has resulted in a decrease in the number of hectares certified in Australia to FSC standards.

At the close of 2012, there were twelve forest management certificates in Australia representing a total certified area of 893,992 hectares, which is an increase of 231,546 hectares from 2011.
The net growth of Chain of Custody certificates in 2012 was 36, which resulted in a 14% increase year on year. This growth is attributed mainly to the certification of distributors in the supply chain, particularly in the paper sectors.

A new Certification Body, Global Mark, was accredited by ASI International to provide Chain of Custody Certificates in Australia.

**Marketing, Training and Events**

The year 2012 saw a large increase in the number of events held and attended by FSC Australia, in an attempt to raise the awareness of the FSC brand and logo in Australia, and ensure that stakeholders understand and can access the FSC system.

**Train the Trainers Workshop**

In February, FSC Australia CEO attended the Train the Trainers Asia workshop in Bangkok, an FSC International initiative aimed at increasing Smallholders Training and Capacity for FSC Certification in the region.

This workshop covered forest-dependent livelihoods, the value chain approach and the impacts on livelihood assets in the context of market access and certification, forest business models and their strengths and weaknesses in the context of certification, FSC certification systems for smallholders, and the delivering and facilitation of training. From this important workshop, FSC Australia was able to facilitate the customisation of training materials, to deliver future workshops and training in the South East Asia region, to assist in keeping responsible South East Asian timber markets open in the face of illegal logging legislation internationally.

FSC Australia subsequently coordinated the delivery of training in the Solomon Islands, with additional training sessions scheduled for 2013 in Laos, Papua New Guinea, New Zealand and Australia.

**Regional Meeting in Hong Kong**

Immediately following the Training session in Bangkok, FSC Australia’s CEO travelled to Hong Kong to meet with the FSC International Asia-Pacific director Alistair Monument,
along with representatives of regional (Asia-Pacific) FSC National Offices, National Representatives and Focal Points. The meeting was held to facilitate communication between regional initiatives, develop a consolidated strategic plan for Asia Pacific and further develop a system to deal with trademark infringements in the region. The outcome of the meeting was a success, with strong growth signalled across the region.

FSC AGM and events
After FSC Australia’s AGM on the 30th May, sessions were held to update members on International developments.

Karen Steer, Policy Manager, FSC International, provided an update on the revised FSC Controlled Wood standard and how this will apply in the Australia context, and the results to date of the International Working Group on Controlled Wood.

Alistair Monument, Asia Pacific Director, then provided an update on the recently approved revised Principles and Criteria, and how the development of an FSC Australian National Forestry Standard can progress and the strategy for FSC in Asia Pacific. Alistair also spoke about the market for timber, paper and pulp in the Asia Pacific, and challenges in meeting the two-pronged challenge of meeting demand and sustainability.

Following the updates from FSC International, a Chain of Custody Certification Workshop was held, providing an opportunity for those that wish to become certified to workshop the requirements, whilst providing a valuable refresher for certified organisations looking to train their staff, assisting them to satisfy audit requirements.

FSC Australia then hosted a networking dinner at The Mint in West Melbourne, providing the opportunity to thank outgoing Chairman Sean Cadman, and network over dinner.

Love your Forest
In 2011, WWF-Australia joined forces with FSC-Australia and Kimberly-Clark Australia New Zealand to encourage consumers to look for the FSC trademark when purchasing wood-based products. The Love Your Forests campaign combines the brand trust and recognition of WWF, the rigour and integrity of FSC and the marketing reach and leadership of Kimberly-Clark.

A year and a half later, as the profile of FSC in Australia goes from strength to strength, the campaign is entering a new phase; seeking to take consumers on a journey from a general awareness of FSC, towards a more thorough understanding of what FSC represents in terms of protecting threatened species, fragile ecosystems, and community rights.

Pin to make a Difference Event
FSC Australia took part in the Kleenex® Cottonelle® “Pin to Make a Difference” competition on Wednesday, May 1st. Hosted by Kimberly-Clark Australia (KCA) and emceed by Sunrise co-host Melissa Doyle, the "Pin to Make a Difference" event brought a network of Australian mums, Kleenex Cottonelle experts and environmental organisations (including FSC Australia and WWF) together to discuss and share tips on sustainable household practices and products.
The objective of the KCA Pinterest competition was to educate and drive conversations about how Australian mums can make a big environmental difference by taking small steps around the household. This includes purchasing trusted, responsibly sourced and manufactured products (i.e. FSC Certified products) in their weekly shop.

The scope of the Pinterest event was huge; it reached over 2.6 million Twitter accounts, receiving 519 unique mentions (at #pin4good) and multiple mentions in media networks nation wide. The success of this groundbreaking event shows that social media networks are quickly becoming the mainstay for transmitting environmentally responsible ideas and practices.

On the day, Natalie Reynolds (CEO of FSC Australia), spoke about the benefits of FSC certification, outlining the voracity and scope of the FSC system, from the FSC Certified Forest Managers, through to Chain of Custody operations and finally retailers and the end-consumer. Importantly, the discussion focused on the significance of ongoing consumer demand for responsibly sourced and manufactured products in encouraging responsible environmental practices from large businesses, both locally and globally. The FSC Australia team madly ‘posted’, ‘pinned’, ‘tweeted’ and ‘liked’, increasing the traffic to the Pinterest site, assisting to increase the profile of the event.

FSC Knowledge Tree Series
After the success of the inaugural “Introduction to Knowledge Tree” session in Melbourne in 2011, FSC Australia held a number of public and private sessions for FSC Australia members and their clients, to learn more about aspects of the scheme. These sessions are detailed below.

The “Introduction to FSC” Knowledge Tree events are aimed at those interested in procurement, the environment, and sustainability, as well as Organisations who might be interested in becoming FSC Chain of Custody Certified and who want a high level overview of the FSC system and how it can be used to gain competitive advantage. FSC Australia members also requested this session be held in their workplaces to inform and refresh their employees and clients about aspects of the FSC system, including Chain of Custody, trademarks, and procurement. The following sessions were held in 2012:
FSC Australia also launched a session on Green Star and FSC Project Certification, which was aimed at those in the construction, timber supply, development or contracting industry. These sessions were in high demand across the country, and were developed to ensure that builders, contractors, and architects understand FSC, and how FSC Chain of Custody Certification can be used and evidenced to gain Green Star Timber credits. FSC Australia also released an information sheet, which served to reduce the confusion around when Chain of Custody certification is needed. This document can be found on the FSC Australia webpage.

Green Star and FSC Project Certification sessions held in 2012:

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Type</th>
<th>Session Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brisbane</td>
<td>Thursday 19th April</td>
<td>Public</td>
<td>Membership information session</td>
</tr>
<tr>
<td>Adelaide</td>
<td>Tuesday 22nd May</td>
<td>Public</td>
<td>Membership information session</td>
</tr>
<tr>
<td>Perth</td>
<td>Tuesday 19th June</td>
<td>Public</td>
<td>Membership information session</td>
</tr>
<tr>
<td>Melbourne</td>
<td>Wednesday 15th August</td>
<td>Public</td>
<td>Membership information session</td>
</tr>
<tr>
<td>Melbourne</td>
<td>Thursday 4th October</td>
<td>Public</td>
<td>Membership information session</td>
</tr>
</tbody>
</table>
Following the 2012 AGM, FSC Australia held a pilot “Chain of Custody” workshop event, which was a more detailed and in depth review of the FSC Chain of Custody Standard. This session was targeted at staff or contractors who require training on the requirements of the FSC Chain of Custody Standard, information on how the FSC registered trademarks can be used for promotional purposes, and also for those looking to source FSC Certified products.

FSC Australia also coordinated a three day event for Smallholders in the Solomon Islands, which focussed on the benefits of FSC certification, and how to ensure compliance with the Australian Illegal Logging Prohibition Bill.

FSC Friday
FSC Friday is a global celebration of the world’s forests and aims to highlight the importance of responsible forest management. On FSC Friday (28th of September 2012), people across the world were invited to consider the wood and paper products they buy, and look for the FSC logo as the mark of responsible forestry.

In Australia, members, supporters, organisations and individuals were invited to hold an event on FSC Friday, and consider why the FSC scheme is important, whilst providing an opportunity to raise funds to support the development of the FSC Australian National Forestry Standard. FSC Australia posted photos, and stories to social media sites Facebook, Twitter and Pinterest, and assisted to create recognition and interest.

In total, ten organisations registered their events, and raised a total of $3,563.50 toward the development of the FSC Australian National Forestry Standard.

Global Network Meeting
In October, FSC Australia attended the Global Network and Motion 8 meeting in Bonn. The agenda was comprehensive consisted of numerous parallel workshops.

The network was updated about the international processes for the creation of the global International Generic Indicators under the new Principles and Criteria and the work that is ongoing in relation to Controlled Wood.

Australian Sustainability Conference and Exhibition
FSC Australia was named as a Partner at the Australian Sustainability Conference and Exhibition held in Sydney in November.
The exhibition provided a great opportunity to showcase FSC Australia members, and their products, services and organisations. Economic chamber members sent along samples and brochures of FSC certified products available in Australia, whilst Social and Environmental chamber members displayed information sheets about their organisations. The stand was staffed by members, who donated their time to chat to exhibition attendees about why they are involved with FSC, and demonstrate first hand that FSC is an inclusive, multi-stakeholder scheme.

At the conference, CEO Natalie Reynolds attended a number of panel sessions, and moderated the panel on “Driving sustainability in procurement and across the supply chain” – a discussion that focussed on the origin of products procured by an organisation, and how the primary materials have an impact on the sustainability of an organisation.

FSC Australia Excellence Awards and Policy forum.
FSC Australia hosted the sixth Annual Excellence Awards, which was held at the Hilton on the Park on the 26th of November. Over 200 people attended this important regional event, emceed by author and science journalist Tanya Ha, with speeches from Jim Adams (Chairman) and Natalie Reynolds (CEO) of FSC Australia. The Keynote speaker was FSC International Director General Kim Carstensen, who addressed the audience about FSC – Bringing conservation and social outcomes to a market mechanism, and the future for FSC Internationally and in the Asia Pacific Region.  
A Silent auction was also held on the evening, with donations from over 25 companies, and raised over $4,000 toward Policy and Standards development in Australia.  
The 2012 award winners are:
- **FSC Forest Manager of the year**: Australian Bluegum Plantations
- **FSC Supplier of the year**: Town & Park
- **FSC Certification/auditor of the year**: SCS Global services
- **FSC Print services Award**: The Printing Office
- **Innovation in Design Award**: ISIS Projects
- **Retailer of the Year Award**: OfficeMax
- **Responsible Procurement Award**: OfficeMax
- **Campaign of the Year Award**: Kimberly-Clark Australia
- **Constructive Engagement Award**: Sarah Rees, Chris Taylor, Adam Menary and Luke Chamberlain

FSC Australasia and Pacific International Policy and Standards forum
Following the Excellence awards, on the 27th November, FSC Australia hosted the Australasia and Pacific International Policy and Standards forum, which was attended by almost 100 stakeholders, members, auditors and Standards Development Group
representatives from across the Asia Pacific region.

The forum was presented by FSC Australia, in conjunction with FSC International representatives Richard Robertson (FSC International Forest Program Manager) and Kim Carstensen (FSC International Director General), and gave an update on the Revised Principles and Criteria, and how the International Generic Indicators (IGI’s) are to be developed.

This update was followed by sessions which related these updates to the Australian context, with information for stakeholders about Controlled Wood, elements of the new Principles and Criteria which affect the certification of plantations, and FSC Australia’s intention to embark upon the process of developing the FSC Australian National Forestry Standard, concurrently with the IGI process.

Policies and Standards

FSC and Green Star
Early in 2012, FSC Australia, in conjunction with the GBCA, produced an information sheet to assist in interpreting the FSC Chain of Custody Standard in the context of Green Star. This document outlines when Chain of Custody certification is required to pass the claim on, and claim the Green Star ‘Timber’ credit.

Trademark Services Program
On the 7th June, standard FSC-STD-50-002 V1-0 Requirements for promotional use of the FSC trademarks by non-certificate holders came into effect. This standard allows for Trademark Service Providers, such as FSC Australia, to directly manage the issuing of trademark licenses to non-certificate holders, and approve uses of the trademarks. FSC Australia created a number of information packs to explain how this new standard applies to retailers, end users, and educational organisations. FSC Australia has issued a number of trademark licenses to date, and continues to promote the correct use of FSC’s trademarks in Australia and New Zealand.

The FSC Australian National Forestry Standard and International Generic Indicators
The new Principles and Criteria were approved by the International Membership early in 2012.

In October 2012, the Board of FSC Australia decided to embark upon the development of the FSC Australian National Forestry Standard in line with the development of the International Generic Indicators, supporting the new FSC Principles & Criteria. In doing so, FSC Australia will be in a position to feed into the process and have a standard in place at the end of the creation of the International Generic Indicators, so that the unique conditions in Australia are contextualised, and the IGIs translate effectively to produce responsibly managed forests in Australia.

At the end of the creation of the IGIs, the current interim standards in place created by the Certification Bodies and approved by FSC International will cease to operate.

FSC Australia has had its plan approved to participate in this process, but this approval is currently contingent on funding from Philanthropy, Government and Industry to support the
multi-stakeholder process that will be undertaken. In addition, FSC Australia is seeking to engage with representatives of Indigenous Australia to seek their valuable and much needed input into the FSC Australian National Forestry Standard.

HCV Evaluation Framework
After more than three and a half years of extensive consultation and development, the final draft of the High Conservation Values Evaluation Framework was revised and approved by the multi-chamber Policy and Standards Committee of FSC Australia to be submitted to FSC International for formal approval.

The Directory of Information Sources was created as a supporting tool, comprising GIS data, tools and other resources for assessing High Conservation Value forests for FSC purposes in Australia. The directory is structured hierarchically to ensure assessment of HCVs takes account of information at all relevant scales, while minimising duplication of assessments and inclusion of superfluous information. The Directory was created as a first draft resource, and opened to the membership for review and feedback.

Illegal Logging Prohibition Act 2012
On the 30 November 2012, the Australian Illegal Logging Prohibition Act 2012 entered into force. The Illegal Logging Prohibition Act 2012 promotes the purchase and sale of legally logged timber products in Australia and gives consumers and businesses greater certainty about the legality of the timber products they buy.

The Act restricts the importation and sale of illegally logged timber in Australia

FSC welcomed this as an important step towards banning destructive illegal logging practices across the planet. Australia's Act follows the United States and precedes the European Union, where a similar law enters into force in March 2013.

Staff
In May 2012, Acting CEO Natalie Reynolds was permanently appointed to the position of CEO after a long and thorough recruitment process. A strategic and innovative leader, Natalie’s strength lies in her ability to create opportunity within complex environments. With her strong legal and compliance background, Natalie’s focus is on increasing the profile and recognition of the FSC brand in Australia and New Zealand, and the development of the FSC Australian National Forestry Standard.

Natalie oversees the FSC Australia organisation, as CEO and also as Company Secretary. Natalie’s accountabilities include Governance, Financial and Management, Media and Government relations, Membership and Stakeholder management, International Liaison, and Human Resources.

Renee Andreacchio remains part time as the Marketing and Member Services Manager, and is responsible for managing the office administration and staff, including member services, coordination of events and training, administering the trademark services program, banking and finance, IT, reporting and secretarial assistance.
Charlee Foster commenced in August 2012 as FSC Australia's administration trainee. Charlee's responsibilities include handling enquiries and providing administrative support in all areas including events, social media and other administrative duties.

James Taylor, Communications Officer resigned his position with FSC Australia in May to pursue his career after completing university.

Chartered Accountants Morey Wickham, provided all bookkeeping and accounting services for FSC Australia in 2012.

**Finance**

The 2012 Financial accounts show substantial growth in, and stabilisation of the business, and reports a net surplus of $102,990.
5. OPERATING RESULTS

The surplus for the 2012 year was $102,990. The Company is exempt from paying income tax.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial year, other than those referred to elsewhere in this report.

7. AFTER BALANCE DATE AFFAIRS

Discussions continue in regard to securing funding for the FSC Australian National Forestry Standard, which may succeed in raising substantial revenue in the next financial year.

8. FUTURE DEVELOPMENTS

It is most probable that developments in operations of the company and the expected results of those operations in future financial years will follow the current pattern.

9. DIVIDEND PAYMENTS

The company is a company limited by guarantee incorporated and domiciled in Australia. It does not have share capital. The directors of the company are precluded by the company’s Constitution from recommending the payment of any dividend.

10. AUDITOR’S INDEPENDENCE DECLARATION

The independent audit report of the auditor for the year ended 31 December 2012 is attached.

Signed in accordance with a resolution of the Board of Directors:

Jim Adams

Director

Dated this 10th April 2013
APPENDIX 1  DIRECTORS’ PARTICULARS

ADAMS, Martin James
Qualifications: Diploma of Forest Science - Creswick
Experience: 25 years of experience working in the forestry sector including in public and private ownership, native and plantation forests, softwood and hardwood forests as well as in the MIS sector. Having successfully run his own company in forests sector for a period, Jim also has experience in business, as well as extensive community credentials, having served in local government including in the capacity of Mayor. He is currently the CEO of Timber Communities Australia Limited where he is able to bring together his understanding of the forests sector with his deep commitment to community.
Responsibilities: Social Chamber Member
Member of the Finance sub-committee
June – December Chairman of the Board of Directors

CADMAN, Sean
Qualifications: BSc, Biology & Food & Nutrition (Double major), Environmental Auditor training & various other short courses.
Experience: 30 years in environmental management, environmental policy development and advocacy specialising in forest policy and forest management.
Responsibilities: Environment Chamber member
January – May Chairman of the Board of Directors
Chair of Policy and Standards sub-committee

ERASMUS, Vincent Malcolm
Qualifications: Dip For. South Africa (Saasveld)
Experience: 20 Years of senior timber industry appointments in the South African Timber industry. Extensive experience in both Forestry and in solid wood conversion.
Chief Executive Officer and MD of Elders Forestry since February 2006. Numerous Directorships on industry Associations including Vice President NAFI,
Director of FWPA and past Director of FEA Limited.
Responsibilities: Economic Chamber Member
January - May Chair of the Business and Finance sub-Committee
FEGENT-MCGEACHIE, Jacqueline

Qualifications: Masters of Sustainability, Public Policy and Governance at Sydney University (completing)  
Graduate Diploma in Social Impact (University of NSW)  
Bachelor of Communications (Public Relations and Organisational Communications)

Experience: 2011 - present: Sustainability and Social Responsibility Manager at Kimberly-Clark Australia and New Zealand  
2010 - 2011: Sustainability Strategist, Ogilvy Earth  
2006 - 2010: Practice Director of Responsible Brands, Ogilvy  
2001 - 2006: Consultant

Responsibilities: Economic Chamber Member  
June – December Member of the Membership sub-committee  
Member of the Indigenous Engagement sub-committee

FELTON-TAYLOR, James

Qualifications: Bachelor of Environmental Science (University of Newcastle)

Experience: Director of Australian Sustainable Timbers Pty Ltd est. 2006  
First FSC Forest Management certificate in Native Forest in Australia in 2007  
Founding member of FSC Australia.

Responsibilities: Economic Chamber Member  
June – December Member of the Policy and Standards sub-committee

FIENBERG, Linda

Qualifications: Master of Design, UTS; Bachelor of Arts, University of Sydney; 2-year full-time Fine Woodwork course at the Sturt School for Wood, Mittagong, Carpentry and Joinery Trade Certificate.

Experience: Carpenter, furniture designer/maker, and for the last 15 years, Technical officer and Design tutor at the University of Sydney and UTS. Team Leader with Healthabitat working on housing in indigenous communities. Previously on the Committee of the Society for Responsible Design (7 years).

Responsibilities: Social Chamber Member  
Chair of Indigenous Engagement sub-committee  
Member of the Membership sub-committee  
January – June Member of the Policy and Standards sub-committee  
Chair of the Membership sub-committee
JORDAN, Warrick

Qualifications: Tertiary qualifications in geography, journalism, and social impact assessment.

Experience: Involvement in various volunteer and paid roles in the conservation movement since 2001, involving Board experience with organisations such as Environment Tasmania and Lock the Gate. Particular focus on forest conservation issues in Tasmania, Victoria and NSW, and has worked as The Wilderness Society's national forest campaigner since 2011.

Responsibilities:
- Environment Chamber member
- June - December Member of the Membership sub-committee
- Member of the Indigenous Engagement sub-committee

LA NAUZE, Jonathan

Qualifications: Bachelor of Arts (University of Melbourne), Associate Diploma of Music (Performance) (Australian Musical Examinations Board)

Graduate Certificate of Business (Queensland University of Technology)


Responsibilities:
- Environment Chamber Member
- January – May Member of the Business and Finance sub-committee
- June – December Member of the Indigenous Engagement sub-committee
- Chair of the Business & Finance sub-committee

PRICE, Anthony

Qualifications: Bachelor of Science (Forestry) (ANU) and Post Graduate Diploma in Business Management

Experience: 25 years experience in the forest industry in a range of senior positions. Extensive experience in forest management, harvesting and marketing. Managing Director of Australian Bluegum Plantations since December 2009.

Have had numerous Directorships in the past, including Director and Vice President of NAFI

PRICE, Anthony (cont)
Responsibilities: Economic Chamber Member
Member of the Business and Finance sub-committee
January – May Policy and Standards sub-committee

RUSSELL, Susan

Experience: Office bearer on North Coast Environment Council since 1999,
Regional Coordinator for the North East Forest Alliance since 1996.
Formerly held positions on the NSW Government’s Forest Advisory
Council and Natural Resource Advisory Council. Holds Director
position in several other companies.

Responsibilities: Environment Chamber Member
January – May Chair of the Membership sub-committee
Member of the Indigenous Engagement sub-committee
June – December Chair of the Policy and Standards sub-committee

TAYLOR, Dr. Chris

Qualifications: Bachelor of Architecture (honours) RMIT (1997)
PhD, RMIT (2012)

Experience: Dr Chris Taylor is a research fellow at the Global Change Institute at
the University of Queensland, and an honorary research fellow at
the Melbourne Sustainable Society Institute at the University of
Melbourne. Chris has been involved with the FSC since 2003 and is
a founding member. He has expertise in the development and
interpretation of standards used under forest certification systems,
which was the topic of his PhD dissertation. This expertise is
enhanced in his previous role as an auditor assessing against the
FSC Chain of Custody standards and his involvement with dispute
resolution processes under that standard. Chris played a critical role
in the establishment of the FSC Australia Controlled Wood Risk
Assessment process and continues to work in this area, particularly
with rural stakeholders. His most recent research interests include
enhancing the resilience of rural communities and landscapes under
various projected climate change scenarios.

Responsibilities: Social Chamber member
June – December Member of the Policy and Standards sub-committee
To the directors of Responsible Forest Management Australia Ltd

Under section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31st December 2012 there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

..............................................................
Dated ....................................................

RJ Andrews, CPA, RCA
Robert J Nixon & Associates
11 Royton Street
Burwood East VIC 3151

23 APR 2013
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD  
ACN 120 667 870

DIRECTORS’ DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 13 to 22 are in accordance with the Corporations Act 2001:
   
   (a) comply with Accounting standards and Corporations Regulations 2001; and
   
   (b) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the company.

2. In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

______________________________

Director

Jim Adams

Dated this April 2013
## FINANCIAL STATEMENTS

**RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD**  
ACN 120 667 870

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash assets</td>
<td>4</td>
<td>275,593</td>
</tr>
<tr>
<td>Receivables &amp; Prepayments</td>
<td>5</td>
<td>90,935</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT ASSETS**  
366,528  
339,395

### NON CURRENT ASSETS

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
</table>

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>168,102</td>
<td>236,407</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT LIABILITIES**  
168,102  
236,407

### TOTAL LIABILITIES

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
</table>

### EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained surplus (accumulated deficit)</td>
<td>206,991</td>
<td>104,001</td>
</tr>
</tbody>
</table>

**TOTAL EQUITY**  
206,991  
104,001

The accompanying notes form part of these financial statements.
## INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue from ordinary activities</td>
<td>467,429</td>
<td>240,402</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(95,027)</td>
<td>(76,533)</td>
</tr>
<tr>
<td>Event Operations</td>
<td>(50,335)</td>
<td>(36,672)</td>
</tr>
<tr>
<td>Policy Development</td>
<td>(5,145)</td>
<td>(4,216)</td>
</tr>
<tr>
<td>Employee &amp; Contractors</td>
<td>(213,932)</td>
<td>(104,377)</td>
</tr>
<tr>
<td>Net surplus(deficit) from ordinary activities</td>
<td>102,990</td>
<td>19,604</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements
RESPONSIBLE FOREST MANAGEMENT AUSTRALIA LTD  
ACN 120 667 870  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012  

Note

<table>
<thead>
<tr>
<th>Description</th>
<th>$ Accumulated Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2011</td>
<td>84,397</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>16,604</td>
</tr>
<tr>
<td>Balance as at 31 December 2011</td>
<td>104,001</td>
</tr>
<tr>
<td>Surplus (Deficit) for the year</td>
<td>102,990</td>
</tr>
<tr>
<td>Balance as at 31 December 2012</td>
<td>206,991</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements
# CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cashflow From Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts in the course of operations</td>
<td>463,193</td>
<td>318,707</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(416,483)</td>
<td>(207,599)</td>
</tr>
<tr>
<td>Interest received</td>
<td>4,236</td>
<td>3,258</td>
</tr>
<tr>
<td><strong>Net Cash provided by (used in) operating activities</strong></td>
<td>50,946</td>
<td>114,366</td>
</tr>
</tbody>
</table>

| **Cashflow From Investing Activities:** |       |       |
| Net cash provided by (used in) investing activities | - | - |

| **Cashflow From Financing Activities:** |       |       |
| Net cash provided by (used in) financing activities | - | - |

| **Net increase (decrease) in cash** | 50,946 | 114,366 |
| **Cash at the beginning of the financial year** | 224,647 | 110,281 |
| **Cash at the end of the financial year** | 275,593 | 224,647 |

The accompanying notes form part of these financial statements.
RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:-

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash deposits with banks</td>
<td>275,593</td>
<td>224,647</td>
</tr>
</tbody>
</table>

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING SURPLUS FROM ORDINARY ACTIVITIES

Operating Surplus 102,990 19,604
Non cash - Depreciation 3,179 593
Changes in Assets and Liabilities
(Increase)/decrease in Receivables 23,813 (62,523)
Fixed Assets Purchased (10,731) -
Increase/(decrease) in Trade Creditors and Accruals (68,305) 156,692

CASH FLOW FROM/(USED IN) OPERATIONS 50,946 114,366

The accompanying notes form part of these financial statements.
Note 1  STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (‘A-IFRS’).

The financial report covers Responsible Forest Management Australia Limited as an individual entity. Responsible Forest Management Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a)  Revenue Recognition
Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Revenue from sponsorships and grants is recognised when the right to receive a sponsorship or grant is established.

(b)  Income Tax
The company is a non-profit entity and is exempt from income and payroll tax. The company does collect and pay goods and services tax.

(c)  Trade and Other Creditors
These amounts represent unpaid liabilities for services provided to the company prior to the end of the financial year. The amounts are unsecured.

(d)  Cash
For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.
Note 1  STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Goods and Services Tax (GST)
Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

1(f) Critical Accounting Estimates and Judgements

The directors’ estimates and judgements incorporated into the financial report are based on historical results and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data from internal and external sources.

1(g) Trust liabilities and right of indemnity

The company acts as trustee of the Responsible Forest Management Australia Ltd Public Fund. The Public Fund was established during the 2007 year. Liabilities incurred as trustee on behalf of the Public Fund are not recognised in the financial report when it is not probable that the company will have to meet any of those trust liabilities from its own resources. When it is probable that the company will have to meet some trust liabilities, a liability for the Deficiency in Trust Right of Indemnity is brought to account. As at 31 December 2012, the Public Fund had no liabilities.
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2</th>
<th>REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Revenue from operating activities:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subscriptions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrance Fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Event &amp; Sponsorship Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consulting, Licence &amp; Other Revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Donations &amp; Grants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- General</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Event/Training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FSC AC Activities Compensation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total revenue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>3</th>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>20,094</td>
<td>14,218</td>
</tr>
<tr>
<td>Audit, Bookkeeping &amp; Accounting</td>
<td>15,025</td>
<td>8,589</td>
</tr>
<tr>
<td>Doubtful Debts</td>
<td>6,153</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6,153</td>
<td>593</td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>3,769</td>
<td>1,862</td>
</tr>
<tr>
<td>Legal Fees &amp; Consultancy</td>
<td>450</td>
<td>16,713</td>
</tr>
<tr>
<td>Postage, Printing &amp; Stationary</td>
<td>2,926</td>
<td>2,279</td>
</tr>
<tr>
<td>Telephone &amp; Internet</td>
<td>2,586</td>
<td>3,538</td>
</tr>
<tr>
<td>Rent &amp; Outgoings</td>
<td>17,344</td>
<td>11,274</td>
</tr>
<tr>
<td>Computer Expenses</td>
<td>2,450</td>
<td>330</td>
</tr>
<tr>
<td>Meetings</td>
<td>8,549</td>
<td>5,809</td>
</tr>
<tr>
<td>Sundry</td>
<td>8,342</td>
<td>1,991</td>
</tr>
<tr>
<td>Website Design</td>
<td>8,342</td>
<td>5,278</td>
</tr>
<tr>
<td>Bank Fees</td>
<td>842</td>
<td>1,009</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,318</td>
<td>3,050</td>
</tr>
<tr>
<td></td>
<td><strong>95,027</strong></td>
<td><strong>76,533</strong></td>
</tr>
<tr>
<td>Event Expenses</td>
<td>50,335</td>
<td>35,672</td>
</tr>
<tr>
<td>Policy Expenses</td>
<td>5,145</td>
<td>4,216</td>
</tr>
</tbody>
</table>
Employee & Contractor Expenses
Employee & Related Expenses  106,818  54,146
Contractor & Consultants  107,114  50,231

213,932  104,377

Note 4 CASH ASSETS
Cash deposits with banks  275,593  224,647

275,593  224,647

Note 5 RECEIVABLES – CURRENT
Other Debtors & Prepayments  11,137  5,100
Trade Debtors  85,951  109,648
Less: Provision for Doubtful Debts (6,152) -

79,799  109,648
90,936  114,748

Note 6 NON CURRENT ASSETS
Office Furniture & Equipment – Written Down Value  8,565  1,013

Note 7 PAYABLES – CURRENT
GST  1,876  15,874
Creditors and accruals  33,829  16,539
Income received in advance

Donations and Grants  132,397  108,471
Membership Fees -  95,523

168,102  236,407

Note 8 MEMBERS’ GUARANTEE
The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute $100 each towards meeting any outstanding obligations of the company.

Note 9 RETAINED EARNINGS
Retained surplus
at the beginning of financial period  104,001  84,397
Net operating surplus for period  102,990  19,604
Retained surplus  206,991  104,001
Note 10 RELATED PARTY TRANSACTIONS
Directors' Remuneration
There was no remuneration paid or payable to the directors of the company.

Note 11 COMPANY DETAILS
The registered office of the company is:
C/- Morey Wickham
Level 1, 1091 Toorak Road
Camberwell 3124

Note 12 ECONOMIC DEPENDANCY
A significant portion of income is received from member subscriptions.
Responsible Forest Management Australia Ltd
Independent Auditors Report

To the members of the Responsible Forest Management Australia Ltd

Scope

We have audited the financial report, being a special purpose financial report of the Responsible Forest Management Australia Ltd for the year ended 31st December 2012. The Directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to members of the Responsible Forest Management Australia Ltd.

The financial report has been prepared for the purpose of fulfilling the requirements of the Corporations Act 2001 and the reporting requirements in accordance with the constitution of the Responsible Forest Management Australia Ltd. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination on a test basis of evidence supporting the accounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 so as to present a view which is consistent with our understanding of the Responsible Forest Management Australia Ltd’s financial position and performance as represented by the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report of Responsible Forest Management Australia Ltd presents a true and fair view of the financial position of the Responsible Forest Management Australia Ltd as at 31st December 2012 and the results of its operations for the year ended then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Dated 23 APR 2013

RJ Andrews, CPA, RCA
Robert J Nixon & Associates
11 Royton Street
Burwood East VIC 3151