



PAPER BY NATURE ALLIANCE **STATUTES**

23 May 2008

SECTION I- NAME, FOUNDER MEMBERS AND REGISTERED OFFICE

Article 1 – Name

A non-profit association (NPA) under the name of “Paper by Nature Alliance” is hereby established (hereunder referred to as “the Association”)

This Association is constituted in compliance with the provisions of title I of the Belgian Law of June 27, 1921 on non-profit associations, foundations and international non-profit associations.

Article 2 - Founder members

The founder members are the following:

NAME	LEGAL FORM	ADDRESS
MECSEA (Manufacturers of Educational and Commercial Stationery Association)	Professional Association (ASBL)	<i>Registered office :</i> 153, avenue Fond’Roy 1180 Brussels, Belgium
FEPE (European Envelope Manufacturers Association)	Professional Association (ASBL)	<i>Registered office:</i> 439 Avenue de Tervuren, 1150 Brussels, Belgium.
Stora Enso Oyj	Corporation (SA)	Kanavaranta 1 P.O.Box 309 FI-00101 Helsinki Finland
Arjo Wiggins	Corporation (SA)	117, Quai du président Roosevelt 92 442 Issy-les-Moulineaux France
UPM Kymmene Oyj	Corporation (SA)	Eteläesplanadi 2 P.O. Box 380 FI-00101 Helsinki Finland

Article 3- Registered office

The registered office of the Association shall be in: Avenue de Tervuren 439, Woluwe-St Pierre, 1150 Brussels (Belgium).

The registered office can be transferred to any other place in Belgium by simple decision of the General Assembly, published within the month of its date in the “*Annexes du Moniteur Belge*” (Belgian Official Journal)

SECTION II- OBJECTS, ACTIVITIES, LANGUAGE, AND DURATION

Article 4 - Object and activities

1. Overview

The Association is a private association established to produce, develop and promote an environmental standard on converted paper products (hereunder referred to as “the Ecolabel”). This label will be managed as a brand and as such licensed to members.

These objectives are achieved through the following activities:

- Coordinating key paper converters and producers to reach an agreement on a platform of specifications on the environmental issues raised by the paper converting industry
- Producing the Ecolabel’s technical criteria
- Designating an accredited certification body to award the Ecolabel
- Building a communication plan to promote the Ecolabel amongst key stakeholders (institutions, retailers, consumers, clients.)

2. Ecolabel

• Definition and perimeter

The Ecolabel created by the Association is called “Paper by Nature”. It shall apply to converted paper products. It shall take into account the potential environmental impacts of the product:

- *Raw materials*: The Ecolabel shall include criteria concerning responsible forest management and paper manufacturing.
- *Converting process*: The Ecolabel shall include criteria concerning all environmental impacts potentially generated by paper converting process.

• Criteria

The technical criteria are developed in the internal document *Paper by Nature Ecolabel*. The Ecolabel shall be in compliance with the ISO 14020 standard that establishes guiding principles for the development and use of environmental labels and declarations.

The technical criteria shall be reviewed every five years by the General Assembly.

• Audit and certification

The Ecolabel shall be awarded by accredited certification bodies that shall be designated by the Board of Directors.

The Board of Directors shall designate the certification body after invitation for offers according to specifications that shall be defined by the General Assembly. Those specifications shall include the following criteria: competences, process, elements that must be audited, references and international capabilities. The certification body shall be designated for a period of two years.

The criteria for the Ecolabel awarding process are defined as follows:

- Application for obtaining the Ecolabel can only be made by a company that is an effective or an adherent member of the Association.

- The applicant company shall make a written application to the President of the Board of Directors
- The applicant company shall be audited by the accredited certification body according to the Ecolabel's criteria
- If in compliance with the criteria, the company shall be awarded with the Ecolabel.

Ecolabel certification shall be reviewed as follows:

- The certification shall be reviewed every three years as from the date it has been awarded. This review shall cover the whole set of criteria.
- Besides the fulfilment of criteria regarding fibres content (as expressed in the Appendix of the internal document *Paper by Nature Ecolabel*) shall be documented and sent to the auditing body every year.

Article 5 – Language

The official language of the Association is English.

Article 6- Duration

The Association is set up for an unlimited period of time.

SECTION III- MEMBER STATUS

Article 7- Members

1. Categories of members

The Association shall have three categories of members:

- Companies
- Professional associations
- NGOs that are non-profit associations

2. Grades of members

The Association shall have effective members, adherent members and observers

a) Effective members

The effective members shall have the right to vote in the General Assembly and to hold office in the Board of Directors.

Companies and professional associations who are effective members shall pay fees as prescribed by the Board of Directors and approved by the General Assembly. NGOs who are effective members shall not pay fees.

Founder members are effective members.

b) Adherent members

The Association may admit adherent members. Adherent membership is reserved for companies wishing to apply for the Ecolabel awarding. After being awarded with the Ecolabel, those companies shall have the possibility to remain adherent members or to become effective members.

Adherent members shall have all the rights and duties associated with the status of effective member, with the exception of the right to vote in the General Assembly and to hold office in the Board of Directors.

Adherent members shall pay fees as prescribed by the Board of Directors and approved by the General Assembly. These fees shall be inferior to those paid by effective members.

c) Observers

The Association may admit observers. This status is reserved for NGOs.

Observers shall be empowered to put forward an opinion in the General Assembly and the Board of Directors (including Ethics Committee) (cf. article 12.4).

Observer status shall be free of charge.

Adherent members and observers shall have the possibility to become effective members. Application shall be submitted to the Board of Directors' Ethics Committee (cf. article 12.4).

3. Duties of the members

1. All members (effective members and adherent members) shall be required to comply in full with the Statutes and resulting regulations and with decisions and executive measures taken by the Association's governing bodies. Observers are not subject to those obligations.

2. Every member (effective member or adherent member) shall pass the audit within one year after its admission in the Association

3. The members shall not be personally liable for the Association's obligations.

4. Membership fees

Companies and professional associations who are effective or adherent members shall pay fixed annual fees. The annual fees will be proposed by the Board of Directors and have to be approved by the General Assembly. The fees paid by adherent members shall be inferior to those paid by effective members. The maximum amount for annual fees for effective members and adherent members shall be 100 000 euros.

For expenses other than normal operation cost, required for the Association's projects and work and which have been approved by the General Assembly, an additional subscription shall be called for.

5. Communication

The Association shall not make any use of communication elements (name or logo) of any of its member or observer without the authorization from this member or observer.

Communication on the Paper by Nature Alliance and Ecolabel shall comply with the guidelines defined in the internal document *Paper by Nature Communication*. Those guidelines cover communication around the Ecolabel awarding, use of the logo, wording, elements to be placed on the ecolabelled products...

Article 8 - Conditions for admission

1. The conditions for admission shall be the same for effective members, adherent members and observers.

2. The following shall qualify for member status:

- Companies
- Professional associations of paper converters or producers
- NGOs that are non-profit associations

3. Any entity wishing to become a member or an observer shall make a written application to the President of the Board of Directors.

4. Application for admission of any new member (effective member or adherent member) in the Association shall be submitted to the Board of Directors' Ethics Committee (cf. article 12.4) whose task shall be to ensure that the applicant entity is in compliance with the following criteria:

- adherence to the Statutes
- desire to contribute to the Association's goals actively
- desire to adhere to the Ecolabel's criteria
- public commitment to pass the audit within one year after its admission

5. Application for admission of any new observer shall be submitted to the Board of Directors' Ethics Committee (cf. article 12.4) whose task shall be to ensure that the applicant entity is in compliance with the following criterion: adherence to the statutes

Acceptance shall be by a majority of votes cast by the Ethics Committee's members, over which the two permanent members of the Ethics Committee (the MECSEA and the FEPE) shall always have a veto right. In the event of a tied vote, the President shall have a casting vote.

The General Assembly shall be empowered to add new criteria for admission. In this case, the statutes shall be modified to include those new criteria.

Article 9 - Resignation and exclusion of members

Member status will be lost in the following circumstances:

1. Resignation from the Association

Every member is free to withdraw from the Association by addressing its resignation by registered letter to the President of the Board of Directors. The resignation shall only take effect six months later. Annual fees due at the time of resignation and any other outstanding monies must be paid.

2. Exclusion from the Association

If after several reminders, a member does not fulfill his obligations in relation to the Association, he may be excluded from the Association.

The resolution for exclusion shall be proposed by the Board of Directors' Ethics Committee to the General Assembly which shall decide by two-thirds majority of votes cast by members with voting rights present (or represented by proxy).

Acts that may lead to a member's exclusion are:

- failure to respect the Association's statutes
- failure to pay the membership fees for the companies or professional associations who are effective or adherent members at latest in the month of the reminder addressed by a post-office registered letter
- acts or words which would seriously harm the Association's interests or reputation
- failure to pass the audit within one year after the admission in the Association

Exclusion takes immediate effect. Once member status has been lost, all rights and claims on the part of the ex-member are also forfeited vis-à-vis the Association.

SECTION IV- BODIES AND OPERATION

Article 10- Bodies

The Association's governing bodies are:

- the General Assembly
- the Board of Directors

Article 11- General Assembly

1. The General Assembly's composition

The General Assembly is the Association's sovereign power. The General Assembly is made up of all members and observers. It is chaired by the President of the Board of Directors.

2. The General Assembly's powers

The General Assembly's powers are

- amendments to the statutes
- appointment and removal of directors
- approval of the membership subscription to be paid
- approval of the accounts and budgets
- dissolution of the Association
- exclusion of members
- approval of events schedules
- definition of new criteria to be used by the Ethics Committee for admission and exclusion of members
- definition of the requirements to be used by the Board of Directors to select the certification body
- definition of the criteria indicators to be used in the audit for the Ecolabel
- definition of the communication guidelines concerning Paper by Nature Alliance and Ecolabel

3. Meetings of the General Assembly

An ordinary General Assembly shall be called at least once a year by the Board of Directors.

An extraordinary general meeting can be called by the Board of Directors or upon the demand of one fifth of the members.

4. Convening

All the members must be convened to attend the General Assembly by the Board of Directors at least 30 days before the meeting. The date and place for the meeting shall be fixed by the Board of Directors. The agenda and documents must be submitted to the members at least 8 days before the date on which the meeting is to take place.

5. Decisions

- The General Assembly is empowered to take decisions if two-thirds of the members with voting rights are present or represented by proxy.
- Each effective member shall have one vote in the General Assembly.
- Decisions are to be taken by two-thirds majority.

- If the General Assembly is not empowered to take decisions, it shall be immediately adjourned and an Extraordinary General Assembly is to be called. The Extraordinary General Assembly shall take decisions with an absolute majority.

6. Publicity

The decisions of the General Assembly are set down in minutes held in a register signed by the Secretary. After every General Assembly, the minutes are sent to all members or observers present or represented by proxy.

All members can inspect the minutes at the Association's headquarters without removing the register. Third parties who justify a legitimate interest may ask for copies of specific documents.

Article 12 - Board of directors

1. The Board of Directors' composition

The Association shall be administered by a Board of Directors composed of four Directors, chosen amongst effective members.

Besides, the Board of Directors reserves the right to invite to its meetings one or several of the Alliance's observers. This observer shall not have voting right in the Board of Directors but is empowered to put forward an opinion on every decision.

2. Appointment, removal and duration of term

The directors have to be nominated by the General Assembly and are revocable by it. They have a two-year term and may be re-elected.

The first directors for the first two-year term shall be the following:

- MECSEA
- FEPE
- Stora Enso Oyj
- UPM Kymmene Oyj

3. Office

The Board of Directors shall elect a President, a Vice-President, a General Secretary and a Treasurer from among its members for a two-year term. They shall constitute the Association office. They are eligible for re-election. The Board of Directors shall define the powers of the office, which is allowed to act only on express delegation of powers from the Board of Directors.

4. Ethics Committee

The Board of Directors shall have an Ethics Committee composed of:

- two permanent members : the MECSEA and the FEPE
- two other members chosen amongst the Board of Directors

Besides, the Board of Directors reserves the right to invite in the Ethics Committee:

- one or several of the Alliance's observers
- an outside authority

The observer(s) and the outside authority shall not have voting right in the Ethics Committee but are empowered to put forward an opinion on every decision.

The President of the Board of Directors shall be ex officio President of the Ethics Committee.

The Ethics Committee is in charge of

- deciding admissions of new members in the Association
- proposing resolutions for exclusion of members contravening the Association's criteria.

Its task is to ensure that the Association's members evolve in compliance with the norms and criteria established in the Association's statutes. The Ethics Committee reserves the right to access all required information to determine whether a member has contravened the Association's criteria.

Every member of the Ethics Committee (including the permanent members) is free to withdraw from the Committee by addressing its resignation by registered letter to the President of the Board of Directors

4. The Board of Directors' powers

As a general rule, the Board of Directors shall dispose of all powers not expressly reserved by the Statutes or by law to the General Assembly and carry out all administrative and management duties for the proper operation of the Association. It is notably empowered to do the following:

- propose the members' subscription rates
- call a General Assembly
- nominate the non-permanent members of the Ethics Committee
- designate the accredited certification body
- designate the auditing body

The Board of Directors shall only deliberate when all its members are present or represented by proxy. Each director has one vote. It shall take decisions by a majority of vote cast by its members. In the event of a tied vote, the President shall have a casting vote.

The Board of Directors shall represent the Association externally. It can delegate this power of representation to its President or to one of the directors.

5. Meetings of the Board of Directors

As a general rule, the Board of Directors shall meet at least twice a year or more frequently if at least three of its members wish to call a meeting.

6. Publicity

The Board of directors shall inform the General Assembly of its initiatives and decisions.

The Secretary shall draw up the minutes of each meeting of the Board of directors that have to be signed by him and the President. The Secretary is responsible for the day-to-day business of the Association.

SECTION V- FINANCIAL YEAR, BUDGET AND ACCOUNTS

Article 13 - Financial year

The Association's annual accounts are to be closed on December 31st each year.

Article 14 - Budget and accounts

Each year the Board of Directors is bound to submit accounts (drawn up as receipts and expenditure) for the elapsed financial and to propose a budget for the next financial year to the General assembly.

Approval of the accounts by the General assembly amounts to a discharge of the Board of Directors.

The accounts are to be audited by a trustee who shall be appointed by the Board of Directors.

SECTION VII- AMENDMENT OF THE STATUTES, DISSOLUTION AND LIQUIDATION

Article 15- Amendment of the statutes

A decision to modify these statutes requires the presence of two-thirds of the members at the General Assembly and a two-thirds majority of the votes cast by the members with voting rights present (or represented by proxy).

Article 16- Dissolution

Apart from a case where there is a legal dissolution or when it is pronounced through judicial means, dissolution can only result from a decision by the General Assembly in compliance with the legal provisions and these Statutes.

The decision to dissolve the Association requires the presence of two-thirds of the members with voting rights and the acceptance by the four fifths of votes cast by the members with voting rights present (or represented by proxy).

Article 17 – Liquidation

Whatever the grounds for dissolution, the General Assembly shall designate the liquidator(s), determine their powers and their remuneration. It shall decide the appropriation to be made of the net assets that may remain after settlement of all debts or charges: they shall devolve to another non-profit organization.

SECTION VIII- TRANSITIONAL MEASURES

Article 18

By exception to article 13, the first financial year shall start this day when the Statutes are signed to be closed on December 31st 2008.