

**STATUTE**

**FOREST AND WOOD-PROCESSING FUND**

**2021**

## PART ONE

### ESTABLISHMENT OF FOREST AND WOOD PROCESSING FUND

General Meeting of Federation of Forestry and Timber Industry of the Czech Republic establishes by its resolution as of May 25, 2021, marketing Forest and wood processing Fund (hereinafter referred to as “the Fund”).

- (1) Federation of Forestry and Timber Industry of the Czech Republic (hereinafter referred to as the LDK) is an interest association of legal entities from forestry and primary wood processing sector, established pursuant to § 20 letter f) Collection č. 40/1964 Civil Code, as amended.
- (2) LDK is an interest community in the sense of the statute of Agrarian Chamber of the Czech Republic.
- (3) LDK is a legal entity, registered under IČ 02472619.
- (4) Main and secondary activities of the LDK are described in detail in its Articles of Association, on which long-term theses of the LDK program is based on.
- (5) Statute of the Fund extends the Articles of Association of the LDK by its provisions, by approval by General Meeting it becomes its integral annex, and all amendments are subject to the rules for amendments to Articles of Association of the LDK.

#### § 1

##### Forest and wood processing fund

- (1) Forest and wood processing fund (hereinafter referred to as “the Fund”) is hereby established at the Federation of Forestry and Timber Industry of the Czech Republic.
- (2) Fund is not an independent legal entity, funds invested in it remain property of the LDK and its drawing and management is governed by the rules set up in this Statute.
- (3) All funds of the Fund are kept on separate bank and accounting accounts and disposing of them is only possible in accordance with the Statute of the Fund.
- (4) Fund is not allowed to participate in business of other people.
- (5) Fund is designed to support forestry and wood processing science, education, research and development, education system, nature protection, ecology, animal protection, or support of events with social, humanitarian, or cultural focus, supporting at the same time the goals of the Fund.
- (6) With maximum emphasis on the above is the Fund intended also to increase competitiveness of forestry and wood processing industry and support of wood, as renewable raw material. Fund in particular:
  - a) supports forestry and forestry craft, which ensure sustainability of forest management and landscape and except for wood production they contribute to the society also through non-productive functions of the forest such as recreational, cultural, ecological functions or functions which are necessary for water functions, air purification, carbon sequestration, temperature regulation, etc.
  - b) supports marketing of wood and wood products, sale of wood and wooden products in general, labelling of wood and wooden products according to the country of origin,

- c) informs and educates the public about forestry and use and processing of wood and about other significant facts related to the forest, forest management and use of wood as the only renewable raw material in the Czech Republic,
  - d) supports maintaining and developing of forestry, forest management and wood processing as a significant part of European cultural heritage,
  - e) supports all use of wood as a renewable raw material with zero or negative carbon footprint,
  - f) supports sustainable management in forest which combines social, economic, and ecological needs of local communities with a long-term sustainable state of the landscape,
  - g) supports higher use and consumption of wood and wood products in the Czech Republic and creates suitable conditions for that,
  - h) searches and proposes removal of unjustified obstacles arising from legislation and technical standards, which prevents the forest owners from applying their property rights or from economic activities,
  - i) searches and proposes removal of unjustified obstacles arising from legislation and technical standards which prevent greater use of wood on the Czech market,
  - j) proposes changes to tax and other regulations which would favour wood as a building material and which would support use of the wood as a renewable raw material in other branches,
  - k) creates conditions for investment in the sector of forest management and subsequent value chain which will lead to production of wooden products with higher added value,
  - l) strengthens competitiveness of all interest groups within the whole value chain, which is based on forest management,
  - m) proposes measures to increase volume of processed raw wood,
  - n) supports science, research and development leading to better managements in forest and to better use of wood and to search for new product possibilities for its application,
  - o) supports the transfer of results from the science and research into practice including lifelong education in forestry and subsequent fields working with wood products,
  - p) connects users of natural resources and helps create common vision of sustainability and supports dialogs among all subjects, supports communication among them and their partnership,
  - q) supports creation and implementation of innovative methods, procedures, and technologies in forest-wood sector,
  - r) supports activities within individual fields of communicative strategies aimed at professional as well as non-professional public.
- (7) Fund does not support concrete people, political parties, ideologies, or forest owners, forest managers, or concrete processors or producers in the field of wood processing.
- (8) Fund provides support for activities given in paragraph 6 to physical as well as legal entities which apply for support (hereinafter referred to as “applicants”) or directly to projects which are proposed by the Board of the Fund.
- (9) Organs of the Fund are Board of the Fund (hereinafter referred to as “Board”), Supervisory Board of the Fund (hereinafter referred to as “Supervisory Board”). The LDK Board can authorize a physical person with management of the Fund’s operation, who will be employee of the LDK.
- (10) Only a physical person may become a member of the Fund’s body, who is irreproachable and has full qualification for legal acts. For the purposes of the Act a person who has not been convicted of an intentional crime or who is treated as a person who is not convicted shall be considered as an irreproachable person.
- (11) Members of Fund’s body and employees of the LDK are obliged to maintain confidentiality about fact which they learn in connection with performance of their function as a member of the Fund’s

bodies or as an employee of the LDK. Minister of Agriculture (hereinafter referred to as "Minister") can release a member of the Fund's bodies from a commitment of confidentiality.

(12) The Fund shall prepare annual report which it shall submit to the Board and Supervisory Board no later than 30th June of the following calendar year. Fund shall publish the annual report on the website of the LDK and of the Fund, if there are any.

(13) Annual report must contain:

- a) overview of activities performed by the Fund in the relevant calendar year,
- b) overview of income and expenses of the Fund, broken down by resources of the Fund,
- c) overview of provided support broken down by type of the support, purpose, and amount,
- d) development and final accounting balance of the Fund's income and expenses for the past calendar year,
- e) changes of the Fund's status and changes in the composition of the Fund's bodies, including justification of the changes that occurred during the past calendar year.

## **§ 2**

### **Council of the Fund**

(1) Council is the highest body of the Fund, which proposes to the Board of the LDK the way and amount of drawing of the Fund's resources.

(2) Members of the Council who are members of Parliament, senators, members of the government and heads of the central administrative office, judges or who are given by a special law, are not entitled to financial reward for the performance of the function of a member. Member of the Council is entitled to the reimbursement of the expenses.

(3) Membership in the Council is not compatible with membership in the Supervisory Board. Membership in the Council may be performed by one person maximum three consecutive terms, same person may become again a member of the Council not earlier than 2 years after not being a member of the Council.

(4) Members of the Council of the Fund are appointed by the General Meeting of the LDK. Chairman and Vice-chairman are elected and removed by the Council. First Council of the Fund consists of the LDK Board elected in accordance with Articles of Association of the LDK.

(5) General Meeting of the LDK can remove the members of the LDK in case of serious breach of duties arising from the function of the member of the Council.

(6) Membership in the Council terminates:

- a) upon expiry of the term in the office,
- b) death,
- c) resignation,
- d) removal.

(7) The term of office of the members of the Council is four years. Upon expiry of the term in the office members of the Council shall hold the function in the Council of the Fund until a new representative is elected for the function.

(8) A separate report shall be made about meetings of the Fund.

(9) Scope of authority of the Council includes:

- a) approving a plan for activities of the Fund,
- b) submitting a draft of a financial plan of the Fund to the Supervisory Board for control, supervision, and approval,
- c) proposing a use of financial resources from the Fund,
- d) deciding on a provision of the support from the Fund,
- e) concluding contracts on behalf of the Fund and supervising their performance,
- f) proposing the amount of remuneration and salaries for the employees of the Fund, if they are hired or employed by the Fund,
- g) submitting to the Supervisory Board, General Meeting of the LDK and to the Minister of agriculture annual report of the Fund to discuss and evaluation.

(10) Meetings of the Council shall be convened and managed by the chairman and in case of his absence by the vice-chairman of the Council. In the event of parity, the vote of the chairman of the Council decides, if absent, the vote of the vice-chairman of the Council decides.

(11) The Council has a quorum if an absolute majority of its members is present, a decision requires a consent of an absolute majority of present members of the Council.

(12) Chairman of the Supervisory Board can participate in the meeting of the Council, and if he asks to speak, it must be granted to him.

(13) The Council meets according to the needs of the Fund, at least four times a year.

(14) Details of the organization and activities of the Council and other bodies of the Fund, of inner organization of the Fund and mutual relations can be further adjusted by Organizational Rules of the Fund, which is issued by the Board of the Fund, if such an adjustment is necessary for smooth and transparent operation of the Fund.

### **§ 3**

#### **Supervisory Board of the Fund**

(1) Supervisory Board is a controlling body of the Fund. It controls management of the Fund's assets, use of the Fund's resources and provision of support by the Fund. Members of Supervisory Board, who are deputies, senators, members of the government, heads of Central Administrative Office, judges, who are so provided by special law, are not entitled to receive a remuneration for the performance of the function of a member. A member of the Supervisory Board is entitled to reimbursement of the expenses to the amount set up by a special legal regulation.

(2) Supervisory Board

- a) controls activities of the Fund and activities of the Council of the Fund,
- b) evaluates annual report,
- c) approves financial plan of the Fund,
- d) submits a report to the Council on results of its control activity at least once a year,
- e) submits a report on its controlling activities to the General Meeting of LDK,
- f) controls accounting records and other documents and data contained therein which are relevant for the activities of the Fund,
- g) convenes extraordinary meetings of the Council, if this is in the interest of the Fund,

- h) supervises, if the Fund develops activities in accordance with legal regulations and Articles of Association of the Fund,
  - i) controls implementation of the Fund's business plan.
- (3) Supervisory Board is obliged to notify the Council of a breach of the legal regulations or statutes of the Fund, of uneconomical procedures, or of other shortcomings in the activities of the Fund.
- (4) Members of the Supervisory Board are appointed by the General Meeting of the LDK. Chairman and Vice-chairman of the Supervisory Board are elected and removed by the Supervisory Board. First Supervisory Board of the Fund consists of Supervisory Board of the LDK elected in accordance with the Articles of Association of the LDK.
- (5) Membership in the Council is incompatible with membership in the Council. Supervisory Board has 3 and more members. Members of the Supervisory Board may be co-opted upon proposal of a member of the Fund's Board or a member of the Supervisory Board of the Fund.
- (6) Members of the Supervisory Board of the Fund may be removed by the General Meeting of the LDK in case of a serious breach of duties arising from function of a member of the Supervisory Board.
- (7) Meetings of the Council of the Fund are chaired by the chairman of the Fund's Supervisory Board, in case of his absence by the Vice-chairman of the Fund's Supervisory Board.
- (8) Membership in the Supervisory Board terminates:
  - a) upon expiry of the term of the office,
  - b) death,
  - c) resignation,
  - d) removal.
- (9) Term of the office of the members of the Fund's Supervisory Board is four years. Upon expiry of the term in the office members of the Supervisory Board of the Fund shall hold the function until a new representative is elected for the function.

#### **§ 4**

##### **Council of the Fund**

###### Fund payers

- (1) Federation of Forestry and Timber Industry of the Czech Republic established at the Agrarian Chamber of the Czech Republic is an interest association of legal entities from sector of forest management and primary wood production, established according to § 20 letter f) Act Nr. 40/1964 Coll., Civil Code, as amended, and is therefore also a professional interest association in the sense of statute of the Agrarian Chamber of the Czech Republic. At the same time, contribution to the Fund from a member of the LDK is an extraordinary membership contribution intended to cover the costs of the LDK to ensure the goals of the LDK and the Fund.
- (2) LDK is according to Act Nr. 586/1992 Coll., on taxes from income, a non-profit organization, respectively a tax-payer, who is not established for the purpose of business, because according to § 18 par. 8 of the same Act, taxpayers, who were not established for the purpose of business,

are considered to be interest associations of legal entities, if they do not have legal subjectivity and if they are not established for the purpose of profit gaining activities.

(3) Payer of the Fund may be:

- a) every member of the Federation of Forestry and Timber Industry of the Czech Republic or a member of some organizations which are members of the LDK,
- b) any physical or legal entity, which is an owner, tenant, or leaseholder of forest on the area of the Czech Republic in the category of commercial forest, or in the category of a forest with special purpose according to § 8, par 2, letter h) of a Forest Act,
- c) any physical or legal entity, which is an entrepreneur in the field of wood processing with place of business in the Czech Republic,
- d) state, state or municipal institutions and units, territorial self-governing units,
- e) any legal or physical entity or another fund unless their payment is refused by the Council of the Fund.

(4) The income of the Fund consists of

- a) levies and donations from payers to the Fund,
- b) support from the state and state institutions,
- c) subsidies from the European Union Funds,
- d) subsidies from the state budget,
- e) subsidies from the budgets of territorial self-governing units,
- f) gifts from physical or legal entities,
- g) inheritance,
- h) interests on deposits,
- i) penalties or fines for non-payment or late payment of levies and gifts.

(5) From a physical or legal person who is an owner, tenant, or leaseholder of a forest and from legal entities who have the right to manage the state property a contribution to the Fund is expected according to the size of forest property amounting to 5 CZK for every hectare of a forest. If the forest is rented or leased then the contribution is paid in such a way that co-owners, joint tenants, and leaseholders pay a joint contribution.

(6) In a case of physical or legal entity which is a producer of wood or wooden products a contribution is expected according to the size of production amounting to 1 CZK for every m<sup>3</sup> of wood which is placed on the market in the calendar year preceding the year in which the contribution to the Fund is provided. For producers who place their products to the market in other technical unit than m<sup>3</sup> conversion factors specified in Recommended Rules for measurement and sorting of the wood in the Czech Republic are used for appropriate calculation of a contribution, or amount of contribution is set up upon agreement with the Board of the Fund.

(7) Contributions and donations to the Fund are voluntary and the rate specified in paragraph 5 and 6 of this article can be exceeded.

(8) If a contributor to the Fund falls with his relation to the forest and to production of timber within definition given in paragraph 5 and 6 of this article, he may choose, which article for calculation of the contribution he chooses.

(9) Contributions and donations according to paragraph 5 and 6 of this Article shall be payable once a year for previous calendar year, by transfer to the Fund's account, carried out no later than

31<sup>st</sup> March of following calendar year, unless differently agreed between the Council of the Fund and the contributor. Partial payment is possible.

## **§ 5**

### **Use of the Fund**

(10) Income of the Fund may be used only for:

- a) purposes given in the §1 of the Fund Statute and for their support,
- b) production of printed, electronic, and audio-visual materials in particular and for presentation of wood and products from wood in the media,
- c) research and market research, realisation of exhibitions, support of participation of Fund members in exhibitions and fairs and support of special workshops and conferences focused on forest management and wood processed sector.
- d) development and promotion of study fields which deal with forest management and use of wood and wood products,
- e) activities of forest pedagogy and education of specialists on forest and wood processing industry and education and science and research engaged in these fields,
- f) covering operating costs of the Fund, its amount is a binding part of a financial plan of the Fund, including costs for promotion of the Fund, but not more than 20% of the sum of all resources of the Fund.

(11) Income of the Fund may not be used:

- a) to promote or support of activities which limit the rights of forest owners,
- b) to promote or support the reduction of economic activity in forest in connection with forest management,
- c) to support activities which limit economic use of the forest as a part of European cultural heritage,
- d) to limit production and sale of any wood product grown in the Czech Republic,
- e) to support any ideology or political direction or activity or action related with it.

(12) Balance reported by the Fund at the end of relevant calendar year shall be transferred in the Fund's accounting to next calendar year and shall be used to secure further activities of the Fund.

## **SECOND PART**

### **EFFECTIVENESS**

- (1) This statute comes into effect on the day of approval of the Statute of the Fund at the General Meeting of the LDK.
- (2) Proper approval of this statutes and establishment of this FOREST-WOOD FUND took place at the General Meeting held on May 25, 2021.
- (3) This is confirmed by signatures of chairman of General Meeting of the LDK and record-keeper and verifier.