

Minutes for RSPO BOARD OF GOVERNORS Meeting 01-21

Date: 25 Feb 2021 Start Time: 3.00pm-7.44pm (GMT +8) Venue: Conference Call

BOG MEMBERS AND ALTERNATES IN ATTENDANCE**SUBSTANTIVE MEMBERS**Dato' Carl Bek-Nielsen (CBN), **MPOA – Co Chair**Anne Rosenbarger (AR), **WRI — Co Chair**Tim Stephenson (TS), **AAK – Vice-Chair**Paul Wolvekamp (PW), **BOTHENDS**Marcus Colchester (MC), **FPP**Agus Purnomo (AP), **GOLDEN AGRI RESOURCES**Lee Kuan-Chun (LKC), **P&G**Karen Yu (KY), **RABOBANK**Julian Walker-Palin (JWP), **RPOG**Samantha Bramley (SB), **STD CHARTERED**Petronella Meekers (PM), **UNILEVER**Daphne Hameeteman (DH), **WILMAR**Michael Guindon (MG), **WWF S'PORE**Kahori Miyake (KM), **AEON**José Roberto Montenegro (JRM), **AGROCARIBE****ADVISORS**

Prof. Bungaran Saragih (BS)

ALTERNATE MEMBERSLee Kuan Yee (LKY), **MPOA**Eleanor Spencer (ES), **ZSL**Caroline Westerik-Sikking (CWS), **AAK**

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Madeleine Brassier (MB), **OXFAM**Dr. Mohamad Fadhil Hasan (FH), **ASIAN AGRI**

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Olivier Charrier (OC), **FERRERO**Roger Charles (RC), **STD CHARTERED**Martin Huxtable (MH), **UNILEVER**Olivier Tichit (OT), **MUSIMMAS**Harjinder Kler (HK), **HUTAN**Yumie Kawashima (YK), **AEON**Audrey Lee (AL), **OLAM**Sander Van den Ende (SVE), **SIPEF**John Clendon (JC), **UNIVANICH****SECRETARIAT STAFF**

Beverley Postma (BP)

Bakhtiar Talhah (BT)

Patrick Chia (PC)

Inke Van Der Sluijs (IS)

HS Yen (HY)

Hafiz Adnan (HA)

GUESTS

Dato' Henry Barlow (DHB)

Lim Sian Choo (LSC)

ABSENT WITH APOLOGIES:**SUBSTANTIVE MEMBERS**Dato' Amir Hamdan (AH), **FELDA****ADVISORS**

MR Chandran (MRC)

ALTERNATE MEMBERSMartin Van Vaals (MVV), **RABOBANK**Hugo Byrnes (HB), **AHOLD DELHAIZE**Nursanna Marpaung (NM), **HUKATAN**

Item	Description	Focal Point
1.0	<p>Introductions and Opening Remarks <i>RSPO Antitrust Caution, Quorum and Conflict of Interest</i> CBN opened the meeting by reading aloud the text of the Antitrust Caution statement, reminding members of the rules. The Secretariat confirmed that quorum had been reached for the meeting.</p> <p><i>Approval of Agenda - BOG 01-21</i> The agenda was duly approved with no amendment. MG raised a question on the ongoing pause in the Jurisdictional Approach Working Group (JAWG). CBN agreed to include the issue in AOB, time permitting, otherwise a separate meeting on JAWG would be arranged.</p>	
2.0	<p>Approval of Minutes of previous meeting - 12 November, 2020 The approval of the Minutes for the BOG 07-20 meeting was proposed by TS and seconded by JRM, approved with no amendments.</p>	
3.0	<p>Election of Office Bearers (closed session – BoG Members only) CBN and AR re-elected as Co-Chairs. TS re-elected as Treasurer and Vice-Chair.</p>	
4.0	<p>Change of BoG Substantive Member for Banks/Investors <i>Endorsement of Karen Yu (Rabobank) - replacement for Geraldine Lim (GL)</i> The Board endorsed the appointment of KY as a Substantive member, representing Rabobank. CBN formally welcomed KY and recorded his thanks to GL for her tenure.</p>	
5.0	<p>CEO-Designate Report BP provided a summary of her written report, proceeding to answer questions of clarification.</p> <p>Tenure BP confirmed that 25 February was the first day of her official tenure as CEO, with the issuance of her Employment Pass in Singapore and the renewal of her Employment Pass in Malaysia.</p> <p>COVID-19 BP reported that validation audits for FGV were nearly complete with two pending audits in Sabah delayed due to movement restrictions. Preparation for validation audits for Sime Darby Plantations is in progress.</p> <p>Secretariat Most RSPO staff are still working from home. Offices will be re-opened when local SOPs allow, with ongoing flexibility for staff who prefer to work from home. BP reported that attrition rate among Secretariat staff remains quite high with leavers citing stress, heavy workloads, and family concerns as key factors. Some projects remain on pause due to this. All staff have been provided with increased access to HR counselling and 1-on-1 check-in sessions with new social welfare projects in the pipeline.</p>	

Membership

BP reported that total membership has exceeded 5,000 spanning 101 countries. Some terminations are anticipated due to non-payment of membership fees. Secretariat is proactively reaching out to these companies.

BP offered congratulations to Latin American Grower members for exceeding 1.5 million metrics tons of CSPO Certified Volumes, representing more than 30% of production in the region.

The Chairman congratulated RSPO's North American team on the growth of membership in the US.

Q&A

Q: Has the higher attrition had any impact on Secretariat capability?

A: No significant new risk to report beyond the previously reported risk due to chronic under-capacity.

Q: When will the Board receive monthly reports of uptake data?

A: This work will be prioritised, incorporating changes and corrections recommended by the Supply Chain & Traceability Working Group (SCTWG)

Q: What is the motivation of new members joining?

A: No solid data at this stage. Several potential factors include new business imperatives and regulatory drivers, depending on the region.

Q: Concerns were raised about recent allegations discussed by the HRWG.

A: A public video depicting alleged violence against women was shared with the Secretariat and discussed by the Human Rights WG. This triggered an internal investigation led by the Secretariat's Risk Unit. No official complaint has been logged against this company.

Further questions were raised about the correct procedure for responding to such grievances. CBN referred members to the RSPO Complaints and Appeals Procedure and stated that due process should always be followed. SNGOs noted that it is the responsibility of working groups to flag such issues. Other members cautioned that such allegations, in the absence of evidence, should not be used to impede certification. The BoG agreed that grievances should not be discussed or judged by working groups but handled through the RSPO's proper grievance channels.

Q: The Secretariat was asked to verify the data in the Peat Inventory table, as the figures for Malaysia seem low.

Action: Secretariat will re-verify the Peatland Inventory data

Clarification provided as follows: The data presented covers the [OP planted on peat for RSPO members only](#) covering 22 of 27 RSPO members with OP operations in Malaysia. All shapefiles submitted (MY, INA, ROW) have been compiled and checked by the GIS team. The 5 non-submitters have been included in the 'no submission list' which has been shared with all CBs and MPOA.

BP

6.0

Operational Planning 2021-2025

BP summarised the Secretariat’s Operational Plan for 2021-2025 and sought BoG endorsement for the overall direction stated in this plan (namely the “Strategy House”), and the proposed table of annual performance targets.

On behalf of the Finance Committee (FC), TS provided a financial analysis and endorsement of the proposed plan, noting that it represents a significant investment over the next two financial years that, while ambitious and unprecedented in scale, can be safely delivered within the current business model as long as income forecasts are met.

On behalf of the BoG, CBN welcomed the Operational Plan, noting that it is a well-written and comprehensive document. On behalf of MPOA, he asked that due attention be given to the following areas:

- The rapid increases in the payroll costs in 2020 and 2021.
 - The significant increase in operational costs from 2020 to 2023
 - The estimated decline in surplus profit before tax.
- In view of these concerns, MPOA requests that a “gap” analysis should be presented to the Board every 6 months to track these developments.
 - Furthermore, the MPOA remains opposed to any increases in membership fees to bridge any future shortfall in income. At least, not until the demand/uptake for certified RSPO palm oil matches production/supply.
 - The BoG should also urgently reconsider and review the Mission statement “making sustainable palm oil the norm”.

After an exhaustive discussion, the Board of Governors endorsed the overall direction of the 5-year Operational Plan and the Performance Targets for 2021 and 2022. This endorsement was provided with the following conditions and provisions:

1. The FC shall continue to work with the Secretariat to put in place the necessary control mechanisms to manage costs in line with regularly updated income forecasts. These will be reported at every Board meeting as part of the standard finance updates.
2. Further work is required by the BoG and Secretariat in 2021/22 to review the overall Mission and Goals of the organisation in the context of Impacts. There is a need to establish more transformational targets beyond those stated in the Operational Plan. These must be evaluated annually to meet the expectations of Members and to address the concerns of external critics.
3. The Secretariat shall quickly and satisfactorily address all questions raised by MG and AL regarding activities and targets relating to: MEL, Assurance priorities; National Interpretation endorsements; updates of the Supply Chain Certification system; the proposed study on peatland extent; and building women’s empowerment principles into the standard.

	Action – Secretariat to liaise with MG and AL (and other Board members), providing a written response and follows-ups if necessary.	BP										
7.0	Standing Committee Updates											
7.1	<p><i>Finance Committee (FC) Report</i> Resolution to update bank signatories.</p> <p>Under Direction of the RSPO Board of Governors, the following resolution was subsequently endorsed by authorisation of the RSPO Finance Committee:</p> <p>Changes to bank signatories and limits of RSPO’s Current Account maintained with HSBC BANK MALAYSIA BERHAD bearing Account No. 359-170750- 101, 359-170750-725, 359-170750-726 and 359-170750-727 are detailed below.</p> <p>It is Resolved that the Bank be instructed to honour and comply with all cheques, promissory notes and other orders drawn on, and all bills accepted on behalf of the Company in respect of the Accounts with the Bank whether such Accounts be in credit or overdrawn, to comply with all instructions given in relation to the operation of the Accounts, and to accept and act upon all receipts or monies deposited with or owing by the Bank in respect of the Accounts, provided that such cheques, promissory notes, orders, bills, instructions or receipts are signed by the following persons ("Authorised Signatories") in the following manner :</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left;">NAMES OF AUTHORISED SIGNATORIES</th> <th style="text-align: left;">SIGNING GROUP</th> </tr> </thead> <tbody> <tr> <td>1. PATRICK CHIA JET KHIN</td> <td>Group A</td> </tr> <tr> <td>2. BAKHTIAR AFFENDI BIN TALHAH</td> <td>Group B</td> </tr> <tr> <td>3. JULIA MAJAIL</td> <td>Group B</td> </tr> <tr> <td>4. BEVERLEY POSTMA</td> <td>Group C</td> </tr> </tbody> </table> <p>SIGNING CONDITIONS AND SIGNING LIMITS</p> <p>a. Up to RM100,000 - Any one (1) from Group A, B or C b. Up to RM300,000 - Combination of any two (2) from Group A, B or or C c. Above RM300,000 - One (1) each from Group A, B and C</p>	NAMES OF AUTHORISED SIGNATORIES	SIGNING GROUP	1. PATRICK CHIA JET KHIN	Group A	2. BAKHTIAR AFFENDI BIN TALHAH	Group B	3. JULIA MAJAIL	Group B	4. BEVERLEY POSTMA	Group C	
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7.2	<p><i>Revised Budget Allocations for H2 FY21</i> Endorsed without amendment.</p>											
7.3	<p>Standards Standing Committee (SSC) <i>National Interpretation for Nigeria</i> MC sought clarification from the Committee Co-Chairs that due process had been followed regarding the composition of the NI working group. LKY confirmed that due process had been followed. The NI for Nigeria was duly Endorsed.</p>											
7.4	<p><i>Shared Responsibility Targets 2021</i> The SSC Co-Chairs thanked the SRWG for all their hard work in reaching this milestone and recommended that the BoG endorse the Year Two SR volume targets, summarised as follows:</p>											

The P&T target is 2% points growth in CSPO uptake for each member in 2021, whilst the target for CGM/RT is 12% points growth for CSPO and 7% for CSPKO.

CGM/RT should meet their uptake target by means of physical RSPO certified volumes in order to pull the supply chain.

The Secretariat confirmed that Year Two targets will apply to volumes reported in Calendar Year 2021 - to be verified through ACOP 2021 reporting due in H1 2022. The Secretariat also confirmed that CSPKO volumes had been modelled separately for the purpose of these SR Targets.

In response to concerns raised by DH, the Secretariat acknowledged that more must be done to communicate these targets to members, especially those not involved in working groups and committee. BP also confirmed that the Secretariat will play a more active role in helping to drive uptake by identifying barriers and gaps.

JPW noted that while RPOG member generally support this approach, they feel that the blanket statement does not reflect the complexity of supply chains.

7.5 Also, in reference to the accompanying statement that European, US and Australian retailers should be the first to phase out Credits – RPOG reminded the Board that many of the products sold in these markets will have originated in emerging markets where availability of CSPO is low.

RPOG is concerned that the RSPO is not following the agreed competencies for discussions around a future roadmap on the use of Credits under Shared Responsibility. This competency has been delegated by the Board to the MDSC, however other workstreams, including the Shared Responsibility Working Group and Standards SC are involved in developing policy. Clarity is sought on the decision-making process to streamline the process with the understanding that MDSC is the agreed 'competent group'.

In acknowledgement of these points, the SR Targets for Year 2, including the accompanying narrative in the BoG paper, were duly **Endorsed**.

Marketing Development Standing Committee (MDSC)

'No Palm Oil' claims – amendment to Members' Code of Conduct

On behalf of the MDSC, CW presented the recommended amendment to the Code of Conduct for endorsement.

On behalf of MPOA, CBN supported the recommendation to amend the Code, stating that, according to unpublished data compiled by MPOA, the number of no palm oil claims between 2015 to 2020 has increased significantly and now exceeds over 7,000 products bearing this claim. 31% of these claims are reportedly linked to RSPO members. CBN stressed that failure to address this issue is likely to further erode growers' confidence in the RSPO.

After a long discussion about the wider implications of the rising incidents of NPO claims, the BoG was unable to reach consensus on the recommendation presented by the MDSC and asked the Co-Chairs to revisit the following aspects of the proposal:

<p>7.6</p>	<ol style="list-style-type: none"> 1. To remove any ambiguity in the interpretation of the code by reviewing or removing the wording relating to negative claims. 2. To define the RSPO’s role in understanding and addressing the wider issue of “no palm oil” claims and its impact on CSPO; and 3. To map out a pathway for the adoption of any changes to the Code via a BoG Resolution that can be presented to the RSPO General Assembly. <p>Formation of COP26 Campaign Taskforce</p> <p>The Recommendation to form a new Taskforce reporting to the MDSC was endorsed by the BoG, on condition that an amendment was made to the wording of the objective in the draft Campaign Brief:</p> <p><i>“To position RSPO as the ‘go to’ solution-provider and thought leader in the development and delivery of Green Trade Deals and international agreements for sustainable palm oil, and to accelerate demand for RSPO certification across the global supply chain.”</i></p> <p>Action: The Secretariat will liaise with MG to edit this wording</p>	<p>BP</p>
<p>7.7</p>	<p>Smallholder Standing Committee (SHSC) RSSF Governance Policy update</p> <p>On behalf of the SHSC, LKC thanked Francisco Naranjo for all his work in supporting the Committee and for leading the Secretariat’s search for a new Head of SH Unit. He informed the BoG that work was underway to review and enhance the RSSF Governance Policy, which will include an urgent emphasis on supporting livelihood enhancement and capacity building for smallholders.</p>	
<p>8.0</p>	<p>Update from the Complaints Panel Co-Chairs</p> <p>On behalf of the RSPO complaints panelists, LSC provided an update on current caseload on an aggregate basis, noting that while environmental/land issues still formed the highest incidence of cases, social/labour issues were becoming more prevalent.</p> <p>AR provided a summary of recent dialogue between the complaints panel co-chairs and the Secretariat noting that BP will ensure that the complaints panels have uninterrupted access to a ring-fenced budget for the discretionary appointment of third-party experts to conduct independent investigations.</p> <p>HB expressed concern that the Head of Grievance Unit had tendered his resignation and stressed that one member of the complaints panel has ongoing reservations about new reporting arrangements of the Complaints Desk, which now reports to the Assurance Division.</p> <p>In response to questions regarding issues of conflict of interest and anti-trust compliance, BP reminded all members and committees that they should adhere to the RSPO written procedures and anti-trust guidelines. She confirmed that the Secretariat was in the process of hiring a General Counsel, who will provide additional guidance to the complaints panelists.</p>	

	<p>In response to a question regarding the timing and format of the forthcoming review of the Complaints and Appeals Procedure (CAP), it was agreed that a BoG sub-group would be formed to design the timing and terms of reference for this review.</p> <p>Action: The Board Co-Chairs, CP Co-Chairs and CEO will schedule meeting to discuss the matter ahead of a proposed Board Telecon in April 2021.</p>	Co-Chairs BP
9.0	Any Other Business	
9.1	<p>Assurance Updates MG provided a brief update from the Assurance Standing Committee (ASC) regarding the latest EIA report. The following actions were proposed and endorsed by the BoG:</p> <p>Action 1 – BP will re-introduce a summary of the Secretariat’s Risk Register in future CEO Reports.</p> <p>Action 2 - Assurance will be included as a permanent item in future Board meeting agendas.</p>	BP BP
9.2	<p>Jurisdictional Approach (JA) SVE ought clarity on the status of the JAWG. CBN noted that JA is a vital strand of the RSPO’s agreed strategy and warranted a separate discussion with co-chairs of the relevant Committee where the issue can be given due attention.</p> <p>OT confirmed that the JAWG reported to the Standards Standing Committee (SSC) and agreed that a meeting will be arranged between the SSC Co-chairs and JAWG Co-Chairs to discuss ways to move forward with JA Certification.</p> <p>This will be added to the agenda as a priority at the next SSC meeting in March, with support from the Secretariat.</p> <p>Action: a progress report will be provided to the BoG at the next Board meeting in June</p>	OT/BP
10.0	<p>The Meeting adjourned at 7.43pm (GMT +8).</p> <p>On behalf of the BoG, CBN thanked the Secretariat for all their work in preparing for the meeting.</p> <p>All Board members were invited to remain online for a closed discussion.</p>	