

Minutes for RSPO BOARD OF GOVERNORS Meeting 01-23

Date: Tuesday 21 February 2023

Start Time: 2.00 pm – 6.00 pm

(+8GMT): 7.00 am – 11.00 am

Virtual: Zoom

Location: Kuala Lumpur

BOG MEMBERS AND ALTERNATES IN ATTENDANCE

<p>SUBSTANTIVE MEMBERS</p> <p><u>In-Person</u></p> <p>Dato' Carl Bek-Nielsen (CBN), MPOA – Co-Chair</p> <p>Anne Rosenbarger (AR), WRI — Co Chair</p> <p>Tim Stephenson (TS), AAK – Vice-Chair</p> <p>Daphne Hameeteman, WILMAR</p> <p>Marcus Colchester (MC), FPP</p> <p>Julian Walker-Palin (JWP), RPOG</p> <p>H. Narno Sayoto Irontiko (NS), ASOSIASI SWADAYA AMANA</p> <p>Lee Kuan-Chun (LKC), P&G</p> <p>Martin Huxtable (MH), UNILEVER</p> <p>Agus Purnomo (AP), GOLDEN AGRI RESOURCES</p> <p>Jose Roberto Montenegro (JM), AGRO CARIBE</p> <p>Paul Wolvekamp (PW), BOTHENDS</p> <p>Kamal Seth (KS), WWF SINGAPORE</p> <p>Lim Jwee Tat (JT) STANDARD CHARTERED BANK</p> <p>ADVISORS</p> <p>Prof. Bungaran Saragih (BS)</p> <p>Mr Mavath R Chandran</p>	<p>ALTERNATE MEMBERS</p> <p><u>In-Person</u></p> <p>Mario Abreu (MA), FERRERO</p> <p>Eleanor Spencer (ES), ZSL</p> <p>Dr Fadhil Hassan (FH), PT. INTI INDOSAWIT SUBUR</p> <p>Rukaiyah Rafik (RR), GAPOKTAN TANJUNG SEHATI</p> <p>Sander Van den Ende (SVE), SIPEF</p> <p>Quentin Munier (QM), OLAM</p> <p>Dr Surina Ismail (SI), MPOA</p> <p>Harjinder Kler (HK), HUTAN</p> <p>Olivier Tichit (OT), MUSIMMAS</p> <p>Steni Bernadinus. (SB) KALEKA</p> <p>Laila Wilfred (LW) Cargill</p> <p>John Clendon (JC), UNIVANICH</p> <p>ABSENT WITH APOLOGIES</p> <p>Nursanna Marpaung (NM), HUKATAN</p>
<p>SECRETARIAT STAFF</p> <p>Joseph D’Cruz (JD), CEO</p> <p>Zeeneeshri Ramadass (Zee), APAC Comms Manager</p> <p>Irene Low, EA to CEO</p> <p>SECRETARIAT SUPPORT</p> <p>Inke Van Der Sluij (IS) Market Transformation</p> <p>Irene Fischbach (IF) SEC & Communication</p> <p>HS Yen (HS)</p>	<p>LANGUAGE INTERPRETERS</p> <p>Irma Nurhayati</p> <p>Galuh</p>

ITEM	DESCRIPTION	FOCAL POINT
1.0	<p>Introductions and Opening Remarks <i>RSPO Antitrust Caution, Quorum, and Conflict of Interest</i> The meeting being quorate, the Co-Chairs opened the meeting. Dato' Carl welcomed the Board of Governors to the Meeting. The Board was reminded of the need to follow antitrust requirements and the circulated agenda for the meeting was approved.</p> <p>The Agenda BoG 01-23 Meeting was approved.</p>	
2.0	<p>BoG 04-22 Meeting – 02 December 2022: Approval of Minutes of the previous meeting: The minutes were approved, proposed by MC seconded by LKC</p>	
7.0 (a)	<p>CEO's Update & seeking guidance from the Board.</p> <ul style="list-style-type: none"> ▪ The CEO briefed the Board on a number of situations where there have been issues, allegations or information in the public domain which may point to potential violations of the P&C or Code of Conduct, however no complaint has been filed through the grievance system. ▪ One example of such a situation is the recent findings of corruption by the Jakarta Corruption Court against three individuals who are employees of member companies, while the companies themselves have thus far not been found guilty of corruption. The Secretariat has obtained legal advice indicating that there is thus far no proven violation of the P&C or CoC. The Secretariat has also reached out to the Court via legal representatives to request a copy of the written judgement in this, to further ascertain if any member company was found guilty of corruption or other transgressions. The written judgement has not yet been made available. ▪ Another is the pattern of allegations on social media, etc. against a member company in Africa, alleging land grabbing, harassment of local community leaders, etc. The Secretariat has attempted to reach out to individuals on the ground making these allegations to encourage them to file a formal grievance, however they have thus far not been willing to do so. ▪ In such instances the CEO could initiate an independent investigation (as was done for instance in the SOCAPALM case), however in the CEO's opinion there are a number of challenges and constraints involved in delivering independent investigations with rigour and credibility: <ul style="list-style-type: none"> ○ (1) Undertaking such investigations as a regular practice risks undermining the neutrality of the Secretariat, creating the perception of an activist organization instead. 	

	<ul style="list-style-type: none"> ○ (2) It is difficult to marshal the expertise and obtain access to undertake credible investigations in the remote and complex environments where such allegations often surface (e.g. remote plantations in Africa) ○ (3) Such investigations are a significant capacity and financial drain on the Secretariat, and doing so on a regular basis would require a significant expansion of investigative capacity. Doing so without sufficient resources and expertise will merely undermine the reputation of RSPO, without necessarily delivering the outcomes we hope for. <ul style="list-style-type: none"> ▪ The CEO therefore believes that such investigations should not be a regular response to such situations. Instead, the Secretariat should maintain focus on the grievance mechanisms that have already been created and approved by the RSPO membership, and continue to encourage potential complainants to make use of these. Furthermore, in cases (such as the Jakarta Corruption Court verdict) where clear evidence of infringement by members is not yet available, the Secretariat should wait to obtain credible evidence before proposing a course of action. ▪ The CEO requested the Board’s feedback and guidance on this issue. 	
	<p><u>BoG Comments:</u></p> <ul style="list-style-type: none"> ▪ The Board noted that such negative publicity affects the credibility of RSPO. The Board agreed that the RSPO cannot condone illegal conduct and corruption and must be seen to uphold the highest ethical standards. There is also a question of whether such member companies (and representatives of such companies) should be restricted from holding positions in the RSPO Board. It was agreed that such matters should be clarified during the Governance Review the Board will undertake and should be decided at the June meeting. ▪ Some members of the Board supported the Secretariat in its position not to engage in independent investigations as a regular response, and to direct grievances to established channels such as the Complaints Panel recommending that independent investigations should only be commissioned in situations where the circumstances may seriously compromise RSPO’s reputation. However other members of the Board proposed that a more proactive and vigorous approach be taken by the Secretariat as this is not just a matter of the reputation of the RSPO but of quality assurance by RSPO. 	
3.0 (a)	<p><u>Election of BoG Office Bearers</u></p> <ul style="list-style-type: none"> ▪ CBN having served as Co-chair for the past 9 years, decided not to stand for re-election, as he had already advised this at the BoG meeting in February 2022. He stated that he would nevertheless remain as a Substantive member representing MPOA in the Board. 	

3 (b)	<p>▪ He thanked Board members for their support and for the trust and confidence shown to him by the BoG during his tenure as Co Chair during the last 9 years</p> <p><u>Word of Appreciation from Members of the Board</u></p> <p>Co chair AR proposed to put on record the Board’s gratitude for CBN’s dedication & service for the past 9 years,</p> <ul style="list-style-type: none"> ❖ AR took the opportunity to extend a word of thanks to CBN for shaping the success of what RSPO is today and bringing the different constituencies together. His hard work and leadership will be sorely missed. <p>On behalf of all Board members TS extended his appreciation to CBN</p> <ul style="list-style-type: none"> ❖ TS expresses his huge appreciation to CBN who has been steadfast in leading RSPO along with the Board through challenging periods in the last 9 years. <p>The Secretariat/ CEO</p> <ul style="list-style-type: none"> ❖ JD further extended his sincere appreciation to CBN in guiding him and has been a tremendous help whenever it is needed, since he came on board as CEO this past year <p>The Secretariat recused themselves for the Election at this juncture.</p>	
3.0 (c)	<p><u>BoG Members Only</u></p> <p>Election of BoG Office Bearers</p> <ul style="list-style-type: none"> ○ Co-Chair – 2 Required ○ Treasurer – 1 Required ○ Vice Chair – if Required 	
3.0 (d)	<p><u>Election Outcome:</u></p> <ul style="list-style-type: none"> ▪ Following CBN’s decision to step down as Co-Chair, no election took place, as just over 50% of the Board members felt it was necessary to clarify the process and procedure for electing (Co-)Chairs before an election was conducted whilst just under 50% of the BoG members felt that the due process of electing office bearers should proceed in alignment with what was done in all the previous years thereby adhering to the approved BoG agenda for the meeting. After a lengthy discussion it was decided to proceed with the election of an interim Chair. ▪ TS was subsequently appointed as Interim Chair supported by the Interim Committee (members of RemCom). This arrangement is to be in place until the June 2023 Board meeting, during which time the Interim Committee is to develop & formalize a process for election of office bearers. 	

	<p><i>NB: The Committee has subsequently met, agreed on its scope, and initiated the process of developing an election procedure. A draft proposal will be sent to all Substantive members for their consideration prior to the June meeting.</i></p>	
4.0	<p>Actions Arising from the last meeting BoG 04-22</p> <ul style="list-style-type: none"> ▪ There were no matters arising. 	
5.0	<p>Welcome onboarding Board of Governors The Board welcomed:</p> <ul style="list-style-type: none"> ▪ Principal member – JT Lee (Standard Chartered Bank) ▪ Alternate member – Imogen Jamie (Standard Chartered Bank) 	
6.0	<p>RemCom Update</p> <ul style="list-style-type: none"> ▪ Good progress with addressing concerns from Teoh Cheng Hai’s report and outstanding issues from Ingenium. Expected to be closed later this year. ▪ ToR – being revised. ▪ CEO appraisal – HK progressing with Secretariat HR 	
7.0 (b)	<p>Operation Overview Update by CEO</p> <ul style="list-style-type: none"> ▪ JD delivered a succinct update on the CEO's operation overview which was much appreciated by the Board. ▪ The Secretariat is drafting an agenda for the Board retreat in June to be finalized by the Interim Chair and the CEO. An email will be circulated updating Board members on Timelines and initial ideas. 	
8.0	<p>Standing Committee Updates</p> <p>Finance:</p> <ul style="list-style-type: none"> ▪ Some concerns regarding reduced income for the first half of the financial year, with consequently a smaller surplus being reported than the previous year. ▪ "Revised Finance Committee ToR Approved" ▪ Change in bank signatories approved. ▪ Appointment of investment manager approved subject to final review by JT/Standard Chartered this week. <p><i>(Review already received from JT. The Finance Committee will proceed with th appointment and finalise the investment policy for approval by the Board.</i></p> <p><u>BoG are invited to share their feedback, if any or seek clarification on Standing Committees updates on Pre-Reads.</u></p>	

	<p>SC Updates & Concerns Raised</p> <p>CSPKO/CSPO credits – shortage of supply of certified PKO still an issue.</p> <ul style="list-style-type: none"> ▪ The proposal raised by the Oleo Task Force has not proceeded as some board members are not supporting it and with no solution put forth. <p>Possible solutions to be reconsidered by the Secretariat, including allowing growers rather than crushers to sell PK credits. Potential for further <i>discussion at the June retreat</i>.</p> <ul style="list-style-type: none"> ▪ Lack of new grower members is a major concern and was reiterated to be given much higher priority by the MPOA, IGC and Processors and Traders as this had long been an agenda item that had not been properly addressed nor given adequate priority– The Secretariat was urged to accelerate its follow up with relating to this important subject as the grower base had not really grown when looking at volumes or global hectareage. ▪ This lack of members also applies to NGOs and banks/financial institutions. ▪ Grower representatives to reach out to their constituencies to list obstacles & problems that deter their interest to come on board. Secretariat is requested to give a clear, substantive overview on the reasons why growers do not want to join and to speed this up affirmatively to avoid further delays. 	
9.0	<p>EU Regulatory Developments</p> <ul style="list-style-type: none"> ▪ Some board members have volunteered to form a strategic sub- group to ‘brainstorm’ on EU due diligence and digitalization. AR has agreed to initiate formation of and to chair this group of BoG volunteers (see previous MoM to identify these volunteers) ▪ A request for a summary of EUDR requirements including gap analysis versus RSPO P&C (due 10 March) to be circulated to BoG. 	
10.0	<p>RSPO Brand Positioning</p> <ul style="list-style-type: none"> ▪ BoG to revert to Irene F (RSPO SE&C) and David Adams (Catalyser) responding ▪ on the Vision- shortlist of alternatives. 	
11.0	<p>Digital Framework</p> <ul style="list-style-type: none"> ▪ Concerns were raised regarding overseeing the digitizing and the blockchain framework. ▪ A BoG strategic sub-group is to be formed and assigned to oversight. (See Agenda #9 above) 	
12.0	<p>AOB</p> <p>TS concluded the meeting with a summary of events reiterating on some of the items that need deliberation at the Retreat and confirming on dates of events.</p>	

	<p><u>BoG Retreat</u> Date: Tue 20 June– Thu 22 June 2023 Location: Langkawi Island Draft Agenda: To follow (TS/ JD) Interim Committee: To support on the Retreat Agenda</p> <p><u>RT/ GA/ BoG 2023</u> Date: 20-24 Nov 2023 Location: Jakarta</p> <p><u>Issues for discussions at June Retreat</u></p> <ul style="list-style-type: none"> ▪ Governance review of procedural process <ul style="list-style-type: none"> ○ On election of office bearers ○ Digital Framework moving forward. ▪ CSPKO/ CSPO credits – demand & supply ▪ Stakeholders/ members – lack of growers, NGOs & financial institution ▪ EU Regulatory Development – Due Diligence & Digitization 	
	<p>Meeting adjourned at 18.05 pm</p>	