

## Minutes for BOARD OF GOVERNORS Meeting 04-20

Date: 25 June 2020

Start Time: 2.00pm-5.30pm (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**

José Roberto Montenegro (JRM), **AGROCARIBE**

Paul Wolvekamp (PW), **BOTHENDS**

Marcus Colchester (MC), **FPP**

Agus Purnomo (AP), **GOLDEN AGRI RESOURCES**

Samantha Bramley (SB), **STD CHARTERED**

Geraldine Lim (GL), **RABOBANK**

Lee Kuan-Chun (LKC), **P&G**

Julian Walker-Palin (JWP), **RPOG**

Petronella Meekers (PM), **UNILEVER**

Daphne Hameeteman (DH), **WILMAR**

Elizabeth Clarke (EC), **WWF**

#### ALTERNATE MEMBERS

Caroline Westerik-Sikking (CWS), **AAK**

Yumie Kawashima (YK), **AEON**

Razuwan Che Rose (RCR), **FELDA**

Olivier Charrier (OC), **FERRERO**

Harjinder Kler (HK), **HUTAN**

Lee Kuan Yee (LKY), **MPOA**

Olivier Tichit (OT), **MUSIMMAS**

Audrey Lee (AL), **OLAM**

Madeleine Brassier (MB), **OXFAM**

Sander Van den Ende (SVE), **SIPEF**

Martin Huxtable (MH), **UNILEVER**

John Clendon (JC), **UNIVANICH**

Eleanor Spencer (ES), **ZSL**

#### SECRETARIAT STAFF

Bakhtiar Talhah (BT)

Cheri Woo (CW)

Francisco Naranjo (FN)

Aminah Ang (AA)

Patrick Chia (PC)

Tiur Rumondang (TR)

Oi Soo Chin (OSC)

Dan Strechay (DS)

Javin Tan (JT)

Julia Majail (JM)

#### ADVISORS

Prof. Bungaran Saragih (BS)

#### GUESTS

Beverley Postma (BP)

Bilge Daleniz (BD), **PROFOREST**

### ABSENT WITH APOLOGIES:

#### SUBSTANTIVE MEMBERS

Kahori Miyake (KM), **AEON**

Dato' Amir Hamdan (AH), **FELDA**

#### ADVISORS

Mr Chandran (MRC)

#### ALTERNATE MEMBERS

Hugo Byrnes (HB), **AHOLD DELHAIZE**

Dr. Mohamad Fadhil Hasan (FH), **ASIAN AGRI**

Martin Van Vaals (MVV), **RABOBANK**

Roger Charles (RC), **STD CHARTERED**

Item	Description	Focal Point								
<p><b>1.0</b></p> <p>1.1</p> <p>1.2</p> <p>1.3</p>	<p><b>Introduction</b></p> <p>RSPO Antitrust Laws</p> <p>There will be no discussion on any commercial aspect of the trade in palm oil on premiums, volumes, individual suppliers, individual customers, etc.</p> <p>RSPO BoG consensus based decision making The BoG was reminded that they try to reach/make decisions by consensus, which is the absence of sustained objection.</p> <p>Approval of Minutes of previous meetings BOG 02-20 and 03-20 Minutes of both meetings were approved.</p> <p>Edits in the Minutes - BoG 02-20 Item 4.3 - Progress Update of RSPO Standing Committees (SC)</p> <p><i>“EC, the Co-Chair of the Assurance Standing Committee (ASC) reported that there has been good progress since Nov 2019 with the work of the ASC. However, in consideration of the views expressed at this BoG meeting, the ASC will proceed with the appointment of an ‘Independent Lead’ to manage the ASC within a 12-month period.”</i></p>									
<p><b>2.0</b></p> <p>2.1</p>	<p><b>New Board Members</b></p> <table border="1" data-bbox="316 1189 1182 1263"> <thead> <tr> <th>No.</th> <th>Alternate Member</th> <th>Organisation</th> <th>Sector</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Olivier Charrier</td> <td>FERRERO</td> <td>CGM</td> </tr> </tbody> </table> <p><b>Approval of designation of Alternate Member of the RSPO BoG</b></p> <p>Olivier Charrier (OC) was designated as the Alternate Member to Kuanchun Lee representing FERRERO in the CGM sector. He replaces Girish Deshpande from P&amp;G.</p> <p>OC declared to accept his designation representing FERRERO as an Alternate Member of the BoG of RSPO.</p>	No.	Alternate Member	Organisation	Sector	1.	Olivier Charrier	FERRERO	CGM	
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<p><b>3.0</b></p> <p>3.1</p>	<p><b>Action Tracker (BoG decisions)</b></p> <p><b>Resolution 6g GA10 – Resolution to adopt “Transparency in plantation concession boundaries”</b></p> <p>AP announced that the IGC, BS, MH, TR and OT will attend a meeting with <i>Kementerian Agraria dan Tata Ruang</i> and other relevant agencies on 26 June 2020 to discuss this matter</p> <p>Action: AP to provide an update on the outcome of this meeting</p>	<p>AP</p>								

<p><b>4.0</b></p> <p><b>Standard Standing Committee</b></p> <p><b>Indonesia National Interpretation (NI) (Endorsement)</b></p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p>	<p>The BoG endorsed the Indonesia NI with the provision that there will be an on-going exploration on legal alternatives to the HGU.</p> <p>FPP submitted a paper on June 10 prepared by the legal firm AsM, which showed there are three potential legal alternatives to HGU by which communities can accept palm yet not surrender their land rights. MC proposed that the BoG ask the Standard Standing Committee (SSC) to liaise with INA NI WG, and with AsM and FPP, to review these options and report back to the BoG within 3 months.</p> <p>AP requested the BoG to be prudent on this proposal as there is no legal alternative to the HGU. AP reiterated the decision of the INA NI WG, of which FPP is a member, as well as GAR, that defining acceptable legal alternatives is not within the scope of INA NI WG discussion and therefore INA NI WG cannot accommodate the request from FPP. With the same logic, AP added, such exploration of legal alternatives for customary land rights should not be imposed either to the BoG or to the INA NI WG.</p> <p>MPOA requested FPP to confirm that the proposal from AsM is acceptable to Indonesian authorities and national laws.</p> <p>The Secretariat was requested by the BoG to share the report with the INA NI WG for their feedback.</p> <p>SVE clarified that this proposal cannot be retrospective, and Growers must have the right to implement at their discretion and not deviate from the current legal practice.</p> <p><b>Decision:</b> SSC was requested to manage this matter going forward, and schedule follow up discussions with the INA NI WG.</p> <p>OT and LKY, the SSC Co-Chairs, requested to confer with the SSC members and agree to a timeline, before reverting to the BoG.</p>	<p>MC</p> <p>Secretariat</p> <p>SSC</p>
<p><b>5.0</b></p> <p>5.1</p> <p>5.2</p> <p>5.3</p>	<p><b>Resolution Tracker</b></p> <p>The Resolution tracker is expected to be up on the RSPO website in Q2 2020.</p> <p>GA16 Resolution 6c - Expanding the authority of RRO Indonesia to support the delivery of services to Indonesia's independent smallholders to accelerate transformation of norms and inclusiveness.</p> <p>The Secretariat has discussed and agreed with the proponents of this Resolution on solutions and next steps. The Smallholders Standing Committee will continue to track the progress. In line with this, the Secretariat proposed</p>	<p>FYI</p>

	<p>to close this Resolution.</p> <p><b>Decision:</b> The BoG agreed to close this Resolution.</p> <p>GA 15 (2018) Resolution 6d - Discouraging RSPO members subject to complaints from avoiding their obligations by divestment or withdrawing their membership.</p> <p>Status update: The 6d Task Force is active, and the proposals will go through a second public consultation. The timeline is for the BoG to endorse the final proposal in Nov 2020.</p>	
<p><b>6.0</b></p> <p>6.1</p> <p>6.2</p>	<p><b>Inclusion of local community, civil society and labour stakeholders</b></p> <p>PW proposed to be more inclusive towards local NGOs and communities, and to give these stakeholders an opportunity to engage more effectively with the RSPO.</p> <p>CBN stated that MPOA respects the inclusion of civil society but cannot agree to all the points that are put forth, without giving equal opportunity to other membership sectors.</p> <p><b>Action:</b> The BoG requested the Secretariat to revert with a proposal on the optimal support level for local community, civil society and labour stakeholders to participate in various RSPO activities.</p> <p>PW will have a discussion with the Secretariat and AP and come up with a revised proposal.</p>	<p>Secretariat</p> <p>PW, AP, Secretariat</p>
<p><b>7.0</b></p> <p>7.1</p>	<p><b>The consideration of Indonesian West Papua and Papua Provinces as being contiguous, with the Papua New Guinea landscape and thus be accorded the same status given to High Forest Cover Country (HFCC) and subject to the same procedures</b></p> <p>The NDJSG recommended to reject this Resolution.</p> <p><b>Decision:</b> The BoG agreed to the recommendation by NDJSG.</p>	
<p><b>8.0</b></p> <p>8.1</p> <p>8.1.1</p>	<p><b>i-CEO's Report</b></p> <p>COVID-19 and Impact on RSPO Operations</p> <p><b>Audit Certification</b> SVE urged the Secretariat to be proactive in seeking pragmatic solutions aside from the three-month extension period and partial audit, and analyse the issue of expiring certificates, in view of a possible extended COVID-19 pandemic. This was deemed as an urgent issue and the Secretariat was kindly requested</p>	<p>Secretariat</p>

8.1.2	<p>to follow up promptly.</p> <p><b>Keeping Members and CBs informed</b>  The Secretariat will continue to keep the Members and CBs informed on the latest development, information and news pertaining to all certification matters.</p> <p>The Secretariat will also inform the CBs to conduct remote audit(s) using virtual technologies although there are still barriers to overcome.</p> <p><b>Action:</b>  The BoG requested the Secretariat to revert with a proposal on managing the current certification issues, within two weeks.</p>	<p>Secretariat</p> <p>Secretariat</p>
<p>9.0</p> <p>9.1</p> <p>9.2</p>	<p><b>Financial matters</b></p> <p>Finance Update for Q3 FY2020 (period ended 31 Mar 2020)</p> <ul style="list-style-type: none"> <li>• RSPO currently has a strong financial position and cash reserves.</li> <li>• RSPO is looking at a significant surplus and forecast at the year end of around RM11 mil surplus before forex and tax.</li> <li>• Income and operating costs are in line with budget and project costs lower than budget as usual, that results in the overall surplus.</li> <li>• RSPO has a strong balance sheet with RM46 mil in cash and bank and a small increase in subscriptions due.</li> <li>• Members’ Fund is at RM26 mil, and TS reminded the BoG that the Finance Committee was going to look at how much reserves to maintain, the policy current is 12 months of operating costs as free reserves and whether we can reduce it by looking at other comparisons. This exercise has been deferred as it would be more appropriate to carry out the review at the end of the year.</li> <li>• The Smallholders Fund is reducing and has a surplus after including all commitments.</li> <li>• Special Projects, which mainly include IMO projects, is expecting a deficit should all projects be contracted. An allocation to the fund is expected at the year end.</li> </ul> <p><b>Proposed Budget for 2021</b></p> <ul style="list-style-type: none"> <li>• This is a very difficult time for any organisation to predict the future, with a great deal of uncertainties. As a result, we have decided to take a very cautious view for budget purposes.</li> <li>• RSPO made assumptions for income to reduce significantly. But in April and May 2020, income has held up well, although there could be delay in the real impact.</li> <li>• There is a budget surplus of RM1.3 mil based on reduced income.</li> <li>• Operating costs relate to expenditure required to keep the Secretariat running around the world and project costs have been reduced compared to current year. It is important to point out that should actual income be higher we will have the flexibility to increase project</li> </ul>	

	<p>costs.</p> <ul style="list-style-type: none"> <li>• The Finance Committee encourages the Standing Committees to review project costs and agree with the priorities set in the budget, including the back-up projects that we can move to if income is sufficient going forward.</li> <li>• The Finance Committee is asking for an approval of the budget subject to regular review by the Finance Committee of the financial position, so that the Secretariat can flex their planning and hopefully increase projects to be undertaken assuming income is higher than budgeted. If it goes worse, RSPO will have to be ready to cut other costs.</li> <li>• RSPO will likely see a shortfall in Special Projects and is expecting a transfer from Members’ Funds at the year end.</li> <li>• In the Smallholders Fund there is an additional cost budgeted of RM1.3 million that relates to support for certification of smallholders, which implies that there is continued funding of smallholders from the fund. The BoG expects a proposal from the Smallholders Standing Committee on support for smallholders going forward and then for the BoG to decide how to continue that support.</li> <li>• Smallholders Fund was previously supported by an annual transfer from the Members’ Fund which was then discontinued with a view to reviewing how we deal with smallholder support. While the BoG waits for the proposal from the Smallholder Standing Committee, for the purpose of this budget we are including this suggested amount by the Smallholder Standing committee.</li> <li>• AR proposed an action point for all Standing Committees to review the budget and provide feedback to the Finance Committee including any adjustment that might be required to the proposed budget.</li> <li>• CBN suggested a long term plan of the RSPO in building up capacity internally, and proposed that the Secretariat undertake to review the processes on how consultancy jobs are awarded and to analyse the total costs spent on consultancies for the past 3 years, allocating these costs year by year and broken down on the costs allocated per year to the top 5 consultants.</li> <li>• SVE suggested to include in the review the process and rules for screening of consultancies for conflict of interest.</li> <li>• The proposed budget is approved by the BoG subject to regular review and update by the Finance Committee.</li> </ul>	<p>I-CEO/ CEO designate/CF O</p>
<p><b>10.0</b></p> <p>10.1</p> <p>10.2</p>	<p><b>Shared Responsibility</b> Update on the progress of the Shared Responsibility Working Group (SRWG)</p> <p>BD provided an update on the workflow and progress of the SRWG. BD highlighted that the SRWG needs a decision from the BoG on the continued use of credits.</p> <p><b>ACOP Data to be shared with the SRWG</b> The Board has endorsed that ACOP data be shared with the SRWG, for the purpose of implementing its work scope.</p> <p>CBN reminded the BoG of the adopted Resolution GA9 6d as follows:</p>	

<p>10.3</p>	<p><i>Request that ordinary members regularly monitor and review their activities developing and implementing action plans that allow demonstratable continuous improvement in adapting the supply chain towards 100% physical purchase of CSPO including an immediate commitment to support RSPO palm oil through Greenpalm certificate until that goal is achieved.</i></p> <p><i>He added that it is now 8 years since the above was adopted and the RSPO members should advocate physical uptake and not credit unless this is for independent smallholders and where markets are developing.</i></p> <p>CBN stated that as reiterated on numerous accounts and on behalf of Growers worldwide, the sector has for the last 4+ years advocated the acute urgency to support and push Shared Responsibility throughout the RSPO, focusing equally on uptake and production of CSPO. There has been far too little priority given to the uptake of CSPO, and Growers wish to make it clear that unless they see a considerable and impactful move to improve on the uptake of CSPO so this comes close to the supply of RSPO certified palm, the Grower members will not cooperate with a review on the P&amp;Cs when this is next due.</p> <p><b>Action:</b> The MDSC will make a proposal on the use of Credits to the BoG after its meeting in July 2020. The BoG will then convene a conference call to discuss the recommendation by the MDSC and revert to the SRWG in August 2020.</p>	<p>All BoG to take note</p> <p>MDSC</p>
<p>11.0</p> <p>11.1</p> <p>11.2</p> <p>11.3</p>	<p><b>Outreach &amp; Engagement</b> Updates from the O&amp;E Department</p> <p>DS briefed the BoG on the upcoming activities and new strategies of the O&amp;E. DS requested for support from the BoG, as third-party voices on a campaign to promote the RSPO. The following BoG members - DH, LKC, MC, AR &amp; MH - volunteered to assist in the campaign.</p> <p>RSPO RT18 2020 The RT will be known as the 'RSPO Global Conference' in 2020 and will be fully virtual with a new format.</p> <p>The BoG congratulated DS and the O&amp;E team on the success of attracting a significant number of new Members in North America.</p>	
<p>12.0</p> <p>12.1</p>	<p><b>Standing Committees</b> Update on Standing Committees <i>Assurance Standing Committee (ASC)</i> <i>Market Development Standing Committee (MDSC)</i> <i>Smallholder Standing Committee (SHSC)</i> <i>Standard Standing Committee (SSC)</i></p> <p>The first SC Alignment meeting took place on 6 March 2020. The Secretariat will arrange for a follow-up to the SC Alignment meeting and look into specific issues faced by the SCs.</p>	<p>Secretariat</p>

<p><b>13.0</b></p> <p>13.1</p>	<p><b>National Interpretations</b>  <i>National Interpretation - Mexico (Endorsement)</i>  <i>National Interpretation - Côte d'Ivoire (Endorsement)</i></p> <p>The Co-chairs of the SSC stated that due process has been followed for both NIs and recommended for both NIs to be endorsed by the BoG.</p> <p><b>Decision:</b>  The BoG endorsed the National Interpretations for Mexico and Côte d'Ivoire.</p>	
<p><b>14.0</b></p> <p>14.1</p> <p>14.2</p> <p>14.3</p>	<p><b>Review of General Assembly (GA)</b>  Proposal on a review of the broader GA functioning i.e. the frequency of the GA, processing of submitted Resolutions etc.</p> <p>AR briefed the BoG on the proposed new voting GA structure and considerations for having the GA to:</p> <ul style="list-style-type: none"> <li>i) be held on a biennial basis.</li> <li>ii) Shifting the power of the GA to the BoG on the approval of accounts (if we were to shift the GA to a biennial schedule).</li> <li>iii) Acceptable to conduct the decision-making process of the GA in a virtual GA</li> </ul> <p><b>Comments from the BoG</b></p> <ul style="list-style-type: none"> <li>• Need to ensure that Members continue to have a voice in the GA and be inclusive</li> <li>• Allow debate on Resolutions virtually prior to the GA</li> <li>• Understand the implications for RT for not having a physical GA</li> <li>• Clarify the election of the BoG</li> </ul> <p><b>Action:</b>  AR and TS will continue to lead this review with the Secretariat, and revert to the BoG in due course.</p> <p><b>GA17 2020</b>  In view of the global COVID-19 pandemic, the BoG decided that the GA17 in 2020 to be fully virtual.</p>	<p>AR</p> <p>FYI</p>
<p><b>15.0</b></p> <p>15.1</p>	<p><b>AOB</b></p> <p><b>New members of the Complaints Panel (Endorsement)</b>  The CP requested for endorsement of two new Complaints Panel members as follows:</p> <ul style="list-style-type: none"> <li>i. Toushi Itoka</li> <li>ii. Fakri Karim</li> </ul> <p><b>Decision:</b>  The BoG endorsed the two candidates.</p>	



<p><b>15.2</b></p>	<p><b>Revision to the RSPO Membership Rules (Endorsement)</b></p> <p>OSC clarified that the changes made in the Membership Rules were made based on the endorsement of the decision paper in Nov 2019, on expanding the group membership eligibility and dealing with shadow companies.</p> <p><b>Decision:</b> The RSPO Membership Rules were endorsed.</p>	
<p><b>15.3</b></p>	<p><b>RSPO NEXT (Endorsement)</b></p> <p>Based on an earlier directive by the BoG in March 2019, the Secretariat consulted with all RSPO NEXT certificate holders and gathered their input and recommendations. The Secretariat proposed for RSPO NEXT to be terminated.</p> <p>CBN stated that the Growers who participated in RSPO NEXT did express concern from the onset that there would be no uptake of RSPO NEXT, and the necessity for RSPO to adopt the principle of ‘Shared Responsibility’ to ensure uptake of CSPO. This in hindsight was proven to be exactly what happened (no uptake of RSPO Next) but at least the concept of “shared responsibility (formerly called commensurate effort) was form.</p> <p><b>Decision:</b> The BoG endorsed the termination of RSPO NEXT.</p>	
	<p>Meeting adjourned at 5.30pm.</p>	