

Minutes for BOARD OF GOVERNORS MEETING 01-15

Date: 6th March 2015

Start Time: 9am

Venue: Renaissance Hotel (Kuala Lumpur)

Attendance

BoG Members and Alternates

UNILEVER - Biswaranjan Sen (BW) – Co-Chair
MPOA - Carl Bek Nielsen (CBN) – Co-Chair
AGROPALMA – Marcello Brito (MB)
AAK – Tim Stephenson (TS)
AHOLD – Hugo Byrnes (HB)
FAUNA & FLORA INTERNATIONAL – Darmawan Liswanto (DL)
FELDA – Norazam bin Abdul Hameed (NA)
HSBC – Ian Hay (IH)
MPOA – Khairudin Hashim (KH)
MUSIM MAS – Dr. Gan Lian Tiong (GLT)
RABOBANK – Geraldine Lim (GL)

Dial - In

BOTHENDS - Paul Wolvekamp (PW) - *1
CONSERVATION INTL – John Buchanan (JB)
IOI – Ben Vreeburg (BV) - *1
OXFAM – Johan Verburg (JV) - *1
RPOG – Belinda Howell (BH) - *1
UNIVANICH – John Clendon (JC) - *1
WWF – Adam Harrison (AH)
ZSL – Elizabeth Clarke (EC)

RSPO Advisors

Prof. Bungaran Saragih (BS)
MR Chandran (MRC)

With Apologies

AAK – Martin Craven (MC)
GOODHOPE – Edi Suhardi (ES)
HSBC – John Laidlow (JL)
IOI – Too Heng Liew (THL)
MARKS & SPENCERS – Fiona Wheatley (FW)
MONDELEZ – Jonathan Horrell (JH)
MONDELEZ - Sridhar V. (SV)
OLAM – Audrey Lee (AL)
OXFAM – Kate Geary (KG)
RABOBANK – Thomas Ursem (TU)
RSPO SECRETARIAT - SalahudinYaacob (SY)
SIPEF – Olivier Tichit (OT)

Secretariat Staff

Datuk Darrel Webber (DW)
Desi Kusumadewi (DK)
Jan Van Driel (JVD)
Patrick Chia (PC)
Sanath Kumar (SK)
Stefano Savi (SS)
Cheri Woo (CW)

Other Invited Guest

IOI – Roald Hulst (RH)

Note - *

1 – Dialed in after 10.30am (MYT)

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point
6 MARCH 2015		
1.0	Introduction	
1.1	<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>	
1.2	<p>RSPO BoG consensus based decision making.</p> <p>The BoG was reminded that they try to reach/make decision by consensus which is the absence of sustained opposition.</p>	
1.3	Approval of Minutes of previous meeting BOG 04-14	BW
2.0	Concession Maps Non-Submission from Indonesia and Malaysia	
2.1	Prof. Bungaran and Ibu Desi will approach the relevant Indonesian Ministries (Ministry of Agrarian & Spatial Planning) to have a formal response on the resolution 6g.	
2.2	DW will respond to the Indonesian Growers Caucus. Stating that Transparency is key in the RSPO and we would like to hear what the Indonesian Growers could do towards this end.	DW
2.3	RSPO will allow MPOA and JUPEM to revert back. However this is a matter of urgency.	DW/SK
2.4	Interim Communication: RSPO is currently working with the government of Indonesia and Malaysia to seek early interpretation of resolution 6g. RSPO will provide the latest update in 3 months' time to members on the outcome.	DW/SK
2.5	Map and data collection should continue for purposes of certification, annual surveillance assessments, fire hot spots, recertification assessments as the BoG deemed that this matter did not extend to activities outside of the activities supporting Resolution 6g. Secretariat will provide the list of attributes for the requirements of resolution 6g to the BoG and MPOA.	DW/SK
2.6	Secretariat is to verify if concession boundaries are a requirement of MSPO and ISPO certification assessment.	DW/SK
3.0	Innovations Lab feedback & RSPO+	
3.1	AH briefed the BoG on what transpired at the Innovations Lab meeting. It reported that the proposal for the IL to develop a RSPO+ was not supported by the group members of the lab.	
3.2	The Secretariat is tasked to develop the RSPO+ further. No task force	AH,HB,K

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point
3.3	<p>will be formed but a small focus group will be formed (AH, HB, KH, GLT,BV,MB) and once passed will be forwarded for public consultation. 1st draft to the board by 15th May 2015.</p> <p>The RSPO + should be a voluntary addendum to the RSPO P&C which addresses 5 key element:</p> <ul style="list-style-type: none"> ■ FPIC ■ DEFORESTATION ■ CARBON STOCK ■ PEAT ■ GHG 	H, GLT & BV.MB
4.0	<p>Standard and Certification Standing Committee / Technical Department</p> <p>4.1 Decision on non-submitters of HCV liability disclosure.</p> <p>4.1.1 The BOG endorses RSPO CTF recommendation to publicly disclose list of non-submitters on RSPO website in multiple languages (English, Bahasa Indonesia, Spanish, French and Thai). The list should also include notes to remind non-submitters that staged implementation period will end in May 2015 and all cases reported after the period will be escalated as complaints case.</p> <p>4.1.2 SG is requested to place this high on the complaints panel agenda should the actions above not solve the issue at hand. All certified independent smallholders who did not declare liability status and are expected to be free of liability should not be included in the public disclosure on non-submitters. RSPO Secretariat will continue to follow-up on declaration request by May 8th, 2015 with independent smallholders.</p> <p>4.2 Endorsement of RSPO National Interpretation (Malaysia)</p> <p>4.2.1 BoG endorses the Malaysian National Interpretation</p> <p>4.3 New IT Trading platform.</p> <p>4.3.1 The RSPO secretariat will discuss and clarify with UTZ the following issues:</p> <ol style="list-style-type: none"> 1. Data ownership (past and present data) must be with RSPO 2. Timing for the project within 12 months 3. Organisation and support of the helpdesk 4. Increase of user friendliness for all users 5. Improvement of overall transparency 6. Insights in the cost structure with the aim to reduce costs further 7. Effects on the risks and timing of the project if the trading platform for certificates would be based on a fixed pricing system 8. Branding all activities under RSPO 	<p>SY</p> <p>JVD</p>

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point
<p>9. What are the risks and how do we mitigate risks as a result of the transfer from the present providers to the new one. CBN stated his concern and urged the Secretariat to obtain a higher degree of assurance from UTZ in order to minimise the risks if they were to be selected as a future vendor.</p> <p>4.3.2 This will be brought to the BoG before a final decision will be taken. If the BoG decision is not in favour for the UTZ alone system, RSPO will go out for tender.</p> <p>4.4 “No Palm Oil” Claims</p> <p>4.4.1 SG to reply Casino expressing disappointment with their stance.</p> <p>4.4.2 Individual BoG members agree to participate in Public Consultation of the revised “RSPO Rules on Market Communications & Claims document”.</p> <p>4.4.3 The secretariat is to draft a Board Resolution to ensure that there is no ambiguity in the rules going forward so any RSPO members violating the spirit of the RSPO could be expelled by condoning the boycott, elimination or denigrating certified sustainable palm oil. This draft is to be submitted to the Board by 15th May.</p> <p>4.5 Formation of New Plantings Procedure Revision Task Force</p> <p>4.5.1 The RSPO secretariat will draft a document which will be put up for Public Consultation. The secretariat will collect the comments and finalise the document for endorsement in the November 2015 BoG meeting. No TF will be formed.</p> <p>4.6 Appeal of PT Sisirau membership suspension</p> <p>4.6.1 The suspension of PT Sisirau still holds, as the sustained objection from a member of the BoG was removed. The BoG decision to reject the appeal by PT Sisirau's membership will now be shared with Complaints Panel for further action.</p>		<p>DW</p> <p>DW/SY</p> <p>SK</p>
<p>5.0</p> <p>5.1</p>	<p>ACOP - 2015 new design. Which includes questions on uptake in Specific Markets (India, China and S.E.A)</p> <p>Question of market usage should be split in two parts and wording should be changed to:</p> <ul style="list-style-type: none"> - ‘What is the percentage of certified sustainable palm oil in the total palm oil your company sells in Europe, India, China, South East Asia, North America’ 	<p>SS</p>

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point
5.2	<p>- ‘What is the percentage of certified sustainable palm kernel oil in the total palm kernel oil your company sells in Europe, India, China, South East Asia, North America’</p> <p>Growers should be asked to submit maps but this should not be a compulsory requirement.</p>	
6.0	<p>Update on RTs</p> <p>6.1 Update on RT13 in Thailand</p> <p>6.1.1 RT13 Venue : Shangrila Hotel, Bangkok</p> <p>6.1.2 Agreement to invite the Chair of the Thai Palm Oil Board to launch the event.</p> <p>6.1.3 KL can be the “Plan B” if anything goes wrong with plans for Bangkok</p> <p>6.1.4 BW will invite Paul Polman to be the Keynote speaker</p> <p>6.2 Update on Euro-RT</p> <p>6.2.1 Euro-RT will take place on 3th June 2015 in Park Plaza, Amsterdam (Schiphol) with an estimated attendance of 280-320 delegates.</p> <p>6.2.2 To extend an invitation to CFNA to attend Euro-RT.</p> <p>6.2.3 Theme: Delivering 100% CSPO in Europe by 2020.</p>	<p>DW</p> <p>SS</p>
7.0	<p>Finance & Administration</p> <p>7.1 Financial Updates</p> <p>PC reported on the results for H1 FY2015. RSPO group recorded a surplus of RM6.6 million and income for the period was RM13.8 million comprises subscription fees of RM4.5 million and contribution from sustainable palm oil trade of RM9.1 million which indicate no growth year on year as compare to the same period in 2013 and it is partly due to the below average CSPO uptake in Q2 FY2015. TS also commented that the lower contribution is more apparent considering the stronger USD compared to MYR during period.</p> <p>As of 14 November 2014, total membership number stood at 2,152 members comprising 1,136 Ordinary members, 104 Affiliates and 912 Associate members. These numbers are after excluding the recent ACOP non-submission termination.</p> <p>Cash balances amounted to RM33 million as at 31 December 2015 and the total net assets was at RM31.7 million represented by the Members’</p>	

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point																									
7.2	<p>Fund and Smallholders' Fund amounting to RM13.7 million and RM14.9 million respectively.</p> <p>Budget and Forecast</p> <p>In Q2 FY2015 we continue to record a significant underspent on project costs as compared to budget, particularly in the Technical and Impact Divisions. A review of the budget was conducted and reveals budgeted items will likely not be executed by the end of the financial year. Taking this into consideration a summary of the total expenditure forecasted for H2 is as show in the table below.</p> <table border="1" data-bbox="336 663 1246 904"> <thead> <tr> <th></th> <th>Actual P/E 31 Dec 14</th> <th>Forecast to 30 Jun 15</th> <th>Surplus</th> <th>Budget 2015</th> </tr> </thead> <tbody> <tr> <td>Operating costs</td> <td>4,160</td> <td>5,943</td> <td>3,988</td> <td>14,091</td> </tr> <tr> <td>Project costs</td> <td>2,839</td> <td>5,960</td> <td>4,932</td> <td>13,731</td> </tr> <tr> <td>Total</td> <td>6,999</td> <td>11,903</td> <td>8,920</td> <td>27,822</td> </tr> <tr> <td></td> <td>25%</td> <td>43%</td> <td>32%</td> <td>100%</td> </tr> </tbody> </table>		Actual P/E 31 Dec 14	Forecast to 30 Jun 15	Surplus	Budget 2015	Operating costs	4,160	5,943	3,988	14,091	Project costs	2,839	5,960	4,932	13,731	Total	6,999	11,903	8,920	27,822		25%	43%	32%	100%	
	Actual P/E 31 Dec 14	Forecast to 30 Jun 15	Surplus	Budget 2015																							
Operating costs	4,160	5,943	3,988	14,091																							
Project costs	2,839	5,960	4,932	13,731																							
Total	6,999	11,903	8,920	27,822																							
	25%	43%	32%	100%																							
7.3	<p>TS commented that the forecasted expenditure is substantial and the likelihood of actual spend meeting the forecast by the financial year end would be remote judging by the current rate of spending. TS suggested that excess reserves over and above one year's operating costs be considered for other relevant projects and added it may also include a transfer from the Smallholders' Fund if this is a better use of funds.</p> <p>The Finance Committee is tasked to recommend a policy for the "Special Project" Fund and also to consider a change to the current policy of allocation of reserve to the Smallholders' Fund.</p> <p>Some suggested project/activities may include:</p> <ul style="list-style-type: none"> • Jurisdictional Approach • Virtual College • Sensor project • Engage in activities that links smallholders • Initiate digital media campaigns similar to Rainforest Alliance's "Follow the frog" videos. 																										
7.4	<p>HR Related Matters and satellite offices updates</p> <p>7.4.1 China</p> <ul style="list-style-type: none"> ▪ Office space rented in Beijing IFC Centre ▪ Estimate timeline to completion mid-May 2015 ▪ Recruitment for O&E Manager on-going. Interviews mid-Mar 2015 <p>7.4.2 India</p> <ul style="list-style-type: none"> ▪ 1st round interview conducted end Feb 2015. Identified 3 potential candidates. 																										

Minutes for BOARD OF GOVERNORS MEETING 01-15

Item	Description	Focal Point
7.5	<p>Membership Related Matters A proposal to change the membership resignation notice period from 6 months to 1 month was approved. A resolution from the BoG will need to be presented at the next GA.</p>	
8.0	<p>A.O.B.</p> <p>8.1 Digital Campaign, Video similar to Rainforest Alliance "Follow The Frog"</p> <p>8.1.1 Secretariat to define scope and geography of campaign, share a proposal by June Board Meeting.</p> <p>8.2 Communication Campaigns KPIs</p> <p>8.2.1 Secretariat to share samples of matrix of what is achieved out of campaigns by June Board Meeting.</p> <p>8.3 HGU Matters</p> <p>8.3.1 GLT informed the board that was a complaint from ES, that the Technical Director was alleged to have communicated with Certification Bodies to stop certifying companies without HGU, in Indonesia.</p> <p>AH did not feel that an official complaint against the Technical Director was an appropriate way to deal with this subject matter and highlighted that this issue was debated and discussed at great length within the RSPO without yet finding a satisfactory resolution.</p> <p>Decision: BW suggest DW & ES to discuss and decide on the next course of action without escalating into a complain.</p>	<p>DW/SS</p> <p>SS</p> <p>DW & ES</p>
	<p>END OF BOG MEETING 06/03/2015</p>	