

## Minutes for BOARD OF GOVERNORS Meeting 05-18

**Date:** 24<sup>th</sup> September 2018

**Start Time:** 8.30am-3.00pm MYT

**Venue:** Renaissance Kuala Lumpur, Malaysia.

<b>Attendance</b>			
<b>BoG Members and Alternates</b>			
<b>In Attendance:</b>		<b>Absent with Apologies:</b>	
<b>Substantive Members</b>	<b>Alternate Members</b>	<b>Substantive Members</b>	<b>Alternate Members</b>
UNILEVER – Biswaranjan Sen (BW) – Co-Chair	HUTAN – Harjinder Kler (HK)	RPOG – Belinda Howell (BH)	AAK – Caroline Westerik-Sikking (CWS)
MPOA Dato’ Carl Bek-Nielsen (CBN) – Co Chair	MPOA – Chew Jit Seng (CJS)	WILMAR – Daphne Hameeteman (DH)	AHOLD DELHAIZE – Hugo Byrnes (HB)
WWF – Elizabeth Clarke (EC)	SIPEF – Olivier Tichit (OT)	WRI – Anne Rosenbarger (AR)	ASIAN AGRI – Dr. Mohamad Fadhil Hasan
AGROCARIBE – José Roberto Montenegro (JM)	VERITE ASIA – Daryll Delgado (DD)		HSBC – John Laidlow (JL)
AAK – Tim Stephenson (TS)	ZSL – Michael Guidon (MG)		MONDELEZ – Karimah Hudda (KH)
FELDA – Tn. Hj Ab Ghani Mohd Ali (AG)			OLAM – Audrey Lee (AL)
OXFAM – Johan Verburg (JV)			RABOBANK – José den Toom (JT)
RABOBANK – Geraldine Lim (GL)			UNIVANICH – John Clendon (JC)
BOTHENDS - Paul Wolvekamp (PW)			
GOLDEN AGRI RESOURCES – Agus Purnomo (AP)			
FELDA – Datuk Hj Ab Ghani			
HSBC – Ian Hay (IH)			
MONDELEZ – Jonathan Horrell (JH)			
<b>Advisors</b>			
<b>In Attendance:</b>			
MR Chandran (MRC)			
Prof. Bungaran Saragih (BS)			
<b>Guest</b>			
<b>In Attendance:</b>			
FOREST PEOPLES PROGRAMME – Marcus Colchester (MC)			
		<b>Secretariat Staff</b>	
		<b>In Attendance:</b>	
		Datuk Darrel Webber (DW)	Oi Soo Chin (OSC)
		Bakhtiar Talhah (BT)	Stefano Savi (SS)
		Julia Majail (JM)	Tiur Rumondang (TR)
		Salahudin Yaacob (SY)	Javin Tan (JT)
		Patrick Chia (PC)	Cheri Woo (CW)
		<b>Absent with Apologies</b>	
		Francisco Naranjo (FN)	

Item	Description	Focal Point						
1.0	<p><b>Introduction</b></p> <p>1.1 RSPO Antitrust Laws 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>1.2 RSPO BoG consensus based decision making The BoG was reminded that they try to reach/make decision by consensus which is the absence of sustained objection.</p> <p>1.3 Approval of Minutes - BoG 04-18 Minutes have been approved.</p> <p>1.4 <b>New Board Member</b></p> <table border="1" data-bbox="256 826 1193 976"> <tr> <td data-bbox="256 826 328 898">1)</td> <td data-bbox="328 826 619 898">Ginny Ng – Wilmar International</td> <td data-bbox="619 826 1193 898">Alternate to Daphne Hameeteman.</td> </tr> <tr> <td data-bbox="256 898 328 976">2)</td> <td data-bbox="328 898 619 976">Michael Guidon - ZSL</td> <td data-bbox="619 898 1193 976">Alternate member to Anne Rosenbarger and he replaces Izabela Delabre.</td> </tr> </table> <p>1.5 <b>CEO’s Report</b> The BoG agreed for the Secretariat to review the ‘Group Membership’ criteria to address issues on shadow companies, to be discussed at the next BoG meeting on Nov 16.</p> <p>1.6 <b>Membership status of GVL</b> The BoG decided to not accept the self-suspension of GVL’s RSPO membership, hence GVL remains as a member of the RSPO. This further means that all RSPO rules and regulations still apply to GVL.</p>	1)	Ginny Ng – Wilmar International	Alternate to Daphne Hameeteman.	2)	Michael Guidon - ZSL	Alternate member to Anne Rosenbarger and he replaces Izabela Delabre.	
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2.0	<p><b>Finance Update</b></p> <p>2.1 <b>Financial update for period ended 30 June 2018</b> TS presented the financial position of RSPO for the year ended 30 Jun 2018 (currently being audited).</p> <ul style="list-style-type: none"> <li>• Results for the year ended with a small surplus before forex and tax of RM558K, less than what was previously forecast and budgeted. Overall income is in line with budget. Admin and operating costs were slightly higher than last year and forecast. Departmental operating and discrete projects were significantly higher than last year and budget, as there were some extra expenses during the year such as costs relating to the P&amp;C review, the PalmTrace and Salesforce integration and Sustainability College.</li> <li>• There will be no allocation to Smallholder Funds, as decided previously and neither are we in a position to do so this year.</li> <li>• Cash and bank balances have reduced which include disbursements relating to the Smallholders Fund and Special Projects Fund.</li> </ul>							

	<p>Subscriptions due are about the same as previous year and we should note that Other Receivables include GST recoverable of RM770K.</p> <ul style="list-style-type: none"> <li>• Net assets as at 30 June 2018 was at RM39 mil.</li> <li>• It is worth mentioning that if costs continue to increase in future years without income increasing, we may need to consider a change in our charging policy whether in membership fee or from CSPO trading contributions. BS suggested that a proposal be presented on this issue.</li> <li>• Changes in Equity shows the movements of funds and under the Smallholders Fund, RM2.5 mil was disbursed during the year with commitments of RM4.7 mil. It was previously agreed that the remainder of the Smallholders Fund will be used for implementation of the Smallholder Strategy. The Special Projects Fund currently funding the outreach to IMO programme (up to USD3 mil) and SEnSOR projects, will now include support for the protection of Human Rights Defender policy. The Current Translation Reserve saw a reduction during year due to losses in unrealised forex as a result of the strengthening of the Ringgit.</li> </ul>	
2.2	<p><b>Indonesian Taxation Issue</b></p> <p>TS informed that there have been some meetings held and PwC continue to deal with the issue. There is no further significant update on this matter.</p>	
2.3	<p><b>Internal Controls Review</b></p> <p>Implementation of internal controls is on-going and an internal audit is currently being conducted and we look forward to a report from the audit.</p>	
3.0	<p><b>Trend and Analysis</b></p>	
3.1	<p>The BoG requested the Secretariat to continue with the analysis of the production and uptake data of the RSPO including how the data relate to sector-wide and membership-wide coverage and gain transparency at the individual membership level.</p>	
3.2	<p>The BoG requested the Secretariat to incorporate this analysis as appropriate at the upcoming RT16.</p> <p><b>Decision:</b></p> <p>The BoG decided to make it mandatory for all supply chain members to disclose their RSPO and non-RSPO volumes in the ACOP.</p>	
4.0	<p><b>Status of Resolutions</b></p>	
4.1	<p>Resolution 6f GA12 – Smallholder strategy and action plan (ENDORSEMENT)</p> <p>The BoG endorsed the Terms of Reference to establish the RSPO Standing Committee (SG) on the proviso that:</p> <ol style="list-style-type: none"> <li>1. It would be aligned with the overall governance structure proposed by the Governance Review committee.</li> <li>2. It considers to include representation from Papua New Guinea (PNG).</li> </ol>	

	<p>3. The Smallholders Standing Committee will oversee the execution of the RSPO Smallholder Strategy, and the Secretariat to lead the implementation of the planned activities.</p> <p>4. Edit the typo in item 3.3 to be SHSC instead of SHWG</p>	
4.2	<p><b>Resolution 6e GA13 – Protecting human rights defenders, whistleblowers, complainants and community spokespersons (ENDORSEMENT)</b></p> <p>The BoG endorsed the revised Human Rights Policy as submitted by the Human Rights Working Group (HRWG) with edits to items 2.7.2.1 and 2.7.2.2 as appropriate.</p>	MC
4.3	<p><b>Resolution 6h GA12 – Ensuring quality, oversight and credibility of RSPO assessments</b></p> <p>PW outlined the progress update by the Assurance Task Force, and requested the status of this resolution to be communicated at the upcoming GA15. The Assurance Task Force will provide a status report to the GA Chairman to convey to the membership as appropriate.</p>	PW/ Secretariat
5.0	<p><b>Impact of HGU guidance by RSPO</b></p>	
5.1	<p>TR presented to the BoG several options on the way forward, taking into account the proposal from the Forest Peoples Programme. In addition, AP updated the BoG of the recent Presidential Decree on Palm Oil Moratorium in Indonesia that could potentially delay the issuance of HGU for another 3 years. Relating to this, TR also pointed out that RSPO may need to make an implementation of “RSPO’s own implementation guidelines”, if there is no further action from the Indonesian government on the actual implementation for the HGU matters after Dec 2019.</p> <p>Action Points:</p> <ol style="list-style-type: none"> <li>1. Continue the BoG’s decision that HGU is not mandatory for re-certification, but required for new certification.</li> <li>2. Form the INA-NI committee in the context of the new P&amp;C and specifically task them to address HGU matters.</li> <li>3. Ensure to involve FPP in the INA-NI process or through its local partner in Indonesia.</li> </ol>	
5.2	<p>It was noted that the discussion on HGU matters should not be a reason to obstruct the completion of INA-NI work by Dec 2019.</p>	
6.0	<p><b>Performance Dashboard and Risk Register</b></p>	
6.1	<p>BT updated the BoG on the Performance Dashboard, which is based on the 7 strategies of the Theory of Change.</p> <p>Action Points:</p> <ol style="list-style-type: none"> <li>1) In view of the overall positive performance of the Complaints system, BW proposed that this be highlighted at the upcoming RT to show the effectiveness of the Complaints &amp; Appeals Procedures.</li> </ol>	

	<p>2) Set targets to the organisational KPIs.</p> <p>BT updated the BoG on the progress of building the framework of Risk Management within RSPO, and shared the draft Risk Register.</p> <p>Action Points:</p> <ol style="list-style-type: none"> <li>1) To incorporate the progress/changes of individual risks into the framework to show if the risk is mitigated or increased.</li> <li>2) To ensure that the framework includes organisational risks that impact the RSPO as a whole, including those raised by the BoG.</li> </ol>	
7.0	<p><b>Smallholder Standards</b></p> <p>7.1 JV presented to the BoG the progress update of the work undertaken by the Smallholder Interim Group (SHIG), especially with regard to the Smallholder standards.</p> <p>The BoG was informed that the Smallholder Standards are not expected to be ready by GA15 in Nov 2018. Hence, JV informed the BoG that Oxfam will be submitting a resolution at the GA15 seeking a mandate for SHIG to continue its work on a pilot version of a simplified Independent Smallholder Standards, estimated to be completed by April/May 2019 and final version to be approved by GA in 2019.</p>	
8.0	<p><b>Updates on the P&amp;C Review</b></p> <p>8.1 <b>Opening &amp; Timeline</b> EC &amp; DW gave an overview of the timeline and progress of the P&amp;C Review, and highlighted the major changes in the new P&amp;C. The BoG was informed that the whole process has been truly an inclusive and collaborative effort.</p> <p>It was noted that the new P&amp;C document is expected to be finalised and circulated to the BoG after the P&amp;C Review SG meeting on Sep 27, and subsequently the BoG shall convene on 12 Oct to endorse the resolution for the adoption of the new P&amp;C at GA15.</p> <p>8.2 <b>Public Consultation II and outcome from TF6 Meeting</b> The BoG was given some key highlights by members of the Board who are also members of the P&amp;C Review Task Force.</p> <p>8.3 <b>Shared Responsibility</b> CJS briefed the BoG on a new element of ‘Shared Responsibility’ whereby all RSPO members are committed to make sustainable palm oil the norm.</p> <p>An Oversight Committee and Taskforce shall be formed to oversee the ‘Shared Responsibility’ element. The P&amp;C Review SG shall review the proposed ToR, to be sent to the BoG for endorsement at its next meeting.</p>	

8.4	<p><b>No Deforestation, Peat, Exploitation, HCSA</b> OT briefed the BoG on key highlights in these areas, and clarified points relating to issues such as drainability of peat and collaborative efforts in HCSA.</p>	
8.5	<p>The ToR for the proposed HCSA WG is being crafted, and will be presented to the BoG for endorsement at its next meeting.</p>	
8.6	<p><b>Communication Strategy</b> SS presented an overview of the communication strategy for the P&amp;C Review, and clarified on issues i.e. duration of communication plan, target groups etc.</p> <p>The BoG requested for the Secretariat to consider the following:</p> <ol style="list-style-type: none"> <li>1) Sequence of communication before the full P&amp;C document is released</li> <li>2) Emphasis on key issues e.g. deforestation, peat, human rights, social and labour issues etc.</li> </ol>	
8.7	<p><b>Way forward post GA15</b> JM informed the BoG on action points post GA15.</p> <p>The P&amp;C 2018 document would be adopted with immediate effect, after ratification of the GA. However, the full implementation will commence in Dec 2019, after a transition period of 1 year. The Secretariat will also review all related documents to the P&amp;C in the months following GA15.</p>	
9.0	<p><b>AOB</b></p>	
9.1	<p>The Co-chairs and TS had undertaken an assessment of the CEO in accordance to the BoG request. This would henceforth become an annual event.</p>	
	<p>Meeting adjourned at 3.10pm.</p>	