

## Minutes for BOARD OF GOVERNORS Meeting 02-19

**Date:** 7<sup>th</sup> March 2019

**Start Time:** 8.30pm-5.00pm MYT

**Venue:** Renaissance Hotel, Kuala Lumpur

<b>Attendance</b>	
<b>BoG Members and Alternates</b>	
<b>In Attendance:</b>	
<b>Substantive Members</b>	<b>Alternate Members</b>
MPOA Dato' Carl Bek-Nielsen (CBN) – Co Chair	AAK – Caroline Westerik-Sikking (CWS)
WRI – Anne Rosenbarger (AR) – Co Chair	ASIAN AGRI – Dr. Mohamad Fadhil Hasan (FH)
AAK – Tim Stephenson (TS)	** (representing Agus Purnomo)
WWF – Elizabeth Clarke (EC)	HUTAN – Harjinder Kler (HK)
AGROCARIBE – José Roberto Montenegro (JRM)	MPOA – Lee Kuan Yee (LKY)
BOTHENDS - Paul Wolvekamp (PW)	OLAM – Audrey Lee (AL)
FELDA – Dato' Dr Othman Bin Hj Omar (OO)	SIPEF – Olivier Tichit (OT)
HSBC – Ian Hay (IH)	UNIVANICH – John Clendon (JC)
P&G – Lee Kuan-Chun (LKC)	ZSL – Michael Guindon (MG)
RABOBANK – Geraldine Lim (GL)	
RPOG – Belinda Howell (BH)	
UNILEVER – Petronella Meekers (PM)	
WILMAR – Daphne Hameeteman (DH)	
<b>In Attendance:</b>	
<b>Guest</b>	
Ian Bretman (IB) – Consultant (Governance Review)	
Complaints Panel - Dato' Henry Barlow (DHB)	
Complaints Panel – Lim Sian Choo (LSC)	
Copenhagen Business School - Kristjan Jaspersen (KJ)	
Copenhagen Business School - Paige Olmsted (PO)	
<b>Absent with Apologies:</b>	
<b>Substantive Members</b>	<b>Alternate Members</b>
GOLDEN AGRI	AHOLD DELHAIZE – Hugo Byrnes (HB)
RESOURCES – Agus Purnomo (AP)	FELDA – Izham Mustaffa (IM)
	HSBC – John Laidlow (JL)
	VERITE ASIA – Daryll Delgado (DD)
	WILMAR – Ginny Ng (GN)
<b>Advisors</b>	
<b>In Attendance:</b>	
MR Chandran (MRC)	
Prof. Bungaran Saragih (BS)	
<b>Secretariat Staff</b>	
<b>In Attendance:</b>	
Datuk Darrel Webber (DW)	Oi Soo Chin (OSC)
Bakhtiar Talhah (BT)	Tiur Rumondang (TR)
Salahudin Yaacob (SY)	Patrick Chia (PC)
Cheri Woo (CW)	Dan Stretchay (DS)
	Julia Majail (JM)
<b>Absent with Apologies</b>	
Javin Tan (JT)	
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 07-18 &amp; BOG 01-19 Minutes was approved.</p> <p>1.4 <b>New Board Member</b></p> <table border="1" data-bbox="245 853 1179 1041"> <tr> <td data-bbox="245 853 312 965">1)</td> <td data-bbox="312 853 608 965">Petronella Meekers - Unilever</td> <td data-bbox="608 853 1179 965">Substantive member – Consumer Goods Manufacturers</td> </tr> <tr> <td data-bbox="245 965 312 1041">2)</td> <td data-bbox="312 965 608 1041">Lee Kuan Yee - MPOA</td> <td data-bbox="608 965 1179 1041">Alternate Member – Growers</td> </tr> </table> <p><b>Approval of designation of interim member of the RSPO Board of Governors</b> Petronella Wilhelmina Meekers representing the Consumer Goods Manufacturers sector, the seat of which had become vacant resulting from the resignation of Biswaranjan Sen, has been designated by Unilever being a Member of RSPO in writing to the Board of Governors on 17 November 2018 and the members of the Board of Governors of the relevant sector of Consumer Goods Manufacturers has approved the designation with effect until the next General Assembly meeting.</p> <p>She declares to accept her designation as a member of the Board of Governors of RSPO.</p> <p><b>Approval of designation of alternate member of the RSPO Board of Governors</b> Lee Kuan Yee has been designated as the Alternate member by the Malaysian Palm Oil Association representing the Grower sector seat which had become vacant following the resignation of Chew Jit Sing.</p> <p>She declares to accept her designation as an Alternate member of the Board of Governors of RSPO.</p> <p>1.5 <b>Bestowal of Signing Powers</b> The Board of Governors bestows signing powers to the Co-Chairperson Anne Rosenbarger the Authority to sign solely.</p>	1)	Petronella Meekers - Unilever	Substantive member – Consumer Goods Manufacturers	2)	Lee Kuan Yee - MPOA	Alternate Member – Growers	
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<p>1.6</p> <p>1.7</p>	<p><b>Elections of Vice-Chairpersons</b> There were no elections at this Board Meeting. The BoG decided that the Vice Chairperson positions will be elected at the upcoming BoG meeting in June 2019</p> <p><b>Vacant Seats</b></p> <table border="1" data-bbox="245 353 1177 654"> <tr> <td data-bbox="245 353 312 501">1)</td> <td data-bbox="312 353 606 501">Social NGO</td> <td data-bbox="606 353 1177 501">The BoG requested Oxfam and the NGO fraternity to identify a replacement for this seat.</td> </tr> <tr> <td data-bbox="245 501 312 654">2)</td> <td data-bbox="312 501 606 654">Retailers</td> <td data-bbox="606 501 1177 654">The BoG agreed for AEON Japan to represent the Retailers on the BoG, until the next GA.</td> </tr> </table>	1)	Social NGO	The BoG requested Oxfam and the NGO fraternity to identify a replacement for this seat.	2)	Retailers	The BoG agreed for AEON Japan to represent the Retailers on the BoG, until the next GA.	
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<p>2.0</p>	<p><b>CEO's Report</b></p> <p>The BoG requested DW to lead and facilitate the 'No Deforestation' process and to keep this on the agenda of future Board meetings.</p>	<p>DW</p>						
<p>3.0</p> <p>3.1</p>	<p><b>Governance Review</b></p> <p>IB updated the BoG on the progress of the restructuring of sub-committees.</p> <p><b>Decision:</b> The BoG endorsed the proposed structure of the sub-committees and gave a 30-day timeline to establish the new structure, including the appointment of Board links.</p>							
<p>4.0</p> <p>4.1</p>	<p><b>Risk Register</b></p> <p>BT updated the BoG on the organisational risks, and highlighted that in-depth discussion will follow in the strategy meeting the following day.</p>							
<p>5.0</p> <p>5.1</p>	<p><b>Financial matters</b></p> <p>TS provided the Finance Update for H1 FY2019 with the following highlights:</p> <ul style="list-style-type: none"> <li>● Surplus before forex and tax of RM6.7 mil: <ul style="list-style-type: none"> <li>○ Total Income and Admin &amp; Operating expenses are in line with budget, project costs behind.</li> <li>○ Contribution from CSPO trade improved YoY, with significant increase in RSPO Credit trade.</li> </ul> </li> <li>● Forecast for FY2019, a surplus before forex and tax of RM5.2 mil.</li> <li>● Strong balance sheet with net assets of RM39.1 mil as at 31/12/18 and cash and bank balances of RM39.9 mil.</li> <li>● RSSF is closed for applications and successfully completed the evaluation of all pending applications. The SH Fund is sufficient to meet all contracting obligations for all ongoing and approved projects.</li> </ul>							

<p>5.2</p> <p>5.3</p>	<p><b>RSSF</b> The BoG requested the Secretariat to communicate the status of RSSF funding on the RSPO website. In addition, the Secretariat was requested to provide 3-year data on RSSF spending to the BoG.</p> <p><b>Increase Income for RSPO</b> TS presented a summary projection of income and expenditure and explained the need to increase income and potential effects on income due to changes in membership fee and contribution rate on CSPO trade. The Finance Committee will submit a proposal to provide options on increasing income at the BoG meeting in June 2019.</p>	
<p>6.0</p> <p>6.1</p>	<p><b>Update on ‘The Sustainable Palm Oil Dialogue 2019’</b></p> <p>DS updated the BoG of this event, in which RSPO is partnering with the European Palm Oil Alliance (EPOA) and the IDH. It is scheduled on June 14 in Utrecht and is expected to be considerably smaller compared with previous EURT.</p> <p>HSBC asked for learnings from this EURT replacement event to be applied in developing similar programmes for key demand markets of China &amp; India &amp; SE Asia.</p>	
<p>7.0</p> <p>7.1</p> <p>7.2</p> <p>7.3</p>	<p><b>Status of Past Resolutions</b></p> <p><b>Resolution 6b GA15 – Requiring members involved in primary procurement to publish third-party supplying mills lists</b> <i>Part 1) To make it mandatory for RSPO members involved in primary procurement to make public the entire third-party supply mills list.</i> The Secretariat has proceeded to make revisions to the Certification Systems document and will continue to engage with the proponent as this process moves forward.</p> <p><i>Part 2) For us to review and determine within 1 year from the date of resolution how this transparency can be promoted to members who are not involved in primary procurement.</i> Ongoing work by the Secretariat, and progress will be reported to the BoG.</p> <p><b>Resolution 6d GA15 – Discouraging RSPO members subject to complaints from avoiding their obligations by divestment or withdrawing their membership</b> The Secretariat has engaged with the proponent. A draft ToR for the committee is in development, including the legal advisory needed to assist the committee. The Secretariat will present the ToR for BoG endorsement at the April meeting.</p> <p><b>Resolution 6d GA13 – Assuring effectively planned, implemented and monitored compensation projects in “remediation and compensation procedures” of the RSPO</b> BT updated the BoG on the progress made on this resolution, including the review of the related SOPs and the RaCP, which is ongoing work by the BHCVWG and the Secretariat and expected for completion by June 2019.</p>	

<p>7.4</p> <p>7.5</p> <p>7.6</p>	<p>The BoG requested that the review of the RaCP is comprehensive i.e. to look at every component of the process.</p> <p><b>Resolution 6g GA12 – Improve the Annual Communication of Progress (“ACOP”) reporting process</b>  OSC provided an update to the BoG on the latest ACOP development and timelines.</p> <p>DH highlighted that some questions in ACOP are ambiguous to some members, and may need clarification and/or review going forward. The BoG requested that any review of ACOP questions be done attentively, in order to truly measure progress of members and impact of the RSPO. It was agreed that there was going to be a full review of the ACOP questions content before the next year ACOP process</p> <p><b>Resolution 6h GA12 – Ensuring quality, oversight and credibility of RSPO assessments</b></p> <p>PW updated the BoG on the progress made by the Assurance Task Force. The BoG requested that post NPP monitoring and GIS analysis procedures are reviewed accordingly in line with P&amp;C 2018 standards.</p> <p><b>Resolution 6f GA14 – Balance representation in the GA</b></p> <p>DW updated the BoG that the Secretariat has engaged the Kedge Business School as the consultant, and that the first report is due in May 2019, and presented to the BoG in June 2019. The BoG requested that the Secretariat also look into matters pertaining to the General Assembly, as part of this work, including the process of closing resolutions.</p>	
<p>8.0</p> <p>8.1</p>	<p><b>Production &amp; Uptake Analysis</b></p> <p>DH updated the BoG on the latest data and analysis of the above.</p> <p>The BoG requested for the following:</p> <ul style="list-style-type: none"> <li>i. transparency on suspended members, and for the Secretariat to forecast numbers and volumes in the pipeline i.e. new mills, volumes, TBP.</li> <li>ii. relevant statistics on smallholders, to be distributed to the BoG within a week.</li> <li>iii. to have the data presented on time, without mistakes, so BOG members can do their own analyses before the meeting</li> </ul>	
<p>9.0</p> <p>9.1</p>	<p><b>P&amp;C 2018</b></p> <p><b>Update on the No Deforestation Joint Steering Group (NDJSG) and No Deforestation Task Force (NDTF)</b></p> <p>The BoG requested that representatives from Africa, Latin America and High Forest Cover Countries (HFCC) are included from the onset in discussions</p>	

<p>of the above.</p> <p>9.2</p> <p>9.3</p> <p>9.4</p>	<p><b>Implications of Annex 5 (ENDORSEMENT)</b>  AR presented the implications of Annex 5, as follows:</p> <ul style="list-style-type: none"> <li>● Principle 7.12.2 outlines the requirement to identify HCV, HCS &amp; other conservation areas (e.g. peat, social etc.) for new and existing plantations (certified &amp; uncertified).</li> <li>● This indicator makes reference to Annex 5 of the P&amp;C 2018 which clarifies scenarios for the applicability of the HCV-HCS assessments.</li> </ul> <p>However, there appears to be discrepancy found between the normative (7.12.2) and the informative (Annex 5) in language hence lead to different interpretation. Annex 5 also stipulates the GA adoption date i.e. 15 Nov 2018 as the effective dates for the implementation of Annex 5 as the informative guidance to Indicator 7.12.2. Therefore, there arises confusion to the applicability of this requirement despite of the choice to use P&amp;C (2013) in the one-year transition.</p> <p><b>Decision:</b>  The BoG endorsed the announcement to clarify the issue above, for communication to the membership. In addition, the BoG agreed for the No Deforestation Task Force (NDF) to deliberate on the gaps within Annex 5 and provide recommendations to the BoG by 7<sup>th</sup> April 2019.</p> <p>The BoG also agreed for the Standards Standing Committee to discuss the establishment of a “Non-compliance forum” for any non-compliance in meeting the 7.12 and Annex 5 during the interim period between the adoption of the RSPO P&amp;C (2018) and the guidance by the NDF.</p>	
<p>10.0</p>	<p><b>Dispute Settlement Facility (DSF) Framework, Principles, ToR and Procedures (FPTOR) (ENDORSEMENT) ToR for Advisers (ENDORSEMENT)</b></p>	

10.1	<p>PW briefed the BoG on the DSF mechanism and key documents, and requested for the BoG endorsement.</p> <p><b>Decision:</b> The BoG endorsed the DSF framework, ToR and Procedures and ToR for advisors.</p>	
11.0	<p><b>Update on RSPO-HCVRN workshop</b></p>	
11.1	<p>BT updated the BoG on the workshop held on Feb 21-22, which was attended by RSPO Board members (AR, AP, EC, OT, GN) and several HCVRN MC members. There was broad agreement on the proposed way forward, and the BoG requested that the Secretariats work on the target numbers to ensure that the direction is positive.</p>	
12.0	<p><b>Copenhagen Business School Presentation: ‘A Proposal to nudge better uptake/production of CSPO’</b></p>	
12.1	<p>KJ has presented a proposal on how to nudge for better uptake. The BoG requested to be given some time to reflect on this and the BoG will provide their feedback by the end of March.</p>	
13.0	<p><b>Session with Complaints Panel</b></p>	
13.1	<p>HB and LSC updated the BoG on latest developments and progress made by the Complaints Panel. The BoG requested for the slide deck to be distributed to them within a week. The BoG also requested for the proposed framework on ‘shadow companies’ to be presented by the Secretariat in June 2019, with suggestions to look at existing frameworks in other institutions.</p> <p>The BoG thanked the Complaints Panel for the great work that they have done to date.</p>	
14.0	<p><b>AOB</b></p>	
14.1	<p>LKY to provide comments showing gaps between requirements in the audit checklist and the indicator. There is also a need to review the P&amp;C metrication to reduce duplicate questions e.g. information required by the P&amp;C metrics are already provided in the Palm GHG.</p>	
14.2	<p>It was agreed that the RSPO Secretariat would organise a workshop involving both growers and CBs so that both parties have a common understanding and interpretation of the new RSPO P&amp;Cs.</p>	
	<p>Meeting adjourned at 5.00pm.</p>	