

## Minutes for RSPO BOARD OF GOVERNORS Meeting 03-22

Date: 27 September 2022  
 Start Time: 8.00 am – 12.30 pm  
 (+8GMT): 2.00 pm – 6.00 pm  
 Venue: Novotel Amsterdam Schiphol Airport (Hoofddorp)

Hybrid Interactive Meeting with dialled-in via Zoom and in-person participation

### BOG MEMBERS AND ALTERNATES IN ATTENDANCE

<p><b>SUBSTANTIVE MEMBERS</b></p> <p><b><u>In-Person</u></b></p> <p>Dato' Carl Bek-Nielsen (CBN), <b>MPOA</b> – Co Chair        Tim Stephenson (TS), <b>AAK</b> – Vice-Chair        Agus Purnomo (AP), <b>GOLDEN AGRI RESOURCES</b>        Jose Roberto Montenegro (JM), <b>AGRO CARIBE</b>        Paul Wolvekamp (PW), <b>BOTHENDS</b></p> <p><b><u>Virtual</u></b></p> <p>Anne Rosenbarger (AR), <b>WRI</b> — Co Chair        Marcus Colchester (MC), <b>FPP</b>        Julian Walker-Palin (JWP), <b>RPOG</b>        H. Narno Sayoto Irontiko (NS), <b>ASOSIASI SWADAYA AMANA</b>        Lee Kuan-Chun (LKC), <b>P&amp;G</b>        Martin Huxtable (MH), <b>UNILEVER</b>        Elizabeth Clarke (MG), <b>WWF SINGAPORE</b></p> <p><b>ADVISORS</b></p> <p>Prof. Bungaran Saragih (BS) – <u>Virtual</u>        Mr Chandran Mavath – Absent with Apologies</p>	<p><b>ALTERNATE MEMBERS</b></p> <p><b><u>In-Person</u></b></p> <p>Mario Abreu (MA), <b>FERRERO</b>        Eleanor Spencer (ES), <b>ZSL</b>        Dr Fadhil Hassan (FH), <b>PT. INTI INDOSAWIT</b></p> <p><b>SUBUR</b></p> <p>Rukaiyah Rafik (RR), <b>GAPOKTAN TANJUNG SEHATI</b></p> <p><b><u>Virtual</u></b></p> <p>Sander Van den Ende (SVE), <b>SIPEF</b>        Quentin Munier (QM), <b>OLAM</b>        Nursanna Marpaung (NM), <b>HUKATAN</b>        John Clendon (JC), <b>UNIVANICH</b>        Dr Surina Ismail (SI), <b>MPOA</b>        Harjinder Kler (HK), <b>HUTAN</b>        Olivier Tichit (OT), <b>MUSIMMAS</b></p> <p><b><u>Absent with Apologies:</u></b></p> <p>Karen Yu (KY), <b>RABOBANK</b>        Hugo Byrnes (HB), <b>AHOLD DELHAIZE</b>        Caroline Westerik-Sikking (CWS), <b>AAK</b></p>
<p><b>SECRETARIAT STAFF</b></p> <p>Joseph D’Cruz (JD), CEO        Zeeneeshri Ramadass (Zee), APAC Comms Manager</p> <p><b><u>Virtual:</u></b></p> <p>Irene Low, EA to CEO        Fay Richards, Strategic Communications, Senior Specialist</p> <p><b>SR CO-CHAIRS:</b> Girish Deshpande (GD)  <b>MDSC CO-CHAIRS:</b> Eddy Esselink (EE)</p>	<p><b>OBSERVER:</b></p> <p>Kamal Seth (KS), WWF SINGAPORE</p> <p><b>LANGUAGE INTERPRETERS</b></p> <p>Inggar U. Ulhasanah        Irma Nurhayati</p>

ITEM	DESCRIPTION	FOCAL POINT
1.0	<p><b>Introductions and Opening Remarks</b>  <b><i>RSPO Antitrust Caution, Quorum, and Conflict of Interest</i></b>  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 agenda for the meeting was approved.</p> <p><b>The Agenda for BoG 03-22 Meeting was approved.</b></p>	
2.0	<p><b>Approval of previous meeting minutes:</b>  <b>BoG 02-22 Meeting – 20 June 2022</b></p> <p>Proviso to the MoM 02-22 are drafted with the following amendment and to be circulated for endorsement by BoG</p> <p style="padding-left: 40px;"><u>Item 6.0 – Memberships: Membership Risks</u></p> <p>1. Membership Risks, it is inappropriate to mention 'margins' in the minutes. This is to be duly amended, "Growers are quite content with the prevailing high prices".</p> <p style="padding-left: 40px;"><u>Item 7.7 – Grievance, Complaints &amp; CP Updates: Conclusion</u></p> <p>2. The CP has expressed discontentment with the present certification and audit process. These statements were viewed with disagreement by several members present who urged for a more balanced and nuanced approach instead of painting everyone with the same brush</p> <p>This was further deliberated among board members, and it was decided that the Board Meeting was not the appropriate forum for discussing these statements.</p> <p>In conclusion, it was decided that the CP Co-Chairs are to liaise with the heads of Assurance SC and move this topic of "social auditing concerns" to a more structured discussion under the ambit of the ASC, where solutions and recommendations for board consideration can be made.</p> <p style="padding-left: 40px;"><u>Item 7.4. – Smallholders: Finance/ BoG Comments</u></p> <p>3. The Finance committee is to incorporate a proportion of the revenue as standard transfers to the smallholders' working group.</p> <ul style="list-style-type: none"> <li>▪ Such proposals are subject to review by the Finance committee before moving forward.</li> </ul>	Secretariat

	<ul style="list-style-type: none"> <li>▪ Action Points</li> <li>→ Working paper outlining the plans for smallholders, incorporated into the overall planning</li> <li>→ To be duly followed up in the next board meeting.</li> </ul>	Smallholder Unit/ Guntur P
3.0	<p><b>Actions arising from the last meeting – BoG Meeting 02-22 Action Tracker</b></p> <p>JD highlighted that progress is made on the required action points.</p> <p>He clarified that he is not able to convene a review of governance as he is trying to get a better sense of major issues and existing review processes. Nevertheless, he is committed to completing this task.</p> <p>RR</p> <p>Smallholders’ main concern is that more than 2000 MT of CPO credit from ISH will expire by the end of 2022.</p> <p>Appeals for this predicament to be addressed.</p> <p>No further deliberations or requests from members.</p>	Smallholder Unit/ Market Transformation
4.0	<p><b>Resignation of Alternate Board Members</b></p> <p>3 Alternate Board Members have resigned.</p> <ul style="list-style-type: none"> <li>- Madeleine Brassier – Oxfam</li> <li>- Claudine Musitelli – Unilever</li> <li>- Hugo Brynes – Ahold Delhaize</li> </ul> <p>JD:</p> <p>Reminded BoG and sought the cooperation of board members who are up for re-election/ re-nomination at the GA this year to submit their nominations before the closing date.</p> <p>CBN:</p> <p>Seeks the attention of the board members to consider inviting the representatives from their membership categories to look into appointing new members who can come on board and contribute to the well-being of the BoG.</p> <p>MC:</p> <p>Oxfam will not be standing for re-election.</p> <p>Happy to note that Kaleka (formerly known as Yayasan Inobu) has volunteered to assume the vacant position occupied by Oxfam.</p>	<p>BoG</p> <p>BoG</p> <p>Membership to confirm if Kaleka nomination was received</p>

5.0	<p><b>RemCom Report</b></p> <p>RemCom is pleased to announce that JD has been duly confirmed by the Co-Chairs for his position as RSPO’S CEO. HK assured the board that they will have in-depth updates from RemCom at the next Board meeting.</p>	Remcom/ Harjinder K
6.0	<p><b>CEO’s Overview Report</b></p> <p>6.1 JD delivered a comprehensive and engaging update of respective divisions, operations, and HR matters.</p> <p>He elaborated on initiatives, progress, and status of development which are noted in the supplementary pre-reads.</p> <p>JD requested guidance from the board regarding the matter below:</p> <p><b>P&amp;C Binding Time Bound Plan &amp; Deadline</b></p> <p>The Secretariat is flagging this as a Risk and would like direction to address this impending issue in consideration of the new P&amp;C standards, which is expected to be endorsed by November 2023.</p> <ul style="list-style-type: none"> <li>▪ Is it worth pushing all our members to complete the time-bound plans?</li> <li>▪ Should we issue a waiver across the board for November and restart the process during the new P&amp;C review?</li> </ul>	
	<p>The board deliberated and concluded on the following:</p> <ul style="list-style-type: none"> <li>● A waiver is not desirable</li> <li>● The situation of each grower should be considered: <ul style="list-style-type: none"> <li>○ Keeping in mind that Time Bound Plan (TBP) is audited annually by the CB</li> <li>○ External factors (Covid, land title issuance) are not within the control of growers</li> </ul> </li> <li>● Secretariat is to prepare a detailed overview and analysis of the cause and reasons for the delay</li> <li>● The number of members that would be affected.</li> <li>● The board hopes the Secretariat can conclude this by the 15th of October and if it is required, the board and the Secretariat can meet on a call to finalize an action plan.</li> <li>● Proposed also that members who are affected would be given priority attention in the new P&amp;C cycle to ensure the completion of their TBPs</li> </ul> <p>JD continued with the CEO’s overview report and concluded by touching on Assurance, CP &amp; Grievance, the upcoming RT, summarising with a “Forward Strategy” on operation issues, and external engagements.</p> <p>CBN thanked JD for a substantive overview of a vast set of topics</p>	Certification Unit/ Md. Shazaley & IMEL/ HS Yen

6.2	<p>The Board expresses their appreciation of JD’s leadership in RSPO and is very pleased with the progress made since his onboarding and urges that he keeps up the good work.</p> <p><u>Key Actions Points &amp; BoG Comments</u></p> <p><b>1) Following up on staff concerns</b></p> <ul style="list-style-type: none"> <li>The board has requested for systematic documentation of the process being undertaken to follow up on shortcomings highlighted in the earlier reports(e.g the Cheng Hai report). There is a need to document in a structured manner how these are being addressed using a template such as a ‘traffic light’ approach.</li> <li>Similar structured reports on follow-up steps to be provided on other pending issues e.g. the recommendation of the ASC on social auditing.</li> </ul> <p><b>2) Strategy Review</b></p> <ul style="list-style-type: none"> <li>The Board proposed a two-day retreat for a Strategy Review.</li> <li>It should be well prepared with data-driven material and information on key strategic issues. The Board requested JD to consult with a small group of Board members to agree on the issues to be discussed and the approach for the retreat.</li> <li>Materials to be sent in advance 3-4 weeks prior to the date of the retreat to allow time for Board members to ‘digest’ them in preparation.</li> <li>The BoG envisages this to take place in 2023 June or July, otherwise 2023 September in place of a regular Board Meeting.</li> </ul> <p><b>3) RSPO to coincide events with major events abroad.</b></p> <ul style="list-style-type: none"> <li>It would be conducive if RSPO could try to coincide events and meetings with major events within the vegetable oil circuit, for example, NIOP, an interactive global event for the edible oil industries.</li> <li>This also helps with logistic convenience for the participants to attend two events consecutively if they are required to travel long distances for specific events.</li> </ul>	<p>HR/Chan ZK</p> <p>Assurance/ Wan Muqtadir</p> <p>CEO Office/ Kenny Lim &amp; Lim Kwee Yong</p> <p>LATAM &amp; North America teams</p>
	<p><b>4) Terminology: “Make Sustainable Palm Oil the Norm” – Review of Change</b></p> <ul style="list-style-type: none"> <li>Make Sustainable Palm Oil the Norm is not justifiable when RSPO is only impacting 20%+ of the market.</li> <li>MPOA could not support this terminology which has no basis.</li> <li>This needs to be discussed as part of the branding exercise and a consensus to determine what terminology would capture the sustainability and RSPO goals.</li> </ul> <p><b>5) Socapalm Issue</b></p> <ul style="list-style-type: none"> <li>It is RSPO’s responsibility to address issues that could erode the credibility of the RSPO, especially when the sentiments from the ground appear to be discouraging.</li> </ul>	<p>SC &amp; Comms</p> <p>BoG (Marcus &amp; Paul) &amp; CEO/ Risk Unit</p>

	<ul style="list-style-type: none"> <li>Propose that JD, Marcus, Paul, and members of Oxfam, joined by the co-chairs and the vice-chair address this issue in a closed confidential circle to deliberate on the facts laid out and the merit of whether there is a requirement for RSPO to move forward assertively.</li> </ul> <p><b>6) EU Deforestation</b></p> <ul style="list-style-type: none"> <li>RSPO needs to be more engaging and proactive.</li> <li>The Board has flagged that the Secretariat team in Europe needs to be given a bigger mandate.</li> <li>RSPO is well positioned to support the due diligence and upcoming expectations irrespective if RSPO is given the 'green lane' or otherwise.</li> </ul> <p><b>BoG thanked and expressed their appreciation of the work done by the EU team</b></p>	<p>((EA to Schedule)</p> <p>Market Transformation / Inke vdS &amp; Reuben B</p>
6.3	<p><b>Preparations for RT &amp; GA 2022</b></p> <p>Fay provided a brief but detailed report on the upcoming RT/GA to be held from 29 Nov-1 Dec 2022.</p> <p>BoG are welcome to visit: <a href="https://rt.rspo.org/">https://rt.rspo.org/</a> for updated details and information.</p>	
7.0	<p><b>STANDING COMMITTEE UPDATES AND BOG ACTIONS (10 min + Q&amp;A)</b></p>	
	<p><b>7.1 Finance</b></p> <ul style="list-style-type: none"> <li>Strong financial positions with a surplus.</li> <li>A significant increase in income.</li> <li>Subscription dues have gone down substantially.</li> <li>PalmTrace contract has been extended for one year allowing the Secretariat time to consider alternative service providers and expedite the tender process.</li> <li>An appropriate investment strategy with good governance is in the pipeline.</li> </ul> <p>The BoG extends its gratitude to the Finance Committee consisting of Board members, TS, and KY for their commitment and contribution.</p> <p>CBN appeals to the BoG to consider volunteering their service in the Finance Committee since KY will not be seeking re-election.</p>	

	<p><b>7.2 Standards Standing Committee</b></p> <ul style="list-style-type: none"> <li>▪ The Secretariat is in line with the Board’s expectation of focusing on making the current Standard more implementable and auditable.</li> <li>▪ Nothing major to update as the P&amp;C Review progress was duly presented at CEO’s Overview</li> </ul> <p><b>7.3 Market Developments Standing Committee</b> Co-chair EE delivered an update on</p> <ul style="list-style-type: none"> <li>▪ RSPO Rules on Market Communications and Claim Revision</li> <li>▪ RSPO Brand Positioning</li> <li>▪ Working Groups under MDSC purview <ul style="list-style-type: none"> <li>Outreach Working Group</li> <li>Supply Chain Traceability Working Group</li> </ul> </li> </ul> <p><b>7.4 Smallholders Standing Committee</b> The primary focus right now is operationalising the smallholder fund. Currently in progress is aligning The Standards Review with the Independent Standard.</p> <p><u>BoG Comments &amp; Action Points</u></p> <p>MC:</p> <ul style="list-style-type: none"> <li>○ Lack of members in Sub-committees. It is a grave concern. This issue must be recognised and structured remedies are to be tabled on governance during BoG strategy review planning.</li> </ul> <p>CBN:</p> <ul style="list-style-type: none"> <li>○ Requesting the Secretariat for a tangible proposal to be put forth for the board’s consideration by the next board meeting.</li> </ul> <p>OT:</p> <ul style="list-style-type: none"> <li>○ Should encourage more members to partake or volunteer in sub-committees</li> </ul> <p>CBN:</p> <ul style="list-style-type: none"> <li>○ Such activity encompasses an enormous amount of time and RSPO may have to consider incentives to encourage volunteers or people to join.</li> </ul> <p><u>Actions Points:</u></p> <p>Strategy Review</p> <ul style="list-style-type: none"> <li>● Topics could include governance issues such as how to address the shortage of members in various subcommittees and working groups, and ways to strengthen these governance processes.</li> </ul>	
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	<p><b>7.5 Assurance Standing Committee</b> The update was presented by Co-Chair Agus Purnomo</p> <p style="text-align: center;"><b>Deliberations and comments on <u>RSPO Certification Bodies</u></b></p> <p><u>BoG Comments and Actions Points:</u></p> <p>Surina:</p> <ul style="list-style-type: none"> <li>● Questions on collaboration with ASI were raised. What are the actions taken when currently there is doubt about the integrity of the surveillance audit process.</li> <li>● It is important to recognise the specifics that cause members to lose their confidence in CBs or the Complaints process when complaints are not being addressed appropriately and promptly.</li> </ul> <p>AP</p> <ul style="list-style-type: none"> <li>● The ASC team is prioritising this concern and finalising changes in the social auditing guidelines which the BoG will be duly updated with.</li> <li>● Complaints among growers are related to delays, where there are no timely responses and expeditious of their cases.</li> </ul> <p>MC:</p> <ul style="list-style-type: none"> <li>● Members lost faith in the CBs because many certified operations were having serious problems. It is not prejudiced but backed by data on compliance issues.</li> <li>● The performance of the auditors needs to be improved and be more independent of the Companies during the audit period.</li> <li>● The mechanisms for decoupling auditors and the CBs from the companies should be given due consideration.</li> <li>● Access the risk levels of certain countries in which independent audits are essential to address cases in sectors with problems.</li> <li>● The processing of complaints needs to be adequately and promptly completed with transparency.</li> </ul> <p>LKC</p> <ul style="list-style-type: none"> <li>● These findings will be elemental tools to drive improvements.</li> </ul> <p>SVE</p> <ul style="list-style-type: none"> <li>● The new generation of auditors may be less experienced.</li> <li>● The high quality of these auditors is lost.</li> <li>● The number of grievances lodged with Complaints Panel may justify as a correct approach to transparency but is not necessarily the only indicator applicable for CBs</li> <li>● Checking and evaluating findings from the ground level instead of accepting what is related.</li> <li>● There are high-risk cases with indicators of social issues that some auditors do not spend sufficient time investigating.</li> <li>● Independent investigation and talking to stakeholders is not sufficient</li> <li>● Structured staggered audits should be considered instead of single audits</li> </ul>	<p><b>Membership Unit/ Ooi Soo Chin &amp; Tiur R.</b></p>
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	<p>JC:</p> <ul style="list-style-type: none"> <li>● In support of SVE’s recommendation.</li> <li>● Request the Secretariat to explore decoupling mechanisms and highlight the ways, feasibility, pros, and disadvantages faced if decoupling the auditors from the companies</li> <li>● The Board must have clarity over the situation before considering avenues and remedies</li> </ul> <p>CBN</p> <ul style="list-style-type: none"> <li>▪ The CBs can only audit within the realm of the P&amp;Cs and not beyond that. The audit process is observed with a high level of scrutiny.</li> <li>▪ RSPO’S objective must be open to identifying weaknesses and recognising the weak links. We should not be making blanket statements about CBs as such statements undermine the entire RSPO system.</li> <li>▪ It is RSPO’S obligation to correct any shortcomings in performance affirmatively, identify those non-performing CBs and reward those performing ones.</li> </ul>	
	<p>The Secretariat is tasked to prepare an analysis of what are RSPO’S potential options:</p> <ul style="list-style-type: none"> <li>● To prepare analytical documentation outlining major requirements &amp; issues.</li> <li>● To document this initiative and evaluate this issue realistically</li> <li>● Clarity and transparency in the audit process</li> <li>● Highlight the responsibility and the feasibility of moving forward</li> <li>● Proactive action plans to be identified and taken into consideration</li> </ul> <p>The above analysis could form the basis for a Board decision paper leading to a GA Resolution next year.</p>	<p><b>Assurance Unit/ Aryo G</b></p>
	<p><b>7.6. Share Responsibility</b></p> <p>JD gave a concise update. CoChair GD thanked JD for the update.</p> <p><b>7.7. Stakeholder Engagement &amp; Communications</b></p> <p>Nothing major for an update. RT/GA has been duly presented.</p> <p><b>7.8. Grievance/ Complaints/ CP Updates</b></p> <p>JD reiterated</p> <ul style="list-style-type: none"> <li>▪ Cases closed have risen significantly in comparison with the past years.</li> </ul>	

	<ul style="list-style-type: none"> <li>The CAP Review is structured to deal with Grievance issues effectively.</li> </ul>	
8	<p>These are proposed Resolutions for Endorsement by the BoG.</p> <p><b>Decision Papers for Endorsements:</b></p> <ul style="list-style-type: none"> <li><u>CSPKO Shortage in the Market</u></li> </ul> <p>The endorsement of this document is pending MPOA review on some points. JM and SVE do not support the endorsement, pending some reservations and concerns raised by other BoG.</p> <p>SVE: The demand is diluted by increasing the artificial supply and it is inconsistent with our objective to encourage growers to be certified.</p> <p>OT: Allocation of a one-year timeline is not reasonable to assess the actual impact.</p> <p>Proposal for Implementation of Resolution GA18-2b to amend:</p> <p><u>RSPO Codes of Conduct – Clause 3.2</u></p> <p>The decision paper was not endorsed as a concern was raised about the scope of the clause. It needs to be clear on whether it applies:</p> <ul style="list-style-type: none"> <li>→ to the entire operations or only the palm-related activities, and</li> <li>→ to the certified facilities or also the uncertified facilities.</li> </ul> <p>The Secretariat will revert with a clarification soonest to meet the deadline for submission as BoG resolution for the GA.</p>	<p>Market Transformation / Inke vdS</p> <p>Market Transformation / Inke vdS</p>
9	<p><b>RSPO's positioning with EU due diligence on halting deforestation.</b></p> <p>Inke presented the proposal for RSPO's campaign on EU Deforestation.</p> <p>The Secretariat is tasked with addressing this matter with the highest priority.</p> <p>RSPO needs to be engaging appropriately and position itself in the right way</p> <p>Strategise to defend the organisation's due diligence</p> <p>Promoting avenues by which RSPO can be used in this due diligence process.</p> <p>Establishing the benefits and proving the kind of quality and reassurance provided by RSPO's certification.</p> <p>Response to the EU process should be less reactive. RSPO should establish a dialogue with other partners; growers, P&amp;Ts, NGOs, etc to develop a joint solution on how due diligence is going to be addressed, with RSPO certification as one of the checkpoints in a package along with other steps. RSPO can learn from parallel efforts e.g. the Cocoa dialogue where the cocoa sector has been very organized and proactive.</p>	

10	<b>Any Other Business</b>	Co-Chairs
	<p><b>RR</b></p> <ul style="list-style-type: none"> <li>▪ Smallholders across Indonesia, Malaysia, Thailand, and others share their concerns and appeal to the Secretariat for support: <ul style="list-style-type: none"> <li>➤ Smallholders are not in agreement with the definition of the review of P&amp;C.</li> <li>➤ There is a great language barrier among representatives in the smallholder working group.</li> <li>➤ As a Board member representing smallholders, updates on standard reviews and BoG decisions need to be shared with other smallholder groups.</li> <li>➤ Facing difficulty to communicate with Thailand's smallholders' group, due to language barrier</li> <li>➤ Propose language interpreters to facilitate discussion with members of RSPO from the smallholder category.</li> <li>➤ Appeal for more promotions to be created to support smallholders and their surplus credits.</li> </ul> </li> </ul> <p><b>CBN:</b></p> <ul style="list-style-type: none"> <li>▪ Propose reinstatement of the interim group consisting of MC, PW, JD, and the committee Co-chairs to address: <ul style="list-style-type: none"> <li>○ Issues on CP, Grievance, and CBs</li> <li>○ enables to address of unresolved teething issues</li> <li>○ provides clarity on the progress</li> <li>○ Fundamentally, helps to review the structure and approach</li> <li>○ Feedback by the next board meeting</li> </ul> </li> </ul> <p><b>MH</b></p> <ul style="list-style-type: none"> <li>▪ Request for more data-driven information to support ASC findings and help resolve issues on CBs competency</li> <li>▪ This applies to CSPO &amp; CSPKO data updates to be more relevant</li> <li>▪ Obtainable data statistics provide better objective decisions, while current discussions are highly subjective and opinionated.</li> </ul>	<p>Smallholder Unit/ Petchrung S</p> <p>Grievance Unit/ Pravin R</p> <p>IMEL/ HS Yen</p>
11	<b>Meeting adjourned at 12.40 pm</b>	