

Minutes for RSPO BOARD OF GOVERNORS Meeting 04-22

Date: Friday 2 December 2022
 Start Time: 8.00 am – 1.30 pm
 (+8GMT): 2.00 am – 6.30 am
 Venue: Shangri-La Hotel Kuala Lumpur

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

BOG MEMBERS AND ALTERNATES IN ATTENDANCE

<p>SUBSTANTIVE MEMBERS</p> <p><u>In-Person</u></p> <p>Dato' Carl Bek-Nielsen (CBN), MPOA – Co-Chair Anne Rosenbarger (AR), WRI — Co Chair Tim Stephenson (TS), AAK – Vice-Chair Daphne Hameeteman, WILMAR Marcus Colchester (MC), FPP Julian Walker-Palin (JWP), RPOG H. Narno Sayoto Irontiko (NS), ASOSIASI SWADAYA AMANA Lee Kuan-Chun (LKC), P&G Martin Huxtable (MH), UNILEVER Agus Purnomo (AP), GOLDEN AGRI RESOURCES Jose Roberto Montenegro (JM), AGRO CARIBE Paul Wolvekamp (PW), BOTHENDS Kamal Seth (KS), WWF SINGAPORE</p> <p>ADVISORS</p> <p>Prof. Bungaran Saragih (BS) Mr Mavath R Chandran</p>	<p>ALTERNATE MEMBERS</p> <p><u>In-Person</u></p> <p>Mario Abreu (MA), FERRERO Eleanor Spencer (ES), ZSL Dr Fadhil Hassan (FH), PT. INTI INDOSAWIT SUBUR Rukaiyah Rafik (RR), GAPOKTAN TANJUNG SEHATI Sander Van den Ende (SVE), SIPEF Quentin Munier (QM), OLAM Nursanna Marpaung (NM), HUKATAN Dr Surina Ismail (SI), MPOA Harjinder Kler (HK), HUTAN Olivier Tichit (OT), MUSIMMAS Steni Bernadinus. (SB) KALEKA Laila Wilfred (LW) Cargill</p> <p><u>On Virtual</u></p> <p>John Clendon (JC), UNIVANICH</p>
<p>SECRETARIAT STAFF</p> <p>Joseph D’Cruz (JD), CEO Zeeneeshri Ramadass (Zee), APAC Comms Manager Irene Low, EA to CEO</p> <p>Presentation by Directors:</p> <p>Inke Van Der Sluij (IS) Market Transformation Irene Fischbach (IF) SEC & Communication</p>	<p>CP CO-CHAIRS</p> <p>Dato Henry Barlow (HB) Lim Sian Choo (LSC)</p> <p>LANGUAGE INTERPRETERS</p> <p>Irma Nurhayati Galuh</p>

ITEM	DESCRIPTION	FOCAL POINT
1.0	<p>Introductions and Opening Remarks RSPO Antitrust Caution, Quorum, and Conflict of Interest 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 circulated agenda for the meeting was approved.</p> <p>The Agenda BoG 04-22 Meeting was approved.</p>	
2.0	<p>BoG 03-22 Meeting –27 September 2022: Approval of Minutes of the previous meeting: The minutes were approved, proposed by DH seconded by JM</p> <p>BoG 02-22 Meeting – 20 June 2022: Endorsement of Minutes of meeting: The minutes were circulated for approval and endorsed by the Board at this meeting</p>	
3.0	<p>Actions Arising from the last Meeting – BoG Meeting 02-22 Action Tracker.</p> <ul style="list-style-type: none"> ▪ The actions arising are documented in the board pre-read and actions are duly undertaken moving forward. ▪ Preparation for the Board proposed retreat for June 2023 will be kicked off by the beginning of the year 2023. - The proposed date will be shared in December 2022 for the respective board members to plan for the year 2023. <p>EU Deforestation:</p> <p>To form an informal brainstorming strategy group to include the Secretariat and BoG members who have experience in this regulation matters.</p> <ul style="list-style-type: none"> ● to maintain RSPO's relevance ● Ensure RSPO's Mass balance are more compliant ● To fit RSPO role into the space of the 'no deforestation commitments' context. ● RSPO must move along or beyond the pace of the EU. ● To position RSPO as a part of a solution for stakeholders <p><u>Action Point:</u> To be followed up by Brainstorming group</p> <p>Board members are invited to take an active role and several board members have volunteered for the brainstorming session, namely - Anne Rosenbarger, Tim</p>	

	Stephenson, Mario Abreu, Jose Roberto Montenegro, Lee Kuan Chun, Agus Purnano & Daphne Hameeteman	
4.0	<p>Welcoming onboarding Board of Governors</p> <p>AR introduced and welcomed onboarding board members: Principal member - Kamal Seth (WWF Singapore) Alternate member – Steni Bernadinus (Kaleka) Alternate member – Laila Wilfred (Cargill)</p> <p>Moving forward, outgoing board members are to be extended a letter of appreciation from the Co-chairs.</p> <p>This is to be followed up by the Secretariat with a recognition plaque for these board members’ contributions and support during their tenure</p>	
5.0	<p>RemCom Report</p> <p>HK: RemCom will be given a fresh look with a mandate and ToR to be in place by the next board meeting. The item on RemCom Report remains on the agenda irrespective if there are items for deliberation.</p> <p>RemCom committee: CBN, AR, TS, AP, MH, JD & HK (Chair)</p> <p>TS The Terms of Reference do exist and are applicable for RemCom ToR.</p> <p>CBN Reminded HK to step up as the Chair to convene a RemCom committee meeting soon to review and discuss the purposes within. This needs to be addressed in a professional and proper manner to provide a clear update to the board.</p> <p><u>Action:</u> HK is to hold a RemCom meeting soon and before the next Board Meeting</p> <p>JD Welcome the committee’s supervision and looks forward to working with RemCom</p>	
6.0	CEO’s Overview Report - Highlights	
6.1	<p>HR & Operations</p> <p>The current staff headcount is 147 Shifts in leadership level are expected over the next few months:</p>	

	<p><u>Tiur Rumondang</u> – back from medical leave & has returned to work. Her role as Director maintains but will be leading and empowering new initiatives from CEO's office:</p> <ul style="list-style-type: none"> -Digitalization -Revamping the risk system -Membership services structure <p><u>Julia Majail</u> – has decided to step away as a full-time director due to personal reasons after 10 years of service. Will be supporting on a part-time contract basis during this transitional period.</p> <p><u>Francisco Naranjo</u> – agrees to be based in Kuala Lumpur taking on the role of Technical Director. Having immense technical experience, seniority, and leadership capability to fit the role of leading the technical team.</p> <p><u>BoG Comments:</u></p> <ul style="list-style-type: none"> ➤ Increasing staff strength is a long-term commitment, therefore, outsourcing is a good thought for consideration. ➤ It is good to note Smallholder has their strategy in place but the BoG needs to look at strategy for JA & emerging markets ➤ Resources from RSPO should not lose its purpose and traction but stays connected with the strategy of the Standing Committees & working groups. ➤ Certification backlogs are a major challenge and it is crucial to encourage and have more growers being certified thus improving RSPO's credibility significantly ➤ The CEO's report should share his personal assessments and his priorities & challenges. The summary of this report is useful for strategic discussions at the Board retreat in June. <p>Membership: Membership growth is incremental and not dramatic. Strengthening the value proposition of being an RSPO member would help to retain and increase the numbers.</p> <p>CBN requested that the Secretariat reply to the concerns raised with growers facing a strong amount of headwinds and report on the findings via email on the statistics.</p> <ol style="list-style-type: none"> 1. Net growth in growers 2. How many are smallholders 3. How many large plantation growers (threshold of 10,000 hectares) 4. How many total hectares are on board; 5. If they are 16 new members of growers, how many hectares are being represented 	
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6. This data could be further connected and applied to the trend flow chart

Action Point: The Secretariat/ JD is expected to circulate these data by end of January 2023

BoG Comments:

Visibility of the trends are essential with in-depth data and breaking them down by region would be helpful on the grid.

Beside reaching environmental or social NGOs we should consider extending our reach to local communities/ organizations

Market Transformation * Standards Review * Impact Report launch

*** Communications:**

CEO's overview report continued highlighting Market Transformation, Standards Review, followed by the launch of the Impact Report and concluded with an overall brief on the:

- Relaunch of the Website,
- RSPO Brand Positioning,
- EU: PR/PA Campaign
- Government Relations

RT Media Coverage

JD gave an overall summary report on the media coverage surrounding RT. He highlighted diagnostically the media releases, interviews, journalists present, and key messages shared.

The Board thanked and applauded the Secretariat on the success of a spectacular RT2022.

In response, JD credited the success entirely to the RT organizing committee and he has personally conveyed his thanks to the team for their collective efforts and great teamwork.

JD opened to the Board to share their reflections on RT2022.

- Major Issues
- Priorities
- Input for future planning

Comments:

- Some of the content of the slides of presenters and panellists have glaring errors

	<ul style="list-style-type: none"> - Too many texts and the appropriate font sizes should be formatted - The content needs to be scrutinized as some information does not reflect the credibility of RSPO - Proposed RT2023 in Bandung, West Jawa - Recommended that RSPO be ahead of the game in innovation and not lag in catching up on past issues <p><u>Cheng Hai Report:</u> CBN expressed concern that due diligence should be given attention to the shortcomings reflected in the Cheng Hai report and requested the Secretariat/ CEO to lead in addressing the gaps and issues constructively with due process in order.</p> <p>This discussion was proposed to be ‘parked’ under the umbrella of RemCom for deliberation.</p> <p><u>Action Point:</u> JD and RemCom chair to follow up</p>	
7	<p>7.1 Finance</p> <ul style="list-style-type: none"> ▪ Overall financial standing is positionally strong. ▪ An appropriate investment strategy with good governance is tabled for deliberation. ▪ A draft investment policy has been drawn & prepare for consideration ▪ A strategy discussion should be convened <p><u>Comments</u></p> <ul style="list-style-type: none"> ▪ The structure of the Finance Committee should be a key part of our Governance Review discussion. ▪ Fixed deposit is a conservative and safer measure with less accountability. ▪ Investment decisions are to complement sustainability fundamentals ▪ Regenerative agriculture funds are picking pace ▪ Not limited to maximizing returns and minimizing risk, the objective of social and environmental impact is a consideration. ▪ A coherent strategy is to be recognized to drive partnership & catalyze impact. ▪ Request for a review of whether membership fee for developing country NGOs can be reduced and a discretionary fund established to subsidise participation in meetings 	

	<p>Item 7.2/ 7.3/ 7.4/ 7.5</p> <p>Comments</p> <ul style="list-style-type: none"> ▪ Reference to task force Item No 2, P&C and the Compensation document to include a footnote that it is not limited to medium growers & growers but includes smallholders. ▪ The steering group for the ASC committee has replied that work is in progress and it is in the hands of Standards before moving to MDSC ▪ Sharing data coordinates and reporting the distribution on the mass balance mill for sales is not recommended as it will put us on the radar of the Anti-trust Commission. This needs a deep dive session for clearance. ▪ It is the role of the Steering Group to communicate with the task force on the strategic elements of the standard review. The CEO is requested to lead on this ▪ <u>Collaboration with HCSA</u> <ul style="list-style-type: none"> - It's a matter of accommodating the respective governance structure of RSPO and HCSA before the MOU can be realized and translated into a collaboration. 	
	<p>7.6 Shared Responsibility</p> <p>KS shared a detailed report on Shared Responsibility and invited the Board for Q & A. The SRWG is working on the proposed document which will be drafted for review.</p> <p>7.7 Grievance Complaints & CP</p> <p>LSC elaborated on the pre-reads shared on the respective items documented for the board's information and clarification.</p> <p>HB further reported that a degree of stability has returned to the CP</p> <ul style="list-style-type: none"> ▪ This stability has enabled the grievance unit and the CP to catch up on old cases ▪ Recruitment and commitment of members to the CP is a challenge. ▪ In-house resources should be assigned to ASC by the CEO so that reports/ meetings requests are not hindered and reach the CP panel on a timely basis. 	

	<p>Comments:</p> <ul style="list-style-type: none"> ▪ It is pleasing and encouraging to note that the stability of the CP has been steadily restored and functioning. ▪ There is an existing discretionary budget allocation if it is required by the CP for investigation purposes. ▪ Dialogues are encouraged to reach out to growers and for capacity-building purposes. ▪ The risk monitoring unit & flow chart must be updated periodically on the RSPO websites ▪ It may be inspiring to include the aggregate of closing complaints in the Impact Report. ▪ The discussion on the CAP Review requires deeper dive for attention and time should be allocated for discussion at the next Board meeting. <p>Responses:</p> <ul style="list-style-type: none"> ▪ Complaints are considered closed when an agreement consensus is received from both parties, the complainant, and the respondent. ▪ The reason for a period of 200+ days for investigation is required: <ul style="list-style-type: none"> - follow-up, and close cases because we are dealing with communities that need to be educated, to understand exactly how the process works. ▪ Ensure Grievance panels are independent and not associated with estate organization and reporting above the unit manager. ▪ <i>ASI had informed the ASC that CABs tend to under-report non-compliances because they are scared to do so, for three possible reasons: they are concerned the non-compliances are not resolvable; they fear if it may lead to client's suspension or; it may reveal a generic problem. ASI has been asked to provide recommendations on how to address this problem.</i> ▪ <i>ASC committee is following on this process</i> <ul style="list-style-type: none"> - <i>ASI is due to report on its recommendations at the next ASC meeting scheduled in March 2023.</i> - <i>It will be a constructive discussion with a formal report on this subject matter</i> - <i>The committee will share their feedback and recommendation with the Board at the next Board Meeting.</i> <p>CBN extended a word of thanks to CP Chair & Cochairs and also a note of appreciation to JD for the success of his collaboration with the CBs.</p>	
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8	<p>Brand Positioning Presented by David Adams, Catalyser It is recommended that the following be shared with the Board for a review of what has been proposed and revert on their opinions or questions through the Secretariat. 1) Proposal by Catalyser on PowerPoint 2) Pre-Reads Summary</p>	
9	<p>Decision Papers for BoG Endorsement</p> <p>CSPKO shortage in the market</p> <ul style="list-style-type: none"> ● This approach is a temporary measure to bridge the lack of CSPKO in the market against the demand. ● It is not to address the problem/ issues with the credits. ● This is a fundamental issue. It is addressing an immediate problem with a temporary solution. It is extremely targeted & balanced ● This document needs the Board's attention for decision as the Oleo task force is not in the position to do so <p>MPOA will not be able to support the movement of this decision paper until the Secretariat is able to respond to several questions that had been forwarded to the RSPO Secretariat in September 2022 but were still not responded to. ROW, JM & JC wished to support the views of the MPOA.</p> <p>Moving forward, the Secretariat will draft a response to MPOA providing the updated document, indicating how the concerns have been addressed, copying the designated parties and the board.</p> <p>Assuming all concerns are addressed, this document could be circulated by email for a decision on the endorsement.</p>	
10	<p>EU Campaign</p> <ul style="list-style-type: none"> ▪ Update on EU legislative developments ▪ Moving away from the focus on campaigning. <p>IF briefed the Board on the steps currently taken and the efforts made by the Europe team in this campaign.</p>	
11	<p>RT/GA: Takeaways</p> <ul style="list-style-type: none"> ● Board Members' reflections and takeaways from the RT and GA: Priorities for attention in 2023 ▪ Meeting was excellent but need for simultaneous interpretation for side meetings especially where non-English speakers are presenting 	

	<ul style="list-style-type: none"> ▪ Appeal for more subsidies extended to smallholders encouraging their participation. It is a learning process for them, and it is beneficial that they share their RT experiences with their peers ▪ Consider a special award for an individual who has contributed extensively to sustainability & conservation for his community ▪ It is proposed that RT2023 is to be held in Indonesia and the venue is yet to be determined. ▪ Celebration of RSPO 20th Anniversary <ul style="list-style-type: none"> - Highlighting RSPO achievement - Reflecting on the theory of change ▪ Comments on the keynote address by Prof Tan Sri Dr. Jemilah <ul style="list-style-type: none"> - JD comments on Facts & Perception - MR Chandran supported by the MPOA and other growers found several statements made in the key note address to be factually wrong and misleading, which was disappointing with the impact of pushing growers away from the RSPO at a time when we needed to bring on more growers. - The criticisms and feedback are well received and accepted with full consideration. - Industry representatives should have a clear sense of what the industry contributes and what is the reality, as well as the influence and centrality of this industry in dealing with issues like climate change, biodiversity, loss, and decent living conditions of workers and indigenous communities on the ground ▪ RSPO in Europe and anywhere else should not be positioned through keynote speeches as an industry lobbyist but as a multi-stakeholder credible organization. ▪ NGOs are very supportive of the delivered keynote speech. ▪ Although GA is a forum for members to express their views, it should not be the platform for long deliberation leading to arguments. Stakeholders should consider RSPO's portal as a platform to submit their queries/ questions. An avenue should be created for ease. 	
12	<p>Any Other Business RSPO DSF AG and RSPO members' participation.</p> <ul style="list-style-type: none"> ▪ Shared responsibility & shared engagement should be conveyed and made a priority in DSF discussions 	

	<ul style="list-style-type: none">▪ Bring conflicts to a solution with more localised efforts. It is important and rewarding to see downstream players creating symbiosis by engaging and contributing to companies, communities, and workers	
	Meeting adjourned at 13.30 pm	

IJL/ 20 Dec 2022