

TRUST FUND FRAMEWORK

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1.0 INTRODUCTION

This procedure seeks to establish an operational framework of a trust fund to provide financial assistance to disputing parties within RSPO's Dispute Settlement Facility.

1.1 Objectives

1.1.1 RSPO intends to establish a trust fund ("**Trust Fund**") to assist parties or potential parties, as the case may be, (both members and non-members) requiring financial assistance within RSPO's Dispute Settlement Facility and if necessary, provide assistance for the purposes of capacity building of the disputing parties and realise the settlement, if any, reached between parties. The financial assistance may include, but is not limited to, fees of the appointed mediators/technical experts and related costs, on behalf the parties ("**Financial Assistance**").

1.1.2 The ultimate objectives are to:

1.1.2.1 facilitate access to RSPO's Dispute Settlement Facility by removing financial means as barrier to less financially equipped parties; and

1.1.2.2 create a level playing field to enable equal access to all parties within the existing settlement mechanism and encourage participation of all affected parties regardless of financial standing.

1.1.3 The long term impact of this initiative would be to encourage successful implementation of RSPO's standards and best practices through its existing dispute settlement mechanism.

1.1.4 The Trust Fund objectives shall be reviewed after two (2) years of its implementation.

1.2 Strategy

1.2.1 The operations of the Trust Fund will be administered by an appointed trustee company ("**Trustee Company**") as trustees of the Fund (hereinafter referred to as "**the Trustees**"). The Trust Fund shall be wholly independent from any existing monetary funds within RSPO's control.

1.2.2 The Trust Fund shall be supervised by a committee, known as the "**Trust Fund Committee**".

1.2.3 The Trust Fund strategy shall be reviewed after two (2) years if its implementation or earlier, as required by the RSPO Board of Governors.

1.3 Source of Funds

- 1.3.1 Contribution to this Trust Fund is open to any party, related or otherwise to RSPO, with a view of targeting a global involvement (“**Contribution**”). The acceptance of a Contribution is subject to the legality of such funding of both the national laws of the country from which the Contribution originates and is sourced to.
- 1.3.2 A record of all Contribution received and Financial Assistance disbursed shall be made available for audit purposes.

1.4 Beneficiaries

- 1.4.1 The target groups are parties or potential parties, as the case may be, to a mediation reference under the RSPO Dispute Settlement Facility whom requires financial assistance to continue to participate and if necessary, in implementing the outcome of the reference.
- 1.4.2 The party intending to benefit from the Trust Fund shall first establish that its grievance has been accepted by RSPO under its Dispute Settlement Facility and that its grievance has either been set down for a facilitation process or a proper mediation reference pursuant to the said Facility or that it is a party against which a facilitation process or a mediation reference, as the case may be, has been initiated, also pursuant to the said Facility
- 1.4.3 The beneficiaries of this Trust Fund would have to meet the minimum criteria of (“**Beneficiaries**”):
- 1.4.3.1 being a party or a potential party to either a facilitation process or a mediation reference within RSPO’s Dispute Settlement Facility framework; and
 - 1.4.3.2 is not an unregistered organisation under the laws of the country it mainly operates; and
 - 1.4.3.3 is able to provide sufficient documentary evidence in support of its application for Financial Assistance to the sole and absolute satisfaction of the Trust Fund Committee, both in terms of amount and necessity.
- 1.4.4 The value of the Financial Assistance to the Beneficiaries and the method of its disbursements are solely within the discretion of the Trust Fund Committee, to be decided on a case by case basis.

2.0 THE TRUST FUND COMMITTEE

The members of the Trust Fund Committee shall act in an impartial manner to facilitate an independent decision making process.

2.1 Composition

2.1.1 The membership of the Trust Fund Committee may comprise both members and non-members to be appointed by the Board of Governors.

2.1.2 The Trust Fund Committee shall always sit in odd numbers to ensure that matters are resolved decisively. The Committee ultimately reports to the Board of Governors.

2.1.3 The suggested composition of the Committee is as follows:

2.1.3.1 three (3) members of the Committee to be appointed by the Board of Governors within its members;

2.1.3.2 four (4) further members of the Committee to be made up by representatives from non-governmental organisations, the judiciary, persons with prominent standings in the industry etc. Essentially, these members are to be appointed from an independent pool of non-associated persons with RSPO or its programmes.

2.1.4 The chairperson of the Committee shall be chosen by the Committee members themselves.

2.1.5 The membership of the Committee shall be reviewed by the Board of Governors every two (2) years.

2.2 Selection Criteria

2.2.1 All elected members of the Trust Fund Committee are to meet the following minimum standards:-

2.2.1.1 the capacity and willingness to make significant contributions and/or assist in the decision-making pertaining to the Trust Fund; and

2.2.1.2 ability to attend and be involved regularly in Committee meetings.

2.3 Roles & Responsibilities

- 2.3.1 Assess each application received on a case by case basis and decide on the value of Financial Assistance and method of disbursements based on criterion mentioned in clause 1.4.3 above.
- 2.3.2 Authorise the release of Financial Assistance from the Trust Fund to the Beneficiaries.
- 2.3.3 Inspect the record of the Contribution received and Financial Assistance disbursed periodically to ensure that proper record keeping exercise is employed at all times.
- 2.3.4 To provide quarterly updates to the Board of Governors.
- 2.3.5 Provide recommendation to the Board of Governors on utilisation and/or investment of the Contribution received.

2.4 Conflict of Interest Policy

- 2.4.1 Members of the Trust Fund Committee are required to disclose at the beginning of each meeting of all interest or circumstances that may give rise to an actual or potential conflict of interest as well as to complete annual declarations.
- 2.4.2 Any member with direct interest, financial or otherwise, shall not partake in any decision making process involving a related party.

2.5 Code of Conduct

- 2.5.1 Members of the Trust Fund Committee are required to be well informed about the management, administration and compliance responsibilities to avoid conflicts of interest and to comply with the RSPO Code of Conduct.

3.0 THE TRUST FUND

The Trustees, as appointed by the Board of Governors, shall manage and administer the Trust Fund.

3.1 Roles & Responsibilities of the Trustees

- 3.1.1. The Trustees are to act upon instructions of the Trust Fund Committee to disburse Financial Assistance from the Trust Fund.

- 3.1.2. The said instructions shall be relayed by the Trust Fund Committee to the Chief Executive Office of the RSPO (“**CEO**”) in writing who shall, on behalf of the Committee, instruct the Trustees.
- 3.1.3 The Trustees are expected to maintain a proper record of the accounts of the Trust Fund and provide monthly updates to the Trust Fund Committee or as and when requested to do so.
- 3.1.4 The Trustees may provide suggestions on ways to maintain the Contribution in the Trust Fund, to the Trust Fund Committee without any liabilities in whatever manner being attached to the Trustees.

3.2 Use of Contribution

- 3.2.1 The disbursement of the Financial Assistance to the Beneficiaries is solely to be carried out by the Trustees pursuant to instructions from the Trust Fund Committee. However, the use of the Contribution for investment purposes is solely at the discretion of the Board of Governors.

4.0 APPLICATION & EVALUATION

4.1 The Process Flow

- 4.1.1 There are three (3) different phases to the application process for Financial Assistance Briefly:
- **Application:** A completed application form as made available by RSPO to be submitted to the RSPO. The form shall be forwarded to the Trust Fund Committee within three (3) working days of receipt. The RSPO will provide confirmation whether the applicant fulfills the minimum requirement in Clause 1.4.3.1 above.
 - **Review & Assessment:** The Trust Fund Committee would then review the application and make an assessment as to eligibility, and if necessary, the Financial Assistance to be disbursed, within fourteen (14) working days of receipt of the application form from the RSPO. Each application would be assessed on a case by case basis. In respect of supporting documents to be submitted pursuant to clause 1.4.3.3 above, a company, for instance, is expected to produce audited accounts for the past three (3) immediate years whilst local communities may be vouched by a registered non-governmental organisation if they are represented by one. In circumstances if the local community organizes itself as a registered society/organization

under the laws of the country they reside, then they are to provide relevant documents of that registered society/organisation which may be accepted, e.g. bank details or finance books for the current financial year. Alternatively, the Trust Fund Committee may also elect to request for further information/supporting documents from the applicant prior to deciding. The Trust Fund Committee is expected to decide within seven (7) working days of being in receipt of the additional documentation /information.

- **Release of Funds:** If the application is successful, the Trust Fund Committee, via the CEO, shall instruct the Trustees to disburse the approved Financial Assistance.

4.2 Due Diligence

- 4.2.1 The Trust Fund Committee shall periodically review the Financial Assistance disbursed as well as methods of disbursement to ensure that the Financial Assistance are utilized in accordance with the purpose stated in the application or pursuant to conditions, if any, as imposed by the Trust Fund Committee. This would limit any unwanted leakages and ensure that the Financial Assistance is spent in a cost-effective manner.
- 4.2.2 The Trust Fund Committee may revise the disbursement methods should it deem that a more suitable manner may be adopted including for instance, by adopting a direct pay-out instead of transmitting the monies to the Beneficiaries.
- 4.2.3 The Trust Fund Committee may seek detailed updates from the Beneficiaries in respect of the usage of the Financial Assistance which shall be provided to the Trust Fund Committee within seven (7) working days of each request made. The Trust Fund Committee may revoke the Financial Assistance should the Beneficiaries fail and/or refuse and/or neglect to respond as directed.

5.0 AUDIT REQUIREMENTS

5.1 Review & Reporting

For transparency purposes, the record keeping of all Contribution received and invested as well as Financial Assistance disbursed shall be audited the end of each financial year.

5.2 Publication

5.2.1 The approved audit is to be published for the review of RSPO's members and public at large on RSPO's webpage.

6.0 ACCOUNTABILITY

6.1 Monitoring & Reporting

6.1.1 The Board of Governors shall ensure that any approval given in respect of the investment of the Contribution be made in the best interests and aims of RSPO and its members.

6.1.2 The basis as to decisions made by the Trust Fund Committee to fund or reject a particular application must be made available to the enquiring party within fourteen (14) working days upon a request for further explanation is submitted to the Trust Fund Committee.
