

Minutes for BOARD OF GOVERNORS Meeting 04-19

Date: 19th June 2019

Start Time: 9.00am-6.00pm

Venue: Jaarbeurs, Utrecht, The Netherlands

Attendance	
BoG Members and Alternates	
<p>Substantive Members</p> <p>WRI – Anne Rosenbarger (AR) – Co Chair</p> <p>AAK – Tim Stephenson (TS)</p> <p>BOTHENDS - Paul Wolvekamp (PW)</p> <p>GOLDEN AGRI</p> <p>RESOURCES – Agus Purnomo (AP)</p> <p>P&G – Lee Kuan-Chun (LKC)</p> <p>RPOG – Belinda Howell (BH) * left after lunch</p> <p>WWF – Elizabeth Clarke (EC)</p> <p>WILMAR – Daphne Hameeteman (DH)</p> <p>OXFAM – Madeleine Brasser</p> <p>Advisors</p> <p>In Attendance</p> <p>MR Chandran (MRC)</p> <p>Prof. Bungaran Saragih (BS)</p> <p>Guest</p> <p>In Attendance</p> <p>Co-Chair COMPLAINTS</p> <p>PANEL - Dato’ Henry Barlow (DHB)</p> <p>RABOBANK - Johan Verburg (JV)</p> <p>SECRETARIAT - Ashwin Selveraj (AS)</p> <p>LISEED - Aimee Rusillo (AMR)</p> <p>PROFOREST - Bilge Daldeniz (BD)</p>	<p>Alternate Members</p> <p>AAK – Caroline Westerik-Sikking (CWS)</p> <p>AEON – Yumie Kawashima (YK) ** representing Kahori Miyake</p> <p>AHOLD DELHAIZE – Hugo Byrnes (HB) ** representing RPOG after lunch</p> <p>FELDA – Izham Mustaffa (IM)</p> <p>HUTAN – Harjinder Kler (HK)</p> <p>HSBC – John Laidlow (JL)</p> <p>MPOA – Lee Kuan Yee (LKY) ** representing Dato’ Carl Bek-Nielsen</p> <p>UNILEVER – Martin Huxtable (MH) ** representing Petronella Meekers</p> <p>SIPEF – Olivier Tichit (OT)</p> <p>ZSL – Michael Guindon (MG)</p> <p>VERITE ASIA – Daryll Delgado (DD)</p>
Absent with Apologies:	
<p>Substantive Members</p> <p>MPOA Dato’ Carl Bek-Nielsen (CBN) – Co Chair</p> <p>AGROCARIBE – José Roberto Montenegro (JRM)</p> <p>AEON - Kahori Miyake (KM)</p> <p>FELDA – Dato’ Dr Othman Bin Hj Omar (OO)</p> <p>HSBC – Ian Hay (IH)</p> <p>RABOBANK – Geraldine Lim (GL)</p> <p>UNILEVER – Petronella Meekers (PM)</p>	<p>Alternate Members</p> <p>ASIAN AGRI – Dr. Mohamad Fadhil Hasan (FH)</p> <p>OLAM – Audrey Lee (AL)</p> <p>P&G – Girish Deshpande (GD)</p> <p>UNIVANICH – John Clendon (JC)</p> <p>WILMAR – Ginny Ng (GN)</p>
Secretariat Staff	
<p>In Attendance:</p> <p>Datuk Darrel Webber (DW)</p> <p>Bakhtiar Talhah (BT)</p> <p>Salahudin Yaacob (SY)</p> <p>Javin Tan (JT)</p> <p>Cheri Woo (CW)</p>	<p>Tiur Rumondang (TR)</p> <p>Patrick Chia (PC)</p> <p>Dan Stretchay (DS)</p> <p>Julia Majail (JM)</p> <p>Oi Soo Chin (OSC)</p>
<p>Absent with Apologies</p> <p>Francisco Naranjo (FN)</p>	

Item	Description	Focal Point
1.0	Introduction	
1.1	<p>RSPO Antitrust Laws</p> <p>There will be no discussion on any commercial aspect of the trade in palm oil on premiums, volumes, individual suppliers, individual customers, etc.</p>	
1.2	<p>RSPO BoG consensus based decision making</p> <p>The BoG was reminded that they try to reach/make decisions by consensus, which is the absence of sustained objection.</p>	
1.3	<p>Approval of Minutes - BoG 02-19 and BoG 03-19</p> <p>Minutes of both meetings were approved.</p>	
1.4	<p>Approval of designation of interim member of the RSPO BoG</p>	
1.4.1	<p>AEON was designated as a Substantive member by the RSPO BoG representing the Retailers sector which had become vacant following the resignation of Marks & Spencer.</p> <p>Kahori Miyake declared to accept her designation representing AEON as a member of the BoG of RSPO.</p>	
1.4.2	<p>Madeleine Brassier was designated as the representative of Substantive member OXFAM by the RSPO BoG representing the Social NGO sector which had become vacant following the resignation of Johan Verburg.</p> <p>MB declared to accept her designation representing OXFAM as a member of the BoG of RSPO until GA16 (year 2019). MB indicated that Oxfam does not intend to contest the seat at the upcoming GA, and urged other Social NGO members to consider representing the sector in the BoG.</p>	
1.5	<p>Approval of designation of alternate member of the RSPO BoG</p>	
1.5.1	<p>Yumie Kawashima was designated as the alternate member to Kahori Miyake representing AEON in the Retailers sector.</p> <p>She declared to accept her designation representing AEON as an alternate member of the BoG of RSPO.</p>	
1.5.2	<p>Rabobank was designated as the alternate member to Rabobank representing the Banks and Investors sector seat.</p> <p>Martin Van Vaals declared to accept his designation representing Rabobank as an alternate member of the BoG of RSPO.</p>	
1.5.3	<p>Unilever was designated as an alternate member to Petronella Meekers representing Unilever in the Consumer Goods Manufacturer sector.</p>	

	<p>Martin Huxtable declared to accept his designation representing Unilever as an alternate member of the BoG of RSPO.</p> <p>1.5.4 Olivier Tichit informed the BoG that he is leaving SIPEF on 2 July 2019, and tenders his resignation from the BoG as the Alternate member representing Growers Sector - Rest of The World. However, he remains in his position as Co-Chair in the RSPO Standard Standing Committee until further notice.</p> <p>1.5.5 SIPEF has nominated Ms Fanny Roussel as the replacement to Olivier Tichit. Ms. Roussel will join the BoG as of 02/07/2019.</p> <p>1.5.6 DH informed the BoG that GN has resigned from representing Wilmar in the seat of alternate member to DH. Effective 02/07/2019, OT is designated as the alternate member to Wilmar representing the Processors & Traders sector.</p> <p>1.5.7 OT declares to accept his designation representing Musim Mas as an alternate member of the BoG of RSPO.</p> <p>1.6 Resignation of members of the RSPO BoG</p> <p>Resignations of the following alternate members of the BoG have been accepted:</p> <ul style="list-style-type: none"> ● SIPEF who was alternate to Agrocaribe of the Growers Sector ● Ginny Ng representing Wilmar who was alternate to Daphne Hameeteman representing Wilmar of Processors & Traders sector <p>1.7 Election of Vice-Chairperson(s) of the RSPO BoG</p> <p>Tim Stephenson was elected as the Vice-Chairperson of the BoG of RSPO.</p> <p>He declared to accept his election as an office bearer of the BoG of RSPO.</p>	
<p>2.0</p> <p>2.1</p> <p>2.2</p>	<p>CEO's Report</p> <p>The BoG requested that the CEO report include an update of organisational strategy, priorities and challenges, and linking these to the workplan.</p> <p>Membership applications</p> <p>The BoG discussed the policies and procedures with regard to membership applications, which are under the purview of the Secretariat, and expressed concerns associated with admitting companies and/or organisations deemed to be 'high risk'.</p> <p>BH requested that there is an option to sign up to email "notifications" of new consultations on membership applications, etc. Simply publishing consultations on the RSPO website without active notifications may mean they are missed, especially for membership applications, which are only consulted on for 2 weeks.</p> <p>Conclusion:</p>	

	<p>The BoG agreed that membership applications remain under the purview of the Secretariat; however, sought further clarity on the internal procedures. The BoG requested the Secretariat to seek input from MB and PW, and advise the BoG in Sep 2019 of recommendations to strengthen the procedures, if necessary.</p>	
3.0	<p>Governance Review</p> <p>3.1 The BoG was informed on the status of the restructuring of the Standing Committees into Sub-Committees of the Board (SCs), which involves the endorsement of new Terms of References (ToRs), as follows:</p> <ol style="list-style-type: none"> 1. Assurance Sub-Committee 2. Market Development Sub-Committee 3. Standard Sub-Committee <p>BT informed the BoG that these ToRs will be circulated via email to the Board members on 17/06/2019, and endorsement is sought by 21/06/2019. Subsequently, the call for nominations will be up on 24/06/2019.</p> <p>AR requested that all SCs be fully established in July 2019, and that a first meeting be held in August, to discuss (among other things) the scope of work for all Working Groups, Task Forces etc. and way forward for all, in preparation for a presentation to the BoG in Sep 2019. The Secretariat will prepare a brief in this regard.</p>	
4.0	<p>Financial matters</p> <p>4.1 TS updated the Board on the financial position for the period 9 months to 31 March 2019.</p> <ul style="list-style-type: none"> ● Surplus for the period before forex and tax is RM8.7 mil with a forecast of RM9.5 mil for the year, compared with a deficit of under RM0.5 mil in FY2018. ● Income is forecast to be in line with budget while Administration and Operation Costs are slightly below. ● Main area of underspent is in Project Costs and the expected costs to be incurred for year is around RM18 mil. ● While Subscription Fees is slightly below budget for the period, B&C Contribution income is interestingly higher compared with budget and previous year, and is forecast to be more than RM8 mil for the year. Total income is forecast to reach RM47 mil at the year end. ● The Balance Sheet as at 31 March 2019 shows Cash balances amount to RM42.8 mil and it is encouraging to note that Subscriptions Due has reduced, partly due to some balances written off and bad debts recovered, resulting in much improved debtors aging. ● Total Net Assets is at RM40.8 mil, where the Members Fund is at RM17.5 mil, Smallholders Fund at RM9.5 mil, Special Projects Fund at RM10 mil and a Currency Translation Reserve of RM3.6 mil. 	

4.2	<p>Proposed Budget for FY2020</p> <p>The Budget for FY2020 was presented and discussed,</p> <ul style="list-style-type: none"> ● Budgeting for an increase in income but not a large increase compared with forecast for the current. ● Increase in Admin and Operating Costs mostly from increase in staff costs due to increasing headcount, which are quite significant across different regions. ● Increase in Project Costs compared to forecast to the same level as budgeted for this year. ● Surplus after tax RM1.4 mil <p>TS clarified that while the Finance Committee looks into the overall budget, it does not review the budget from a strategy perspective as it pertains to project costs hence proposed that the Standing Committees take this role moving forward.</p> <p>TS informed the BoG that the Finance Committee decided that the proposal to increase income be deferred in view of the expected surplus for the year and the budgeted surplus for FY 2020.</p> <p>Subsequently, the BoG requested the Secretariat to develop and implement a way to prioritise and score projects, linking it to the organisational risk matrix and KPIs, as part of the budgeting process going forward.</p> <p>Conclusion: The BoG approved the proposed Budget for FY2020.</p>	
5.0	<p>Status of Past Resolutions</p> <p>BT gave an overview of all passed resolutions, and a general summary of the status of their implementation to date.</p> <p>5.1 Resolution 61d GA6 - 2009 Call for establishment of working groups to define ways to share the costs of certification and verification of new plantings, between those directly concerned and non-producer RSPO members. The Secretariat proposed to close this resolution.</p> <p>Conclusion: The BoG requested the Secretariat to approach the proponents and obtain confirmation from them prior to closing the resolution.</p> <p>5.2 Resolution 6c GA9 - 2012 Proposal for RSPO to prioritize concrete steps to address the current low demand for CSPO and to accelerate uptake to ensure continued credibility and sustainability of the RSPO. The Secretariat proposed to close this resolution.</p> <p>Conclusion: The BoG agreed to close this resolution</p> <p>5.3 Resolution 6g GA12 2015 Resolution to improve the Annual Communication of Progress (“ACOP”) reporting process</p>	

	<p>The Secretariat proposed to close this resolution.</p> <p>Conclusion: The BoG requested the Secretariat to work with the proponent (ZSL represented by MG) and EC to determine the next steps prior to closing the resolution.</p> <p>5.4 Resolution 6h GA12 2015 Ensuring quality, oversight and credibility of RSPO assessments A process was established to continuously monitor it over time. The Secretariat proposed to close this resolution.</p> <p>Conclusion: The BoG agreed to close this resolution</p> <p>5.5 Resolution GA13 6b 2016 The RSPO GA13 to adopt the “Non-discriminatory Entitlement and Responsibility in implementing RSPO standards and requirements applied for all RSPO members under a specific sector or membership category” including:</p> <ul style="list-style-type: none"> a. All growers shall equally comply with RSPO P&C and other RSPO requirements applicable to growers. b. Processors/traders and consumer goods manufacturers to abide by RSPO supply chain certification system <p>The proponents were engaged several times to discuss on solutions for this resolution but there was no response from them.</p> <p>The Secretariat proposed to close this resolution.</p> <p>Conclusion: The BoG requested the Secretariat to discuss with the proponent prior to closing the resolution.</p> <p>5.6 Resolution GA14 6f 2017 JT informed the BoG that progress update slides from the Consultants (Kedge Business School) was received the day before and will share it with the BoG after this meeting. She is working closely with KBS in delivering:</p> <ul style="list-style-type: none"> i. Draft recommendation presenting three options for BoG deliberation on August. ii. Final recommendation to be tabled at upcoming GA at Bangkok <p>JT asked if any BoG member would like to be engaged directly by KBS to provide feedback over the development of the three options. BH volunteered and raise the concern on time constraints for detail BoG deliberation before tabling it at GA.</p>	
6.0	Production & Uptake – Trends & Analysis	
6.1	BT briefed the BoG on the latest analysis on the production and uptake of CSPO.	

6.2	<p>The BoG provided feedback as follows:</p> <ul style="list-style-type: none"> ● Request to track Certified Sustainable Palm Kernel Oil (CSPKO) due to the following: <ul style="list-style-type: none"> i. Difficult to project CSPKO demand and supply ii. Need for CSPKO iii. Without the data of CSPKO, there is a huge loss and an imbalance of figures in the supply chain which are unaccounted for. ● The Secretariat and DH will revisit this matter, and will update the BoG at the next meeting. ● The Secretariat is requested to include data of MB uptake in the next BoG meeting. ● The BoG expressed concerns with regard to the potential fall in CSPO production due to the implementation of P&C 2018, and urged the Secretariat factor this in its workplan and strategies going forward. 	
7.0	<p>Smallholder Interim Group (SHIG) Progress update on Independent Smallholder Standards</p> <p>7.1 JV and AS briefed the BoG on the progress of work by the Smallholders Interim Group (SHIG), to produce simplified standards for independent smallholders (ISH).</p> <p>7.2 The BoG requested SHIG to consider the following points: <ul style="list-style-type: none"> a) Obtain clarity on the gap between RSPO, HCV and HCSA, and the impact on independent smallholder standards. b) Understand the need to incorporate HCSA into ISH standards, and potential prolonged delay due to further engagement on HCSA. c) Strongly communicate with all stakeholders before the upcoming GA. d) Ensure engagement with the Consumer Goods Manufacturer (CGM) and the Retailer sectors and keep in line with the Shared Responsibility commitment with regard to smallholders. </p>	
8.0	<p>Complaints & Appeals New members of the Complaints Panel (Endorsement)</p> <p>8.1 DHB informed the BoG on the selection process of three (03) new members of the Complaints Panel, as follows: <ul style="list-style-type: none"> a) Mr. Peter Van der Werf b) Mr. Pieter Van Dessel c) Ms. Jose den Toom <p>The BoG endorsed the proposed candidates for membership in the Complaints Panel.</p> </p>	

<p>9.0</p> <p>9.1</p> <p>9.2</p>	<p>P&C 2018</p> <p>Progress update of the No Deforestation Joint Steering Group (NDJSG) Document for Interpretation of P&C 2018 Indicator 7.12.2 and Annex 5 (Endorsement)</p> <p>The NDTF had developed an interpretation document with the intent to provide clarity on the definition/requirements in the various processes under 7.12.2 particularly over the transition period.</p> <p>In the process, different issues were identified, new terms had been defined to eradicate confusion, the current Annex 5 not covering the certain scenarios, some contradiction between the Annex 5 and the P&C criteria was clarified.</p> <p>Conclusion:</p> <p>The BoG endorsed the Document for Interpretation of P&C 2018 Indicator 7.12.2 and Annex 5.</p> <p>RSPO Management System Requirements and Guidance for Group Certification of FFB - <i>Production for Independent and Scheme Smallholders in Indonesia</i> (Endorsement)</p> <p>The BoG was informed that the TF completed a guidance document that relates to the 2013 P&C.</p> <p>Conclusion:</p> <p>The BoG did not endorse the document; however, the important work undertaken by the TF is acknowledged, and the BoG requested that the lessons and key aspects from this guidance be used in updating the document as it pertains to P&C 2018 and the (ongoing work on) simplified ISH standards.</p>	
<p>10.0</p> <p>10.1</p>	<p>Annual Communication of Progress (ACOP)</p> <p>Preliminary data analysis 2018</p> <p>Non-submitters 2018</p> <p>OSC briefed the BoG on the preliminary data based on the latest ACOP submissions.</p> <p>Conclusion:</p> <p>The BoG requested the Secretariat to issue individual letters of notification to members who do not provide their Total palm oil volumes vs certified sales or certified purchased volumes. The BoG also decided that providing a zero (0) figure is not considered as a valid submission. The BoG requested that the letter remind members of the ACOP requirement, and failure to submit the requested volumes will be categorised as a non ACOP submitter.</p>	
<p>11.0</p> <p>11.1</p>	<p>Shared Responsibility Task Force (SRTF)</p> <p>AR and BD provided an update on the progress of the SRTF, and highlighted to the BoG of the risks associated with shared responsibility implementation, as follows:</p> <ul style="list-style-type: none"> ● There is potential for punishments to backfire on growers if the punished supply chain actors are not allowed to trade in CSPO ● There is the potential for members, particularly newer and/or smaller members to see the SR requirements as a burden and not 	

	<p>join or leave</p> <ul style="list-style-type: none"> ● A lot of attention paid by all stakeholders to SR process and what others are doing (or not) ● Balancing equivalency with feasibility e.g. burden on existing systems ● Certain requirements considered unacceptable by certain Supply Chain actors ● High risk for RSPO: balance between credible SR requirements & membership retention 	
11.2	The timeline of the SRTF was shared with the BoG, and the BoG was also reminded that the SRTF reports to the ‘SRTF Oversight Committee’, which comprises of all the Chairs of the Standing Committees.	
12.0	Update on ‘The Sustainable Palm Oil Dialogue’ (SPOD 2019)	
12.1	DS provided an update on SPOD 2019 to be held on June 14 in Utrecht. The format is different from the EURT, in that it is more of a networking event.	
12.2	The Board requested that the Secretariat aim for a higher number of participants from the downstream (especially commercial buyers) in the future.	
13.0	AOB	
13.1	AP brought up the matter of receiving a prohibition letter from the Deputy Minister of Economic Affairs of Indonesia, requesting growers in Indonesia not to share and publish the concession maps. Hence, the IGC sought support from the RSPO to have a dialogue with the relevant Ministry to clarify this matter.	
	Conclusion: The BoG requested that the Secretariat work with AP to resolve this matter, and update the BoG at its next meeting.	
13.2	DH informed the BoG that GN has resigned from the position of representing Wilmar as Alternate Member to DH.	
13.3	The BoG thanked OT for his role in the Board and other groups in the RSPO. On the same note, the BoG welcomed him (back) to the Board as the Alternate to DH, representing the P&T sector.	
	Meeting adjourned at 6.00pm.	