

Draft Minutes for RSPO BOARD OF GOVERNORS Meeting 05-20

Date: 3 Sep 2020

Start Time: 2.00pm-6.30pm (GMT +8)

Venue: Conference Call

BOG MEMBERS AND ALTERNATES IN ATTENDANCE

SUBSTANTIVE MEMBERS

Dato' Carl Bek-Nielsen (CBN), **MPOA** – Co Chair

Anne Rosenbarger (AR), **WRI** — Co Chair

Tim Stephenson (TS), **AAK** – Vice-Chair

José Roberto Montenegro (JRM), **AGROCARIBE**

Paul Wolvekamp (PW), **BOTHENDS**

Marcus Colchester (MC), **FPP**

Agus Purnomo (AP), **GOLDEN AGRI RESOURCES**

Geraldine Lim (GL), **RABOBANK**

Lee Kuan-Chun (LKC), **P&G**

Julian Walker-Palin (JWP), **RPOG**

Petronella Meekers (PM), **UNILEVER**

Daphne Hameeteman (DH), **WILMAR**

Michael Guindon (MG), **WWF S'POR**

ALTERNATE MEMBERS

Hugo Byrnes (HB), **AHOLD DELHAIZE**

Yumie Kawashima (YK), **AEON**

Olivier Charrier (OC), **FERRERO**

Harjinder Kler (HK), **HUTAN**

Lee Kuan Yee (LKY), **MPOA**

Olivier Tichit (OT), **MUSIMMAS**

Madeleine Brassier (MB), **OXFAM**

Sander Van den Ende (SVE), **SIPEF**

Martin Huxtable (MH), **UNILEVER**

John Clendon (JC), **UNIVANICH**

Eleanor Spencer (ES), **ZSL**

SECRETARIAT STAFF

Beverley Postma (BP)

Bakhtiar Talhah (BT)

Patrick Chia (PC)

Yen Hung Sung (YHS)

Cheri Woo (CW)

Hafiz Adnan (HA)

ADVISORS

Prof. Bungaran Saragih (BS)

ABSENT WITH APOLOGIES:

SUBSTANTIVE MEMBERS

Kahori Miyake (KM), **AEON**

Dato' Amir Hamdan (AH), **FELDA**

Samantha Bramley (SB), **STD CHARTERED**

ADVISORS

MR Chandran (MRC)

ALTERNATE MEMBERS

Caroline Westerik-Sikking (CWS), **AAK**

Dr. Mohamad Fadhil Hasan (FH), **ASIAN AGRI**

Razuwan Che Rose (RCR), **FELDA**

Audrey Lee (AL), **OLAM**

Martin Van Vaals (MVV), **RABOBANK**

Roger Charles (RC), **STD CHARTERED**

Item	Description	Focal Point
1.0	<p>Introductions and Opening Remarks</p> <p>RSPO Antitrust Caution</p> <p>CBN opened the meeting by reminding members of the anti-trust rules. There will be no discussion of any commercial aspect of the trade in palm oil on premiums, volumes, individual suppliers, individual customers, etc.</p> <p>On behalf of the Board, CBN extended a warm welcome to Olivier Charrier (Ferrero), Michael Guindon (WWF Singapore) and to Beverley Postma (CEO Designate of RSPO).</p> <p>Approval of Agenda - BOG 05-20</p> <p>The agenda was duly approved with no amendment.</p>	
2.0	<p>Appointment of Substantive Member of the RSPO BoG</p> <p>Michael Guindon (MG) was designated as the Substantive Member representing WWF Singapore in the Environmental and Conservation NGO sector. He replaces Elizabeth Clarke from WWF Singapore.</p>	
3.0	<p>Approval of Minutes of previous meeting - BOG 04-20 Minutes</p> <p>The approval of the Minutes was proposed by CBN and was seconded by JM The BoG 04-20 minutes were approved with no amendment.</p>	
4.0	<p>CEO-Designate Report</p> <p>BP presented a summary of her written report to the Board and answered questions of clarification.</p> <p>AR convened a conversation about key themes in the report, including the role of members vs secretariat, the Secretariat's reliance on consultants, the need to address barriers to certification, and the future composition of the Board and Committees.</p> <p>CBN commended BP for grasping the cross-dimensional complexity of the RSPO so quickly and AR agreed that the new format of the CEO report was a good way to set up a constructive discussion.</p>	
5.0 5.1	<p>Committee Updates and Action Tracker</p> <p>Finance Update for the Financial year Ended 30 June 2020</p> <ul style="list-style-type: none"> ● TS reported that the year closed in line with expectations. Income remained stable throughout the lockdown period despite concerns that members might fall away. As a result, the RSPO has a healthy surplus as seen in the accounts, which are currently being audited by PwC. ● It is worth noting that contributions from credits have reduced over the last few months relative to other income sources. 	

	<ul style="list-style-type: none"> ● Having considered the current reserves and other risk factors, the Finance Committee supports a proposal by the Secretariat to maintain an operating reserve of at minimum of 6 months of operating costs (currently 12 months). Any remaining surplus will be available to be allocated to the Smallholders Fund and Special Project Fund or for other purposes. In this financial year, allocations of RM1 mil will be allocated to Smallholders Fund and RM4 mil to Special Projects Fund to meet current commitments and further budgeted costs. ● Based on the audit process for FY 2020, the Finance Committee will hold a clearance meeting with auditors on 11 Sep 2020 and will present the audited accounts to the BoG during a telecon on 28 Sep 2020 in readiness for the General Assembly in November. ● A proposal for the appointment of new auditors is underway as requested at the last GA. 	
5.2	<p>Assurance Standing Committee (ASC) Update – Remote Audits</p> <p>AP reported on behalf of the ASC that the Secretariat had successfully addressed the challenges posed by the COVID-19 travel restrictions. Actions have been taken to ensure that remote audits can be conducted for all types of SCC audits and four audit scenarios have been identified for other audits, including special arrangements for smallholders.</p>	
5.3.1	<p>Standards Standing Committee (ASC) updates</p> <p><i>National Interpretation - Gabon (for endorsement)</i></p> <p>On behalf of the SSC, OT stated that due process had been followed and the Gabon NI was submitted to the BoG for endorsement.</p> <p>MC urged members to be mindful that representation from National NGOs in Gabon is often limited. OT agreed that enhanced consultation should be a priority in phase three. MC also reminded the BoG that Gabon is a High Forest Cover (HFC) country and that the lack of agreement in the No Deforestation Joint Working Group (NDJWG) on the inclusion of HCSA requirements was a cause for concern.</p> <p>Decision:</p> <p>The BoG endorsed the National Interpretation for Gabon.</p>	
5.3.2	<p>HCSA - Adoption of new requirements</p> <p>LKY reported that the No Deforestation Task Force (NDTF) is currently finalising a GAP analysis on the social requirements in the P&C and those proposed in the HCSA Toolkit. In line with ISEAL requirements, the Task Force will bring forward recommendations for consultation before any new requirements are adopted. This will include an announcement of the compliance commencement date.</p>	

	<p>The above will be discussed in the next NDTF meeting which will take place in September 2020 and the outcome of the meeting will be shared with the Standards Standing Committee (SSC) and the BoG.</p> <p>Comments from BoG:</p> <ol style="list-style-type: none"> 1) The MPOA sought confirmation on whether the adoption of the HCSA toolkit and the HCV HCSS Assessment Manual by the RSPO is intended for identification purposes only. (7.12.2b) <i>LKY confirmed that the HCSA toolkit and the HCV HCSS Assessment Manual by the RSPO are intended for identification purposes only.</i> 2) The MPOA also emphasized the importance of ensuring a robust stakeholder consultation process and the provision of a transition period for any new implementation. <i>LKY explained that the NDTF will establish a criteria process and procedure to integrate any new HCSA requirements into the existing RSPO requirement. In line with that, the NDTF will ensure that the procedure shall take into consideration the RSPO Standard setting SOP and the ISEAL requirements. This will also cover the public consultation engagement arrangement together with the transition period.</i> 3) MC endorsed the need for the gap analysis and explained that the HCSA toolkit is not just an identification tool but also provides guidance on the development of a management plan. There must be consistency with the Free & Prior Informed Consent (FPIC) tool. 4) TC stressed the importance of the gap analysis in the context of achieving convergence on what needs to be done before the completion of the NPP. The mandate of the NDTF has been extended for another six months to accommodate this work. 5) DH noted that she had a number of additional concerns that she reserved the right to raise by email for future discussion by the BoG 6) SVS stressed the need to protect the RSPO’s standard and make sure it achieves its objectives. In the event if the HCSA requirement is found to be inconsistent or overlapping, SVS proposed that the RSPO should work with the HCVRN to decouple some of those requirements through the HCV Assessor Licensing Scheme (ALS) system. 7) SVS stated that Indicator 7.12.3 was not being addressed satisfactorily, in reference to the High Forest Countries. 	
5.4	<p>MDSC - Future of Credits</p> <p>BP reported on behalf of the MDSC that the Committee has discussed the issue of Credits and was requesting additional time to bring forward a recommendation to the BoG. It was recognized by Members that credits can play an important role as a market entry strategy where physical CSPO is less available and for smallholders.</p>	

	The MDSC will explore these scenarios with a view to providing a more detailed analysis and an options paper for the Board to consider at its next meeting, in November 2020.	MDSC
5.5	<p>Special Arrangements for Annual General Assembly (<i>decision</i>)</p> <p>AR presented a proposal endorsed by Co-Chairs to replace the 2020 GA with a virtual event on 25 Nov, at a time to be agreed. The webinar will feature the Chairman’s report, the Treasurer’s report and the results of voting on the composition of the BoG and any other BoG proposals, including the appointment of auditors. In view of this year’s exceptional circumstances, it was further proposed that the BoG will issue a special appeal to all members for a voluntary deferment on formal Resolutions until 2021. This appeal will be made in writing to all members soonest possible.</p> <p>AP sought clarification that the deferment of resolutions would be voluntary and that the new voting arrangements would be reflected in the e-voting process.</p> <p>Decision:</p> <p>The BoG endorsed the recommendation with the caveat that the letter to Members would stress the Board’s commitment to upholding Members right to be heard and that BP would make herself available for engagement with Members. BP agreed to consult AP on the wording of the letter and confirmed that the new voting arrangements will be reflected in the new voting structure.</p>	BP
6.0 6.1	<p>Complaints & Inquiries</p> <p>Recommendation from Complaints Panel (CP) on Noble Plantations</p> <p>BP reported that PT PAL, a subsidiary of Noble Plantations (a “former member”) had been found by the CP to be in breach of the P&C but had proceeded to withdraw its RSPO membership rather than remedying the breach. As a result of the above and pursuant to section 7.1.18 of the Complaints and Appeals Procedures, the Complaints Panel made a recommendation to the BOG to issue a public censure against Noble Plantations.</p> <p>Decision:</p> <p>The BoG endorsed the CP’s recommendation to issue a censure on Noble Plantation and the Secretariat was instructed to initiate the necessary action.</p>	
6.2	<p>Update on ‘Palm Oil Free’ claims and complaints</p> <p>In reference to a complaint lodged by IGC and the MPOA against Kraft Heinz for an alleged breach of the RSPO Code of Conduct, BP updated members on the actions taken by the Secretariat to seek a retraction of the company’s social media campaign promoting a ‘no palm oil’ claim on one of its products in Canada.</p>	

	<p>Following representation by the Secretariat’s North American office, Kraft has indicated that it will withdraw its campaign and is committed to engaging with RSPO members on the positive promotion of certified sustainable palm oil, including a prominent reference to the RSPO in its ESG report.</p> <p>On the basis of this response, the Secretariat recommends that no further action will be taken against this member at this time but the wider issue of “no palm oil” claims should be discussed by the Board.</p> <p>BP went on to describe a more serious violation of the RSPO Code of Conduct by Australian member company, Darrell Lea in a recent advertising campaign that announces the company’s intention to remove palm oil from all of its products, calling on all manufacturers to do likewise.</p> <p>During the ensuing debate, the Board acknowledged that this was a serious and potentially growing problem that was fuelled by a growing consumer perception that <i>all</i> palm oil is bad.</p> <p>Clarification was sought on who should take action in the event of such damaging breaches of the RSPO Code of Conduct and it was agreed that, based on previous cases (e.g. Nestlé), this does not require the involvement of the Complaints Panel. Either the Secretariat or the Board can and should enforce the RSPO’s right to terminate or suspend the membership of any member that violates the code in this way.</p> <p>The wording of the Code was also examined with some members claiming that any ambiguity in this section should be addressed. BP confirmed that the code does not prohibit members from applying a ‘palm free’ claim on the labels of its products but it does prohibit any marketing or promotion that implies that ‘no palm oil’ is better than sustainable palm oil, or that denigrates the RSPO or its mission.</p> <p>It was agreed that the MDSC will be invited to review how the code of conduct can be clarified and communicated to the relevant membership categories and the CEO was requested to revert with her views on the Code of Conduct and how this could be revised thereby preventing members from deliberately or inadvertently violating the Code.</p>	MDSC
6.3	<p>Recommendation from Inquiry Panel on Complaint against FPP</p> <p>An inquiry panel was formed by the BoG to assess a formal complaint lodged by GAR against FPP that was deemed to be beyond the scope of the RSPO Complaints Panel. It was noted that no prior notice of the panel's conclusions had been provided to either FPP or GAR before the meeting.</p> <p>CBN reported that despite a lengthy round of discussions, the panel was unable to reach a clear consensus on whether or not a reprimand should be issued against MC or FPP for the alleged breach of the Code of Conduct in the Governance Handbook. However, there was alignment among panellists that the process had yielded the need to review the efficacy of the RSPO’s complaints mechanisms, and the ability of the organisation to resolve serious allegations about long-running land disputes and alleged</p>	

	<p>human rights violations, especially when they are raised by longstanding members of the RSPO.</p> <p>In the interest of transparency, the panel felt it was important for the views of each panellist to be read aloud to the BoG in the presence of all parties.</p> <p>In summary, CBN, TS and BT concluded that MC had clearly violated the Code of Conduct set forth in the RSPO’s Governance Manual and should be reprimanded. However, AR and PM disagreed on the grounds that, while one section of the governance manual had indeed been breached when the matter was raised in the public arena, all members should have the right to voice any serious grievances about another member, and that the context of this particular complaint should be taken into account when reaching a judgement.</p> <p>Both AP and MC were invited to respond to the statements put forth by the panellists and MC took the opportunity to express ongoing concern about inequities and deficiencies in the RSPO complaints process, not just in this instance but in many other cases where the voices of minority communities are not being heard.</p> <p>The Co-Chairs acknowledged that lessons had been learned during this difficult process, not least about the process itself. It was noted that both FPP and GAR are long term and active contributors to the RSPO in Task Forces, Working Groups and Standing Committees, as well as the Board.</p> <p>CBN reminded members that this matter had, over the last few months, taken up far too much time of the respective panellists including on the BoG agenda and that RSPO Governors have a collective responsibility to exhaust all internal means available to achieve a positive outcome before resorting to the public domain.</p>	
<p>7.0</p> <p>7.1</p>	<p>Priorities for 2021-25 Strategic Planning</p> <p>YHS presented the ACOP data to the Board and highlighted some key observations arising from these findings:</p> <ul style="list-style-type: none"> ➤ CSPO growth has kept pace with a strong growing CPO market, but has stalled at 19% market share for the last 6 years ➤ CSPO supply continues to outstrip uptake and demand with a gap of 25%. ➤ We need to track the uptake of RSPO palm oil vs RSPO certified supplies and do more to close the gap ➤ The time bound plans of existing members alone will not achieve the impacts as outlined in the Theory of Change ➤ No real traction in the Big 4 markets – Indonesia, Malaysia, China and India ➤ Stagnation will continue if we fail to penetrate these markets ➤ Our strategic plan must drill into the data at a regional level to understand and address the key barriers for growth <p>BP explained that these observations had been used by the Secretariat to kick off a two-month strategic planning process with the goal of designing</p>	

	<p>an operational business plan to deliver the impacts and outcomes set out in the 2018 Theory of Change.</p> <p>Action:</p> <p>BP to email the BoG the Strategic Presentation deck and to seek a response from Board members to the big framing questions</p>	BP/BOG
8.0	<p>AOB</p> <ul style="list-style-type: none"> • ABN asked MG to convey the Board’s thanks to Elizabeth Clarke for her services to the BoG and her contributions to furthering the interests of the RSPO. • An update was sought from AP ahead of the next Board meeting on the Inclusion of environmental social stakeholders’ participation and on a proposal submitted by PW to seek feedback from the Board on the ASC’s proposed study of decoupling of Certification Bodies. • CBN reminded members that proposals for agenda items should be submitted to the CEO’s office at least one month before the next Board Meeting and shall be duly considered by Co-Chairs who have the final say on the composition of agendas. • CBN confirmed that the Co-Chairs of the Complaints Panel will be invited to attend the next Board meeting to deliver an update on CP performance. • AR announced that she will be taking maternity leave for the next 3 months. In her absence, TS will step in as Co-Chair of the BoG. The BoG extended their very best wishes to AR for the imminent arrival. 	
9.0	Meeting adjourned at 6.30pm (GMT +8).	