

## Minutes for BOARD OF GOVERNORS Meeting 07-19

**Date:** 7<sup>th</sup> November 2019

**Start Time:** 8.30am-3.30pm

**Venue:** Marriott Marquis Queen's Park Hotel, Bangkok, Thailand

Attendance	
<b>BoG Members and Alternates</b>	
<b>In Attendance</b>	
<b>Substantive Members</b>	<b>Alternate Members</b>
MPOA Dato' Carl Bek-Nielsen (CBN) – Co Chair	AAK – Caroline Westerik-Sikking (CWS)
WRI – Anne Rosenbarger (AR) – Co Chair	AEON – Yumie Kawashima (YK)
AAK – Tim Stephenson (TS)	ASIAN AGRI – Dr. Mohamad Fadhil
AEON – Kahori Miyake (KM)	Hasan (FH)
AGROCARIBE – José Roberto Montenegro (JRM)	FELDA – Izham Mustaffa (IM) ** representing Mahadzir Mustafa
BOTHENDS - Paul Wolvekamp (PW)	HUTAN – Harjinder Kler (HK)
FPP – Marcus Colchester (MC)	MPOA – Lee Kuan Yee (LKY)
GOLDEN AGRI	UNILEVER – Martin Huxtable (MH)
RESOURCES – Agus Purnomo (AP)	MUSIMMAS – Olivier Tichit (OT)
STD CHARTERED – Samantha Bramley (SB)	SIPEF– Sander Van den Ende (SVE)
P&G – Lee Kuan-Chun (LKC)	OLAM – Audrey Lee (AL)
RABOBANK – Geraldine Lim (GL)	OXFAM – Madeleine Brasser
RPOG – Julian Walker-Palin (JWP)	UNIVANICH – John Clendon (JC)
(GL)UNILEVER – Petronella Meekers (PM)	ZSL – Michael Guindon (MG)
WILMAR – Daphne Hameeteman (DH)	
WWF – Elizabeth Clarke (EC)	
	<b>Absent with Apologies:</b>
	<b>Substantive Members</b>
	FELDA – Mahadzir Mustafa (MM)
	<b>Alternate Members</b>
	AHOLD DELHAIZE – Hugo Byrnes (HB)
	P&G – Girish Deshpande (GD)
	Rabobank– Martin Van Vaals (MVV)
	STD CHARTERED – Roger Charles (RC)
	<b>Advisors</b>
	<b>In Attendance</b>
	MR Chandran (MRC)
	Prof. Bungaran Saragih (BS)
	<b>Secretariat Staff</b>
	<b>In Attendance</b>
	Datuk Darrel Webber (DW)
	Tiur Rumondang (TR)
	Patrick Chia (PC)
	Bakhtiar Talhah (BT)
	Dan Stretchay (DS)
	Salahudin Yaacob (SY)
	Julia Majail (JM)
	Oi Soo Chin (OSC)
	Javin Tan (JT)
	Ravikumar Krishnan (RK)
	Cheri Woo (CW)
	<b>Secretariat Staff</b>
	<b>Absent with Apologies</b>
	Francisco Naranjo (FN)
	<b>In Attendance</b>
	<b>Guests</b>
	Co-Chairs COMPLAINTS PANEL – Dato' Henry Barlow (DHB)
	PROFOREST - Bilge Daldeniz (BD)
	LISEED - Aimee Rusillo (AMR)
	SECRETARIAT – HS Yen (HS)

Item	Description	Focal Point																												
1.0	<p><b>Introduction</b></p> <p>1.1 RSPO Antitrust Laws There will be no discussion on any commercial aspect of the trade in palm oil on premiums, volumes, individual suppliers, individual customers, etc.</p> <p>1.2 RSPO BoG consensus based decision making The BoG was reminded that they try to reach/make decisions by consensus, which is the absence of sustained objection.</p> <p>1.3 Approval of Minutes - BoG 05-19 and BoG 06-19 Minutes of both meetings were approved.</p> <p>TS will look into comments from OT &amp; MRC concerning Finance, Internal, Internal Audit controls.</p> <p>1.4 <b>New Board Members</b></p> <table border="1" data-bbox="300 898 1166 1301"> <thead> <tr> <th>No.</th> <th>Substantive Member</th> <th>Alternate Member</th> <th>Sector</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Samantha Bramley (SB) - Standard Chartered</td> <td>Roger Charles (RC) – Standard Chartered</td> <td>Banks / Investors</td> </tr> <tr> <td>2.</td> <td>Julian Walker-Palin (JWP) - Retailers’ Palm Oil Group (RPOG)</td> <td>-</td> <td>Retailers</td> </tr> <tr> <td>3.</td> <td>Marcus Colchester (MC) - Forest Peoples Programme (FPP)</td> <td>Madeleine Brasser (MB) - Oxfam</td> <td>Social NGO</td> </tr> </tbody> </table> <p>1.5 <b>New Office Bearers</b> The following persons have been (re-)elected to serve as office bearers of RSPO Board of Governors until the next term (at the fourth physical meeting in year 2020).</p> <table border="1" data-bbox="311 1518 1166 1675"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato’ Carl Bek -Nielsen - MPOA</td> <td>Co-Chair</td> </tr> <tr> <td>2.</td> <td>Anne Rosenbarger - WRI</td> <td>Co-Chair</td> </tr> <tr> <td>3.</td> <td>Tim Stephenson - AAK</td> <td>Treasurer</td> </tr> </tbody> </table>	No.	Substantive Member	Alternate Member	Sector	1.	Samantha Bramley (SB) - Standard Chartered	Roger Charles (RC) – Standard Chartered	Banks / Investors	2.	Julian Walker-Palin (JWP) - Retailers’ Palm Oil Group (RPOG)	-	Retailers	3.	Marcus Colchester (MC) - Forest Peoples Programme (FPP)	Madeleine Brasser (MB) - Oxfam	Social NGO	No.	Name	Position	1.	Dato’ Carl Bek -Nielsen - MPOA	Co-Chair	2.	Anne Rosenbarger - WRI	Co-Chair	3.	Tim Stephenson - AAK	Treasurer	
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2.0	<p><b>Action Tracker</b></p> <p>2.1 BT reviewed the Action Tracker and highlighted the following:</p> <ol style="list-style-type: none"> <li>1) The proposal on RSPO-RED requirements is ongoing, and the Secretariat plans to present it to the Board in the 1Q 2020.</li> <li>2) Review of the GA - Ongoing work by the Secretariat; initial plan to be presented to the BoG in the 1Q 2020.</li> </ol>																													

<p>3.0</p> <p>3.1</p> <p>3.2</p> <p>3.3</p>	<p><b>CEO's Report</b></p> <p><b>Membership Status Update</b> The BoG requested that DW include statistics on Smallholders in his next report, as there are reported inconsistencies in numbers presented in various conferences and meetings.</p> <p><b>Risk Register</b> The BoG requested that the Secretariat consider the risk levels in certain regions and/or countries, specifically Latin America, when it updates the organisational Risk Register.</p> <p><b>Human-Wildlife conflicts</b> DW highlighted the recent cases involving elephants in Sabah, and the measures undertaken by the Secretariat since. The BoG suggested that it allocates time to discuss issues related to ecosystems and the environment, specifically on Rare, Threatened &amp; Endangered (RTE) species as outlined in Principle 7 of the RSPO Principles &amp; Criteria (P&amp;C) 2018.</p> <p>Whilst the IMU could be more agile compared to the conventional audit as an investigation mechanism, the BoG noted that under Jurisdictional Approach (JA), in the future a single incident as what happened in Sabah could potentially jeopardise the whole jurisdiction.</p> <p><b>Action:</b> The BoG agreed for an emergency fund to be allocated for the CEO to initiate an investigation when appropriate.</p>	<p>FYI</p>															
<p>4.0</p> <p>4.1</p> <p>4.2</p>	<p><b>Standing Committee</b></p> <p>AR briefed the BoG of the structures of four new Standing Committees (Assurance, Standard, Smallholders, Market Development) and the review of current Working Groups and Task Forces.</p> <p>The BoG endorsed the appointment of the following Co-Chairs in each of the Standing Committee:</p> <p><b>Standing Committees Co-Chairs</b></p> <table border="1" data-bbox="240 1509 1190 2098"> <thead> <tr> <th>No.</th> <th>Standing Committee</th> <th>Co-Chairs</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Assurance</td> <td>i) Agus Purnomo – GAR ii) Elizabeth Clarke - WWF</td> </tr> <tr> <td>2</td> <td>Standards</td> <td>i) Lee Kuan Yee – KLK ii) Olivier Tichit – MUSIM MAS</td> </tr> <tr> <td>3</td> <td>Market Development</td> <td>i) Eddie Esselink – MVO ii) A Co-Chair will be identified and be presented to BoG for endorsement at the next meeting. iii) FELDA was recommended by BoG to take up the smallholder seat in Market Development Standing Committee.</td> </tr> <tr> <td>4</td> <td>Smallholders</td> <td>i) Marieke Leegwater – Solidaridad ii) A Co-Chair from Banks/Investors</td> </tr> </tbody> </table>	No.	Standing Committee	Co-Chairs	1	Assurance	i) Agus Purnomo – GAR ii) Elizabeth Clarke - WWF	2	Standards	i) Lee Kuan Yee – KLK ii) Olivier Tichit – MUSIM MAS	3	Market Development	i) Eddie Esselink – MVO ii) A Co-Chair will be identified and be presented to BoG for endorsement at the next meeting. iii) FELDA was recommended by BoG to take up the smallholder seat in Market Development Standing Committee.	4	Smallholders	i) Marieke Leegwater – Solidaridad ii) A Co-Chair from Banks/Investors	<p>FYI</p>
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		<p>sector would be identified and then be presented to the BoG for endorsement at the next meeting.</p> <p>iii) Martin Huxtable has volunteered to be part of the Smallholders Standing Committee.</p>	
	<p><b>Decision:</b> The BoG endorsed the Co-Chairs of the Standing Committees as per the table above.</p> <p>The Standing Committees were tasked to come back to the BoG with a list of all its members. This will be circulated to the BoG via email for its endorsement.</p>		SC
5.0	<b>FINANCE UPDATE AT BOG MEETING 6 NOV 2019</b>		
5.1	TS informed that with Ian Hay and Belinda Howell who are no longer members of the BoG, the Finance Committee is looking for new members to the committee. Samantha Bramley of Standard Chartered has agreed to joining the committee.		
5.2	<p>TS then reminded the BoG on matters raised at the GA:</p> <ul style="list-style-type: none"> <li>➤ Tendering for new external auditors.</li> <li>➤ Internal audits at regional office levels.</li> <li>➤ Interest income and dealing with foreign exchange.</li> <li>➤ Allocation of budget for assurance work, which we do have flexibility to do subject to potential changes to other budgeted projects</li> </ul>		
5.3	TS also reiterated the request previously raised for Standing Committees to have oversight on Secretariat's accountability relating to projects.		
5.4	<p>TS provided a summary of the financials for Q1 FY2020: A surplus of RM3.8 mil is reported for the quarter. We will likely see a deficit for this year's RT due to less paying participants and overall, more costly in Bangkok.</p>		
5.5	<p>Income is in line with budget, operating costs is slightly ahead of budget and project spent is well below budget and compared to last year. Contribution from credit down significantly YoY and physical trade is seen to be increasing. Balance Sheet is sound, with slight increase in Subscriptions due compared to last year end.</p>		
5.6	The Finance Committee may need to review on whether to maintain the current level of reserve at around 12 months of operating costs going forward and the availability of funds for allocation to Special Projects.		
5.7	MG on behalf of the Smallholder Standing Committee, requested the BoG to consider continuing allocation to the Smallholder funds to provide financial support for smallholders. TS suggested that the Secretariat together with the Smallholder Standing Committee to submit a proposal to the Finance Committee for consideration.		
5.8	CBN requested that subsequent internal controls review reports reviewed by		

	the Finance Committee be shared with the BoG.	
6.0	<b>Shared Responsibility Task Force (SRTF)</b>	
6.1	AR & BD presented their latest findings to the BoG.	
6.2	The Board acknowledge that the current work done is not perfect and there will be adjustment for improvement later on and therefore supports the recommendations put forth by AR & BD which includes human resource and digital capabilities. In addition to that, The Board wish to see more active participation and engagement by the respective working groups where it must include the Processors and Traders, the CGM and Retailers.	
6.3	The CEO will look into and propose a mainstream integration link for all cross-cutting issues and bring them to the attention of all SC Co-Chairs to work on.	DW
6.4	The Board also supports the establishment of a Shared Responsibility working group and have a continuous discussion on where this group should report back to and work on a new development of a new ToR.	
6.5	The SRWG would be on the agenda on the BoG meetings with updates and reports which include measurables and deliverables which include supply and uptake.  <b>Decision:</b> The Board endorsed to establish a group governance to be determined, taken on and finalised by the Oversight Committee. The Oversight Committee will follow up with the establishment of the working group and where it should be park under and report back to the BoG.	
7.0	<b>ACOP &amp; Assurance - Trends and Analysis</b>	
7.1	HS presented on the Assurance data and also an additional analysis extracted from the ACOP data.	
7.2	Feedback from the Board: The BoG would like to see the following: <ul style="list-style-type: none"> <li>➤ how many credits have been sold?</li> <li>➤ how public is the current information which was presented to the Board? To smartly communicate this information to the members as it is critical when it comes to shared responsibility.</li> <li>➤ what volume is sold as conventional? (trying to close the gap)</li> <li>➤ need to have a bar chart for CSPKO</li> <li>➤ There is a mix up in growth in MB and SG. MB is growing but uptake of MB is lacking. (HS to recompute)</li> </ul> <p>The BoG will welcome an ACOP update at every Board meeting.</p>	HS/OSC
8.0	<b>Group Membership &amp; Shadow Companies</b> Board paper on 'Expanding Group Membership Eligibility and Dealing with Shadow Companies' (Endorsement)	
8.1	DHB gave a brief overview of Group Membership and Shadow Companies to the Board and seek endorsement for this Board paper.	FYI

8.2	<p>However, in his personal capacity, DHB has stated that what was proposed in the paper (Item 8.1) may not be adequate to ensure that parties who fail to comply would be rounded up and not be allowed to get away with it. Henceforth, to strengthened the paper, DHB proposed for the following statement to be added in.</p> <p><i>“If the CEO of RSPO is satisfied that an unofficial arrangement exists between the two parties, the CEO may refer the matter to the CP Complaints Panel Appeal Regulations. If the CP Appeal finds in favour of the CEO, the parties involved shall be deemed related and no further appeals would be allowed.</i></p> <p><b>Decision:</b></p> <ol style="list-style-type: none"> <li>1. The BoG have endorsed the Board paper on ‘Expanding Group Membership Eligibility and Dealing with Shadow Companies. (Item 8.1)</li> <li>2. There is no endorsement for the additional recommendation by DHB at this meeting. (Item No. 8.2)</li> </ol> <p>The proposal put forth by DHB would be send out to all Board members by email and would be included in the next meeting agenda for endorsement. (Item No. 8.2).</p>	
9.0 9.1 9.1.1 9.1.2	<p><b>Presentation from Standard Standing Committee (SSC)</b></p> <p><b>Decent Living Wage interim measure (Endorsement)</b></p> <p>The DLW was presented by LKY to the Board explaining that this endorsement includes not only the interim prevailing wage method but also two other activities that is outreach and training for growers whom are going to apply this guidance.</p> <p>The delivery timeline would be revised because there is still on-going discussion with consultants, the individual NIs, MPOA &amp; IGC on very complex issues. A more realistic timeline would be derived from the outcome of these meetings which could range from an extension period from 12 to 18 months.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>i. RSPO Secretariat to send the training time line to all grower members</li> <li>ii. The Board would also like to know when would the DLW Guidance document be uploaded onto the website? Secretariat to advise.</li> </ol> <p><b>Decision:</b></p> <p>The Decent Living Wage interim measure was endorsed and the Board also agreed to the request for more time to work on the technical details to produce a qualitative outcome.</p> <p><b>9.2 Presentation from Standard Standing Committee (SSC)</b> National Interpretations (Endorsement)</p> <ul style="list-style-type: none"> <li>• <i>National Interpretation - Ghana (Endorsement)</i></li> <li>• <i>National Interpretation - India (Endorsement)</i></li> <li>• <i>National Interpretation - Papua New Guinea &amp; Solomon Islands (Endorsement)</i></li> <li>• <i>National Interpretation - Malaysia (Endorsement)</i></li> </ul>	

<p>9.2.1</p> <p>9.2.2</p> <p>9.3</p>	<p>MC emphasized that there is a need to send a reminder to all CBs and members that reside in those countries where the NI has not been done within the time limit. The generic standard would be then applied until the NIs are ready. This would be in compliance with our P&amp;C in terms of cut off time and dates.</p> <p><b>Indonesian NI</b> The Indonesian NI would be presented to the Board for endorsement in March 2020 reason being there is a delay in public consultation which has recently ended at end October 2019.</p> <p><b>Decision:</b> The NI for Ghana, India, Papua New Guinea &amp; Solomon and Malaysia were endorsed.</p> <p><b>Presentation from Standard Standing Committee (SSC) Supply Chain Certification Systems (Endorsement)</b></p> <p>The Secretariat proposed for the Supply Chain Certification Systems to be endorsed.</p> <p>The MPOA shall revert on their stand to endorse the Supply Chain Certification Systems by 29 November 2019, as they do not agree with one of the conditions in this system document which allows unannounced audit by the Accreditation body.</p> <p>The Secretariat will set up a conference call on 29 November 2019 at 8.00pm MYT for the purpose of the above.</p>	
<p>10.0</p> <p>10.1</p> <p>10.2</p>	<p><b>Development of a grading system and standard for medium size growers</b></p> <p>MG and MC strongly recommend that the Secretariat acts swiftly to develop a grading system and standard for medium size growers.</p> <p>To support the above, MG propose the Secretariat to:</p> <ul style="list-style-type: none"> <li>i. Ensuring that we have adequate resources</li> <li>ii. Strong leadership and commitment</li> <li>iii. Process is monitored and coordinated with other groups within the RSPO which have implications &amp; applicability on the smallholders standards.</li> </ul> <p>In addition to the above, there was also a request to state down the size of the Medium Growers.</p> <p><b>Decision:</b> The proposal to develop a grading system and standard for medium size growers was endorsed.</p>	<p>Secretariat</p>
<p>11.0</p> <p>11.1</p>	<p><b>AOB</b></p> <p>The Secretariat was requested to send the status update for organizational risk and past Resolutions to the BoG next week.</p>	<p>Secretariat</p>

11.2	The recruitment of the “ASEAN 9 Manager” position should be fill up soonest possible.	Secretariat
11.3	<p><b>Risk Matrix to evaluate Membership applicants</b></p> <p>PW highlighted an exceptional circumstance where the Secretariat needs to take more precautionary steps to grant membership to applicants from high risk areas.</p> <p><b>Action:</b> The BoG tasked the Secretariat to follow up and engage with the applicant who has applied for membership since early this year.</p>	
11.4	<p><b>Production uptake of CSPKO</b></p> <p>The Secretariat will make the necessary changes in the revised sales figure and send it back to the Board. There was also a request to add in the certified volume sold.</p>	Secretariat
11.5	<p><b>HCSA</b></p> <p><b>Action:</b> A small group is formed to put in a proposal with a formal approach on what the recommendation should be, for the Board to review and decide. The group comprise of OT, KC, LKY and MG.</p>	
11.6	<p><b>Update Rainforest Alliance</b></p> <p>DH requested for an update from the CEO, on the partnership status with Rainforest Alliance. The update can be circulated to the BoG via email.</p>	DW
	Meeting adjourned at 3.40pm.	