

**RSPO**

Roundtable on  
Sustainable Palm Oil



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# RSPO GOVERNANCE MANUAL 2018

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Endorsed by the RSPO Board of Governors on 27 June 2018

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## RSPO GOVERNANCE MANUAL

RSPO is committed to developing the highest standards of governance that reflect its multi-stakeholder structures and commitment to consensus-based decision making through inclusive and participative processes. RSPO engages with a wide range of stakeholders in an ambitious collaboration to make sustainable palm oil the norm. It involves seven sectors of the palm oil industry in its governance: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, environmental NGOs and social & developmental NGOs. The Board of Governors (BoG) plays a central role in facilitating and enabling that collaboration to provide strategic direction to the organisation, and monitoring the delivery of strategic plans.

This governance manual has been developed by the BoG with the Secretariat to provide a single reference document for RSPO's governance, with the intention of assisting every Governor and the BoG collectively to deliver their roles to the highest possible standard.

It is a living document and should evolve over time in the light of experience. In order to do this, all Governors should contribute to the monitoring of BoG performance and the capturing of learning that can assist in the continual improvement of governance structures and processes.

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## Statement of Good Governance

The Roundtable on Sustainable Palm Oil (RSPO) is committed to the following fundamental values that underpin good governance in a multi-stakeholder organisation.

### **A. Good governance is accountable**

Accountability is a basic requirement of good governance. RSPO, through its Board of Governors, must be prepared to report, explain and be answerable for the consequences of decisions it has made in the course of its work.

### **B. Good governance is transparent**

Everyone should be able to follow and understand the decision-making process. This means that they will be able to clearly see how and why a decision was made and what information, advice and feedback to consultations were considered.

### **C. Good governance is compliant with laws and other applicable rules.**

All decisions must be consistent with RSPO's Statutes and other valid policies as well as with applicable laws and regulations and obligations the organisation may have to partners, funders and to membership organisations to which it has made commitments.

### **D. Good governance is driven by the needs of stakeholders**

RSPO exists to serve the needs of all its stakeholders while balancing any competing interests among different constituencies. This requires RSPO to be aware of changes in its working environment that may impact on the needs of its stakeholders and respond accordingly in a timely manner.

### **E. Good governance is effective and efficient**

RSPO should implement decisions and follow processes that make the best use of the available people, resources and time to ensure the best possible outcomes and impact from its work in line with its agreed Theory of Change and strategic objectives.

### **F. Good governance is equitable, inclusive and participatory**

All the members of RSPO should feel their interests have been considered in the organisation's decision-making processes and people affected by or interested in a decision should have the opportunity to participate in the process for making that decision.

As well as a formal representation of stakeholders in governance as defined in the statutes, RSPO should provide other opportunities for stakeholders to participate in decision-making processes, making the extra effort should be made to reach out to those who may be marginalised or whose voices are not usually heard.

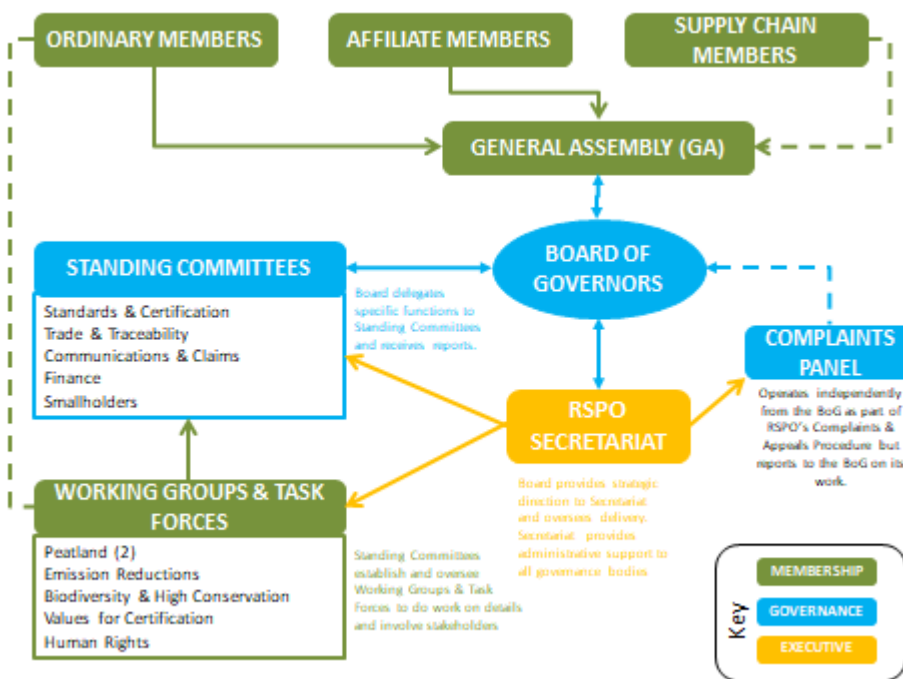
## Significant milestones in the evolution of RSPO

- Worldwide Fund for Nature (WWF) initiated discussions on establishing a **Roundtable on Sustainable Palm Oil**. The result was an informal cooperation among Aarhus United UK Ltd, Migros, Malaysian Palm Oil Association and Unilever together with WWF in 2002.
- Following an inaugural meeting of 200 participants from 16 countries in 2002 in Malaysia, RSPO was formally established under Article 60 of the Swiss Civil Code and by August of that year, 47 organizations had declared their intention to participate in the RSPO. **Membership** had grown to 500 by 2010 and in 2017 stands at 3,698.
- The first **RSPO Principles and Criteria (P&C)** were developed in November 2005 for an initial pilot implementation period of two years by 14 companies. The results of the pilots fed into the review process that included public consultations and input from national interpretations in, and RSPO's Certification System was adopted by the 4<sup>th</sup> General Assembly (GA4) and officially launched at the 5<sup>th</sup> Roundtable on November 2007. A further review of the P&C was completed in 2013.
- RSPO's **Supply Chain Certification Systems (SCCS)** were developed following the adoption of the P&C and adopted in November 2009 by the 6<sup>th</sup> General Assembly. The systems comprise two components; one to ensure that palm oil is produced sustainably ("producer/grower certification" or "P&C certification"), the other to ensure the integrity of the trade-in sustainable palm oil, i.e. that processed CSPO originates only from certified plantations. Supply chains for CSPO are monitored through 4 mechanisms:
  - Identity preserved in which CSPO from a single identifiable certified source is kept separately from ordinary palm oil throughout the supply chain.
  - Segregated in which CSPO from different certified sources is kept separate from ordinary palm oil throughout the supply chain.
  - Mass balance in which CSPO from certified sources is mixed with ordinary palm oil throughout the supply chain.
  - RSPO credits/book & claim through which manufacturers and retailers can buy credits from RSPO-certified growers, crushers and independent smallholders without the need to track the physical progress of CSPO through their supply chains.
- The inaugural shipment of **Certified Sustainable Palm Oil (CSPO)** arrived in Rotterdam in November 2008. By August 2011, one million hectares of land was certified to RSPO standards with a production capacity of 5 million tonnes of CSPO, which represented 10% of total global palm oil production. As of 2017, the comparable figures were 2.6 million hectares of land with a production capacity of 12.08 million tonnes of CSPO, representing 19% of total global palm oil production
- RSPO's **trademark** was launched in June 2011.
- RSPO developed Certified Sustainable Palm Oil for biofuels (**RSPO-RED**) in 2014 to meet the requirements for compliance with the EU Renewable Energy Directive requirements on the promotion of the use of energy from renewable sources. These have been designed as a voluntary add-on to the RSPO standard. The RSPO-RED scheme allows palm oil producers and processors under certain conditions to comply with requirements in the EU Directive for biofuels and bioliquids in the European Union.
- In August 2015, RSPO announced an additional voluntary addendum to its P&C certification known as **RSPO NEXT**. The scheme provides guidance on the themes of No Deforestation, No Fire, No Planting on Peat, Reduction of GHGs, Respect for Human Rights and Transparency for RSPO member companies that have met the current requirements of the P&C and are working on policies and actions to take them to the next level. The guidelines stress the need for significant

participation in the core RSPO P&C's across an entire organization with some activities contingent on the requirement of shared responsibility with Supply Chain members for uptake.

- In 2015, the Board of Directors transitioned from an executive body to become a non-executive Board of Governors with the Secretariat led by a Chief Executive Officer. In the same year, RSPO approved a Code of Conduct for members and instituted a formal grievance procedure, overseen by a Complaints Panel operating independently of the BoG.
- In 2017, RSPO developed a comprehensive Theory of Change which maps how its activities contribute to the achievement of its strategic objectives and also approved a strategy to increase the participation of smallholders in RSPO and to improve their livelihoods through more sustainable production of palm oil.

## RSPO Structure



## Resourcing

The Roundtable on Sustainable Palm Oil is a not-for-profit organisation registered in Zurich and funded largely by membership funds. Ordinary members pay €2 000 per year, small growers (less than 500 hectares) and small NGOs pay €500 per year, affiliate members pay €250/year and Supply Chain Associate members pay €100/year. The organisation has also been assisted by intergovernmental, governmental and non-governmental organisations, especially in its early years. Members have also supported by providing support-in-kind and a great amount of volunteerism. Funding is used in activities and projects to further the RSPO's objectives and to operate the Secretariat in Kuala Lumpur and a Liaison Office in Jakarta.

## Theory of Change & Strategy

The RSPO Theory of Change (ToC), is a roadmap that demonstrates how RSPO will achieve its vision; to make sustainable palm oil the norm.

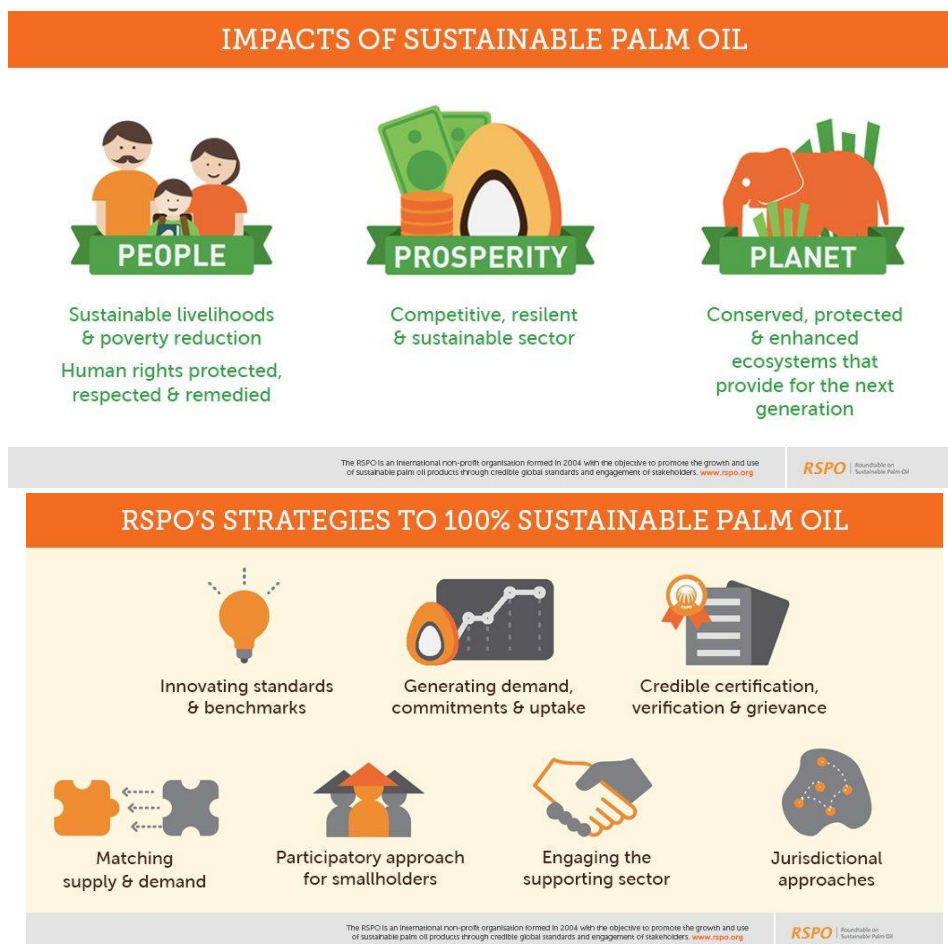
The ToC outlines the key strategies and activities RSPO will implement, together with the support of members, partners, and other actors, to trigger the transformation of the palm oil sector.

The strategies are intended to bring about direct outputs in the form of increased adoption of the RSPO standards, greater transparency and inclusivity in the RSPO system, increased market uptake of sustainable palm oil, and improved enabling environment.

Over time, these outputs lead to outcomes that are expected to improve the quality of life of oil palm farmers, create a more prosperous palm oil industry, and enable us to better conserve our planet and its resources.

These benefits are then reciprocated by companies and consumers in the palm oil supply chain, as they realise the importance of sustainable sourcing, which leads to increased market demand for sustainable palm oil.

When the ToC is fully realised, it delivers change where it matters most - on the ground; space where oil palm, the environment, and local communities can co-exist in harmony.



## Terms of Reference and Rules of Procedure for RSPO's Board of Governors

*This document elaborates on matters included in RSPO statutes. In the event of any conflict between this document and the Statutes, the Statutes shall take precedence.*

### 1. Purpose

- 1.1. The Board of Governors (BoG) is established under the statutes of RSPO to direct and control the management of RSPO to execute the decisions of the General Assembly meeting and to take all measures to reach the established objectives of RSPO.

### 2. Accountability

- 2.1. The BoG is accountable to the General Assembly of RSPO which will give discharge to the BoG at each annual General Assembly in respect of the preceding annual fiscal period.

### 3. Authority

- 3.1. The BoG is delegated to exercise the powers of the General Assembly. In discharging the BoG of its responsibilities, the General Assembly is deemed to have ratified all decisions of the BoG. The statutes define how the powers of the BoG may be exercised directly and/or delegated to the Chief Executive Officer.

### 4. Responsibilities

- 4.1. Oversee effective general management of RSPO, guarding the quality of its work and its financial viability while entrusting the daily management of the RSPO to the Chief Executive Officer and the Secretariat.
- 4.2. Establish and regularly review general policies that will provide the remit for the Chief Executive Officer to execute operational management of RSPO in between meetings of the BoG, including approving the financial plans and budget for each year in advance.
- 4.3. Appoint the Chief Executive Officer, set his/her conditions of employment and remuneration and ensure regular performance management by agreeing clear personal and organisational objectives and reviewing progress in achieving them.
- 4.4. Authorise the convening of the General Assembly in accordance with the Statutes and provide for the approval of the members:
  - a. a report on the activities of RSPO since the last General Assembly, and
  - b. audited accounts for the annual fiscal period immediately preceding each annual General Assembly
  - c. Information on the budget for the current year and obtain their ratification.

### 5. Working Groups

- 5.1. The BoG is authorized to appoint groups to provide more detailed oversight of specific activities and for enabling the participation of RSPO Members in specific projects. These may be:
  - a. **Standing Sub-Committees of the Board** to which the BoG delegates detailed scrutiny of specific aspects of its work. By delegating tasks to committees, the BoG can spend its time more efficiently. A Standing Committee should contain at least one Governor who would normally act as Chair.
  - b. **Working Groups** that enable informed discussion of issues, development of policies and strategies and that can make recommendations to the secretariat. Working groups, therefore, need to be representative of stakeholders interested in their remit and their mandate may



be long-term or even open-ended.

- c. **Task Forces** that bring together a specific set of skills to accomplish a short-term task within a defined time-frame. Individuals are selected for their expertise, their history in the organization, and their interest in the project. Task forces are not necessarily representative of all stakeholder constituencies but may be competency-based.
- 5.2. The BoG shall clearly define the overall purpose of the bodies it establishes, and request them to propose terms of reference specifying as a minimum, the following criteria
- a. Accountability
  - b. Specific responsibilities
  - c. Decision Making Authority
  - d. Membership and process for appointing members
  - e. Duration of the mandate of the Working Group and of individual members
  - f. Process for appointing Chair and other officers
  - g. Arrangements for secretarial and administrative support
  - h. Information management including confidentiality requirements and communication & reporting arrangements
  - i. Budget and source of funds
- 5.3. The BoG shall review and approve the terms of reference for Standing Committees, Task Forces and Working Groups and agree on the frequency of their review. The BoG shall also receive a report on the activities and financial situation of each Working Group at least annually.
- 5.4. Task Forces and Working Groups shall have no authority under any circumstances to commit the use of RSPO's financial and human resources without prior approval from the CEO or a senior manager with appropriate delegated authority. Such authority may be delegated to Standing Committees if specifically agreed by the BoG.

## 6. Appointment of Governors

- 6.1. The RSPO Statutes provide that the BoG shall be comprised of not less than three (3) and shall not more than sixteen (16) persons. Currently, the BoG is composed as follows:

Sector	Number of seats	Sub-Totals	
Oil Palm Growers (Malaysia)	1	Oil Palm Growers	4
Oil Palm Growers (Indonesia)	1		
Oil Palm Growers (Smallholder Sector)	1		
Oil Palm Growers (Rest of World)	1		
Palm Oil Processors	2	Other activities related to palm oil	8
Consumer goods manufacturers	2		
Retailers	2		
Banks/investors	2		
Environmental NGOs	2	NGO's	4
Social/development NGOs	2		
<b>Total BoG Membership</b>			<b>16</b>

- 6.2. RSPO members from each of the above sectors may offer to provide the services of a Governor by nominating him/her as a candidate for the General Assembly (hereafter "nominating organization") if a vacancy arises in their sector. The election process is defined in the Statutes.
- 6.3. The person filling the role of Governor shall be the authorised representative to the RSPO General Assembly of the nominating organisation(s) (as defined in the Statutes) and shall preferably be a senior manager of the nominating organisation(s).
- 6.4. Governors may designate alternates to represent them and vote on their behalf at meetings that the substantive governor is unable to attend. The Governor representing Oil Palm Growers (Rest of the World) may designate up to three alternate governors to ensure representation of all geographic regions in which RSPO has grower members; all other Governors may designate only one alternate from the same constituency that they represent.
- 6.5. RSPO shall not be responsible for remunerating Governors or the member organisations they represent for their services but may, on request of the Governor or the organisation they represent, pay for or reimburse reasonable travel and accommodation expenses incurred in attending meetings.
- 6.6. No member organisation may provide more than one Governor at the same time.
- 6.7. Governors are elected for a term of two years but may stand for re-election without limit to the number of terms.
- 6.8. A Governor's nominating organization has the right to change their representative by giving notice to RSPO in accordance with the Statutes.
- 6.9. The mandate of a Governor's nominating organization terminates automatically in the event that its membership of RSPO is terminated for any reason, or if it is the subject of proceedings for insolvency, bankruptcy, dissolution or liquidation.

- 6.10. In the event that a nominating organization is no longer able or no longer wishes, to provide the services of a Governor, the Statutes provide for the BoG to designate interim substitutes until the next General Assembly elects definitive replacements.

## **7. Conflicts of Interest**

- 7.1. In their role as Governors, members of the BoG have a primary responsibility to RSPO. In the event that this conflicts with their fiduciary duty to their nominating organization, or presents the potential for any other conflict of interest, they will inform one of the Co-Chairs or any other Governors deputizing for the Co-Chairs at the earliest opportunity.
- 7.2. A Governor declaring a conflict of interest may be asked to recuse themselves from the discussion and/or decision-making by one of the Co-Chairs.
- 7.3. The Secretariat shall maintain a register of Governors' interests (such as relationships and posts held) that could potentially result in a conflict of interest. All Governors will provide the information of the register upon their appointment and the entire register will be updated at least annually.

## **8. Termination of a Governor's Mandate**

- 8.1. The mandate of a Governor's nominating organization may be terminated by the BoG in the event that the Governor representing them:
- a. refuses to sign the BoG's Code of Conduct
  - b. has been absent for more than two consecutive meetings of the BoG without providing an adequate explanation to the Chair.
  - c. has been found to be in material breach of the BoG's Code of Conduct and the BoG has determined a sanction of expulsion in accordance with section 14 of this document.

## **9. Officers of the Board**

- 9.1. The BoG shall elect one of its members to act as Chair and define his/her duties. As a minimum, the Chair shall chair all meetings of the BoG and General Assembly and ensure the execution of all orders and resolutions of the General Assembly and BoG.
- 9.2. The BoG may elect more than one person to act as Co-Chairs. In this case, the Co-Chairs shall advise Governors how the duties of Chair have been allocated among them. The BoG may also elect one or more persons to act as Vice-Chair and shall define his/her duties including the circumstances under which the Vice-Chair is authorised to deputise for the Chair(s).
- 9.3. The BoG shall elect one of its members to act as Treasurer and define his/her duties. As a minimum, the Treasurer shall be responsible for chairing the Finance Committee of the BoG and ensuring the provision of accurate and timely financial reporting to the BoG, including lists of members who are late in paying their membership fee or any other due for more than sixty days.

## **10. Meetings**

- 10.1. BoG meetings may be organised as physical or virtual meetings and either method shall have equal validity. Governors may also use teleconferencing facilities to participate in physical meetings and shall be regarded as being equally present as those who are physically in the room.
- 10.2. The BoG shall meet a minimum of four (4) times a year with a maximum of six (6) months between the meetings.
- 10.3. The Chair (or anyone of the Co-Chairs) may convene a meeting by informing the Chief Executive Officer and all Governors of his/her intent and ensuring that Governors are provided with at least twenty one days' notice of a physical meeting (or seven days' notice of a virtual meeting) and are advised of the date, location and purpose of the meeting.

- 10.4. The Chair (or anyone of the Co-Chairs) must also convene a meeting if requested by at least one-third of the substantive Governors.
- 10.5. The Chair(s) shall, in discussion with other Governors and with the CEO propose an annual workplan for the BoG that shall indicate standing items of business for every BoG meeting and special business that will be conducted at specific meetings.

## **11. Quorum**

- 11.1. More than half (i.e. 50% plus one) of the Governors are required to form a quorum for a meeting to take valid decisions. Alternates shall count towards the formation of a quorum providing that they are present instead of (and not in addition to) the substantive governor they represent.
- 11.2. In the event that a quorum has not been achieved within 15 minutes of the commencement of the meeting, the Chair shall decide after consultation with Governors present whether or not to proceed with the meeting and how any matter requiring decision will be dealt with, taking account of the provisions of the Statutes for decision-making outside meetings.

## **12. Decision Making**

- 12.1. The BoG shall strive for consensus (defined as “the absence of sustained opposition”). If consensus cannot be achieved the Chair shall facilitate the meeting (or delegate such facilitation to another Governor) to agree on how to resolve the lack of consensus. In the first instance, any Governors who cannot “live with” the majority position shall be invited to explain how to further discussion among Governors, or deferring the issue to a future meeting, would lead to a consensus. If there is no agreement on such a course of action, the BoG shall be asked if a majority vote would be acceptable and by what margin. If there is no acceptance of a majority vote then the issue shall be referred for voting at the next General Assembly.
- 12.2. The Chair (or anyone of the Co-Chairs) may exercise his/her authority to enable urgent decisions to be taken between meetings or following meetings which did not achieve a quorum. This shall be done with a degree of consultation with other Governors that is practical in the circumstances. All governors shall be informed of decisions taken by the Chair (or anyone of the Co-Chairs) at the earliest opportunity and no later than the next meeting of the BoG.

## **13. Attendance**

- 13.1. By permission of the Chair, alternate Governors may attend meetings at which the substantive Governor is present but only in the capacity of an observer, with no automatic right to speak. Under no circumstances can substantive and alternate Governors participate in the same vote.
- 13.2. The Chief Executive Officer shall be responsible in consultation with the Chair for ensuring that senior managers with responsibility for topics under discussion are in attendance at BoG meetings to provide reports and advice to Governors.
- 13.3. The Chair of the meeting shall approve the attendance of all other guests and observers to the meeting and apply such conditions regarding their entitlement to speak and withdrawal for confidential discussions as he/she deems appropriate<sup>1</sup>.

## **14. Minutes**

- 14.1. The BoG shall ensure that an accurate record of each of its meetings is produced promptly. The Chair of the meeting shall ensure at the start of each meeting that responsibility for taking minutes has been clearly allocated.
- 14.2. Minutes should be clear, concise and free of any ambiguity. They should be written in such a way

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<sup>1</sup> The Statutes provide for “each Board member to invite one expert to discuss specific subjects during the Board meetings” but this is not actually RSPO’s practice.

that someone who was not present at the meeting can follow the decisions made. In cases where the BoG has considered a specific resolution the text of the resolution shall be recorded in full in the minutes.

- 14.3. Minutes should include the date and location of the meeting, attendance and apologies for absence, establishment of a quorum, and the main items of business according to the agenda.
- 14.4. Minutes are not intended to be a verbatim record of discussions but to provide a record of the decisions of the BoG and other outcomes such as policy positions, delegated actions and guidance from the BoG. Individual contributions to BoG discussions (other than directions or rulings by either or both of the Co-Chairs) will be treated in accordance with the [Chatham House Rule](#) and will not normally be attributed except where -
  - a. The individual has presented a report to the BoG meeting,
  - b. The individual has declared a potential or actual conflict of interest. In such cases the actions taken to deal with the conflict of interest (for example that the individual has recused themselves from the discussion and/or voting on the issue concerned).
  - c. The individual is the subject of complaints procedures of the RSPO or disciplinary procedures of the BoG.
  - d. The individual requests the minutes to record a formal objection to a decision or procedural matter.
- 14.5. The Chief Executive shall make a first review the draft minutes and may add post-meeting comments to correct any factual errors in the discussion or if there has been a material change to the situation that was reported at the BoG meeting.
- 14.6. The draft minutes shall then be circulated to all members of the BoG, inviting comments or corrections within a specified time and which shall be accepted or rejected at the discretion of the Chair of the meeting.
- 14.7. A final version of the minutes, taking account of comments or corrections from Governors and accepted by the Chair of the previous meeting shall be tabled at the next meeting for formal approval.
- 14.8. Approved minutes shall be published according to the normal policies of RSPO, except for any part of the minutes that was agreed as confidential which shall be redacted from the published version of the minutes and made available only to Governors and the Chief Executive Officer.

## 15. Professional Operations

- 15.1. The BoG shall specify the behaviours expected of Governors.
- 15.2. Any Governor may raise a complaint against another Governor for breach of the expected behaviours by informing one of the Co-Chairs. Any other party alleging a breach shall make their complaint to the CEO who will pass the complaint to one of the Co-Chairs at his/her discretion.
- 15.3. The Co-Chairs shall establish a panel to investigate the complaint which shall consist of four Governors plus the CEO. Both Co-Chairs shall normally be part of this investigative panel unless they are the subject of the complaint or are otherwise conflicted, in which cases they shall be recuse themselves. The investigative panel shall be provided with administrative support. The CEO shall provide this directly or delegate to a member of his/her staff while ensuring strict confidentiality.
- 15.4. The investigative panel shall obtain evidence from the complainant and the subject of the complaint, and from any other party they deem to have relevant information. Following deliberation of the evidence, the investigative panel shall advise both the complainant and the

subject of the complaint of their decision (upheld, partially upheld or rejected).

- 15.5. In the event that a complaint is upheld or partially upheld, the investigative panel may recommend one of two possible sanctions, namely a verbal reprimand or expulsion from the BoG. A verbal reprimand shall be administered by either or both of the Co-Chairs or by another Governor if either or both of them have recused themselves.
- 15.6. If the investigative panel recommends expulsion from the BoG, a motion to this effect shall be brought to the next BoG meeting by either or both of the Co-Chairs, or by another Governor if either or both of the Co-Chairs have recused themselves.
- 15.7. The result of any disciplinary proceedings shall be recorded in the minutes of the Board Meeting at which the matter is concluded or if the matter is concluded outside of a Board Meeting at the meeting following its conclusion. If the complaint has not been upheld then the minute will be anonymised.

## **16. Review of this document**

- 16.1. The BoG shall review this document at least every two years, or more frequently as required.

## Behaviours Expected of RSPO Governors

This document has been produced to clarify expectations on Governors of the conduct expected of them, during meetings and at other times while they hold office in RSPO. It is assumed that Governors want to work in a collegial way and so this document deliberately avoids a legalistic approach to setting and policing rules. However, in cases where a Governor's behaviour has fallen seriously short of the level expected, the Board reserves the right to consider appropriate sanctions, including request the offending Governor to resign from the Board.

### 1. RSPO's Mission

Board Members must support the vision and mission of RSPO and act as their guardian and champion. They are responsible for ensuring RSPO acts within its statutes and according to its stated policies and procedures. Accordingly Board members are expected to maintain an up-to-date knowledge of RSPO and its operating environment.

### 2. Conflicts of interest

- 2.1. RSPO Board Members combine a representative role for their organisation and constituency with a responsibility to act in the best interests of the organisation as a whole and to consider what is best for RSPO and the success of its long-term mission.
- 2.2. It is therefore important that Board Members are mindful of any conflicts of interest, or any circumstance that might be viewed by others as a conflict of interest, as soon as it arises and report this to the Board Chair. Board Members are expected to accept the judgement of the Board of Governors and follow its guidance regarding potential conflicts of interest.

### 3. Person to person

- 3.1. Board Members should strive to establish respectful, collegial and courteous relationships with fellow Governors, secretariat staff, members, and other people and organisations that engage with RSPO.

### 4. Protecting the organisation's reputation

- 4.1. Board Members should strive to uphold the reputation and positive public image of RSPO and those who work for it. They should take care not to undermine or compromise the consensus building and consensus-based decision making processes of RSPO and recognise that even when they are speaking in another capacity, their comments may be perceived as coming from their role as a Governor of RSPO.
- 4.2. Therefore any public comments made by Governors should be consistent with organisational policy and decisions of the Board. This in no way prevents Governors from acknowledging legitimate criticisms of RSPO and recognising the need for continual improvement in its work. If in doubt, Governors should seek guidance from the Secretariat on handling sensitive matters in public arenas.

### 5. Respecting confidences

- 5.1. Transparency is very important to RSPO and board papers are only classified as confidential in exceptional circumstances. However, where information has been designated as confidential because of its sensitivity (for example concerning violations or alleged violations of RSPO Principles & Criteria) Governors should apply their best efforts to protect it from becoming public.

- 5.2. Governors should also respect the “Chatham House Rule<sup>2</sup>” in their reporting of Board discussions. This means that while remarks made during meetings may be repeated, they should not be attributed to an individual Governor, except where this has been included in the approved minutes of that meeting.

## **6. In the boardroom**

- 6.1. Governors should try to attend all Board meetings in person and work with their alternate member as soon as they know they cannot attend a meeting to ensure that their seat is represented. In either case, Governors should send their apologies to the Chair and advise whether or not their alternate member will attend. This information shall also be provided to the Secretariat.
- 6.2. Governors should prepare for all meetings and be prepared to debate and vote on agenda items. This requires a thorough reading of the supporting papers provided for each agenda item and consideration of what level of consultation is required among the RSPO constituency they represent
- 6.3. Governors are expected to actively participate in Board discussions while showing respect for the positions and opinions of others in their behaviour and the way they raise questions or comments. Governors should also respect the Board’s governance procedures and practices, taking account of the advice of the Secretariat and abiding by the authority of the Chair in deciding on the conduct of meetings.
- 6.4. Governors should work with each other to build consensus on issues requiring a Board decision.

## **7. Enhancing governance**

- 7.1. It is the responsibility of all Governors to help improve the Board’s governance practice, for example by participating in induction, training and development activities, to support the chief executive and his/her senior staff in their executive roles and to work with other Governors on enhancing the leadership capacity of the organisation.
- 7.2. To assist in orderly succession planning Governors should be mindful of the need to identify good candidates for future membership of the Board, encourage them to participate in working groups and, in time, to stand for election to the Board.

## **8. Leaving the board**

- 8.1. A Governor who cannot fulfil their duties on the Board for any reason should resign at the earliest opportunity by writing to the Chair, stating their reasons and the date from which their resignation is effective.
- 8.2. All retiring or resigning Governors should participate in an exit interview if required.
- 8.3. Governors should acknowledge the adoption of this Code and accept that the Board has the right to investigate instances or allegations of breach and to apply appropriate sanctions if they are substantiated. Any Governor subject to such investigation shall have the right to a fair and transparent process including the opportunity to explain or justify their actions to the members of any investigative panel established by the Board (or to the entire Board if the Board decides to adjudicate the matter).

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<sup>2</sup> The Chatham House Rule originated at The Royal Institute of International Affairs based as Chatham House in London with the aim of providing anonymity to speakers and to encourage openness and the sharing of information. It is now used throughout the world as an aid to free discussion. When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



- 8.4. In the event that an investigation of a breach of this Code leads to a Board decision that a Governor should resign their position, then the Governor should do so at the earliest opportunity.

### Board of Governors Rolling Calendar of Business

Standing items for all Board Meetings	
Item	Time
<p>a. Opening procedures</p> <p><i>Introduction of attendees (name &amp; organization). Apologies for absence.</i></p> <p><i>Reminders on anti-trust issues, consensus-based decision making and confidentiality, apologies for absence, minutes of previous meeting</i></p>	0.15
<p>b. CEO Report &amp; Views of the BoG.</p> <p><i>CEO to report on main areas of progress since last Board and key challenges &amp; emerging issues.</i></p>	0.30
<p>c. Management Reports:</p> <p><i>BoG will receive a consolidated report on operational matters that will provide high-level input into the Board's discussions. The following list is a template for contents of the report but each report will reflect what is most relevant to that meeting.</i></p>	2.5 – 3.0 hours
<p>i. Membership &amp; Market Update</p> <p><i>Headline information on membership trends and other important information, e.g. number of certified growers, number of smallholders and area cultivated, volumes certified and uptake of physical/certified product, trend of certificates prices.</i></p> <p><i>Important initiatives or developments on market development may also be included.</i></p>	
<p>ii. Financial Update for most recent quarter</p>	
<p>iii. Top Risks Report</p> <p><i>(see second bullet point under Next Steps)</i></p>	
<p>iv. Reports from the Standing Committees (Standards &amp; Certification, Trade &amp; Traceability, Communications &amp; Claims, and Finance – also Smallholders when formally established). Committees need only report to BoG meetings on important matters they have discussed since the last BoG meeting but each committee shall report at least once a year.</p>	
<p>v. Status of GA Resolutions</p>	
<p>vi. Update on P&amp;C Review <i>(standing item for 2018 meetings)</i></p>	

Governors invited to briefly share thoughts (insights, threats, opportunities) to be considered at future meetings.	0.30
<b>TOTAL TIME FOR STANDING ITEMS</b>	4 hours (approx.)
<b>Business for Specific Board Meetings</b> 2018 Dates – Confirmed in Bold, others Tentative	
<b>8/9 March 2018 (Kuala Lumpur)</b>	27 June (Europe, post ERT)
<p><u>Day 1: Strategy Review &amp; Planning:</u></p> <ul style="list-style-type: none"> <li>● Refresh of business plan to include Secretariat’s headline objectives and priorities for coming year.</li> <li>● 2018 meeting also to include scope and methodology of periodic horizon scanning (possibly a more regular agenda item at subsequent meetings)</li> </ul> <p><u>Day 2: Board Meeting</u></p> <ul style="list-style-type: none"> <li>● Approval of budget for next financial year</li> <li>● Risk framework and sign-off of risk register (or progress report if not completed)</li> </ul>	<ul style="list-style-type: none"> <li>● Review of mandate and membership of standing committees – <i>see note (*) below</i></li> <li>● Rolling review of key policies <i>(see second bullet point under Next Steps)</i></li> <li>● Approval of budget</li> <li>● Session with the Complaints Panel</li> </ul>
<b>10 September (Kuala Lumpur)</b>	16 November (SE Asia, post RT16)
<ul style="list-style-type: none"> <li>● Preparation for Roundtable</li> <li>● Approval of annual accounts and report to members</li> <li>● Annual review of board effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>● Welcome new Board Members</li> <li>● Review of Roundtable discussions and resolutions and guidance to Secretariat on priorities for next financial year.</li> <li>● Session with the Complaints Panel</li> </ul>

## Preparation for Board Meetings

- Agenda for board meetings to be proposed by the Secretariat and approved by the Co-Chairs at least three weeks before meeting date.
- Once approved, formal notice of the meeting will be e-mailed to Governors with the agenda attached at least two weeks before meeting date.
- Agenda should be planned to ensure topics are relevant to the role of the BoG and that intended outcomes of BoG discussion are clear. The following classifications have been agreed:

Relevance of topic to role of the BoG	Intended outcome of Board Discussion
1. Setting strategic direction & prioritising	A. <u>Discussion</u> – Secretariat seeks insights from Governors on strategic opportunities and risks
2. Key risks & mitigation	B. <u>Decision</u> – Secretariat receives specific instructions to execute agreed actions. Decisions should provide WHO-WHAT-WHEN clarity, i.e. <u>what</u> is required (measurable outputs or milestones), <u>who</u> is responsible and the <u>timetable</u> for delivery (including board reporting).
3. Review of key performance metrics	
4. Review of core processes	C. <u>Direction</u> - Board provides guidance to Secretariat on RSPO’s position on key topics and overall approach to addressing them.
5. Ensuring good governance	

- Agenda and supporting papers to be numbered and cross-referenced so Governors can easily see which items have papers and which papers relate to the agenda topics.
- Papers for Board Meetings to be circulated two weeks before meetings. Template for Board Papers and support for Secretariat in producing clear and concise board reports to be developed during 2018.
- Presentations of agenda items should be based on assumption that Governors have pre-read papers provided. Presenters should prepare one slide highlighting key issues and explaining what is asked of the Board (i.e. Discussion, Decision, Direction). Unless there are exceptional circumstances, presentations at BoG meetings should not introduce any new information that has not been circulated to Governors in advance.
- In addition to physical board meetings, time will be reserved for a BoG conference call at the mid-point between Board Meetings. The Co-Chairs, other Office Holders are expected to attend; the calls are optional for other Governors.
- The purpose of these calls will be to flag up emerging issues that might warrant the Board’s attention. The conference calls will decide
  - Whether or not these items should be added to the next board agenda,
  - The relevance and purpose of the Board discussion (see table above)
  - What information should be provided to the Board in advance
  - How much time is needed for the Board discussion

- There will also be calls to provide high-level updates to the Co-Chairs. These will normally be held on a monthly basis. Ideally both Co-Chairs, CEO & COO (4 people) should participate but the calls should proceed with as a minimum one of the Co-Chairs and either the CEO or COO (2 people). Additional Governors will be invited if the agenda includes topics for which they are responsible.

## Objectives of Board of Governors, Sub Committees, Working Groups & Task Forces

### Objectives

1. Maintain basic rationale of standing committees, i.e. to allow governance oversight and direction on specific areas of work that would be impractical for BoG as a whole.
2. Align the Committee structure with RSPO's Theory of Change
3. Strengthen committee links to the BoG so that (ideally) most Governors would also be members of the Standing Committee and at least one Governor would have a role in connecting each Committee with the BoG and helping achieve a joined-up process in the delivery of RSPO's plans.
4. Clearer division of roles and responsibilities (refer to Table below)

Board of Governors	Standing Committees of the Board	Working Groups & Task Forces
Exercise governance oversight of committee processes and ensure a joined-up approach to the delivery of RSPO's objectives	Populate committee in line with ToR's and develop workplan with Secretariat, ensuring committee focus on governance & strategic aspects	Keep to the specified focus of work and timetable for delivery
Appoint committees and committee chairs, define Terms of Reference	Facilitate the development of optimum solutions, balancing decision-making with the need for multi-stakeholder buy-in	Report to Board via Standing Committees, unless specifically authorized to report directly
Ratify committee recommendations except where there has been a lack of due process or new information that has come to light.	Mandate & coordinate Working Groups & Task Forces in their area of responsibility and propose winding-up in a timely manner	Provide advice and guidance to the Secretariat
Avoid re-opening discussions and repeating work	Report to the BoG on their area of responsibility, providing assurance of effective processes	Avoid taking on or interfering in the implementation of work

### Standing Committees

#### General

- The scope and scale of RSPO's work have expanded dramatically since its inception. The range and complexity of issues that have to be dealt with - in membership, activities, global receptivity (both friendly and hostile) – means that it is a better use of resources for detailed work to be delegated to Standing Committees that report regularly to the Board and, in some cases for Standing Committees to further delegate specific tasks to Working Groups and Task Forces.
- The BoG has created four Standing Committees (Standards & Certification, Trade & Traceability, Communications & Claims, Finance); a Smallholders Committee will be formally established following completion of the Principles & Criteria Review in 2018. Each Standing Committee (SC) comprises members from the BoG or their respective alternates and from among RSPO members. The BoG, at its sole discretion, may propose changes to the composition of Standing Committees, for them to serve RSPO better. Membership is honorary and participation voluntary and all

contributions duly acknowledged. Lack of positive involvement over a continuous period of 12 months will suggest withdrawal from the committee irrespective of notification or otherwise.

- A Standing Committee shall decide leadership and functionaries from among its members. A Standing Committee, at its behest, may invite non-RSPO member participation on terms and conditions it prefers, but such non-RSPO member participation cannot assume leadership of the committee.
- RSPO Secretariat will provide facilitation resources to all Standing Committees.

### 1. Standards & Certification

- The brief for the Standards & Certifications Standing Committee derives from Article 3 of RSPO's by-laws, the relevant excerpts being:
  - research and development of definitions and criteria for the sustainable production and use of palm oil,
  - undertake practical projects designed to facilitate implementation of sustainable best practices, and
  - development of solutions to practical problems related to the adoption and verification of best practices for plantation establishment and management, procurement, trade and logistics.
- The members of the Standards & Certification Standing Committee shall be responsible for the following:
  - Define sustainable palm oil production through stakeholder expertise and research.
  - Develop criteria that singly and in aggregate reflect the definition.
  - Construct measurable indicators for the various criteria.
  - Adapt the criteria and indicators for the various socio-environmental conditions under which palm oil is produced without compromising criteria and definitions.
  - Organise a credible mechanism for scrutinising and recording the production of RSPO defined sustainable palm oil in the various environments.
  - Strengthen capacity to produce palm oil sustainably and resources to support monitoring of such production.

### 2. Trade & Traceability

- The purpose of the Trade & Traceability Standing Committee is to
  - Develop and provide various options for trading in sustainable palm oil for varied markets without diluting the credibility of RSPO sustainable palm oil.
  - Engage expertise to set up computerised traceability systems to track movement of sustainable palm oil through existing commodity chains.
  - Develop safeguards against blurring of delineations between sustainably and unsustainably produced palm oil.

### 3. Communications & Claims

- The Communications & Claims Standing Committee is in charge of promoting the use of RSPO certified sustainable palm oil (CSPO) including drawing up and policing claims against the use of CSPO.

- The Communications & Claims Standing Committee contributes towards RSPO's vision to "transform markets to make sustainable palm oil the norm" by advising and adopting appropriate communications strategies, policies and plans that embrace both internal and external audiences.

#### 4. Finance

- The Finance Committee will comprise up to four BoG members including the Treasurer, who shall be the Chair of the Committee, as well as the Chief Operating Officer and the Finance & Administration Director. Three members constitute a quorum. The Committee normally meets quarterly and more often as required. The responsibilities of the Finance Committee are to:
  - Ensure that the finances of the RSPO are sound and commensurate with the RSPO's needs.
  - Recommend to the Board revenue and project budgets for each year.
  - Ensure that risks to the RSPO's financial security are identified and managed appropriately.
  - Ensure compliance with the regulatory requirements of countries in which the RSPO operates.
  - Discharge these fundamental responsibilities within the following terms of reference
    - Agree, prior to Board approval, a budget for each year.
    - Monitor performance against budget and ensure that the Board is kept fully informed.
    - Monitor cash flow and reserves and ensure that the Board is kept fully informed.
    - Monitor the payment of subscriptions and recommend action in case of default
    - From time to time initiate studies into the RSPO's long term financial strategies and into current financial issues.
    - Monitor the preparation of the annual accounts and review the accounts with the auditors prior to presentation to the Board.
    - Ensure that regular reviews of risks are undertaken and that the RSPO management has appropriate procedures and controls in place.

#### 5. Smallholders

- Following completion of the Principles & Criteria Review in 2018, a standing committee is being established to ensure that smallholders improve their livelihoods by benefitting from RSPO standards and best practices. It will work through three working groups each reflecting a specific aspect of RSPO's smallholder strategy.

## Complaints Panel

RSPO has established a Complaints System to provide a fair, transparent and impartial process to duly handle and address complaints against RSPO members or the RSPO system itself. The Complaints System:

- Provides a framework for RSPO to address complaints against any RSPO member or the RSPO system itself.
- Ensures that any alleged breaches of specified RSPO Statutes, By-laws, motions approved by the General Assembly, or any other approved articles, including the [Principles & Criteria for Sustainable Palm Oil Production](#), Certification System and [RSPO Code of Conduct](#) are fairly, impartially and transparently resolved.
- Protects RSPO's integrity.

The Complaints System is not intended as a replacement for legal requirements and mechanisms in force.

The Complaints System is overseen by the Complaints Panel which is independent of the Board and Secretariat. The Complaints Panel is led by a Chairperson who is elected by the members of the Panel and leads all complaints meetings. It has powers only as provided for within the RSPO Complaints & Appeal Procedure 2017. This includes the power to suspend or terminate a member of the RSPO if the nature of the breach by a member in relation to a complaint warrants such action.

The RSPO Secretariat is tasked with the responsibility of maintaining a 'Complaints Panel Member List' from among RSPO members and convening a panel from that list to deliberate on each formal complaint accepted by the RSPO Secretariat. The RSPO Secretariat shall as far as possible make every attempt to select panel members who broadly represent the RSPO stakeholder base but emphasis shall be given to relevant expertise of the member in relation to the nature of the complaint.

## Working Groups & Task Forces

RSPO's Working Groups and Task Forces are designed to encourage members to address complex and difficult challenges and work towards developing solutions. As a multi stakeholder, participatory roundtable that works on the basis of consensus, it is essential that all members feed in to the decision-making process.

### Working Groups

Working Groups enable informed discussion of issues, development of policies and strategies and that can make recommendations to the secretariat. Working groups therefore need to be representative of stakeholders interested in their remit and their mandate may be long-term or even open-ended.

#### 1. Peatland Working Group 2 (PLWG 2)

- RSPO's PLWG was first established under Workstream 2 of RSPO greenhouse gas working group 2 in response to a motion agreed at RT7 in November 2009, to provide guidance to improve yields in existing oil palm cultivation on peat and to address issues related to GHG emissions, subsidence and other impacts that affect the potential sustainability of oil palm cultivation on peatlands.



## 2. Emission Reduction Working Group

- RSPO's ERWG was established after RT-11 in Medan in November 2013 to support and oversee the successful implementation of Criterion 5.6 and Criterion 7.8 of the RSPO Principles & Criteria until the implementation phase which has ended on 31st December 2016. The working group met for the first time after RT11 in Medan in November 2013.
- Based on the need to continue supporting RSPO with the expanded scope of works in relations to Criterion 5.6 and Criterion 7.8, the working group is continuing until 31st December 2017.

## 3. Biodiversity & HCV Working Group

- HCVs are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level. All natural habitats possess inherent conservation values, including the presence of rare or endemic species, provision of ecosystem services, sacred sites, or resources harvested by local residents. An HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance. There are six categories of HCVs.
- The RSPO is committed to the conservation of primary forests and high conservation values (HCV) within the context of sustainably managed landscape through RSPO Principles & Criteria 5.2 and 7.3.
- The RSPO New Planting Procedure (NPP) which was formalized in May 2009, approved by the RSPO Board of Governors in September 2009 for implementation from 1st January 2010, further elaborates on the requirements for criterion 7.3. The first step is to conduct a comprehensive and participatory independent social and environmental impact assessment(s) and the assessment(s) must include identification of all primary forest, HCVA, areas of peat soil, and local peoples' land.
- The Working Group is also responsible for overseeing the process of compensating for land cleared without prior HCV assessment during the initial pilot implementation period.

## 4. Human Rights Working Group

- The Human Rights Working Group (HRWG) was established early 2014 and became an official part of the RSPO structure. The work of the HRWG is directly linked to the globally accepted UN Guidelines on Business and Human rights ('the Ruggie Framework'):
  - The State duty to protect human rights;
  - The business responsibility to respect human rights; and
  - The access to remedy for human rights victims.
  - The responsibility of businesses to respect human rights in the palm oil sector implies that companies apply due diligence to human rights and develop action plans to avoid human rights violations. It also calls on companies to be proactive and constructive in the remediation of situations where rights have been abused.
- The RSPO Human Rights Working Group (HRWG) champions and preserves the rights of communities, plantation workers and out growers/smallholders, both men, women and their families which have been affected by the activities of growers and millers in the palm oil sector.
- The core mission of HRWG is primarily ensuring the successful implementation of the Principles of the 2013 RSPO Principles & Criteria, that are relevant for the protection and respect of human rights (link to P&C relevant criteria).The HRWG regularly reviews the Criteria and associated Guidance for adequacy, clarity, relevance and meaningfulness, and works to provide all RSPO members with mechanisms to identify, prevent, mitigate and address human rights issues and impacts.

- Currently, the HRWG will focus on the following areas of concern:-
  - It will continue its efforts in enhancing the understanding and effective implementation of the Free, Prior and Informed Consent (FPIC) process by companies;
  - Improving social auditing mechanisms and practices both at P&C level and related bodies such as the accreditation organizations and certifying bodies;
  - Addressing the rights of plantation workers, both men and women, in order to prevent and mitigate bad practices such as the use of forced labour and child labour, to address the rights of vulnerable groups such as migrant workers and casual workers and to promote living wages, health and safety conditions at the plantation, Freedom of Association etc.

## Task Forces

RSPO's Task Forces operate on similar principles to Working Groups but bring together a specific set of skills to accomplish a short-term task within a defined time-frame. Individuals are selected for their expertise, their history in the organization, and their interest in the project. Task forces are not necessarily representative of all stakeholder constituencies but may be competency-based.

### 1. FFB Legality and Traceability Task Force

- RSPO has established an FFB Legality and Traceability Taskforce (FLTTF) to further improve the standard of palm oil supply chain system.
- The current RSPO supply chain audit to trace palm oil fruits produced from the nucleus and plasma scheme plantation. There is no system yet in place to trace the oil palm fruits derived from external suppliers (outgrowers). The traceability and legality of external suppliers are still in question mark. This issue has affected the credibility of certified mills and RSPO members, who are supposed to uphold their sustainability standard. In order to seal the possible leakages of the RSPO standard, the external suppliers of either certified mills or RSPO producer members shall also be traceable and its legality can be proven. It is to ensure that the certified mills and RSPO producer members are in full compliance to the sustainability standard, as clearly defined in RSPO standard. The Task Force's mandate is to advise on an appropriate approach to overcome this issue. Under the RSPO P&C 2013, Indicator 4.1.4 states clearly the need for clear and consistent implementation and monitoring of 3rd Party sourced FFB.

### 2. RSPO RED Task Force

- The main objectives of the RSPO-RED Task Force are to oversee successful operation of the RSPO-RED scheme and to review and revise the RSPO-RED standard and corresponding guidance materials in line with any new requirements (by the EC or based on current science/knowledge).

### 3. Compensation Task Force

- The Compensation Task Force was established in August 2011 to support the RSPO to develop a guidance document on HCV compensation and also to pilot test the proposed mechanism. It was formed under the Biodiversity and High Conservation Value working group (BHCV WG) and all BHCV members are part of the CTF with additional invited experts.
- Principle 7 of RSPO principles and criterion outline the requirement for the responsible development of new plantings. Criterion 7.3 stated that new plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more high conservation values.
- The RSPO Board has also decided that there will be a facilitated process within the RSPO to develop a framework to guide members through the process of compensating for land cleared without prior HCV assessment during the initial pilot implementation period.

#### 4. Assurance Task Force

- The RSPO Secretariat established an Assurance Task Force (TF) as a result of Resolution 6h which was passed at GA 12. The Resolution 6h concerns the quality, independence and credibility of RSPO assurance system and RSPO's systems of supervision.
- The objective of the Assurance Taskforce (TF) is to take lead role in regards to the implementation of assurance system and formulate and implement a plan as stipulated by the Term of Reference to upgrade and enhance the effectiveness of RSPO's assurance program. The assurance system covers assessments (HCV, SEIA), verification (NPP), audits (CB) and oversight (ASI accreditation). The TF is assigned to identify all necessary steps to ensure robust assessment, verification and certification against RSPO standard and roles required from all parties, notably certifying bodies and lead auditors, assessors and growers.
- There will be three layers of structure. The first layer is the Task Force within the RSPO Secretariat and counterpart (Accreditation Body and HCVRN). The second layer is the Steering Group made of representatives from the RSPO BoG acting as an oversight committee, and the third layer is an Expert/Reference Panel comprises of experts in specific fields who will advise on specific issues. The Assurance TF is designed to address the complex and difficult challenges towards enhancing the RSPO assurance system.

#### 5. Indonesia Free Prior & Informed Consent (FPIC) Task Force

- The Indonesia FPIC Task Force (INA FPIC TF) was formed with the aim to develop and publish practical guidance(s) to all palm oil producers, and other stakeholders on how to implement the FPIC process within Indonesia and to ensure that the guide is in line with the country's law and regulations. The guidance will also help the relevant stakeholders understand and document conflicts between past and current FPIC guidelines, and accepted industry practices in Indonesia and to work on resolving them. This will ensure that Indonesia growers and millers can comply with P&C requirements and effectively operate and get certified.

#### 6. Indonesia HCV Task Force

- Indonesia National Interpretation (INA NI) is a part of the generic document of RSPO (Roundtable on Sustainable Palm Oil) Principles and Criteria for Sustainable Palm Oil Production 2013, which is used as guidance to implement and certify Sustainable Palm Oil Production in Indonesia. The national interpretation is prepared by the Indonesian National Interpretation Taskforce (INA NITF) and endorsed by the RSPO Board of Governors on 30 September 2016.
- Indonesia National Interpretation High Conservation Value Task Force (INA NI HCV Taskforce) established as agreed by Indonesia National Interpretation Task Force (INA NI TF), Standard & Certification Steering Committee (S&CSC) and RSPO Secretariat to develop guidance to ensure the requirements of HCV in RSPO P&C are implemented within the corridor of Indonesian laws and regulations.
- The document will provide clear guidance on how growers and millers can comply with the RSPO P&C requirements on avoiding clearance of primary forests and of areas needed to maintain or enhance HCVs (notably 5.2, 7.3) while complying with applicable national and international laws (2.1).

## Approach to Measuring Performance – KPI Framework

The ambition is for RSPO to bring positive impacts to People, Prosperity and Planet. This is well described in the endorsed Theory of Change (ToC). However, the measurements of these impacts will take a long time. In order to achieve the desired impacts, we measure our performance in delivering the 7 key strategies described in the ToC.

### 1. Innovation in Standards and Benchmarks

The principles (goals), necessary criteria, and practices that operationalise sustainability of palm oil production as documented in the RSPO P&C, were defined and developed through a multi-stakeholder approach. When applied, the P&C drive positive environmental, social, and economic outcomes. Interoperability with other systems is created through benchmarking.

- Simplified approach to certification SH adopted at GA
- Metrication of P&C
- Identification of tools for risk-based verification
- Operationalisation of a simplified approach to SH certification
- System in place to aggregate metricated data
- Pilot identified tools
- Risk-based verification method piloted
- % increase in SH certification
- Publishing data
- Institutionalise risk-based verification

### 2. Credible Certification, Verification and Grievance

Assurance that builds stakeholder confidence and trust that sustainability requirements are met

- Average days for the closure of complaints is reduced
- Timely implementation of Assurance TF workplan
- Identification of tools for risk-based verification
- Assurance TF meets objectives and retired
- Pilot identified tools
- Risk-based verification method piloted
- Institutionalise risk-based verification

### 3. Participatory Approach For Smallholders

More smallholders producing sustainably and benefiting from sustainable palm oil production and trade

- Increase in number of new SH groups certified
- Increase in hectareage/numbers of existing SH groups
- Increase actors and market support
- Household income increased

### 4. Jurisdictional Approaches

Catalysing a platform for collective impact

- Certification System draft ready for public consultation
- Certification System endorsed and adopted at GA
- Increased commitments from producers and buyer regions towards JC
- First Jurisdictional Certification

### 5. Demand Generation, Commitments, and Uptake

Furthering commitments and uptake

- % of CSPO uptake increase
- Scoping behavioural economics role in supply and demand generation
- Engagement with identified growers, buyers, and traders about gaps in supply and demand
- Implementation of recommendations from scoping study
- Target 2020 achieved

### 6. Matching Supply & Demand

Growing both the volume and diversity of the supply base and markets and matching them to shore up long-term security of supply for the market and market access for growers

- Increase CSPO production
- Increase in the number of certified facilities
- Increase number of grower memberships
- Scoping behavioural economics role in supply and demand generation
- Engagement with identified growers, buyers, and traders about gaps in supply and demand
- Mapping supply chains and leveraging PalmTrace and Annual Communications of Progress (ACOP) to identify gaps
- Supply and demand gaps reduced based on previous year's engagement
- Implementation of recommendations from scoping study

## 7. Engagement of the Supporting Sector

Creating an enabling environment through being a catalyst, advocate, and partner for policies and incentives, investment, regulation, and enforcement

- Increased commitments - FI, governments
- Increase the number of business platforms and multilateral organisations engaged with RSPO and promoting sustainable palm oil

## Approach to Managing Risk – Assurance Framework

The Board of Governors shall be responsible in monitoring and implementing the strategic risk of RSPO. The risks that the BoG shall be looking into is:

### 1) Financial

Risks that involves financial reporting, cash flows, loans, insurance, and asset management

### 2) Membership

Risks associating with RSPO's Membership system and members

### 3) Legal

Risks that involves potential legal action against the organisation from any individual or entity (governments, members, etc)

### 4) Reputation

Impacts of risks on the relevance and credibility of the organisation

Below is an example of the Risk Register on the approach of managing risk

Risk	Risk Type	Root Cause	Risk Indicator	Action Plans
Actual or perceived failure of assurance work relates to the poor performance of Certification Body	Reputation	<ol style="list-style-type: none"> <li>Underperforming auditors that create gaps in achieving the desired performance level for CB</li> <li>Relationship between CBs and companies remains an issue as stakeholders are questioning the impartiality and conflict of interest between CBs and their clients</li> </ol>	<ul style="list-style-type: none"> <li>Audit findings indicate inconsistencies from one audit report to another over a short period of time</li> <li>ASI has indicated non-compliance or suspension of the CB in question</li> </ul>	<ol style="list-style-type: none"> <li>To follow up on the quality and performance of Auditors and pursue suspensions or sanctions against underperforming or persistent offenders</li> <li>To provide capacity building to CB/Auditor by providing training for lead auditors and team members</li> </ol>