

Minutes for BOARD OF GOVERNORS MEETING BoG 03-14

Date: 5th & 6th June 2014

Start Time: 9am (05/06), 9 am (06/06)

Venue: Park Plaza County Hall Hotel (London)

Attendance

BoG Members and Alternates

Unilever Biswaranjan Sen (BW) - Chair
AAK – Tim Stephenson (TS)
AHOLD – Hugo Byrnes (HB)
BothEnds - Paul Wolvekamp (PW)
Conservation Intl – John Buchanan (JB)
DAABON – Felipe Guerrero (FG)
FELDA – Hussin****
FELDA – Norazam bin Abdul Hameed (NA)
Goodhope – Edi Suhardi* (ES)
HSBC – Ian Hay (IH)
HSBC – John Laidlow (JL)
IOI – Ben Vreeburg* (BV)
Marks & Spencer – Fiona Wheatley (FW)
Mondolez – Jonathan Horrell**** (JH)
MPOA – Khairudin Hashim (KH)
MPOA – Simon Siburat (SS)
NBPOL – Simon Lord* (SL)
Oxfam – Johan Verburg (JV)
Rabobank – Thomas Ursem (TU)
RPOG – Belinda Howell (BH)
Univanich – John Clendon**** (JC)
WWF – Adam Harrison (AH)
ZSL – Elizabeth Clarke (EC)

With Apologies

AAK – Martin Craven (MC)
Mondolez – Neil Iacroy (NL)
MR Chandran (MRC)
Musimas – Gan Lian Tong (GLT)
OLAM – Alexandra Booth (AB)
OXFAM – Kate Geary (KG)
Rabobank – Geraldine Lim (GL)
ZSL – Michal Zrust (MC)

RSPO Advisors

Prof. Bungaran Saragih (BS)

Secretariat Staff

Audrey Lee (AL)
Darrel Webber (DW)
Desi Kusumadewi (DK)
Eileen Ho (EH)
Joycelyn Anne Lee (JA)
Salahudin Yaacob (SY)

* Attended only on the 5th June 2014

** Half Way (12PM) on the 5th June 2014

*** Half Way (12PM) on the 6th June 2014

**** Attended only on the 6th June 2014

Item	Description	Focal Point
1.0	<p data-bbox="312 286 475 315">Introduction</p> <p data-bbox="244 360 1133 501"> 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 data-bbox="244 546 1133 651"> 1.2 RSPO BoG consensus based decision making. The BoG was reminded that they try to reach/make decision by consensus which is the absence of sustained opposition. </p> <p data-bbox="244 696 1133 1792"> 1.3 Approval of Minutes of previous meeting EB 05-13 JV corrects on Page 5, Agenda item 4.0 complaints , heading 2, bullet number 8, Currently says "box E" - sentence is weird. Suggests that "complaints panel decision will communicated in writing with a request for response" this was to make sure that the response was formally recorded. JV Page 6, "Darrel informs Bog That Greenpeace would like to have an internal meeting". JV mentions that "it was Grassroots was the one who requested for a meeting". JV corrects3 on Page 15, Agenda 14.3 "Salahudin presented Eddy from SGS" suggested "Salahudin invited Eddie Esselink, Chair of the Trade and Traceability WG, to present the SGS benchmark study. JV corrects on Page 18, Agenda item 18.2. About IPCC adopted figure for thresholds. He reminds that the BoG decided that the Emission Reduction Group would take up the matter of the IPCC numbers. Agenda Item 4.0. JL reminds that the BoG would NOT be looking to review the detail of recommendations made by the Complaints Panel. And that the BoG will only review at the processes. The CP must make decisions and not allow for decisions to be made by the BoG. Johan reminds that that box P asks the Bog to consider the facts of the case.[00:14:16] </p> <p data-bbox="312 1832 654 1899"> <u>Decisions</u> The minutes are endorsed. </p>	BW

	<p><u>Approval of minutes of previous meeting 01-14</u></p> <p>No comments.</p> <p>Decision: Meetings endorsed.</p> <p><u>Approval of minutes of previous meeting 02-14</u></p> <p>Misspelling of <i>Marks and Spencer</i> instead of Marks and Spencers.</p> <p>Decision: Meetings endorsed.</p>	
<p>2.0 2.1</p> <p>2.2</p>	<p>Finance and Administration Report from Treasurer</p> <p>Financial results for the first 9 months (up to 31 March) for RSPO:</p> <ul style="list-style-type: none"> • Surplus of MYR 8.6 Million. Income was MYR20 million. Operating cost myr 7.3 million and Projects cost of MYR 4 million. Operating cost lower than expected since satellite offices did not open. Project costs are lower due to unexpected delays in reaching consensus within Working Groups. An example of this is the compensation procedure. • Cash Balance is MYR 22 Million, of which MYR10 Million is for smallholder funds. And that the standing policy is to have 1 years surplus for operating funds. • Please see attachments for details <p>Budget for Approval</p> <p>Presentation of Budgets for the next financial year as this needs Board approval.</p> <p>Projected income MYR 30 Million. CSPO trade income forecast MYR 22 MILLION. Membership income MYR 8.5 million. Operating cost will be 13.6 Million. Project costs will be MYR14.8 million. Expected surplus of MYR 2.2 million.</p> <p>Decision: The proposed budget was endorsed. However the BoG made several further suggestions:</p>	<p>TS/EH</p>

	<ul style="list-style-type: none"> • There should be a matrix to show the impacts of spending that money. • The RSPO should allow and consider some flexibility in supporting smallholders who may have difficulty with surveillance audits. • A proposal should be made to the BoG in November to develop frameworks for general allocation of funds for operations budgets as a percentage of budgeted revenues 	
3.0	<p>RSPO at Risk: Why Do We Need To Do Something Different</p> <p>BW briefed on this agenda. Key points mentioned:</p> <ol style="list-style-type: none"> 1. It's acknowledged that the RSPO has achieved tremendous success and possibly the most successful of all RT's 2. There are many saying that say that the RSPO does not bring any positive impacts instead it brings negative impacts. 3. The world needs RSPO as it would anarchic otherwise. <p>Given the above, BW raises the question as to whether the RSPO continues with Business as usual in the face of the big issues tracking the industry currently.</p> <p>The big issues, today, are:</p> <ol style="list-style-type: none"> 1. Deforestation 2. Peatland Protection 3. Ensuring that there is a positive socio-economic impact in the face of palm oil development <p>BW suggests that we need to look in these themes to tackle the issues at hand:</p> <ol style="list-style-type: none"> 1. Address the issue where many stakeholders are saying that the RSPO standards are "not good enough". For example there may be a need to have a graduated standard. 2. Address the matter of Governance. How can we hold our members to the commitments they have made to abide by the rules/policies and guidelines of the RSPO. 3. Creating a consumer facing brand for the RSPO. <p>Responses from BoG members:</p> <ul style="list-style-type: none"> • ES reminds the BoG that the RSPO standards were developed through consultative means of all stakeholders. The BoG will need to manage the perception that the consultative process of developing standards will be abandoned due to demands from non-members. The RSPO has already had a huge impact to 	BW

	<p>the Indonesian industry. He mentions that prior to 2010 (coincides with the RSPOs New Planting Procedure) the expansion in Indonesia was around 350,000- ha per year. it is now reduced by 60% post-2010.</p> <ul style="list-style-type: none"> • AH reminds that many companies have already made extra commitments that seemingly go beyond the RSPO standards. In fact, many of the "extra's" committed by these companies are already expressed within the Guidance of the RSPO P&C. RSPO needs to allow space for those who want to go beyond the RSPO standards. • JH mentions RSPO needs to move from proactive to reactive to identify environmental/social hotspots. • TU,JC,TS,HB, JL, BV, SS mentions that it is crucial to bring as many of these initiatives within or at the minimum supportive of the RSPO • TS mentions that consumer advocacy approach is probably not necessary since most consumers in Europe do not know about Palm Oil let alone Certified Sustainable Palm Oil • SL recommends that the standards not be changed at the moment. But something must be done. We should allocate the space, the resources to deal with the issue of perception of our standards. • BH mentions that it is the preference of retailers to not have multiple standards. However, the reality is that these are now coming into existence. BH & FW also mentions that the RSPO should not be a consumer facing brand but rather Business to Business Brand. • PW and LC suggests that we face implementation gap when it comes to the RSPO policies. He suggests that the supply chain should also consider to a discussion on how to pass on the costs of Sustainable Palm Oil along the chain. • JV - adds that we really need to look at the new frontiers of palm oil and look for the environmental/social hotspots. Also adds on that knowing the origins of palm oil production needs to be addressed. • LC - Needs to be more science to back up that "sustainable" really means sustainable. There needs to be a clear demonstration of impacts of RSPO certification. • FG - There is a need for more outreach for Latin American Governments as one • BW - mentions that consumers need to be aware of the RSPO brand much more. So that there can be a real pull at the need at the end of the supply chain. • JL - Brands need to contribute further in demanding of facilitating CSPO trade. HSBC for example, is making 	
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- available innovative financing for the trade of CSPO
- BV mentions that the RSPO platform does have something offer all the current initiatives and more in the future.
 - BW reminds that we should not adopt a "crisis mentality". We should focus on continual improvements.
 - SS suggests that all the initiatives outside should continue in particular to address non-RSPO members.
 - KH - RSPO is already a gold standard. When in the past we did not, we must engage government now. There needs to be a clearer, more scientific manner in investigating/exploring the many initiatives that is perceived to go beyond RSPO.
 - Norazam bin Abdul Hameed (NA). We must recognise that RSPO is a gold standard. We must also recognise that we want to make CSPO the norm.

BW suggests that the BoG have a discussion around the following themes.

1. Standards theme will be led by AH
2. Governance of RSPO members. Will be led by JV
3. The RSPO Brand. Will be led by FW
4. RSPO Ways of Working. Will be led by JB

After some period of deliberations the following decisions were reached by the individual groups.

Decisions from the thematic groups:

Report from the Standards discussion group by AH

The group suggested that they should not change the standard. The group suggests that there should be mechanisms which allow members to verify that they are producing CSPO in a way that is best performed.

With the above in mind the discussion group suggests the following:

1. Convening all the various initiatives to call them out to say that they support building upon the RSPO.
2. Develop a system which allows members to verify that they are building on the RSPO and that they are going further. This will allow them to communicate to their stakeholders
3. To have a look at what can be improved in the operationalizing of the P&C such as the quality of audits and helping CBs to improve that; thinking about time bound plans and the code of conduct and the pressure we put on members to improve and demonstrate how they

can improve. More guidance on HCV, HCS and FPIC.
Clarifying what is deforestation.

Please go to Annex to view complete documentation of the discussions and the conclusions.

Report from the RSPO Governance discussion group by JV

The scope of discussion achieving the mission and enforcing the rules towards delivering the mission and reaching the impacts. Suggested:

- RSPO enforcement on its members:
 - The complaints mechanism; the ACOP, the mechanisms of 3rd party audits and Accreditation of CBs are existing mechanisms. In addition the RSPO needs to look at dormant members and how we can manage risks having them on the RSPO.
 - App to provide transparency on how we enforce our rules. e.g. show who we suspend and terminate; show acop implications
 - Suggested an APP RSPO could help generate screening guidelines for Investors.
 - Need to diversify HCS for different developments in different hotspots esp.
 - Our biggest strength is our assurance systems rather than the standard itself.

- Enforcement from members upon their supply base or client base
 - Showing that we have a strong assurance system.

Report from the RSPO Brand Discussion Group by FW

The group agrees that it is fundamental in building the brand of RSPO is building trust in the RSPO as an organisation. It relies on the credibility of the RSPO systems and standards. And this was covered in the group discussions.

The group suggests that there is no priority to develop a consumer facing brand in Europe.

The group suggests that the following issues need to be addressed:

- There needs to be an engagement plan with opinion leaders/formers
- There needs to engage governments from Producer and Buyer countries

	<ul style="list-style-type: none"> • Develop a success management programme. • Suggested that it is probably useful to have a way to co-report. • There needs to some bench-marking between initiatives. <p><u>Report from the RSPO Ways of Working Discussion Group by PW</u></p> <p>The discussion of this group revolved around the following:</p> <ul style="list-style-type: none"> • Identify, Measure, prioritize and to review to make sure that the RSPO on track • We must ensure division of power between the "legislative and judiciary" elements of the RSPO process. • What are the trends, what are the issues, what are the scenarios we need to have ready by hand, anticipating risks, are we capable to reach our targets? • HSBC volunteers to help the board and the secretariat to develop some metrics in measuring performance. • How can we help raise the profile of the RSPO? <p>Resulting from the reporting back from the discussion the following decisions were made:</p> <ul style="list-style-type: none"> • Teams will list the three big things that need changing and timelines attached. • TS mentions that we need to not encroach into the Executive role. • 20th June 2014. The summaries will be distributed to all in The BoG • There should be a short call by end June 2014 to prioritise. 	
4.0	<p>Proposal for new working group – New Generation Plantation</p> <p>There was general support for this initiative. But there were some concerns expressed, namely:</p> <ol style="list-style-type: none"> 1. Will there be enough capacity amongst the actors to participate in yet another initiative 2. There’s concern of whether it should be more inclusive instead of being completely led by growers. 3. Detractors of RSPO into the discussion of this group. <p>Decision: The name of the group would be Innovations Lab instead of Next Generation Plantations. Simon Lord and Simon Siburat will be the interim leads for this initiative. And the Supply Chain Innovations Lab will be led by Ben Vreeburg. A framework will be developed by 15th of July.</p>	<p>DW</p> <p>SL/SS /BV</p>

<p>5.0 5.1</p>	<p>Standard and Certification Standing Committee Updates</p>	<p>FYI</p>
<p></p>	<p>2.6 Million Certified areas of which 1.978 Million Ha are productive areas.</p>	<p></p>
<p>5.2</p>	<p>Accreditation</p>	<p></p>
<p></p>	<p>Fully accreditation by 31st December 2013. Extension to June 2014 with conditions. As of 3rd June 2014. 12 CBs fully accredited by ASI. 7 doing SCC and 5 P&C (including SCC).</p> <p>A further 3 is being considered for full accreditation.</p> <p>This represents issues as CBs who represent 52% of all certification have yet to be accredited.</p> <p>Decision:</p> <ol style="list-style-type: none"> 1. Yet to be accredited CBs will be given a further 3 months extension. SG will write letters to the CEOs of these CBs asking for an explanation and a time bound plan prior to receiving an extension. The BoG requested for Secretary General to send letter to accredited CBs requesting them to increase capacity. 2. There needs to be a longer term plan to predict capacity requirements in regions, globally, for auditors. This requirements needs to be conveyed to accredited CBs 	<p></p>
<p>5.3</p>	<p>Revision of NPP documents to incorporate new criteria 7.3.2 and 7.8 of the RSPO P&C 2013</p> <p>These new requirements are:</p> <ol style="list-style-type: none"> 1. The inclusion of land use change analysis in HCV assessments (C7.3.2) 2. conduct carbon stock assessment and develop a management plan to reduce GHG emissions (C7.8) <p>The proposal, as promoted by SY, is to endorse new cut-off date, for the New Plantings Procedure, for compliance to C7.3.2 and C7.8 of the RSPO P&C's. The proposed cut-off date is 1st August 2014.</p> <p>Decision:</p> <p>Request for cut-off date of 1st August 2014 for NPP submission to address GHG emission and LUC analysis is approved. This will apply for all non-scheme smallholders. It is also suggested that an e-learning tool (with subtitles for other languages) to help producers be made available to be disseminated for producers.</p>	<p>SY</p>

	(See Annex)	
6.3	<p>Imperative for funding studies for impacts – Sensor</p> <p>AUDREY cautions that the project is required. It has been 18 months and we risk the scientific team being disbanded and further causing the project to be abandoned.</p> <p>John Laidlow - Asks if there were Milestones given for these 5 year project. AL confirms that there were milestones for this project. And that AL will be distributing those posts on the next BoG meeting.</p> <p>Decision:</p> <ol style="list-style-type: none"> 1. BoG does not agree to fund SENSOR directly, BoG also invited SENSOR to give a briefing later to further understand the project. 2. BoG agrees to get fundraiser. 	AL
Continued discussion on the 11th November 2013 agenda		
7.0	<p>RT12 Progress Update</p> <p>DW briefed everyone on the RT12 that the RT will be on 18th of November 2014. The keynote speaker is world renowned David Suzuki. The delivery method of the RT will be a blend of world cafe and plenary sessions. The theme for RT12 is “Sustainability: What’s Next?”</p> <p>DW also mentions that an online voting systems provider has been identified and will be contracted to manage the online voting systems for this GA.</p>	
8.0	<p>Staff Matters</p> <p>BW mentions that there is a perception that the secretariat needs to have a Smallholder Director and or Compliance Director. The former was required mainly because there are funds that has to be spent but it was not spent. And the latter was required as there was a potential, that with so many new developments, that different aspects of these developments may be in contradiction to the certification systems that are already in place.</p> <p>DW explained that the issue of funds not spent on smallholders was due to the lack of outreach to market the smallholder funds. This has already been identified as a key weakness and a budget has been set aside for outreach and marketing of the smallholder fund.</p> <p>Decision:</p> <p>Agreed to have a Director or person in charge to ensure that there will be better alignments between new developments and maintenance.</p>	BW

9.0	Next BoG Meeting A physical meeting should be scheduled before the next RT. Decision: DW will suggest dates.	
	END OF BoG MEETING DAY 2 06/06/2014	