

RESOLUTION 6h

Proposed Resolution to be adopted
At the 8th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)
8th March 2012

TITLE:

ENHANCING THE INSTITUTIONAL GOVERNANCE OF RSPO

SUBMITTED BY:

The Malaysian Palm Oil Association (MPOA)

Reason for This Resolution:

1. There is ambiguity in the roles and responsibilities of the Executive Board and the Secretary-General relative to each other and the management of the RSPO within the current RSPO By-Laws¹ and Statutes².
2. This makes it difficult to determine accountability for actions, supervision and checks and balances on behalf of and to the membership.
3. It is necessary that this ambiguity be removed. Clarity on who is responsible for what and how they play their complimentary parts will make for smoother and more accountable management of RSPO.

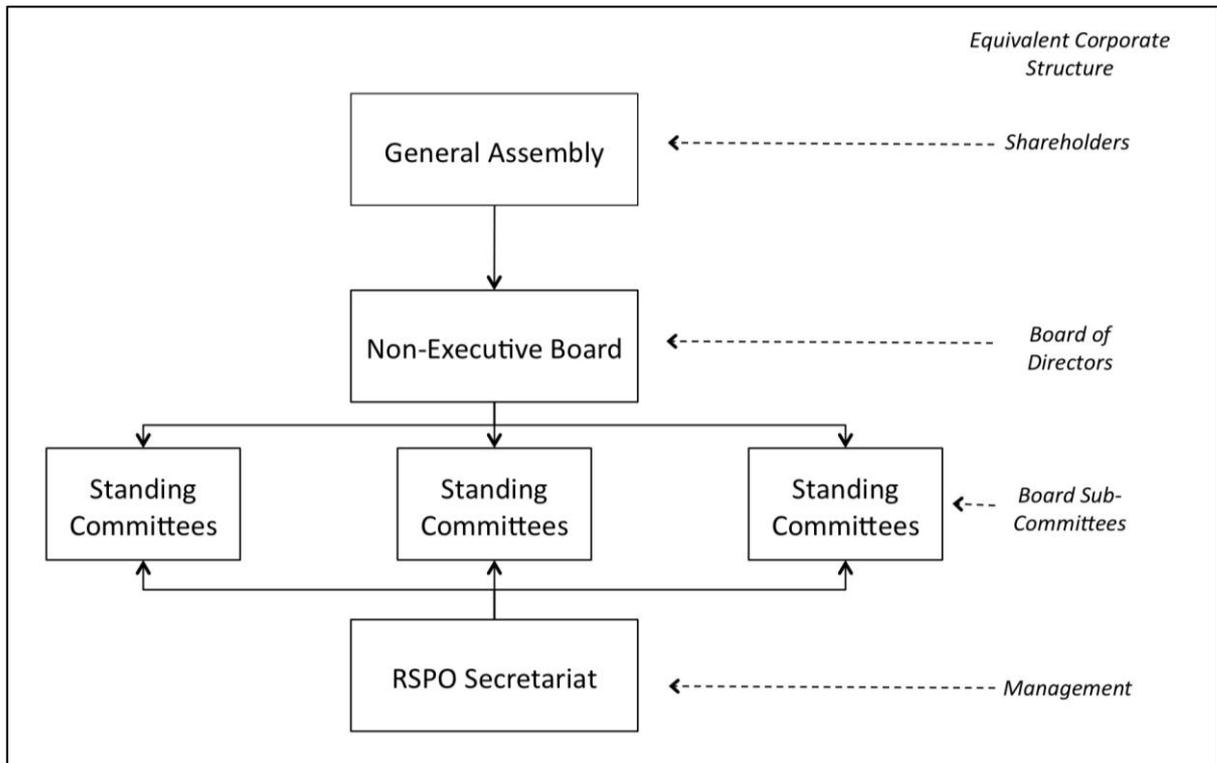
MPOA proposes that the 8th General Assembly of the RSPO, on 8th March 2012 resolves:

- **To amend the By-Laws and Statutes as required to remove any and all ambiguity in the institutional governance and management of RSPO by clearly prescribing the roles and responsibilities of all governing and managing bodies in the RSPO.**
- **To separate executive and non-executive functions in accordance with best institutional governance and practice.**

¹ RSPO By-Laws, 'Chapter V1 – Administration' states: Article 6.1.2 Powers (of the Executive Board) "The general management of RSPO shall be the responsibility of RSPO Executive Board."

² RSPO Statutes state: Article 13 – Staff "...The Secretary General is in charge of the operational management of RSPO."

- To, in effect, adopt a governance structure that is, or is equivalent to, the relationships illustrated in the following diagram:



The relationships illustrated are:

- The **General Assembly** is the highest decision-making body. The Ordinary Members of RSPO are equivalent to Shareholders in a public-listed corporation.
- The Executive Board becomes a **Non-Executive Board**. It is equivalent to the Board of a public-listed corporation. The Board members that are elected to represent their constituencies are equivalent to Non-Executive Independent Directors. They are accountable to the General Assembly for the stewardship of RSPO and act as a check-and-balance to the management of RSPO.
- The **Standing Committees** are chaired by members of the Board to have oversight on the operations of RSPO and provide guidance to the management of RSPO in specific function areas.
- The **Secretary-General (SG)** is equivalent to the CEO of a company. The SG manages the Secretariat and is fully responsible for all executive and operational matters of RSPO. The SG is accountable to the Board.

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