

17TH GENERAL ASSEMBLY (GA17) of RSPO MEMBERS

25 NOVEMBER 2020 | 8:00 PM (GMT+8)



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CO-CHAIRS' LETTER



Dato' Carl Bek-Nielsen
Co-Chairperson



Anne Rosenbarger
Co-Chairperson

DEAR FELLOW MEMBERS,

The unprecedented challenges posed by the COVID-19 pandemic and its dire consequences, of which we are acutely aware, has necessitated a significant rethink around how organisations like the RSPO operate. Inevitably, this has also had an impact on our ability to run this year's 17th Annual General Assembly (GA17), in the manner in which our members and stakeholders are accustomed.

As we publish the notice of our GA17 today, these challenges seem to be growing in their significance and potential impact. We have made the decision to postpone and reformat the Annual Roundtable Conference (RT), and as of the publication of this notice, many parts of Malaysia are under a Conditional Movement Control Order, while cases of COVID-19 are rising across the globe - again. Against this backdrop, we will be holding GA17 virtually this year on 25 November, at 8PM (GMT+8).

RSPO Members were invited to submit nominations for the elections of RSPO Board of Governors (BoG) and now voting will be carried out entirely electronically (e-voting). Your vote is important to us. I encourage you all to read the information contained in this document and please do cast your e-vote.

At the GA17, we intend to update our members and stakeholders on our performance and the progress we have made in the delivery of our strategy. The event itself will feature live reports from the RSPO Chief Executive Officer-Designate, your Co-Chairs, the Treasurer, and we will announce the results of the composition of the BoG as elected via the e-voting platform. We invite our members to join the

GA17 virtually on 25 November to participate in the process.

In view of this year's exceptional circumstances, the BoG has also issued a one-off, special appeal to members for a voluntary postponement of the submission of Resolutions in 2020, while the Secretariat directs its efforts and resources to supporting members through these difficult times. This unusual appeal is made with our full commitment that the 2021 Resolution window will open as soon as possible to accommodate any urgent concerns.

We wish to stress our commitment to upholding the highest standards of inclusivity and transparency, and we look forward to engaging with you through a series of special digital events between now and the end of the year.

Despite the unique circumstances, this past year has been a significant one for the RSPO. After eight years with us, first as Secretary General then Chief Executive Officer, Datuk Darrel Webber announced his departure, and we are grateful to Darrel for all his contributions. We are also sincerely grateful to Bakhtiar Talhah, who stepped up as Interim CEO and managed the transition period with great efficiency.

In the second half of 2020, we were delighted to welcome Beverley Postma as the new Chief Executive Officer- Designate of RSPO. With these first few months of working closely with Beverley, we are impressed and extremely confident in her ability to help RSPO reach new heights and create a greater impact for our global membership across the sustainable palm oil value chain.

Furthermore, in what we hope will be the first of many more to come, in October 2020, we welcomed 30 smallholders from KUD Mitra Bersama, in South Sumatra, Indonesia as the first in the world to be certified against the RSPO Independent Smallholder Standard. A tremendous achievement amidst a global pandemic. We are also pleased to share the success of the Smallholder Trainer Academy, which has managed to train an impressive 1,820 trainers and smallholders in less than one year. It's efforts like this, along with the Board's adoption of the Shared Responsibility requirements

last year that reinforce and build on the commitments of our membership, by pulling us together on this collaborative mission of achieving market transformation.

We understand that our staff, members, and stakeholders are continuously adjusting to the social and economic realities of the COVID-19 pandemic. The RSPO family has shown tremendous resilience in the face of this challenge, which is testament to the pioneering spirit of the organisation and its passion for innovation and technology. We are confident that together,

we shall ride out this storm and emerge stronger and wiser, and continue to work together to make sustainable palm oil the norm.

Till then, we hope that you and your families, friends, and colleagues stay safe and healthy, and we would like to take this opportunity to thank you all for your continued support of RSPO.

Dato' Carl Bek-Nielsen
Co-Chairperson

Anne Rosenbarger
Co-Chairperson

CEO-DESIGNATE'S LETTER



Beverley Postma
Chief Executive Officer- Designate
Roundtable on Sustainable Palm Oil

DEAR VALUED MEMBERS,

As I complete my first one hundred days as the CEO-Designate of the RSPO, I continue to be inspired and humbled by the resilience of my colleagues and our members and stakeholders around the world.

Like many of you, the realities of working remotely, and not being able to get into the field, or even into the office in Malaysia, have been frustrating. As I continue to join video calls with colleagues and members, I am inspired by the passion for our mission and the collective determination to transform markets to make sustainable palm oil the norm. As we seek ways to support our members during these difficult times, the RSPO Secretariat has deepened its resolve to bring the message of sustainability into businesses and homes, wherever palm oil is grown or consumed.

Our Secretariat staff and Committees have worked

diligently to design and implement a plan to ensure continuity of our certification standards during the pandemic, and create a system of audits that are fit for this "new normal." It is an honour to work with our talented team and our active membership base, who are deeply committed to protecting and enhancing the three key pillars of sustainability- people, planet, prosperity- during this period and beyond.

I am acutely conscious that this pandemic has exacted a painful toll on the lives of many of our members, their businesses, families, and their communities. Whether it has been our grower members hit by labour shortages; our zoo members challenged by lockdowns and capacity restrictions, or our downstream members dealing with supply chain disruptions and budget cuts, we know this continues to be a challenging time for all.

We have done our best to ensure business continuity and at all times to prioritise the protection of our standards. In light of tightened movement restrictions, we agreed to cancel the multi-day format of this year's Annual Roundtable Conference on Sustainable Palm Oil (RT2020), originally scheduled from 9 to 11 November 2020. We have re-formatted this event in consultation with members to deliver the same high-value content in a more accessible way.

We remain committed to providing an impactful platform for industry leaders and key stakeholders across all sectors to come together to discuss the current market, challenges, and opportunities for sustainable palm oil. To this end, RSPO will be hosting a series of webinars and other innovative dialogue sessions in the coming weeks and months to replace our 3-day event.

Please be sure to visit www.rspo.org where we will provide regular updates on this new format.

This past year has not been an easy one. But there is much to be celebrated, and while we still have more to do, this virtual General Assembly is a valuable opportunity to share and reflect on these achievements and milestones.

As I take up my role, I am committed to achieving even greater cohesion throughout the sustainable palm oil supply chain by listening to the views of all RSPO stakeholders- both within and beyond our membership base. The recent commissioning of a review of the Assurance Task Force and the formation of a special Assurance Standing Committee (a subgroup of the Board of Governors) are important steps in this journey.

I firmly believe this will propel us further towards our goal of making sustainable palm oil the norm.

As with all transitions, this process will not be without its challenges. The global pandemic has dramatically changed the way we live and work, and our staff and members around the world are all striving to adapt to the new normal. In the face of adversity, I'm pleased to see that the RSPO family has shown tremendous resilience. You can rest assured that we are in this together- and we will get through this, together!

I am looking forward to hearing your thoughts on how we can continue to build our legacy together.

Sincerely,

Beverley Postma

Chief Executive Officer - Designate
Roundtable on Sustainable Palm Oil

NOTICE OF GA17 OF RSPO MEMBERS

Notice is hereby given that due to the exceptional circumstances caused by the global COVID-19 pandemic, the 17th General Assembly (GA17) of Roundtable on Sustainable Palm Oil (RSPO) members will be held virtually on Wednesday, 25 November 2020, at 8:00 PM (GMT+8) for the purposes below.

TO RECEIVE AND ADOPT THE TREASURER'S REPORT AND THE RSPO'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1

- Treasurer's Report (see page 7)
- Financial Accounts:
[RSPO Financial Statements 30 June 2020](#)

TO VOTE FOR THE FOLLOWING RESOLUTIONS

2

- Resolution GA17-2a:
To accept the resignation of PricewaterhouseCoopers and to approve the appointment of Ernst & Young as the new auditors of RSPO.

[Download Resolution GA17-2a](#)

- Resolution GA17-2b:

Resolution to amend the RSPO Statutes to formalise the new voting format, virtual General Assembly and other general amendments.

[Download Resolution GA17-2b](#)

TO ELECT THE BOARD OF GOVERNORS (BOG) FOR THE FOLLOWING SEATS

3

(A) Oil Palm Growers:

- Rest of the World

Agrocaribe, represented by the principal Jose Roberto Montenegro Baide and the alternates Sander van den Ende (SIPEF Group), Audrey Lee Mei Fong (Olam International Limited) and John Clendon (Univanich Palm Oil Public Company Limited), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – OPROW \(Agrocaribe\)](#)

- Smallholders

FELDA, represented by the principal Amir Hamdan Bin Yusof and the alternate Razuwan Bin Che Rose (FELDA), the two-year term of which is expiring is not available for re-election.

No election will be held for this seat as there were no nominations received.

(B) Processors and/or Traders:

AAK AB, represented by the principal Tim Stephenson and the alternate Caroline Westerik-Sikking (AAK AB), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – PNT \(AAK\)](#)

(C) Consumer Goods Manufacturers:

The Procter & Gamble Company, represented by the principal Kuan-Chun Lee and the interim alternate Olivier Charrier (Ferrero Trading Lux S.A.), the two-year term of which is expiring is available for re-election.

[Download GA17 Nomination – CGM \(P&G\)](#)

One other nomination was received from FMF Foods Limited, represented by the principal Daventi Naidu and the alternate Priya Puja Prasad (FMF Foods Limited).

[Download GA17 Nomination – CGM \(FMF\)](#)

(D) Retailers:

Retailers' Palm Oil Group, represented by the principal Julian Walker-Palin and the alternate Hugo Byrnes (Royal Ahold Delhaize NV), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – RETAILERS \(RPOG\)](#)

(E) Banks and Investors:

Coöperatieve Rabobank U.A., represented by the principal Geraldine Lim and the alternate Martin van Vaals (Coöperatieve Rabobank U.A.), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – BNI \(Rabobank\)](#)

(F) Environmental NGOs:

WWF International, represented by the principal Michael Guindon and the alternate Harjinder Kler (HUTAN Kinabatangan Orangutan Conservation Programme), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – ENGO \(WWF\)](#)

The interim alternate Eleanor Spencer (Zoological Society of London (ZSL)) to the incumbent principal member Anne Rosenbarger (World Resources Institute) is

up for approval by the General Assembly.

[Download GA17 Nomination – ENGO \(ZSL\)](#)

(G) Social NGOs:

Both ENDS, represented by the principal Paul Wolvekamp and the alternate Nursanna Marpaung (Federasi Serikat Buruh Kehutanan, Perkebunan dan Pertanian Serikat Buruh Sejahtera Indonesia (Hukatan)), the two-year term of which is expiring is available for re-election. There were no other nominations received.

[Download GA17 Nomination – SNGO \(Both ENDS\)](#)

All BoG seats must be voted on, including seats that have a single nomination. Only members in the relevant sectors or sub-sectors are eligible to vote in the BoG elections.



Dato' Carl Bek-Nielsen

Co-Chair, Roundtable on Sustainable Palm Oil
2 November 2020

GA17 AGENDA

- 01 Members' roll call

 - 02 Opening address by the Chairperson

 - 03 Address and annual report by CEO-Designate, Beverley Postma

 - 04 Confirmation of minutes for the 16th General Assembly (GA16) held on 6 November 2019
 - Minutes: [GA16 Draft Minutes](#)
 - Attendance List: [GA16 Attendance List](#)

 - 05 Presentation of the Treasurer's Report and RSPO's financial statements for the year ended 30 June 2020 by the Treasurer, Tim Stephenson

 - 06 Announcement for the electronic voting (e-voting) results for proposed resolutions and BoG elections

 - 07 Any other business
-

IMPORTANT INFORMATION

KEY DATES:

Activity	Date
GA17 online registration starts	2 November 2020, 8:00 PM (GMT+8)
GA17 online registration ends	19 November 2020, 12:00 PM (GMT+8)
E-voting starts	4 November 2020, 12:00 AM (GMT+8)
E-voting closes	23 November 2020, 8:00 PM (GMT+8)
GA17 convenes	25 November 2020, 8:00 PM (GMT+8)

E-VOTING

GA17 registration will open on 2 November 2020 at 8:00 PM (GMT+8) via www.ga.rspo.org/garegistration. Upon receiving your submission, we will verify your registration details before sending a confirmation email with your login ID and PIN code to access the e-voting platform.

Please note: You must register to vote before 19 November 2020, 12:00 PM (GMT+8) and cast your votes before 23 November 2020, 8:00 PM (GMT+8).

TREASURER'S REPORT 2020

The RSPO Treasurer's annual report is intended to summarise and comment on the financial position of the RSPO and related matters. It should be read together with the audited accounts for the year ending 30 June 2020. As well as a commentary on audited historic information, a summary of the RSPO budget for the year ending 30 June 2021 is included below to provide members with information about the planned future direction of the RSPO, and as a basis for approval of the audited accounts and budget at the General Assembly.

The audited accounts and budget are presented in a consolidated format, combining the reporting of the RSPO, registered in Switzerland, its subsidiary RSPO Secretariat Sdn. Bhd., registered in Malaysia, and the RSPO representative or branch offices in Indonesia, the UK, China, Colombia, Netherlands and the USA. This format is appropriate to provide

a complete view of the financial affairs of the organisation as it continues to grow and is consistent with previous years. Separate audited accounts for RSPO Secretariat Sdn. Bhd. are available on request but will not be distributed with the consolidated accounts as it is expected that most members will be satisfied with group accounts only.

The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") accounting framework that fully comply with International Financial Reporting Standards ("IFRS"). It should be noted that the auditors, PricewaterhouseCoopers, state in their report that in their opinion, the financial statements give a true and fair view of the financial position and financial performance of the RSPO for the year ending 30 June 2020.

ORGANISATIONAL STRUCTURE

The RSPO is a members' organisation. The financial affairs of the RSPO are the responsibility of the Board of Governors, which has established a Finance Standing Committee comprising the Treasurer, who chairs the Committee, the Chief Executive Officer ("CEO"), the Finance Director, and up to three other Board members. Day to day tasks are delegated to the CEO and the Finance Director.

Other than the Treasurer, currently the Board members of the Finance Standing Committee are

Geraldine Lim of Rabobank and Samantha Bramley of Standard Chartered Bank. The Committee meets at least quarterly to discuss and address financial, compliance and administrative matters.

RSPO Secretariat Sdn. Bhd. is a service company incorporated in Malaysia and based in Kuala Lumpur, which provides the RSPO with a legal entity in Malaysia. It is the employer of all Secretariat staff based in Malaysia and the branch offices.

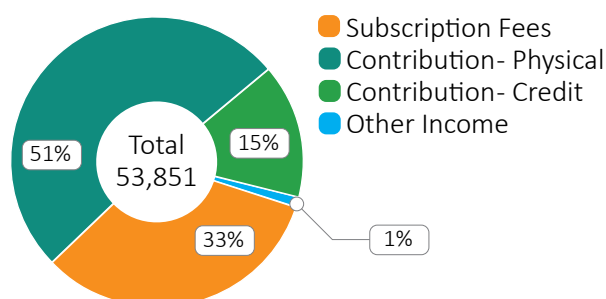
FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

	Audited 30 Jun 2020 RM '000	Audited 30 Jun 2019 RM '000
INCOME	53,851	47,497
EXPENDITURE		
Operating expenditure	(24,627)	(22,535)
Project costs	(16,956)	(17,630)
	<u>(41,583)</u>	<u>(40,165)</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION	12,268	7,332
Taxation	(714)	(358)
SURPLUS FOR THE YEAR	<u>11,554</u>	<u>6,974</u>

The RSPO ended the financial year with a surplus before tax of RM12.3 million (2019: RM7.0 million). The surplus is primarily the result of increase in income by RM6.3 million to RM53.9 million (2019: RM47.5 million) and project costs falling well below budget totalling RM17.0 million.

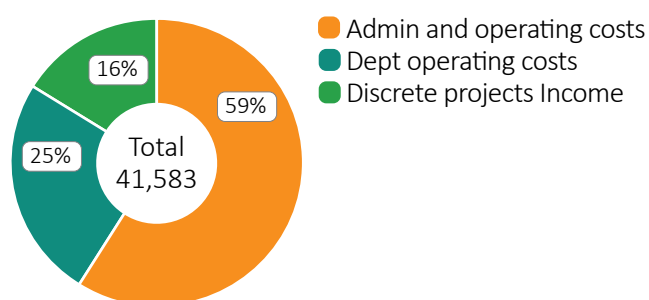
Membership has increased to 4,831 (2019: 4,389) including 1,902 (2019: 1,781) Ordinary Members. Contributions from CSPO trade have increased to RM35.4 million for the year, mainly from physical trades amounting to RM27.4 million, which saw a significant increase by 24% compared to the previous year.

INCOME FY2020 (RM'000)



Operating costs for the year totalled RM24.6 million (2019: RM22.5 million). The major expenditure comprised staff costs and consultancy fees of RM17.5 million (2019: RM16.6 million) and professional fees of RM1.2 million (2019: RM1.1 million). The increase in staff costs was due to planned increase in the Secretariat headcount.

EXPENDITURE FY2020 (RM'000)

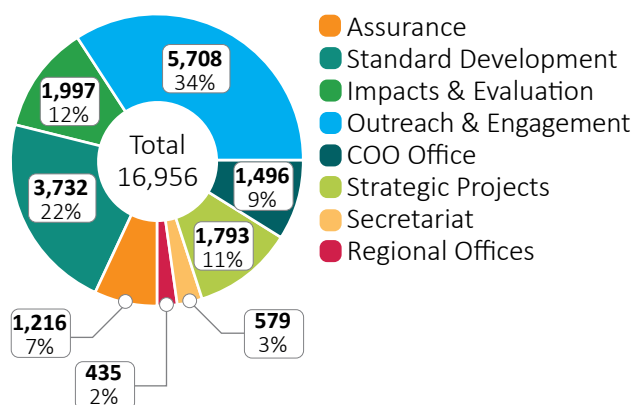


A small deficit was recorded on the RT meeting in Bangkok in November 2019 of RM3,000 compared with a surplus of RM171,000 the previous year in Kota Kinabalu. Costs for debts written off and doubtful debt provision of RM469,000 were incurred during the year compared with RM125,000 in the previous year.

Other expenditure of RM2.3 million (2019: RM2.0 million) comprises office administration expenses (upkeep, maintenance, telecommunication, insurances etc.) of RM648,000, IT and computer expenses of RM800,000, bank charges and indirect taxes RM448,000 and net expenses relating to the Smallholder Trainer Academy of RM129,000.

Project costs include both third party costs incurred in the running of the various departments of the RSPO and discrete projects. Together they amounted to RM17.0 million (2019: RM17.6 million). Project costs relate to a variety of areas, including standard development, certification, supply chain, outreach and engagement, impacts and evaluation, and strategic projects.

PROJECT COSTS (RM'000)



Expenditure on projects was well below that budgeted in assurance, outreach and engagement, standard development, strategic projects and regional office expenditure. Budgeted project costs for the year amounted to RM27.2 million.

Reasons for the underspend in project costs include projects being delayed or deferred due to resource issues, postponement or cancellation of events and activities due to restrictions of movement because of the COVID-19 situation, delays in formal engagement or contracting, and work pending various internal or third party decisions.

Based on professional advice from PricewaterhouseCoopers, taxation provisions are predicated on RSPO being taxable in Malaysia on income not deriving from Ordinary Members. As most income derives from Ordinary Members, the tax charge remains relatively low, with a significant proportion arising from RSPO Secretariat Sdn. Bhd.

FINANCIAL POSITION

RSPO net assets amounted to RM44.6 million at 30 June 2020 (2019: RM38.2 million), comprising the Members' Fund of RM23.0 million (2019: RM16.5 million); the Smallholders' Fund of RM7.7 million (2019: RM8.6 million); the Special Projects Fund of RM9.7 million (2019: RM9.3 million) and the Currency Translation Reserve of RM4.1 million (2019: RM3.9 million). The RSPO balance sheet remains strong and there are sufficient cash reserves to meet ongoing requirements.

Effective from 1 July 2019, we have adopted the new Malaysian Financial Reporting Standard 16 on leases, which saw leases with lease terms of more than 12 months involving rental of office premises for the Kuala Lumpur, Jakarta and the Netherlands office being recognised as "right-of-use" assets amounting to RM2.1 million to be depreciated over the term of the leases (See Note 9). The corresponding lease payables are then recognised as lease liabilities (See Note 16) which totalled RM2.2 million. Rentals relating to leases with lease terms of less than 12 months not included under MFRS 16 are reported in the statement of income and expenditure as short-term leases.

Principal assets at 30 June 2020 included cash balances and fixed deposits of RM47.9 million (2019: RM48.0 million); receivables relating to supply chain contributions derived from trade in sustainable palm oil of RM6.1 million (2019: RM1.9 million); and unpaid membership subscriptions (before bad debt provisions) of RM3.0 million (2019: RM2.4 million).

Supply chain fees receivable relate to two month's contributions due prior to the year-end and have been paid in full subsequent to the year-end. Deferred income from subscriptions relating to the period after 30 June 2020 amounted to RM8.7 million (2019: RM7.9 million).

The Currency Translation Reserve arises from translations of assets, principally cash, and liabilities denominated in foreign currencies valued in US dollars, being the functional currency, at the year end to Ringgit, the reporting currency. The net currency translation difference of RM235,000 at the year-end represents an unrealised gain.

SMALLHOLDERS' FUND (NOTE 19)

The Smallholders' Fund provides support for smallholder certification and other smallholder related activities. Total disbursements for the year amounted to RM1.9 million (2019: 3.1 million) and the fund balance was RM7.9 million at the year-end following the transfer of RM1.0 million from the Members' Fund to maintain an appropriate balance in this fund. There are sufficient funds to meet the total commitments of projects contracted amounting to RM5.7 million including certification projects and the development of the Smallholder Academy.

SPECIAL PROJECTS FUND (NOTE 20)

A total of RM3.6 million was disbursed from the fund in the year, mainly relating to the SEnSOR impacts project and outreach to intermediary organisations projects. The fund balance at the year-end amounted to RM9.7 million and commitments amount to RM1.4 million. An additional RM4.0 million was transferred from the Members' Fund at the end of the year, to maintain an appropriate balance mindful of future commitments. Approved costs to be incurred in future years relating to the project of outreach to intermediary organisations amount to RM4.3 million.

BUDGET FOR FY2021

The budget was prepared at around the same time that the COVID-19 outbreak was declared a pandemic. Not only is the global pandemic a public health crisis but it has also triggered a major impact on the global economy, the consequences of which remain unpredictable. Presented with these

uncertainties, the budget was prepared mindful of how the worsening economic conditions may affect RSPO's operations and the potential risk of a significant reduction in income.

We have therefore taken a cautious approach to this year's budget in which we have included an overall

TREASURER'S REPORT 2020 (CONTINUED)

reduction in income and planned for a significantly lower level of expenditure on project costs. The following planning objectives were also considered by the Finance Committee when considering the budget:

1. To ensure that the Secretariat will continue to deliver full and effective support to RSPO members and therefore should not result in a reduction of operating expenditure;

2. To closely monitor income on a monthly basis with a view to perform a mid-term review of financial performance against budget;

3. To allow for flexibility to assess the need to adjust spending, if necessary, depending on whether income improves or worsens compared to budget.

The following is a summary of the budgeted income and expenditure for the year ending 30 June 2021, as approved by the Board of Governors.

	Budget 30 Jun 2021 RM '000	Audited 30 Jun 2020 RM '000
INCOME		
Subscription income	16,500	17,819
Contributions from sustainable palm oil trade	23,000	35,379
Interest & other income	330	653
	<u>39,830</u>	<u>53,851</u>
OPERATING COSTS		
Staff costs (including consultants)	(19,268)	(18,082)
Occupancy	(1,561)	(837)
Professional fees	(947)	(1,372)
Other Costs	(3,461)	(4,336)
	<u>(25,237)</u>	<u>(24,627)</u>
PROJECT COSTS		
Recurring project costs	(9,142)	(10,206)
Discrete projects	(3,807)	(6,750)
	<u>(38,186)</u>	<u>(41,583)</u>
SURPLUS FOR THE YEAR		
	1,644	12,268
Taxation	(305)	(714)
	<u>1,339</u>	<u>11,554</u>

A surplus of RM1.6 million before taxation has been budgeted for FY2021.

Total income was estimated to reduce by 26% compared with FY2020, with a significantly lower projection for contributions from CSPO trade at RM23 million and subscription income to reduce to RM16.5 million.

Total operating costs are budgeted to increase slightly to RM25.3 million compared with actual for

FY2020 of RM24.6 million. Staff costs are projected to increase to RM19.3 million with planned increase in headcount and higher occupancy cost is expected for the year primarily due to the relocation of the Kuala Lumpur office to a larger office space with higher rent.

Project costs totalling RM12.9 million are budgeted to be significantly lower compared with last year's actual spending of RM17.0 million, in anticipation of income reducing.

TREASURER'S REPORT 2020 (CONTINUED)

Areas for budgeted departmental operating and discrete projects costs include the following:

Departments/Units	Operating RM '000	Budget FY2021 Discrete Projects RM '000	Total RM '000	Audited 30 Jun 2020 RM '000
INCOME				
Certification & Training	389	8	397	424
Supply chain	60	93	153	(201)
Other including regional offices	851	110	961	993
	1300	211	1511	1216
Standard Development				
Biodiversity & HCV	1,120-	1,120	2,081	
GHG	63	358	421	141
Social	205	144	349	595
Standard development	289	231	520	915
	1,677	733	2,410	3,732
Impacts & Evaluation				
Impacts assessment	35	1,115	1,150	1,997
	35	1,115	1,150	1,997
Outreach & Engagement				
Communication agency fees	2,091	-	2,091	2,019
Outreach activities	1,548	113	1,661	2,772
Campaigns	484	34	518	345
Trademark	-	30	30	-
Media/Other	285	50	335	572
	4,409	227	4,635	5,708
COO Office				
Complaints	210	40	250	234
Dispute settlement facility	103	-	103	63
Investigation & Monitoring	110	80	190	626
Smallholder	414	215	629	573
	837	335	1,172	1,496
Strategic Projects	384	508	892	1,793
Secretariat	213	479	692	579
Regional Offices	288	200	488	435
TOTALS	9,143	3,808	12,950	16,956

RSPO SECRETARIAT SDN. BHD.

A surplus after tax of RM42,000 was reported by RSPO Secretariat Sdn. Bhd. for the year ended 30 June 2020 (2019: RM192,000). The income of RSPO Secretariat Sdn. Bhd. comprises employee related expenses, and the administrative and operating

costs of running the head office and regional offices being recharged to the RSPO. Net assets of RSPO Secretariat Sdn. Bhd. amounted to RM1.3 million as at 30 June 2020 (2019: RM1.3 million).

FUTURE PROSPECTS

At the time this report was prepared, we saw year to date income being significantly higher compared with budget and even higher than the previous year, confounding the rather cautious assumptions included in the budget for 2020/21. It appears that RSPO income has not been affected by the COVID-19 situation, or it is too early yet to see any adverse impact. Total income for Q1FY21 was RM14.7 million with contributions from physical CSPO trades recording a significant year-on-year increase to RM8.6 mil (Sep'19: RM6.4 mil).

On this basis, Q2FY21 internal guidelines have been updated with an easing of cautionary austerity measures. This allows projects to resume and for the hiring freeze to be lifted. The Finance Committee continues to monitor income and has planned a full review of the budget at the end of H1FY21, coinciding with a review of medium-term financial planning to be undertaken by the Secretariat, led by Beverley Postma, CEO-Designate, supporting a longer term operational plan.

OTHER MATTERS

The BoG adopted a new policy to maintain minimum operating reserves equivalent to 6 months' worth of operating costs, intended to be a contingency fund in order to allow for an orderly wind down of the affairs of the RSPO should that become appropriate or necessary. Current reserves meet that requirement.

Having taken note of an issue raised at the General Assembly in 2019, and mindful that good practice dictates a regular change of auditors, the BoG has proposed a resolution at the General Assembly to replace PricewaterhouseCoopers (PwC) as auditors with Ernst & Young (EY). PwC has maintained an appropriate distance from the RSPO but at the same time been helpful in ensuring accurate reporting. The BoG would like to thank PwC for their services and contribution.

Despite considerable concerns deriving from the Covid-19 crisis, the RSPO financial position remains strong and the financial model continues to be sufficient to meet the needs of the organisation, and to allow the RSPO to continue to operate as an independent entity, with independent income generation, and without being beholden to any particular third party source of funds. This is in distinct contrast to many other not-for-profit organisations dependent on voluntary contributions and provides a strong foundation for future development.

Tim Stephenson
RSPO Treasurer

The RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

www.rspo.org



Roundtable on Sustainable Palm Oil

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