

# PONGO Alliance

## Governance and Code of Conduct

### 24 January 2019

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## 1. PONGO Alliance Charter

### 1.1 Background

PONGO Alliance (Palm Oil and NGO Alliance) is an alliance of oil palm growers, other businesses and non-governmental organisations (NGOs) who jointly wish to identify, support and help implement programmes that sustain populations of free-ranging orangutans and other rare wildlife species across landscapes encompassing protected areas, forest remnants and plantations.

The PONGO Alliance vision is to make resilient landscapes for wildlife and people a reality.

It is intended that PONGO Alliance will benefit wildlife, business and stakeholders in general.

PONGO Alliance activities are financed through contributions received from partner and associate organisations and other donors.

### 1.2 Vision Statement

#### **Making resilient landscapes for wildlife and people a reality**

Resilient : durable, long-standing, sustainability; future proof, adaptive, protected.

Making : initiate, oversee, audit

### 1.3 Mission Statement

- Identify, develop and energize initiatives that deliver adaptive solutions in critical landscapes, where conflicting objectives present threats to wildlife and livelihoods with specific focus in those areas where oil palm plantations exist.
- Sustain these initiatives to ensure durable outcomes.
- Measure, monitor, verify and communicate tangible impacts from these initiatives.

## 2. PONGO Alliance Governance Structure

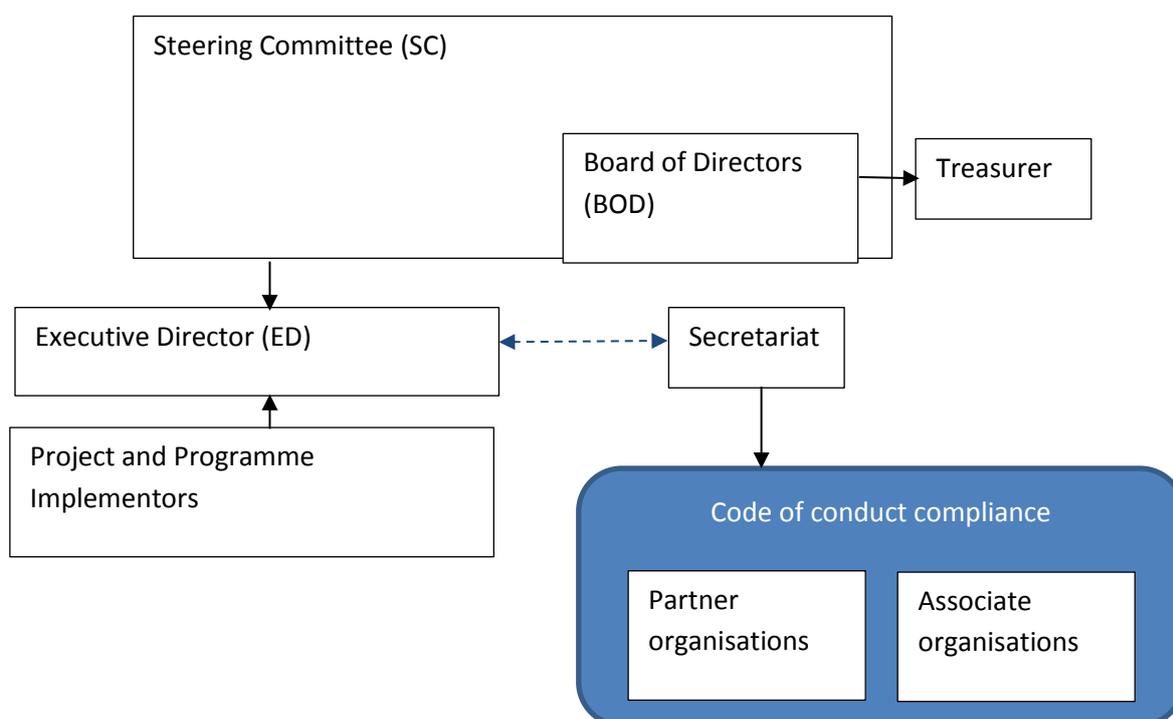
### 2.1 Governance Set-up

PONGO Alliance was formalized in late 2017 through the registration of PONGO Alliance Sdn Bhd as a company in Malaysia, under the Companies Commission of Malaysia, providing a legal entity to operate on behalf of PONGO Alliance. A Board of Directors (BOD) is required to be in place to meet company administration and legal compliance under the Companies Act 2016. The BOD comprises of 3 Malaysian directors, with at least a representative from 1 NGO and 1 oil palm company.

While set up as a Limited Liability Company, the organisation’s charter includes a non-profit stipulation. All monies received by PONGO Alliance will be channelled 100% back into the management and activities related to the implementation of projects and programmes that deliver the mission and vision of PONGO Alliance, either to the PONGO Alliance bank account or directly to agreed projects under PONGO Alliance supervision.

To ensure that the commitments of PONGO Alliance meet its vision and mission, a Steering Committee (SC) oversees and guides all strategy and policy decisions, and directs the Board of Directors (BOD). This is to ensure that there is proper governance on activities and administration of PONGO Alliance, based on sufficient representation of both NGO and private sector partners. The BOD does not have a unilateral decision-making role in PONGO Alliance. The BOD serves an administrative function based on instruction from the Steering Committee.

See Annex 1 for Terms of Reference.



## 2.2. Financial management

The provision of project management services by PONGO Alliance including administration, financial audit, project oversight, and public communications, is funded by contributions generated by PONGO Alliance Sdn Bhd partners and associates.

Income to PONGO Alliance Sdn Bhd includes not only partner and associate contributions, but also 10% management fee from projects and programmes as agreed by the SC and the BOD. The management fee can be waived by the Executive Director (ED) in agreement with the SC on a case-by-case basis. Any potential conflict of interest must be declared by the ED and any individual members of the SC prior to taking any decision on management fees.

PONGO Alliance does not pay for the participation of partner organisation’s representatives in any activity. The exception is for recognized paid positions as agreed by the SC and BOD.

Costs to attend meetings including accommodation and transportation may be reimbursed to non-profit partners upon request to the Secretariat. Reimbursement of costs is subject to budget availability, and approval of the ED as outlined in Appendix 2.

### 2.2.1 Partner and Associate contributions

Partner and associate organisations are required to make contributions to PONGO Alliance Sdn Bhd.

The value of the contributions:

Partner or Associate Category	Contributions
Private sector	Year 1 : US\$10,000 Every subsequent year : US\$5,000
Non-profit organisation	Annual : US\$500
Individual	Based on SC decision

Upon payment, the Secretariat will issue an official receipt. Annual payments should be made each year before March 31st.

## 2.3 Projects and Programmes

### 2.3.1 Support for fundraising

PONGO Alliance Sdn Bhd and each individual partner and associate organisation may support fundraising efforts for specific projects and programmes that will help deliver the overall mission and vision of PONGO Alliance.

Project and programme finances are independent of PONGO Alliance Sdn Bhd and are under the sole responsibility of the individual project and programme implementors.

### 2.3.2 Management and reporting

The ED is responsible to report to the SC on the oversight and progress of all projects and programmes carried out by implementors and/or collaborators. Half yearly reports will be provided by the ED to the SC. This will include:

- Activities and outputs
- Key Performance Indicators or progress

### 2.4 Communications

Communications by PONGO Alliance to non-partners and non-associates on specific topics will be made by the ED or Secretariat.

Any public communications by PONGO Alliance will be made by the SC or by a body or person appointed to do so on behalf of PONGO Alliance.

Partner and associate organisations are allowed to unilaterally publicize their participation in the PONGO Alliance, and/or in its projects and programmes, but under no circumstances will participant organisations take singular credit for PONGO Alliance work.

## 3. Participation in PONGO Alliance

### 3.1 Organisational partners and associates

PONGO Alliance is potentially open to any partner interested in promoting the PONGO Alliance vision and mission, in particular, but not limited to:

- Companies committed to fruitful collaboration to ensure the conservation and management of endangered wildlife species in the regions in which they operate or from which they source materials;
- NGOs committed to fruitful collaboration with industries operating in regions that contain orangutans or other endangered wildlife species;
- Independent experts, including individuals, with experience in wildlife conservation, sustainability and land use planning;
- Financial institutions and entities committed to ensuring investment policies that support sustainable palm oil production and the conservation of orangutans and other wildlife.

Founding partners include parties who attended preliminary discussions held in Singapore (2015) and Kuala Lumpur (2016). The founding partners are:

- AidEnvironment
- Austindo Nusantara Jaya (ANJ)
- Borneo Rhino Alliance (BORA)
- HUTAN
- Orangutan Land Trust
- Musim Mas
- Sime Darby Plantation
- Wilmar International

### 3.2 Application and acceptance process of new partners and associates

Applications are to be submitted to the PONGO Alliance Secretariat, which will recommend the applicant to the SC and, pending no major objections from the SC within 30 days, the applicant is invited to join the Alliance. In case of actual or perceived conflict of interest between an existing member of the SC and a potential new partner or associate, the SC member with conflict of interest will be excluded from making the decision about new applicant.

Full participation into the Alliance is subject to agreement to adhere to the Code of Conduct clauses outlined herein, and a paid contribution to PONGO Alliance Sdn Bhd. Participation is subsequently maintained by an annual contribution from each partner.

### 3.3 PONGO Alliance Associates

Organisations and/or individuals that wish to participate in PONGO Alliance activities or projects but do not wish to become partners of PONGO Alliance, are required to commit to the Code of Conduct outlined herein, and a paid contribution to PONGO Alliance Sdn Bhd. Participation is subsequently maintained by an annual contribution from each associate. Their participation is subject to written agreement with the ED on their contributions to activities and project outputs that support the mission of PONGO Alliance.

### 3.4. Withdrawal and retirement from PONGO Alliance

Any partner or associate may withdraw from PONGO Alliance by giving at least one month's notice in writing to the Secretariat.

PONGO Alliance may also exercise the right to retire the partner or associate with a decision made by a two-thirds majority of the SC (excluding the affected party). Reasons for considering retirement of a partner or associate include:

- (a) Persistent failure to furnish information requested by PONGO Alliance. Information requested, if deemed beneficial to the objectives this Alliance, shall not be unreasonably withheld except for those which are commercially sensitive and/or prohibited by law for dissemination;
- (b) Failure to pay contributions;
- (c) Breach of PONGO Alliance Code of Conduct

In the case of (a) to (c) above, the Secretariat will issue a notification to the relevant partner or associate of their potential retirement from PONGO Alliance, with the reason, and that they will be given a month to respond to the notification. If the Secretariat does not receive a response within one month, then retirement of the participation will be automatic.

Where the Secretariat receives a response to the notification, the notification and response will be brought for consideration to the SC.

Once retired, the organisation may reapply to PONGO Alliance after one (1) year. If the reason for retirement of participation is because of a breach of the Code of Conduct, a reapplication will need to submit an action plan to demonstrate its intent to rectify the breach (please see section “Violations to Code of Conduct”).

## 4. PONGO Alliance Code of Conduct

All participants of the PONGO Alliance are expected to adhere to the values outlined in this document with integrity, objectivity and independence. Participants of PONGO Alliance shall take care that their actions will not conflict with or be seen to conflict with the aims of PONGO Alliance. For example, PONGO Alliance will not tolerate any anti-palm oil messaging from participants.

Participation in PONGO Alliance, either as partners or associates, is not an endorsement of any organisations’ policies and actions.

### 4.1 Core Commitments

All participants in PONGO Alliance, whether partner organisations or associates, are expected to adhere to the roles and responsibilities outlined in this document. In particular:

- To submit a letter of agreement to the PONGO Alliance Secretariat, in which the participant agrees to adhere to the Code of Conduct contained in this document;
- To commit to not clearing orangutan habitats and to do no harm to orangutans and other wildlife, including supporting and/or implementing measures to keep wild orangutans in situ in their native forest – plantation landscape;
- Adherence to all relevant national regulatory framework;
- To maintain open communication with the PONGO Alliance Secretariat and Executive Director on matters of relevance to the PONGO Charter;
- To respond in a timely manner to requests from the Secretariat and Executive Director to pursue the PONGO Alliance vision and mission;
- To actively engage within PONGO Alliance wherever possible and relevant;

- To support implementation of PONGO Alliance action plans, at least in principle;
- To respect the confidentiality of information shared through the PONGO Alliance platform for the purposes of achieving the vision and mission; and
- To pay the agreed contribution amount for the support of the PONGO Alliance.

No public claims can be made related to PONGO Alliance activities, programmes and projects without prior written approval from the Executive Director.

#### 4.2 Compliance to RSPO's Principles and Criteria

In addition to the above, PONGO Alliance partner organisations must commit to following the prevailing RSPO principles and criteria.

#### 4.3 Conflict of Interest

If a participant of PONGO Alliance intends to take or is pursuing a course of action that may place them in a situation of conflict with the aims of PONGO Alliance, the participant shall take immediate steps to make this possible conflict known to the Executive Director or Secretariat.

Participants of PONGO Alliance who have been privy to discussions related to projects and programmes will need to declare any conflict of interest. They may not use this information to obtain monetary gain or to bid for any projects and/or programmes commissioned by the PONGO Alliance. For example, participants or invited experts who observe discussions about developing project ToRs will not be allowed to tender for those projects and/or participate in the tender evaluation/selection processes.

#### 4.4 Confidentiality

All PONGO Alliance participants must respect and maintain the confidentiality of information submitted/obtained/shared/revealed/become privy to by virtue of participating in PONGO Alliance.

Any information owned or generated by PONGO Alliance participants which is not found in public domain is to remain confidential.

Information that is excluded from confidentiality includes any information which either (a) a PONGO Alliance participant can demonstrate is already within public domain or (b) is general in nature and clearly not of a confidential or sensitive nature.

Any participant of PONGO Alliance who wishes to make confidential information public or provide the information to a third party shall first secure the prior written consent of the relevant PONGO Alliance participant(s) and shall state the reasons for wanting to make such information public or available to third parties.

In cases where a PONGO Alliance participant has secured such written consent, a copy of the same shall be furnished by the PONGO Alliance member to the PONGO Alliance Executive Director, Secretariat and Board of Directors as proof of the consent so secured

In cases where a PONGO Alliance participant has an obligation to share information related to the rights of affected communities with those communities, and with organisations providing the communities with support, that participant may do so provided that they first inform the PONGO Alliance Secretariat and discuss the case with any other PONGO Alliance participant concerned.

Any difference or dispute between PONGO Alliance participants concerning the interpretation or implementation or application of this article (Confidentiality) shall as far as possible be settled amicably through mutual consultation or negotiations between the parties concerned.

All participants agree that the provisions of this article (Confidentiality) shall continue to be binding notwithstanding their termination from PONGO Alliance participation.

#### 4.4.1 Data from PONGO Alliance programmes and projects

Any data or research findings from PONGO Alliance programmes and projects will be subject to individual agreements between all parties involved. This should include treatment of data in the public domain and considerations of Intellectual Property Rights.

#### 4.5 Violations to the Code of Conduct

Violation of the Code of Conduct by any PONGO Alliance participant organisation is regarded as against the spirit of PONGO Alliance. Such violation will result in a show-cause request.

The SC will appoint a Case Review Panel (CRP), consisting of three members of the SC. The CRP will assess the violation and submit its recommendations to the SC. The SC will make a final decision on the imposition of next steps, which will be executed by the Executive Director.

The SC may decide on one of the following actions:

- a) Financial Penalty, amounting to a minimum of 1 year's contribution fee, or equivalent
- b) Suspension, whereby the minimum suspension shall be 1 year with possible remediation plans required, or
- c) Retirement from PONGO Alliance

The verdict will be publicly communicated, either through a media release, or other means.

## Glossary / Definitions

**Participant organisations:** Organisations, NGOs, or corporate companies that are participants in activities carried out by the PONGO Alliance

**Partners:** Organisations, NGOs, or corporate companies that comply fully with the Mission and Vision of the PONGO Alliance and contribute to the strategic direction of activities, in addition to the organisational and administrative running of the PONGO Alliance. Partners can take positions in the Steering Committee, and the Board of Directors. Partners pay an annual contribution.

**Associates:** Organisations, NGOs, or corporate companies that only participate in a very specific project or programme under the PONGO Alliance. Associates cannot take leadership roles in the PONGO Alliance governance structure. Associates pay annual contributions to PONGO Alliance.

## Appendix 1. Terms of References

### Steering Committee

#### 1. Roles and Responsibilities

The Steering Committee is responsible to provide overall guidance and strategy for PONGO Alliance in achieving the PONGO Alliance mission and vision.

This will be achieved through the approval of projects and programmes, provision of oversight over project and programme implementation, and advocacy with stakeholders on PONGO Alliance. The SC will also direct the BOD on the selection and the provision of support to the projects and programmes that will support PONGO Alliance's mission and vision. The SC shall have the right to call for progress evaluations at any time as deemed necessary and fit for the success of the Project.

#### 2. Membership Composition

As PONGO Alliance is a partnership between the palm oil grower organisations and NGOs, the composition of the SC reflects similar composition of representation from each of these sectors.

SC membership is by organisation, and each organisation may propose their substantive and alternate.

#### 3. Election of the Steering Committee Chair

This shall be done on an annual basis, at the first meeting of each calendar year. The SC chair will work closely with the ED during their term to ensure that there is sufficient oversight of the work being done by the ED, and ensuring the smooth running of administrative requirements of the PONGO Alliance.

#### 4. Quorum and Decision-making

Quorum for the Steering Committee shall be at least 70% attendance. No decision-making can take place without quorum.

#### 5. Retirement and Withdrawal

SC members may retire or withdraw their participation from the SC before the end of each annual year. Changes of substantive representatives for the organisational SC set may be changed at any point by the respective organisation.

Automatic retirement from the SC will be recommended by the ED for any SC members absent from three consecutive physical meetings without arranging for an alternate to attend such meetings.

#### 6. Frequency of Meetings

There shall be a minimum of 3 SC meetings per year.

#### 7. Agenda and Minutes

Preparation of meeting agenda and minutes shall be the joint responsibility of the ED and Secretariat.

## Board of Directors

### 1. Roles and Responsibilities

The BOD is required to be in place to meet company administration and legal compliance under Malaysia's Companies Act 2016, notably official signing of documentation e.g. financial statements and tax reports, official appointments (i.e. Executive Director, accountant and finance auditors, company secretary, banks, etc.), and to act as official representative of the PONGO Alliance to authorities in Malaysia.

The BOD must meet at least annually, and this can be done in tandem with any SC meetings. BOD meetings must have the Company Secretary present.

### 2. Membership Composition

The BOD comprises of 3 Malaysian directors, with at least a representative from 1 NGO and 1 palm oil company.

## Executive Director

### 1. Roles and Responsibilities

- Provide direction for the development and implementation of PONGO Alliance work on the ground.
- In collaboration with the Secretariat, develop an annual work plan and budget to be presented to and endorsed by the Board.
- In collaboration with the Secretariat, prepare meeting agendas and take Minutes of meetings.
- Assisted by SC members, facilitate the engagement of the PONGO Alliance and its partners and associates with governments, non-participant oil palm companies, NGOs and other groups or individuals that could assist the Alliance to reach its objectives.
- Supervise implementation of PONGO Alliance work on the ground.
- Administer the projects and programmes endorsed by the BOD, and promote delivery of the Alliance's Vision, in particular:
  - Review and finalize Terms of References for projects and studies to be organized under the Alliance;

- Identify expertise available amongst existing participants so as to avoid sourcing externally what is available internally;
- Prepare progress reports twice annually for the SC.
- Review and where necessary edit reports produced by the Alliance and projects under the Alliance.

## 2. Appointment

The Executive Director is appointed by and reports to the BOD, and works in close collaboration with the Secretariat. The position is paid, and may be either one of the Board members or an independent person.

## Secretariat

### 1. Roles and Responsibilities

The Secretariat reports to the ED, and delivers administrative support for internal PONGO Alliance communications, meetings and documentation as required. This includes:

- Internal communications – emails, documents, doodle polls etc. that need to be conveyed or shared amongst PONGO Alliance participants
- Support for meetings – venue identification, agenda setting, general preparation of documentation, minute-taking, etc.
- Support for documentation development – consultation with stakeholders for comments, consolidation of comments, drafting and development of documentation
- Support for reporting as needed

The Secretariat can be appointed by the ED or the SC, and can be a PONGO Alliance partner organisation.

## Treasurer

### 1. Roles and Responsibilities

The Treasurer reports to the BOD and assists the ED with management of the finances of the PONGO Alliance.

The Treasurer is required to attend BOD meetings, and may be invited to attend SC meetings as necessary. Duties include:

- Review of PONGO Alliance finances in conjunction with the ED
- Update the SC on profit and loss at each SC meeting held
- With the ED and BOD, to examine audited accounts for submission to Malaysian authorities

## Appendix 2. Travel and Expenditure Guidance

This policy sets out the general standard for reimbursement for travel and expenditure expenses for PONGO Alliance Secretariat, the SC and BOD. The guidelines must be followed to ensure that funds are accountable to its partners and stakeholders.

### Travel arrangements

Travel arrangements such as flight and accommodation bookings are the responsibility of the traveler for the meetings. In exceptional cases where travel is field sites, some logistical arrangements can be made by the Secretariat.

### Expense guidance

#### (a) Airfare:

All flights must be booked in economy on the lowest cost and safe<sup>1</sup> direct air fare available at the time of booking. Non-flexible fares should be booked as standard.

#### (b) Accommodation:

Accommodations may normally correspond to a 3-star hotel rating. In Indonesia and Malaysia, daily net rates should not exceed USD 120. In other geographies room rates up to USD150 will be reimbursed.

Claims for bookings in private accommodation can be reimbursed only on production of official and legal receipts.

#### (c) Ground transport:

Use of public transport is encouraged where practical and will be reimbursed.

Transport by economy taxi will be reimbursed within reason where no adequate public transport is available.

Car rental and use of own ground transport will be reimbursed on a case-by-case basis using typical local mileage rates.

#### (d) Travel insurance and visas:

Travel insurance will not be reimbursed, as most individuals are assumed to have existing annual cover, or it is covered by the per diem rate.

Visa fees specifically for a PONGO Alliance meeting will be reimbursed.

### Expense claims

All claims must be accompanied by adequate and clear documentation. The Secretariat reserves the right to deny reimbursement where this is not deemed sufficient.

### Exceptions to this policy

Requests for exceptions to this policy will need to be submitted and approved by the ED prior to any travel.

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<sup>1</sup> For airline safety, please refer to i.e. <http://www.jacdec.de/airline-safety-ranking-2017/>

Exceptional circumstances such as personal safety, complex travel schedules, medical requirements, representation or geographical limitations may require dispensation and may be approved on a case-by-case basis by the ED.

Travelers choosing to upgrade their travel, e.g. to premium flight classes and hotels are free to do so at their own expense.