

Approved Minutes

Extraordinary General Assembly of RSPO

Date: 25th April 2013
Venue: Istana Hotel, Kuala Lumpur
Start time: 10.00 am (Malaysia)
Chair: Jan-Kees Vis, President of RSPO
Attendance: 219 Ordinary Members
RSPO Secretariat
Affiliate members and observers

- Agenda:**
1. Members' roll call
 2. Opening address and report by the RSPO President, Mr. Jan-Kees Vis
 3. RSPO Antitrust guideline.
 4. Financial position update by the Treasurer.
 5. To discuss and adopt resolutions:
 - Resolution 5(a). The main resolution is for the adoption of the RSPO Principles & Criteria (P&C) for Sustainable Palm Oil Production 2013 submitted by the RSPO Executive Board which:
 - a) Calls upon RSPO members to vote for the adoption of the P&C 2013.
 - b) Requests members to whom the P&C apply to work towards implementation and certification of these revised P&C.
 - c) Requests members to whom the P&C do not apply directly to implement parallel standards relevant to their own organisation, which cannot be lower than those, set out in these revised P&C.
 - d) Requests members to whom the P&C do not directly apply to actively seek to promote sustainable palm oil and give support to those members engaged in implementing these revised P&C.
 - Resolution 5(b) – Proposed amendments to Article 11 of the RSPO Statutes and Article 12 of the RSPO Statutes to allow for electronic voting at RSPO Ordinary Assembly and Extraordinary Assembly
 6. Any other business

1. Members' roll call

The Extraordinary General Assembly (EGA) of RSPO members was called to order at 10.00 am on 25 April 2013 in Istana Hotel, Kuala Lumpur, by The President of RSPO Mr. Jan Kees Vis presided over the meeting after the minimum requirement of 80 quorum of Ordinary Member attendance was reached.

2. Opening address and Report by the RSPO President

Dr. Jan Kees Vis (Chair) welcomed all members present to the EGA. As at 10 a.m., there were 219 votes in the room including proxies. A quorum has been achieved.

The Chair informed members that the agenda is slightly different from agenda that was sent out. The Executive Board (EB) has decided not to put Resolution 5(b) to the vote in this EGM. This resolution will be postponed to the next General Assembly (GA) in November 2013

Membership

- The total number of ordinary members stood at 827, up from 754 five months ago.
- Including affiliate members and Supply Chain Associates, the membership now stands at 1,213.
- The growth of membership has been from consumer goods manufacturers and retailers in Europe.
- The two largest constituencies are the processors and manufacturers.

Certification of production

- 198 mills have been certified belonging to 43 grower companies.
- This represents a production capacity of 8.3 million tonnes of CSPO and a total area of 1.7 million hectares.
- Sales of CSPO is still lagging behind certified production at just above 50%.

Issues and challenges

- The Secretariat continues to spend quite a lot of time chasing members for their dues.
- An event is being planned for July in Berlin to address the issue of uptake of CSPO in the market.
- The EB will discuss with McKinsey Consulting to look at the future organisational and revenue model as we move towards an Executive Secretariat.
- The RSPO is investing in smallholder organisations, helping particularly the independent smallholders to become certified against the RSPO P&C. We are investing in a dispute settlement facility to help member companies who are involved in social conflict.
- We need to invest in these mechanisms to show impact. Demonstrating impact is a hot topic in the world of certification organisation and voluntary standards. The question that consumers are asking now is if there is a logo, whether it be the Rainforest Alliance logo or an RSPO logo on a product, what has changed or what does that logo actually mean? What has the impact been of certified palm oil production or soy bean production or sugar cane production towards slowing the loss of biodiversity or fewer social conflicts? If we want to belong to the best in class among sustainability standards, then we need to take a critical view at the review of the P&C.
- We need to evaluate the process and the outcome because we need to keep up to speed with developments in the market. Ten years ago, the RSPO was the only standard. Now there are competing standards that are available for palm oil certification.

3. RSPO Antitrust guideline

The Chair reminded members of the antitrust rule. There will be no discussions of any commercial aspect of the trading palm oil, and there will not be discussions on individual supplier, customer, price or premiums.

4. Report and Audited Account of RSPO Treasurer

Tim Stephenson (AAK, Treasurer) summarised the Treasurer's report. The report is to provide an update on the financial position of the RSPO since GA9. There is no approvals sought at this time as this is based on management accounts rather than audited accounts.

Organisational structure

The RSPO is registered in Switzerland as an association. The RSPO Secretariat Sdn Bhd is registered in Malaysia in which the secretariat employees are employed. We also have a regional representative office established in Indonesia with employees in Jakarta.

The Finance Standing Committee is chaired by the treasurer and provides oversight on the RSPO's finances. The committee comprises of an EB member (Geraldine Lim of Robobank), the Secretary General and the Finance and Admin Director. The terms of reference for the Finance Standing Committee can be found on the RSPO website and primarily relates to financial information, controls, future planning and compliance issue. The day to day financial management is undertaken by the Secretariat under the Finance and Admin Director.

Current financial position

- Up to February 2013, the RSPO had an income of just over RM13 million. We have a surplus before tax of RM4.7 million after deducting operating and project cost.
- The surplus will be channelled to a combination of members fund and the smallholder funds. The smallholder's fund will be allocated 10% of the income from trading plus 50% of any surplus left at the end of the year. Our forecast for the year is RM5.4 million which, given we are already 8 months through the year is low as there are some costs, project cost in particular to come during the rest of the year.
- The budgeted surplus is low because we are not really aiming to make a big surplus. We are aiming to get closer to break even and maintain reserves at the levels which meets one year operating cost.

Income

- We are ahead on subscriptions due to the increase in membership. There is still quite a number of members who are five months overdue and the Secretariat will continue to pursue those outstanding amounts.
- Our income from the trade of CSPO through eTrace and Green Palm is just about in line with the budget and well ahead of 2011 and 2012. It is about a 70% Green Palm and 30% other split.
- We have some interest from our deposits and we made a small surplus at RT10.
- There is provisions for bad debts and additional meetings such as this EGA.
- Project costs are a lot lower than expected. This is an on-going issue where we do not seem to spend as much as we have budgeted. We are currently funding the Independent Smallholder certification, Solidaridad/POPSI project and other projects which are in progress.
- Secretariat costs are lower than planned. There are some costs relating to the new offices of the Secretariat under fixed assets. The Satellite offices are a little later than expected and may not incur the same fixed cost as budgeted.

- As at 28th of February 2013, our balance sheet had about RM15 million in cash and around RM5 million of other current assets including a small amount of fixed assets.
- The amount of outstanding subscriptions due have reduced and improved even though membership numbers have increased. This is the result of the Secretariat's efforts in pursuing outstanding amounts.

Future

- As mentioned earlier, surplus is split into two funds being members fund and the smallholder's fund.. The members fund stands at about RM9.7 million which is around 10% of annual operating cost and inline with EB policy. The smallholder fund has not been disbursed as there continues to be discussion at the EB about the governance of the fund.
- We will be conducting an internal control review to ensure that we are adhering to best practice. There will be the implementation of a new financial system within the next couple of months.
- Overall we have a surplus which is continuing to grow that allows for the allocation of funds to projects. We have a strong balance sheet with reserves meeting the policy requirements and overall a healthy financial position.

The Chair informed members that what is not reflected in the budget is the possibility of investing in a campaign targeting consumers. There have been fierce debates about palm oil in food products in Europe over the last year. The debate is a mix of nutritional and sustainability aspects of palm oil. Starting in France, it moved to Norway towards the end of last year and is now spreading to Sweden and Denmark.

A lot of the debate has to do with consumers simply being unaware of what palm oil is, which products actually contain palm oil, how palm oil is produced, how it is grown and what is included in the RSPO standards. The budget for this consumer campaign will be considerable and that is not yet reflected in the financial report just presented.

5. Resolutions

Resolution 5(a). The main resolution is for the adoption of the RSPO Principles & Criteria (P&C) for Sustainable Palm Oil Production 2013 submitted by the RSPO Executive Board which:

- a) Calls upon RSPO members to vote for the adoption of the P&C 2013.**
- b) Requests members to whom the P&C apply to work towards implementation and certification of these revised P&C.**
- c) Requests members to whom the P&C do not apply directly to implement parallel standards relevant to their own organisation, which cannot be lower than those, set out in these revised P&C.**
- d) Requests members to whom the P&C do not directly apply to actively seek to promote sustainable palm oil and give support to those members engaged in implementing these revised P&C.**

This resolution was submitted by the Indonesian Grower Caucus, MPOA, New Britain Palm Oil, FELDA, Unilever, Kraft Foods, AarhusKarlshamn, IOI, Carrefour, Robobank, HSBC, WWF International, Conservation International, Oxfam International, Both Ends, Aldi, Asda; Boots UK; Coles; Coop Switzerland; Delhaize Group; Federation of Migros Cooperatives; Marks & Spencer; Royal Ahold; Sainsbury; Tesco; The Body Shop International; The Co-operative Group; and Waitrose.

The Chair informed members that the P&C review outcomes have been endorsed unanimously by the RSPO EB.

Ms. Juliane Eykelhoff (Sime Darby Unimills) - I have been asked to read a statement by the German companies and NGOs. For the record we are not signatories of this statement but I am reading it on behalf of Agrarfrost, Bahlsen, Brandt Zwieback, EDEKA, Griesson-de Beukelaer, Haribo, Kaufland, REWE Group, Sasol Germany, Shell- Deutschland, Sodec, Unilever Deutschland, Walter Rau and WWF Germany.

We welcome the progress made and the P&C review process. We hope that we will conclude that process today. We would specifically like to thank the task force and the RSPO Secretariat for their hard work and time as we know that it was not at all easy, thank you very much. We welcome the changes and the reviewed P&C as it makes the P&C much more consistent and coherent. We fully support the newly established criteria and the significant improvements made. We will vote for with a "YES".

However we also have to admit that we are not satisfied with the overall outcome. We had expected much more in some areas, especially when it comes to peat, to further reduce GHG emissions and banning of dangerous pesticide. We will have a challenge to explain this to our customers and consumers of our products, as well as other stakeholders.

We are well aware that there is continued criticism of the low demand of CSPO. Rest assure that Germany is working towards a 100% commitment of CSPO. We are also aiming towards 100% commitment on fully segregated CSPO for the German market. Many of us will request additional requirements for our certified palm oil purchases even before the 100% commitment is achieved. We will seek dialogue and cooperation with growers in due time.

We are increasingly concerned about the high number of complaints against RSPO members. We would like to urge all RSPO members to follow the code of conduct and not to violate the P&C. All the complaints put at risks the reputation and trust consumers have in the RSPO and makes it even more difficult for all of us to communicate on the successes of the RSPO. Thank you very much for your attention.

As there was no more questions or comments, the Chair asked for members present to vote.

Resolution 5(a). The main resolution is for the adoption of the RSPO Principles & Criteria (P&C) for Sustainable Palm Oil Production 2013 submitted by the RSPO Executive Board which:	Adopted	
a) Calls upon RSPO members to vote for the adoption of the P&C 2013.	For	210
b) Requests members to whom the P&C apply to work towards implementation and certification of these revised P&C.	Against	6
c) Requests members to whom the P&C do not apply directly to implement parallel standards relevant to their own organisation, which cannot be lower than those, set out in these revised P&C.	Spoilt	3
d) Requests members to whom the P&C do not directly apply to actively seek to promote sustainable palm oil and give support to those members engaged in implementing these revised P&C		

Faizal Parish (Global Environment Centre) – I would just like to make a short comment following the adoption of the revised P&C. The Global Environment Centre is very happy that the revised P&C have been adopted. We believe that it is a very important milestone to advance sustainable palm oil. We believe that the new P&C are clearer, more focused, and have increased the ambition level and the credibility of RSPO standards.

Building on the comment before the adoption which raised some concerns in relation to peatlands and greenhouse gases, we are happy with the significantly enhance focused on peatlands within the new P&C and the fact that peat is specifically mentioned under a greater number of specific criteria. Further guidance is included and the two best management practice manual developed by the RSPO Peatland Working Group have been highlighted as important tools for the advancement of these issues.

We would therefore like to strongly encourage RSPO grower members that have existing oil palm plantations on peat to actively work to implement the guidance within the RSPO's manual which will enhance their ability for further certification in the future and that for the development of any new plantation in areas with peatlands, that a very strong cautionary approach is taken considering the serious constrain and limitations.

We also encourage those growers that do have areas on peat which are adjacent to remaining intact peatland areas to strongly look at ways to maintain and enhance the quality of adjacent peatland forest areas and contribute to the overall conservation of the peatland resources.

Resolution 5(b) – Proposed amendments to Article 11 of the RSPO Statutes and Article 12 of the RSPO Statutes to allow for electronic voting at RSPO Ordinary Assembly and Extraordinary Assembly

The Chair informed members that Resolution 5(b) will be debated at the next GA. This resolution was not unanimously supported by all EB members. A few EB members proposed this resolution because of the strong membership growth in Europe over the last 18 months. Many of those new members are fairly small companies, either retailers or consumer goods manufacturers who will probably not be able to physically join the GA when they are being held in this region. So we are considering introducing the possibility for e-voting. It is a procedure that is fairly common among some listed companies for their shareholder meetings but not a procedure that is widely used in South East Asia.

We will postpone the discussion and vote on this at the November GA allowing time for the Secretariat, the Malaysian growers, Indonesian growers to familiarise themselves with the concept and take another look at the legal aspect of voting through this system.

6. Any Other Business

The Chair asked if anyone had a question or any other business.

The Chair announced that at the last GA the social NGO seat was left empty because Sawit Watch decided to step down from the Executive Board after many years of service. The social NGOs have now unanimously appointed Both Ends from the Netherlands to take up the seat on the EB as an interim measure. Mr. Paul Wolvekamp will represent Both Ends on the EB.

Paul Wolvekamp (Both Ends) - A brief statement to emphasise that this is a temporary arrangement and I will make a full effort in accordance with my colleagues to ensure that there is a southern social NGO voice on the Board at RT11 in November this year.

Peter Lim (Bumitama) - This is with regards to the relatively poor uptake of CSPO. May I know what steps the RSPO is taking to enhance the uptake of CSPO which has been a topic of much of discussion amongst the growers? Thank you.

Dr. Jan Kees Vis - There are a range of things that the RSPO has in place to address this. We are working on annual communication of progress. Through this we should be able to clearly see which companies have made commitments to move towards either buying Green Palm certificate, mass balance or segregated CSPO. Those who don't or those who still haven't will be approached by the Secretariat with a request to make a plan. We will also make these available to the public so there is transparency.

We are organising an event in Berlin later this year. We will have a call next Monday with the organising team to see whether it is still feasible to do that. One of the reason why we are in Germany is because we have a strong membership base in Germany and they are working towards a national commitment.

We are supporting a number of national initiatives in Europe. There is a national commitment in the Netherlands, Belgium and in the UK. There is one in the making in Germany and France. There is ongoing discussions in Switzerland and in Italy. We are actively supporting these national initiatives through our communication partner Hill & Knowlton.

The European advocacy group for palm oil which is supported by Malaysian Palm Oil Council is working with them on the same issue. Not RSPO but related is the work being coordinated by the Dutch Sustainable Trade Initiative (IDH). They are working with WRI and Conservation International at creating more transparency in the supply chain so that we can actually see where the demand for CSPO is, where the production for CSPO is, and where we can find more cost effective ways to link these two together. So there are a lot of people involved in addressing why the uptake in the market is lagging behind production.

Rudy Lumuru (Lingkar Komunitas Sawit) - Congratulations on the adoption of the revised P&C. I am happy to see the growers supporting this new P&C as they are the key actors in this process. I am happy to know that the RSPO will invest in a dispute settlement facility to help all the stakeholders. With higher standards in the P&C, I foresee that there will be more need for this. I also hope that the RSPO can help to engage the Indonesian government.

As there was no more comments, the Chair reminded EB members that there is a lunch at 12.30 and the EB meeting will start at 2 p.m. at the meeting room, "The View". The Chair reminded all members that RT11 will be in Medan, Indonesia the week of 11 November 2013.

END OF EGM

Annex 1 - Attendance list

Ordinary Members Attendance and Proxy List

Banks and Investors

Consumer Goods Manufacturers

Environmental NGOs

Producers

Processors and Traders

Retailers

Social NGOs