

Draft Minutes

Roundtable on Sustainable Palm Oil 14th General Assembly (GA14)

Date: 30 November 2017

Venue: Grand Hyatt, Bali

Start time: 3.00 pm (GMT +8)

Chair: Anne Rosenbarger, Board Member

Attendance: 103 Ordinary Members in attendance (including 34 proxies) and 105 e-Voters (Total of 208 of 1,601 eligible to vote)

RSPO Secretariat

Affiliate members and observers.

- Agenda:
1. Members' roll call.
 2. Opening address by the Chair.
 3. Report presented by the Chair.
 4. Confirmation of minutes for the last General Assembly (GA13) held on 10 November 2016.
 5. To receive and adopt the Treasurer's Report and the RSPO's Financial Statement for the year ended 30 June 2017.
 6. To discuss and adopt resolutions:
 - Resolution 6a:
To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2018
 - Resolution 6b:
Relocation of the De Facto RSPO Executive Office to Jakarta, Indonesia
 - Resolution 6c:
Strengthening the RSPO Executive Office
 - Resolution 6d:
Generation of sustainability practices and fair trade for independent mills
 - Resolution 6e:
Enhancing credibility of the "Annual Communications of Progress"

- Resolution 6f:
Balanced representation in the RSPO General Assembly voting process based on membership category
 - Resolution 6g:
Official recognition of IGC endorsed Indonesian RSPO grower member representatives within all RSPO forums, as formally representing the Indonesian Growers Caucus (IGC)
 - Resolution 6h:
Relocation of the RSPO Secretariat Office to Jakarta, Indonesia
 - Resolution 6i:
Resolution to Amend the Statutes of the RSPO and the Code of Conduct for members to formalise the role of the Complaints and Appeals Panel
7. Election of Board of Governors for the following categories:
 - a) Oil Palm Growers – 2 seats
 - b) Processors and/or Traders – 1 seat
 - c) Consumer Goods Manufacturers – 1 seat
 - d) Retailers – 1 seat
 - e) Banks & Investors – 1 seat
 - f) Environmental NGOs – 1 seat
 - g) Social NGOs – 1 seat
 8. Any other business

1. Members' roll call

The 14th Annual General Assembly (GA) of the RSPO members was called to order at 3.10pm on 30 November 2017 in Grand Hyatt, Bali. The Chairperson, Anne Rosenbarger, presided over the meeting after the minimum quorum of 80 Ordinary Members present or represented was reached.

2. Opening address by the Chair

In her address, Anne Rosenbarger said at the just concluded RT15, RSPO has successfully introduced a comprehensive smallholder's strategy, which bodes well towards the move for inclusivity. They've seen more participation from new regions, and in accountability they're now in the thick of this really promising P&C review tackling difficult issues like no deforestation and labour. She also updated the assembly on some previous resolutions in the following agenda item.

3. Report presented by the Chair

Anne Rosenbarger addressed the assembly with the following updates:

The RSPO Secretariat has a presence in 10 countries latest being Ghana. Adding to the list is Malaysia, Indonesia, Ghana, Columbia, Thailand, the United States, China, India, the United Kingdom and Netherlands. Current staff is 72 full time employees, an increase of 22 staff from last year.

In terms of financial resources, RSPO recorded a deficit before tax of RM125,000 as a result of an unexpected lower income from CSPO contributions from last year. The balance sheet remains strong and has sufficient reserves to meet the needs of the organization. With our net assets as of 30 June 2017, at RM45.2 million.

Membership base continues to grow, as of June 2017 with 3422 members, 1551 ordinary members 1776 supply chain associates. We have new members coming in from new markets and our membership now spans 91 countries. If our trajectory from last year to this year continues to next year we can expect our membership numbers to be around 3900 to 4000 June next year.

In terms of impact, outreach and engagement we now have 189,777 hectares of high conservation value areas currently being set aside by RSPO members -- an increase of 21 per cent from last year.

RSPO NEXT, the voluntary initiative that allows producers to be recognized for their leadership in implementing best practices under key environmental and social categories, reached a significant milestone in April 2017, when Daabon Group became the first oil palm grower to achieve full RSPO NEXT certification. Recent certifications include United Plantations Berhad in Perak, Malaysia.

The number of RSPO facilities in China has grown by 40% last year, while the number of members in the US has doubled the last financial period. Challenges do remain in India and in increasing uptake in local markets in Indonesia and Malaysia.

The Theory of Change (ToC) was initiated by the board in line with ISEAL requirements and a lot of work has gone in by board members, and was endorsed with a physical meeting last September. What ToC is about setting a path and direction towards where we're heading, how we aim to get there and looking at the shared responsibility from all the different parts of the supply chain and all stakeholder

groups in the RSPO. The ToC will then inform the ongoing monitoring and evaluation framework review.

Following the International best practices, the Principles and Criteria (P&C) review is conducted every 5 years to review the RSPO standards. The first draft was produced in 2005 and field tested and the first version was adopted in the General Assembly 2007. The first review of the standard began November 2011 with the result adopted in an extraordinary GA in 2013. The second revision is currently ongoing with the revised standard set to be adopted in the GA of 2018.

The current review process is being participated by 48 members and the task force comprises of 24 substantives and 24 alternate members representing all constituencies including smallholders as well as invited experts to provide input when required. The first meeting held in Kuala Lumpur in May 2017, the second in Bogor in July 2017 and the third was just before RT15 here in Bali. The RT15 comes at the apex of the RSPO's P&C review, set to be completed in 2018, following a robust consultative process that has reached thousands of stakeholders in its face to face consultative process. The first draft of the P&C was sent on a 60-day public consultation period between September and October, and the comments have since been collated. Up to 765 individuals participated in face-to-face consultations held in Kuala Lumpur, Jakarta, Medan, Bogota, Honduras, Agra, London, Berlin, Stockholm, Paris, Brussels, New York, Beijing and Krabi.

Webinar session were also conducted for Italian and Portuguese speaking stakeholders and a specific session dedicated to the topic of smallholders was held at all of the venues of the face-to-face public consultation. The third P&C review taskforce has reviewed all of the comments that was received in the third sitting that was held in Bali and a second draft will soon be out for the next public consultation period which will held in April 2018. We are hoping to have a final draft to be endorsed by the board in June 2018 before the final document be tabled at GA15 to decide on its adoption.

Updates on past General Assembly (GA) resolutions:

GA10-6f (14 November 2013)

Regarding guaranteeing the fairness transparency and impartiality of the RSPO complaint system. The implementation of this resolution has been completed with the complaints and appeals procedures endorsed by the board of governors on 14 June 14 2017. The GA will today vote on the proposed amendments on the RSPO statutes and code of conduct which will embed these new procedures within the RSPO institution.

GA10-6g (14 November 2013)

Regarding transparency in plantation concession boundaries, members generally have complied and submitted their necessary boundary maps. Exceptions being one straggler who has not yet submitted in Indonesia although they have promised to do so by the mandatory deadline of 19 December 2017. Due to legal constraints within Malaysia, the state of Sabah, which is the largest producing state for palm oil, has allowed concession boundaries to be made public. These boundary maps can be viewed on the RSPO website via the Geo RSPO portal

GA12-6f (19 November 2015)

The smallholder document was endorsed by the Board of Governors in June 2016, the strategy outlined three objectives. The first on improving smallholder livelihood, second around increasing inclusion of smallholder in RSPO system by simplifying certification and around proactive engagement in jurisdictional approaches. The third around making a business case for smallholders to be included in the RSPO.

A pre-implementation plan started with strengthening the smallholder governance structure within the RSPO and evaluating the current smallholder programme with aims toward strengthening it with more inclusive and empowered smallholder participation & involvement in the system. Six guiding principles were developed to support the strategy around smallholder livelihood improvement to be made a priority, core sustainability requirements maintained, delivering smallholder support value through the RSPO system and market, targeted communication being planned and implemented, support models that are scalable, improving farmers self-sufficiency and passing incentives along the supply chain and global & regional context being considered.

Efforts around the simplification approach for smallholders are currently actively being discussed as part of the RSPO P&C review process. Last week a task force established a smallholder interim group (SHIG) to guide the work in the implementation of the smallholder strategy.

GA12-6g (19 November 2015)

Regarding improvement to the ACOP reporting processes. Development of a standardised system for compiling, storing and publishing ACOP data in an accessible manner that allows members and users to download and analyse reported data is in process. The implementation is ongoing, the first phase was around ACOP questionnaires that have now been revised in consultation with the resolution proponent, the revised questionnaires provide clear and standardised definitions to

ensure consistency in reporting. Internal SOPs are being established for the managing of the annual communication of progress. Phase 2 is developing an integrated system for ACOP submission data maintenance, reporting and managing user access to data. Development is being carried out in stages and targeted to be completed by the fourth quarter of 2018 and ready for the annual communication of progress in 2018.

GA12-6h (19 November 2015)

In ensuring quality oversight and credibility of RSPO assessments. The assurance task force supported by a reference panel and a steering group has been established to address the concerns raised with regards the quality of assessments and audits under the RSPO scheme. A number of experts have been engaged to develop training modules and to carry out focused training targeted at the assessors, auditors, as well as the growers themselves. Oversight activities continue to ensure that assessors and auditors are following the systems. To enhance transparency, accreditation reports are made publicly available. Improvements are also being made in terms of Certification Bodies. Quarterly reports of this taskforce can be accessed online at the RSPO website.

GA13-6d (November 2016)

In ensuring effectively planned and monitored compensation projects in remediation and compensation procedure of the RSPO. A web page has been developed where aggregate figures and non-compliant land clearance are disclosed with regional spreads. The beta version was sent for the biodiversity and high conservation values working group and the final version is being edited and we expect that to be up online by the end of this year. In addition, we have ongoing conversations with the Biodiversity & HCV Working Group regarding what to do with growers who have failed to comply with remediation and compensation procedures, as well as continuous improvement around the implementation of these procedures.

GA13-6e (November 2016)

In regard to protecting human rights defenders, whistle blowers, complainants and community spokespersons. The first draft proposal was prepared by the forest peoples programme and was sent to the members of the human rights working group for comments and discussion. Legal advice on this draft has been sought to avoid potential legal liability of the RSPO as well as its members. A legal consultant submitted these reports to the human rights working group, which upon screening of this opinion has decided to seek an additional legal opinion.

GA13-6f (November 2016)

In regard to review and amendment of the updated new planting procedures process applied to the smallholders. A standalone new planting procedures document for smallholders has been developed and gone through a 60-day public consultation ending October 2017. The finalised document includes simplified tools for high conservation values assessments, social and environmental impact assessments, land use change analyses, greenhouse gas calculations for smallholders and is now pending the Board of Governors endorsement in the coming months.

4. Confirmation of minutes for the last General Assembly (GA13) held on 10 November 2016

The Chair, Anne Rosenbarger requested the General Assembly to confirm the draft minutes page by page and raise their hands if there were any comments. The Chair then proposed for the minutes to be accepted, Liza Murphy seconded, and with no objection from the floor the minutes of GA13 were adopted.

5. Treasurer's Report and RSPO's Financial Statement for the year ended 30 June 2017

Tim Stephenson (Treasurer, AAK) thanked the finance team of the Secretariat for their efforts in maintaining compliance and financial control as RSPO continues to grow enormously over the years, constantly adding complexity.

He says after many years of constantly rising income RSPO has built a useful level of cash reserves. But this year for the first time the income has fallen compared to the previous year and that is a significant change. In addition, there is a small loss to report. For a not for profit organisation such as the RSPO one might consider the lack of profit a success to be celebrated however the reduced income is a negative sign regarding demand for RSPO sustainable certified palm oil which means we are not meeting our prime objective of making the growth and use of certified sustainable palm oil the norm.

From the financial perspective Stephenson feels we will need to be stronger on cost control and perhaps not be able to expand the secretariat activities as quickly as in the past, or at least prioritise more clearly how we will spend our limited funds.

Stephenson confirmed that the RSPO's financial position remained strong, with good surpluses and cash balances, enabling growth of the Secretariat and the use of funds going towards promoting the various objectives of the RSPO. There were no compliance issues and the audit report from PwC on the accounts for the financial year was a clean one, with no significant issues arising.

Finance Standing Committee – Organisational Structure

This Finance Standing Committee is unchanged with the addition of Belinda Howell, RPOG. Day to day management continues to be delegated to the secretariat particularly to Darrel Webber, CEO and Patrick Chia, Finance and Administration Director. Organisational structure is also unchanged with regional presence continuing to grow. It is registered in Switzerland and there is a main subsidiary, the RSPO Secretariat Sdn Bhd in Malaysia, in which all employees are employed and where most of the cost is incurred. There is a UK branch, the regional office in Indonesia, Beijing representative office in China and a branch office in Columbia. The US office is in progress. Another branch office is in progress and not yet formalised including those in India and Africa.

He then summarised the Treasurer's Report as follows:

Audited financial statements for the financial year ended 30 June 2017**Reporting changes**

Adoption of the Malaysian Financial Reporting Standards in line with international financial reporting standards in which the accounts are drawn up in line with. A consequence of adopting the MFRS/IFRS is the adoption of a functional currency and that is deemed to be the US dollar for the RSPO. For the reporting this year the main impact is the foreign exchange translation differences which have been significant because of the changes that have gone on to the exchange rate between the Malaysian Ringgit and the US Dollar and Euro. One change that can be considered for the future is that the reports are drawn up in US Dollar rather than Ringgit.

Results for the year

- Deficit after tax of RM291,000 compared to RM12.8 million surplus in 2016
- Income is slightly down and costs are up compared to the previous year
- Project costs are also at a significant increase. This includes third party cost including communications agencies and discreet projects.

Income

- Subscription income have increased significantly to RM14.05 million representing at 35 % of total income. There was an increase to around 3,400 members as at 30 June 2016, of which 1,800 are associates.
- Trading income declined with the most notable in credit trading which fell by 35% over the year. Overall, there is a slight increase bringing together our total income from subscription to 35%, physical trading income at 43% and certificate trading at 21%. Changes in income from physical and credit trading over the years are partly from the increase in volume traded and changes in exchange rate between the USD and MYR.

Operating Costs

- Operating costs are mainly staff cost and consultants engaged on a permanent basis employed overseas totalling to RM9.8 million. Quite a large increase compared to previous year but not as much as budgeted.
- In total operating costs were up 30%. Additional costs incurred including losses on RT events in Europe and Bangkok last year and costs relating to withholding tax introduced in Malaysia.

Balance Sheet

- A strong balance sheet dominated by cash and bank balances of RM45.5 million.
- There are no other significant changes except there is a significant increase in subscription debtors out of proportion to the increase in income which went up to RM3.8 million from RM2.3 million last year.

RSPO Funds

- Members' Fund opened at RM13.5 million, and with a policy to maintain the level of fund equivalent to the budgeted operating costs of around RM15 million, a transfer of RM2.6 million was made to Smallholders' Fund (equivalent to 10% of contribution from trading income). Together with the Currency Translation Reserve, there is RM5.7 million in where some represents the adequate reserves for the ongoing requirements for the RSPO.
- The Smallholders Fund remains almost unchanged, however is not recommended that this level of income transfer at this level would remain the same, unless the surpluses improve.

Budget 2017/18

- Surplus of RM3.5 million. Income projected a relatively small increase, departmental operating costs are budgeted to show a modest growth, mindful of income restraints.
- There will need to be a careful monitoring of costs to ensure we do not spend beyond our means.
- Subscription income budgeted to grow by 12%. Growth in physical sales are budgeted to compensate a continuing estimated reduction in credit sales.
- There is a reduced market available for those producers who do not or are unable to export physical certified palm oil to regions where there is demand for such. So that risks a lack of incentive for new certification particularly the smallholders if the certificate or credit trading becomes even smaller.
- Budgeting operating costs show that the ambition is to continue to grow in secretariat support.
- Communications make up 47% of the departmental costs and technical department comprises 31%.

In summary, the RSPO remains in a strong financial position however there are very concerning trends regarding the lack of income growth from trading. Financially we can manage this reduction in income growth from trading but it will constrain some activities unless it can be re-established.

We will need more secretariat input to drive income. Such a lack of growth is an indicator that we may no longer be moving towards a tipping point in which RSPO certified palm oil will become a norm and that is of even more concern than the financial implications.

The Chair asked if there were any questions to the Treasurer's report.

Faizal Parish: In regard to page 38 of the 2018 budget, what is meant by the RM5.169 million communication agency fees which seems about 35 to 40 % increase from previous year of the operating budget? It seems a bit high and technical budget seems to have decreased compared to previous years and we have noted some of the technical working groups that budgets have been cut and activities deferred due to budget shortage.

Darrel Webber: The technical budgets in the past we asked for more but didn't spend as much, so now we think it's a right fit. We always reassess this every quarter and we try to see if we can shift funds during the budget.

Patrick Chia: The communication department budget is broken into five main parts, the main one is on the communication agency fees. That comes up to RM5.1 million and the other big group is for outreach activities, that's RM1.4 million. RM5.1 million dominates a major part of the communication budget and this relates to the communication agencies that we engage with in different regions and different countries. These are specific to the activities that the outreach and engagement department is holding or planning to have, and we have these communication agencies to support in those efforts.

Tim Stephenson: The budget for the year is RM6.5 million, slightly better compared to RM7.4million we spent in the financial year ending June 2017. It is only true that there is a desire to increase the communication costs. During the year if there are major concerns, this is only a budget and we can definitely move our funds around and reprioritise it. It is not cast in stone, it is an indication of a plan on where we expect to spend the money but if circumstances change, we can reallocate the funds, of course.

Faizal Parish: It would be useful to have more information shared on where the significant budget increases from previous years. If the budget papers would give detail on that. I am concerned on some major technical issues, especially with the P&C process this year. It will be important to keep the foot on the paddle, I'm not sure where the budget on the P&C process is in the scheme of things and it should not be neglected.

Darrel Webber: P&C review is top priority for RSPO this year. Moving forward, where there are significant increases, we will try to break it down a little bit more.

Member: When do you expect to have no losses or start making profit?

Tim Stephenson: First quarter management accounts do show a small profit, and forecast is that we will have a surplus for the 2017/18 year but not as large as seen in previous years.

Members were asked to vote for the adoption of the Treasurer's Report and the audited financial statements.

Agenda 5	Approved	
The adoption of the Treasurer's Report and the audited financial statements for the financial year ended 30 June 2018	For	194
	Against	4
	Spoilt	0

	Abstain	14
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6. Resolutions

There was nine (9) resolutions up for voting in the GA. The voting results and discussions are as follows:

Resolution 6a – Appointment of auditors

Questions from the floor as follows:

Faizal Parish: Wondering is there are papers on these and what is the auditor’s remuneration?

Patrick Chia: The auditor’s remuneration is RM64,000 which is the same as last year. I would like to clarify that this is the Group remuneration.

Olivier Tichit: It is in the Page 6 of the statement of income and expenditure. Auditor’s remuneration RM 64,000 indeed.

Resolution GA14-6a	Approved	
To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2018	For	192
	Against	6
	Spoilt	0
	Abstain	10

Resolution 6b -- Relocation of the De Facto RSPO Executive Office to Jakarta, Indonesia

Rudy Lumuru: My name is Rudy Lumuru and I’m from Lingkar Komunitas Sawit, supported by Sawit Watch and Setara. Before I read the resolution, I would like to seek clarification from the Board of Governors. As you can now view the resolution on website, there are now two columns to it. Some of the resolution has the comment that the BoG do not support this resolution. We are fighting and encouraging the Free Prior Informed Consent but now this mean, but now it is Pre Prior Input Consent. Can BoG chair please clarify this as this is the first time the BoG has influenced some of the resolution by indicating that the BoG is not supporting this resolution. Can someone from the BoG explain?

Darrel Webber: The Board will send a note to members to see if they support, in private companies. It has never been done in the RSPO. But the Board thought it was very useful to inform the Board's consensus view is to those who cannot be here physically to hear their arguments. The intention of the Board was to provide information on the views on resolutions. Where the Board could not get consensus on resolutions, they did not make any recommendations.

Anne Rosenbarger: With the online voting, some of them can't be here at the plenary to hear the explanations and discussions that are going on or even get the input from their constituencies before hand. We are trying to get a little of insight to where we are coming from. It is also worth noting that there is an ongoing discussion with the BoG about potentially the need to review the governance of the General Assembly on how resolutions can be submitted, revised, advised upon, and how the voting process. I would like to note that this is an ongoing conversation being pursued within the BoG.

Rudy Lumuru: I did not get a clear understanding on the BOG's direction, but I think it is not good to do that in a democratic way. When I read that this resolution to the members for voting, I feel they have been recommended to not support this resolution. Does that mean that the BoG is allowed to intervene? I'm not clear on the statute and the regulations but it now comes back to the member. I would like to leave this issue in the hands of the BoG and the members.

Continuing to the resolution, I would like to clarify that it is not about nationalism. Indonesia is facing many palm oil issues, especially there are a lot of negative campaigns on palm oil. As President Jokowi said, don't bring shame to Indonesia's name through these campaigns. If we want to achieve the sustainability dream, in line with the Rt15's theme, Inclusivity and Accountability, we need to walk on the ground where the issue really happens. It is only fair that we share the responsibility and give the opportunity to Indonesia to show how we work on sustainability. Our Government is really open now with its new regulation, we are a democratic Indonesia and it is a good opportunity to improve the capacity of sustainability in Indonesia. We think by moving the secretariat to Indonesia, it would make it a lot easier, as a lot of the issues and complaints are about and from Indonesia.

Anne Rosenbarger: I think we can certainly take under advisement to bring back to the board the concern you have raised around the order of the operation and the board review or advise on the resolutions proposed.

Resolution GA14-6b

Rejected

Relocation of the De Facto RSPO Executive Office to Jakarta, Indonesia	For	54
	Against	144
	Spoilt	0
	Abstain	10

Resolution 6c -- Strengthening the RSPO Executive Office

Karlo Lumban Raja: My name is Karlo Lumban Raja from Sawit Watch and this resolution is mainly to enhance the internal capacity of the RSPO secretariat. Based on our reflection, the complaint system and complaints panel are often deadlocked, resulting in delays and unnecessary proxies and negative results. The most complaints come from Indonesia, its root in rights disputes. Thus, the secretariat needs to address the issues in layman terms so there are no delays in conflict management. There is a need for commitment to continuously improve and accelerate transformation of better services towards members.

Resolution GA14-6c	Rejected	
Strengthening the RSPO Executive Office	For	65
	Against	137
	Spoilt	0
	Abstain	6

Resolution 6d -- Generation of sustainability practices and fair trade for independent mills

Proponent, Jan Pierre explained the background and definition of an independent mill. He went on to add the complexities behind it as well.

He requested that the resolution be withdrawn from the pool.

Jan Pierre: The matter is currently being discussed and addressed by the P&C taskforce. This should be dealt at that level in a better way with a team that is working hard to make this effort possible.

Resolution GA14-6d was withdrawn.

Resolution 6e -- Enhancing credibility of the "Annual Communications of Progress"

Daniel May: There have been considerable improvements throughout last year. However, we discovered some inconsistencies in reporting and therefore inconsistencies in quality of reports provided. This is mainly the case for some of the consumer goods manufacturers, which provides right now the largest number of members in the RSPO. For example, some members are reporting that they are using SG and reporting SG volumes but rather using MB volumes. Once members are reporting the data, the data should be accurate.

We propose during the supply chain audit, which is happening in those companies anyway, the auditor conducts the plausibility check whether the figures provided in the ACOP are accurate and plausible towards what is happening in the company.

What do we mean by plausibility? It means that a member reporting SG and using MB is not plausible. If the member is reporting to be using 50 tonnes of SG but actually using 500 tonnes of SG, that is not plausible as there is a huge gap.

We believe the additional efforts, both by the company and the CBs are close to zero. The CBs are already checking on the figures and numbers anyhow and with the reference to the ACOP, the auditor can check these number in a matter of minutes.

If non-plausibility is observed, it is reported to the secretariat, the data is collected. And in case we find out in the next 12 months there is a larger number of non-plausibility being reported we need to develop together with the secretariat with the relevant working groups some measures how to deal with the non-plausibility in the reporting of the ACOP.

Olivier Tichit: I'm slightly puzzled by your explanation on what plausibility is. I had the distinct impression that we were and hope anyway that the RSPO was already auditing a hundred tonnes as a hundred tonnes. As a grower, I wish I could get away with that as well. Can we extend that to the growers maybe so that we could get an extra couple of percent?

Daniel May: This resolution is not about growers, but about the Supply Chain audits that are happening especially in the line of processors and traders and consumer goods manufacturers. From our understanding when it comes to consumer goods manufacturing, there is no connection between the audit reports and the ACOP, and this is what we would like to somehow connect and obtain reliable data.

Olivier Tichit: From what you have described, as a grower, I am rather offended because all the effort that we put to ensure that not one smallholder doesn't have a land title can deliver his crop to us, then that gets blown away somewhere down the supply chain because downstream nobody shows how many tonnes get claimed as certified. I really am surprised by the state of affairs you are describing.

Harshal Thakare: What is the use of the conversion ratio? As per our knowledge we can sell short, we cannot sell extra. As per conversion ratio and auditor checks the ratio is within limit given in RSPO guideline. When this guideline is available, why do you require this extra work from the auditor? Any company will take the MB raw material, convert that into finished goods and that conversion ratio should be maintained. If they sell short, then they need to take more raw material and they can make and sell less finished good material. They can't sell extra as this will indicate an error on their certificate and they will not pass the audit. So can you please make us understand why this additional work is required?

Daniel May: It is not extra audit. It is rather about non-plausibility, how to strengthen the entire system of ACOP.

Marieke Leegwater: If I understand this resolution, it's about connecting ACOP reporting and audits done by certification bodies and making sure if there is inconsistency somehow it is picked up and brought forward. Resolution is there to make sure ACOP reporting is consistently checked in the supply chain certification audit of companies in the supply chain.

Daniel May: Yes, the understanding is correct.

Joshua Lim: The intent is very good, but if I'm not mistaken ACOP is reported based on company membership but SSC audit is based on site. So, how are you going to reconcile for one site audit for the ACOP submission for the entire company or membership?

Daniel May: I have to admit for companies with various sites we don't have an answer to how this could be managed. However, a large number of consumer goods manufacturers have one site, which is easier.

Tulio Dias Brito: Sometimes I check the ACOP and there are really huge discrepancies in the reports. So, I think it's possible we try to figure out how to solve this and the resolution gives 24 months to develop this. How do we conciliate the reality that some members are big and have corporate memberships and report

under the corporate level? But I think we can solve this situation, although it may not be immediate.

Jan Pierre: What we have to do raise is the level of accomplishment and traceability on what we do with the SSC certification and this proposal has to go beyond this point. What else should we check on the SCC certification, and system itself? I think the problem goes beyond just auditing. The whole chain should be audited correctly.

Resolution GA14-6e	Rejected	
Enhancing credibility of the "Annual Communications of Progress"	For	73
	Against	126
	Spoilt	0
	Abstain	9

Resolution 6f -- Balanced representation in the RSPO General Assembly voting process based on membership category

Fiona Wheatley: In 2004, RSPO introduced one member one vote approach as simplest way to organise voting. However, since then organisation has seen tremendous growth in membership particularly in manufacturing category. It reflects strong market commitment to RSPO. We also recognise that many of these manufacturing members are members because they want to in principle support our goals but also the only way they can pass on claims they are purchasing RSPO credibly to their customers. In reality they rarely have the capacity willingness or desire to engage in the RSPO decision making process.

RSPO has an obligation to find the best voting mechanism that balances the interest of all members. As retailers, many of us participate in many other multi-stakeholder certification scheme. Therefore, we are aware there are many voting modules. Most based on a proportional approach. We feel time is now given for RSPO’s growth, the context of different levels of participation and compliance for RSPO to look into these different systems available and consider their pros cons merits and constraints within a palm oil context.

RSPO has changed enormously since 2004. Continual improvement is at the heart of what we do and is one of our strengths. We are not asking at this stage for a change to be implemented. We are asking the secretariat to present a proposal, that in their view, achieves the best balance of representation for members. To ask RSPO to carry

out a review of proportional approaches and come back with a recommendation. We believe this will optimise confidence in RSPO as an institution and to encourage new members to join, therefore strengthening our ability to meet our goal of market transformation.

Anne Rosenbarger: The way you describe this review is exactly what I would like to see as part of a broader review of the entire GA structure. My concern is that the resolution is not phrased as such and it is phrased that the GA format is based on a proportional approach such that membership categories have equal weighting regardless of total membership numbers. Which to me is quite prescriptive, when we have the resolution format this way, which implies implementing rather than the review and given that we have folks who have voted online based on this wording.

Fiona Wheatley: I agree and slightly regret we did not have more time to define resolution and I agree that it is not phrased in quite the way we would like. I am very clear that what we are supporting is the principles described in the resolution and the secretariat to make sure that they get to develop a proposal or system that reflects this principle.

Darrel Webber: There are people who have voted based on this text so you will have to vote based on this text. I appreciate the intent but you can't vote based on that intent because people have already voted on this text. As most of you know the board intends to discuss this anyway in the governance review. I can't influence the vote either way.

Harshal Thakare: Does this mean there is a lesser weightage for the bigger representation or group being based on the number of organisation in the category?

Fiona Wheatley: No, it is quite the reverse. What we are proposing, for example, a similar organisation organises their voting is to have a smaller cluster or constituencies – we would cluster them and in the model that I am referencing is that each of these constituencies have to have agreement of consensus and then they vote as a constituency rather than a company. But that is just an example of how it can be approached, that is not my recommendation or otherwise.

Resolution GA14-6f	Approved	
Balanced representation in the RSPO General Assembly voting process based on membership category	For	137
	Against	61
	Spoilt	1

	Abstain	9
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Resolution 6g -- Official recognition of IGC endorsed Indonesian RSPO grower member representatives within all RSPO forums, as formally representing the Indonesian Growers Caucus (IGC)

Richard Kan: The Indonesian RSPO Grower Members' representation in RSPO was previously under GAPKI's RSPO membership. Following GAPKI's withdrawal from the RSPO, the Indonesian Grower Members proactively organised themselves under the platform of Indonesian Grower Caucus (IGC). This caucus albeit a non-legal entity has served as a platform for the Indonesian RSPO Grower Members to elect their representatives and to engage in and discuss RSPO matters. The IGC has served as the platform for Indonesian Grower Member Representatives in the Board, Working Group, Task Force and other RSPO forums to cascade information and deliberate on matters arising from their respective representation within those forums to the other Indonesian Grower RSPO Members.

The IGC is also the platform by which the Indonesian RSPO Grower Members engage with the RSPO on matters that affect the constituency. The IGC has held consultations with RILO, RSPO Advisor and member companies since May 2017 on how to make IGC more effective. The consultation process has culminated in election of coordinators to administrate IGC so that the independent RSPO Grower Members can be more cohesive.

This resolution proposes that the RSPO board of governors and secretariat officially recognise in the Board of Governors and all other RSPO forums.

Belinda Howell: I want to explain that the retailers palm oil group is also not a legal entity and it is represented on the board so many of you may be wondering how that works. All members are RSPO ordinary members in their own right, they've grouped together to work together to push forward on sustainable palm oil and they've elected my company to do that representation work for them. My company is an affiliate member and that is how it works. At this GA I cannot vote but I can hold proxy votes of my ordinary members.

Matthias Diemer: If you want to be officially recognised as an organisation, then you need to have membership. That is my understanding of the statues and the requirements.

Darrel Webber: Yes, you have to be a member.

Richard Kan: Agus Purnomo is representing Golden Agri as an Indonesian Grower company for the BoG, but the IGC is developing a secretariat to register the legal framework of it and they will join as a member which is now in progress.

Perpetua George: If the Indonesian caucus going for a legal status, then why not wait till you are a member? It seems a bit moot to vote on this if you are planning on being a member anyway.

Richard Kan: In the past we had Goodhope on the Board. But now the IGC has gathered and voted for Agus Purnomo as a representative and his alternate is Fadil Hassan from Asian Agri and that format still continues in the RSPO Board. Internally they are developing that part to be legally registered. Proposed resolution is to recognise representatives from the Indonesian grower’s caucus, which is currently in practice for the past years. When IGC becomes legal it helps to enhance the whole Indonesian grower’s representation in the RSPO.

Olivier Tichit: Until now, if I understand correctly, Indonesian growers have managed to send representatives to the RSPO based on informal gathering they have called IGC. Effectively it has been recognised by RSPO so I fail to understand why we need to endorse something which has been de facto recognised all this time.

Richard Kan: All this while Goodhope has been representing IGC. There is an incident the representative wanted to withdraw as the IGC representative, and some of the Indonesian growers are not in agreement with that. So, this resolution is to ensure that the person is going to be recognised, if this resolution is voted unanimously, to represent the Indonesian grower. In the future whatever decision made by IGC, they are representing Indonesian growers, officially.

Mavath Chandran: I would like to clarify that all this while, and if referred to the minutes from the Board meeting, Your representative is not shown to be representing IGC, but rather Goodhope plantation. Hence, your proposal now is to indicate that the representation is from IGC.

Resolution GA14-6g	Approved	
Official recognition of IGC endorsed Indonesian RSPO grower member representatives within all RSPO forums,	For	101
	Against	80

as formally representing the Indonesian Growers Caucus (IGC)	Spoilt	2
	Abstain	25

Resolution 6h -- Relocation of the RSPO Secretariat Office to Jakarta, Indonesia

Richard Kan: Indonesia is the world’s largest producer of palm oil, contributing to 53% of global production. The country also produces the majority of certified sustainable palm oil, contributing to 57% of Fresh Fruit Bunches certified by the RSPO. Indonesia is the only country with significant new areas for palm oil development. As of August 2017, 45% of new HCV assessments in HCV RN website are from Indonesia.

With the current scale of palm oil production and its future projected growth, it is by international convention that the headquarters of the international governing organization be located in the country with the biggest stake. Although RSPO is currently headquartered in Kuala Lumpur, Malaysia, however, Indonesia has a distinct advantage with its freedom of the press and its democracy and potentially other anti-corruption practices indicates improvement to the RSPO organisation’s visibility upon relocation.

Karlo Lumban Raja: In the past few years, the Indonesian government was resistant to sustainable measures such as RSPO. Each time RSPO engages with the federal government, there is resistance to the idea that improving farming practices are directly linked to productivity as well as market perspective towards Indonesia. RSPO is seen as an initiative driven by the European market. This will be an effective move by RSPO to convince the Indonesian government by having a physical presence in the country.

Resolution GA14-6h	Rejected	
Relocation of the RSPO Secretariat Office to Jakarta, Indonesia	For	63
	Against	132
	Spoilt	1
	Abstain	12

Resolution 6i -- Resolution to Amend the Statutes of the RSPO and the Code of Conduct for members to formalise the role of the Complaints and Appeals Panel

Darrel Webber: This is mostly administrative for complaints or grievances mechanism. New systems are in place and now it is to be embedded in statutes and code of conduct to better reflect new changes. To ensure complaints panel is formalised in statutes, ensure separation of powers between Board of Governors and complaints panel and appeals panel, and it focuses on alignment between complaints and appeals procedures with statutes and code of conduct with regards to powers of the complaints panel and the appeals panel to suspend or terminate membership. It also formalises and institutionalise complaints and appeals panel. The board endorses this resolution.

Resolution GA14-6i	Approved	
Resolution to Amend the Statutes of the RSPO and the Code of Conduct for members to formalise the role of the Complaints and Appeals Panel	For	167
	Against	31
	Spoilt	0
	Abstain	10

7. Election of the Board of Governors

MEMBERSHIP SECTOR	ELECTED
Oil Palm Growers	
Malaysia: MPOA is retiring and available for re-election. There will be no election and MPOA will serve another term as no other nominations have been received.	MPOA
Indonesia: PT Agro Harapan Lestari is retiring and is not available for re-election. One nomination was received for Golden Agri-Resources Ltd and they will assume the seat for a term as no other nominations have been received.	Golden Agri-Resources Ltd
Processors and/or Traders	
IOI Loders Croklaan (IOI Group) is retiring and is not available for re-election. One nomination was received for Wilmar International Limited and they will assume the seat for a term as no other nominations have been received.	Wilmar International Limited
Consumer Goods Manufacturers	

MEMBERSHIP SECTOR	ELECTED
Unilever is retiring and available for re-election. There will be no election and Unilever will serve another term as no other nominations have been received.	Unilever
Retailers	
Marks & Spencer is retiring and available for re-election. There will be no election and Marks & Spencer will serve another term as no other nominations have been received.	Marks & Spencer
Banks & Investors	
HSBC is retiring and available for re-election. There will be no election and HSBC will serve another term as no other nominations have been received.	HSBC
Environmental NGOs	
World Resources Institute is retiring and is available for re-election. There will be no election and World Resources Institute will serve another term as no other nominations have been received.	World Resources Institute
Social NGOs	
Oxfam International is retiring and available for re-election. There will be no election and Oxfam International will serve another term as no other nominations have been received.	Oxfam International

8. Any Other Business

Desi Kusumadewi: I am a proud former staff of the RSPO secretariat. This is my first time joining the voting. My question is how come two resolutions asked for the relocation of the secretariat to Indonesia? I think there must be strong concerns from the stakeholders because it not only comes from the growers but also the NGOs. It is necessary to help Indonesian smallholders, and important for RSPO secretariat to understand concerns why two resolutions are asking for the same outcome. I would like to request the secretariat to reach out to Indonesian stakeholders and growers and NGOs to listen to their concerns and come up with an agreement on how to improve the situation.

If RSPO wants to scale up production of sustainable palm oil, Indonesia has a great potential to make that happen. We need to work very closely with the government and smallholders, understand their concerns, because I believe RSPO can be a great agent of change, try to reach out to them, understand their concerns and how to help

them to bring those who are weak to the moderate and create more stars in the RSPO.

Anne Rosenbarger: Your request is well noted.

Mavath Chandran: I want echo what ibu Desi said, but in interim measure we need to understand the whole consumption pattern has changed. We seem to be focusing on countries where consumption of palm oil is not going to increase, neither would the certified sustainable palm oil.

Indonesia today is the largest consumer of palm oil in fact this year it will take over from India as the largest consumer of palm oil. Therefore, from a production and consumer point of view this is the big market for us to transform the market. We have now one office in Jakarta. When you look at the Indonesia archipelago and the three time zones and where the expansion is taking place perhaps we should look at an office in Sumatra and perhaps even an office in Kalimantan. Because these are the places where the issues are taking place. This is what I would recommend as an interim measure. Because expecting somebody from the Jakarta office to travel all the way to Kalimantan to resolve issues or to address any sort of technical issues is not timely and costly whereas if you have other satellite offices I think it will go a long way to resolve the issues.

Meeting was adjourned at 5.41pm (GMT+8) by the Chair.

END OF GA14

Annex 1 – Attendance List**Ordinary Members Attendance and Proxy List**

1.	Banks and Investors	4
2.	Consumer Goods Manufacturers	8
3.	Environmental NGOs	19
4.	Oil Palm Growers	31
5.	Processors and Traders	23
6.	Retailers	8
7.	Social NGOs	10

Ordinary Members e-Voter List

1.	Banks and Investors	5
2.	Consumer Goods Manufacturers	28
3.	Environmental NGOs	5
4.	Oil Palm Growers	17
5.	Processors and Traders	43
6.	Retailers	7
7.	Social NGOs	0