

Draft Minutes**Roundtable on Sustainable Palm Oil 16th General Assembly (GA16)**

Date: 6 November 2019

Venue: Bangkok Marriott Marquis Queen's Park, Thailand

Start time: 3:00 pm (GMT+7)

Chair: Anne Rosenbarger, Co-Chair RSPO Board of Governors

Attendance: 160 Ordinary Members in attendance (including 31 proxies) and 68 e-Voters (total of 228 of 1,806 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 (GA15) held on 15 November 2018.
 5. To receive and adopt the Treasurer's Report and the RSPO's Financial Statement for the year ended 30 June 2019.
 6. To discuss and adopt resolutions:
 - Resolution 6a:
To confirm the appointment of PricewaterhouseCoopers as the auditor of the RSPO for the financial year ending 30 June 2020.
 - Resolution 6b:
Ensuring transparency and multi-stakeholder engagement in the quality assurance of assessments and audits
 - Resolution 6c:
Expanding the authority of RRO Indonesia to support the delivery of services to Indonesia's independent smallholders to accelerate transformation of norms and inclusiveness

- Resolution 6d:
Balanced representation in the RSPO General Assembly Voting Process
 - Resolution 6e:
Submission of Peat Inventory by all RSPO “Grower” and “Processor and Trader” Members
 - Resolution 6f:
Adoption of the RSPO Independent Smallholder Standard (RISS) 2019 for the production of sustainable palm oil by Independent Smallholders
7. Election of Board of Governors for the following sectors and sub-sectors:
 - a) Oil Palm Growers – 2 seats
 - b) Processors and Traders – 1 seat
 - c) Retailers – 1 seat
 - d) Banks and Investors – 1 seat
 - e) Environmental NGOs – 1 seat
 - f) Social NGOs – 1 seat
 8. Any other business.

1. Members’ Roll Call

The 16th Annual General Assembly (GA) of the RSPO members was called to order at 4.10pm on 6 November 2019 at Bangkok Marriott Marquis Queen’s Park, Thailand. Chairperson Anne Rosenbarger presided over the meeting after minimum quorum of 80 Ordinary Members present or represented was reached.

2. Opening Address by the Chair

Anne Rosenbarger welcomed members to the assembly and proceeded directly to the Report presented by the Chair.

3. Report presented by the Chair

Anne Rosenbarger presented the Report by the Chair.

The RSPO Secretariat has established legal presence in seven countries as well as representatives in four additional countries. Over the two years, we have been working on a governance reviews, beginning with a review of the functionality of the

Board of Governors. Last year, the review shifted to the overall governance structure, with a view to align with the RSPO Theory of Change as well as promoting greater consistency in the roles and responsibilities of standing committees, working groups, task forces, and other bodies, as well as reporting among these groups and with the Board.

This year we established four standing committees - the Assurance Standing Committee, Standards Standing Committee, Smallholders Standing Committee, and the Market Development Standing Committee - and we are in the process of reviewing the overall structure to ensure sufficient oversight of the various groups that support the implementation of the Standing Committees' work.

In terms of finances, the RSPO recorded a surplus with income increasing and total expenditure decreasing compared with last year. Tim will provide a detailed report of the finances in the next agenda item.

Membership continued to grow, increasing to 4,464 as at October 2019 (from 3,920 in 2018), comprising 1,804 Ordinary members, 2,557 Supply Chain Associates, and 103 Affiliate members, all drawn from 94 different countries. It is worth noting that for FY2019 we have 19 new growers joining the RSPO.

IMPACTS AND EVALUATION

In 2018, we developed our Research Agenda to help focus, inform and coordinate our research work to test and validate our Theory of Change. Subsequently, we conducted a survey with our internal and external stakeholders to identify priority research questions for the upcoming year. Three key research topics were identified:

- A cost-benefit analysis for certification for smallholders
- Impact of RSPO on working and living conditions of oil palm workers
- Contribution of RSPO to the protecting biodiversity

We have since released research tenders for the identified topics and selected commissioned all three researches in 2019.

The ACOP 2018 submission rate continues to be encouraging this year, with an overall growth in total submissions. The submission rate rose to a new high of 81.4%. We also noted improved accuracy in the data received, with the Secretariat focusing efforts on eliminating misreporting and non-disclosure of volumes.

OUTREACH AND ENGAGEMENT

The RSPO issued 206 trademark licences with 28 new countries where RSPO products are now being sold.

Europe:

In June 2019, the RSPO held its first Sustainable Palm Oil Dialogue in Utrecht, the Netherlands, with the European Palm Oil Association and IDH, which attracted more than 400 stakeholders involved in the sector.

China:

The RSPO participated in the 2019 China Sustainable Palm Oil Supply Chain Forum and also hosted the Third RSPO China Forum in Wuhan. Also, three companies joined the China Sustainable Palm Oil Alliance, increasing the total number of members in China from seven to ten.

India:

CSPO uptake in the region increased ten times from approximately 10,000 MT tonnes to 1 million MT with Supply Chain Certification (SCC) increased from 55 to 81. There are 22 new RSPO members including 11 large palm oil buyers.

In collaboration with WWF India, Rainforest Alliance and the Centre for Responsible Business, the RSPO also founded the India Sustainable Palm Oil Coalition in September 2019, which has 19 members including several major palm oil buyers in India, a steering committee and three working groups. 11 members have full 100% CSPO commitment.

North America:

We have seen the largest growth in membership with the US now having highest number of total members. North America increased its membership from 389 to 589, with 507 members located in the US and 82 in Canada. At the same time, the number of supply chain certification sites rose to 682, representing an impressive 172% increase. The North American Sustainable Palm Oil Network also added 25 members in FY2019, representing growth of 179%.

Latin America:

RSPO membership increased by 38% with SCC facilities increased by 56% from 93 to 145.

South East Asia:

RSPO membership increased by 15% to 299 members.

ASSURANCE AND STANDARDS DEVELOPMENT

In terms of certification, at the end of October 2019, close to 15 million MT of CSPO was being produced by about 3.3 million hectares of certified productive palm oil plantations located in 16 countries globally. At the same time, there are close to 5,000 facilities that had obtained Supply Chain Certification, allowing them to purchase, process, and sell CSPO products to consumers. The Assurance Standing Committee has been formed and will spearhead improvements to the assurance system and its implementation.

On Standards Development, following the adoption of the Principles and Criteria (P&C) in 2018 at RSPO General Assembly in Kota Kinabalu, an announcement was made to mobilise National Interpretation (NI) Working Groups at the country level to revise the old NI's and adapt them to the new P&C. At least 12 countries have since mobilised their Working Groups for this purpose, with four being ready for endorsement this November.

RSPO has finalised several procedural documents on the topics of Peat, No Deforestation and Greenhouse Gas (GHG) emissions. In June 2019, the RSPO published a guidance on the methodology to calculate Decent Living Wage and began the process of establishing benchmarks in all relevant producing countries while working in close collaboration with the relevant National Interpretation Working Groups.

Smallholder certification

Total number of Smallholder, both independent and scheme, certified increased by 165% during the period of June 2018 to June 2019. As at Jun 2019, over 146,000 smallholders (of which 5,304 were independent smallholders) with 401,879 hectares are certified. A significant portion of this number is from Indonesia where the growth has been approximately 170% during the period.

We saw the launch of Smallholder Trainer Academy in the during this RT. It is an initiative that aims to make high quality training easily accessible for smallholders through a 'Train the Trainer' approach. The academy expects to have 15 partners globally and train approximately 30 master trainers in 2019.

Independent smallholder standard

A multi stakeholder Taskforce, known as the Smallholder Interim Group (SHIG) lead this process, aligned with the 2018 P&C Review. The process was completed, and we are hopeful that the standard will be adopted at GA16. Upon adoption, the standard becomes effective immediately with a grace period of one year for full implementation.

COMPLAINTS

The Complaints Panel has closed a total of 70.68% of all complaints received since 2009.

STRATEGIC PROJECTS

The first 60 days public consultation on Jurisdictional Approach took place in July and August this year. A benchmarking study assessing the status of three of RSPO pilot (Sabah, Ecuador and Seruyan) were conducted and will be finalised and published online by the end of this year. A second public consultation will take place mid-December this year and more face-to-face consultations are expected.

PAST GA RESOLUTIONS**Resolution GA12-6g (November 2015): To improve the ACOP reporting process**

There is on-going work at the Secretariat to instal systems and streamline databases to improve the ACOP reporting process. An ACOP Review Board sub-group has been formed to review and recommend changes for the upcoming ACOP 2019 and future ACOP cycles.

Resolution GA13-6d (November 2016): Assuring effectively planned, implemented and monitored compensation projects in 'remediation and compensation procedure' of the RSPO

Ongoing work includes the re-establishment of the Compensation Task Force to review the Remediation and Compensation Procedures more broadly and also update these procedures in line with the 2018 P&C.

Resolution GA13-6f (November 2019): To review and amend the updated New Planting Procedure process as applied to smallholders

The Board has endorsed a finalised proposal to be explored in line with the new P&C and the current development of the Independent Smallholder Standard.

Resolution GA14-6f (November 2017): Balanced representation in the RSPO General Assembly voting process based on membership category

A resolution will be tabled at current General Assembly.

Resolution GA15-6b (November 2018): Requiring members involved in primary procurement to publish third-party supplying mills lists

The RSPO Secretariat has revised its Certifications System documents both for the P&C and supply chain, in line with the 2018 P&C. The first part of the resolution's request was being incorporated into the revised supply chain systems document. The revised supply chain standard and system documents are being submitted for endorsement in November 2019.

The second part of the resolution, which requests a similar level of supply chain transparency to be promoted to incorporate RSPO members who are not involved in primary procurement, has not yet been fully addressed. The RSPO Secretariat continues to engage with proponent on this matter.

Resolution GA15-6d (November 2018): Discouraging RSPO members subject to complaints from avoiding their obligations by divestment or withdrawing their membership

A task force has been formed to oversee the implementation of this resolution and an independent legal reviewer has been engaged to perform the legal review on the implementation of this Resolution. The task force is in the midst of reviewing the report prepared by the independent legal reviewer.

A timeline has also been drawn up with respect to the whole process leading up to the final presentation before the General Assembly in 2020 on the propositions related to the implementation of this resolution.

4. Confirmation of the Minutes of the General Assembly (GA15) held on 15 November 2018

The Chair requested the General Assembly to confirm the draft minutes page by page and raise their hands if there were any comments. Elizabeth Clarke moved for the minutes to be accepted, Tim Stephenson seconded, and with no objection from the floor, the minutes of GA15 were confirmed.

5. Treasurer's Report and the RSPO's Financial Statement for the year ended 30 June 2019

RSPO Treasurer, Tim Stephenson presented the Treasurer's Report for the last financial year.

Recognising that the financial results are not the key objective of the RSPO, which is a not-for-profit organisation, the financial strength of the RSPO, however, is a key enabler which allows the organisation to function, to pay Secretariat salaries, make possible the projects, task forces and working groups, development of standards, communications and marketing, and the RT conferences.

This report is important and is not only presented to comply with our constitution and under the Swiss Code but as members, you should be aware of the financial positions of RSPO and how your membership fees are spent. We do sufficient funds to meet our needs but we also must be satisfied that we meet comply with laws and regulations, and that we spend our financial resources effectively and efficiently.

You have received the Treasurer's Report along with the audited accounts for the year which show in detail the historical results of the RSPO and the balance sheet at the end of the year together with a summary of the budget for 2019/20. This is the single most important financial report of the RSPO and it is independently audited by PwC, who are very clear in their report that the accounts show a true and fair view of the surplus and the balance sheet at the end of the year. We should all take comfort from this report which verify from an international firm of accounts represent a true picture of the financial health of the RSPO.

Unfortunately, a true and fair view from an accountant's and regulators perspective incorporates a lot of complexity, as those who have read the accounts will know. We have tried to be as transparent as we can reasonably be, but there are things that we are bound to include in the audited accounts which do not make them an easy read, including a plethora of technical accounting policies. I have tried to simplify the messages in my written report attached to the accounts. This presentation is a summary and overview intended to supplement those reports and provide some further reassurance as to the financial state of the RSPO.

On behalf of the Finance Committee, the Treasurer thanked Patrick Chia the RSPO Finance and Admin Director, for his hard work during the year in overseeing the RSPO finances. The RSPO has grown continuously over the years, constantly adding complexity and Patrick have done a good job to maintain compliance and financial

control. We know this not only from the audit but also from an internal control review carried out by BDO, another firm of accountants. This review of controls did identify some improvements to be made but was overall positive about the financial controls environment at the Secretariat.

Finance Standing Committee—Organisational Structure

The Finance Standing Committee, remain largely unchanged, whose members consist of the Treasurer, Geraldine Lim of Rabobank, Ian Hay of HSBC, and Belinda Howell of the Retailers' Palm Oil Group, Darrel and Patrick. The Treasurer informed members that Mr Hay and Ms Howell are retiring from the Committee and offered thanks for their long and substantial contributions to the RSPO and in particular to this committee.

The committee's terms of reference remain unchanged, maintaining oversight of financial information, financial controls, financial planning, and compliance, with the day-to-day management delegated to the Finance and Admin Director and his team.

After many years of constantly rising income and surplus, last year we reported a deficit and at GA15 we were considering whether an increase in fees might be required to meet the ever-increasing costs of running and delivering on continuing expansion. Reduced project costs and increased income as membership and trade in RSPO products also continue to grow, means that we have a surplus again for the financial year ended on 30 June 2019, and, you may be relieved to hear, based on current estimates of future costs we have no need to increase fees. Indeed, it is worth noting that if targets proposed for shared responsibility are met, then income will increase very significantly.

The organisational structure of the RSPO remain unchanged. The RSPO is a not-for-profit organisation registered in Switzerland with the RSPO Secretariat Sdn Bhd separately registered in Malaysia. The RSPO also maintained regional offices with different structures depending to the requirements of the individual countries around the world.

Audited financial statements for the financial year ended 30 June 2019

The Treasurer confirmed that there are no compliance issues to report outside of the ordinary course of business regarding the financial affairs of RSPO. The audit report by PricewaterhouseCoopers was a clean one with no significant issues arising.

Results for the year and trends:

- The surplus for the year before forex and tax was RM7.7 million.
- Income increased by around 10%, operating costs were fairly constant and projects costs were significantly lower.

Income growth

- A third of income come from subscription at RM16.5 million and two thirds from trade in RSPO products, SG, MB or Credit trades. Contributions from with credit trades have increased totalling RM8.3 million.

Operating costs

- Operating costs were fairly consistent, but project costs have reduced over last year. Staff costs are around 75% of operating costs and have increased mainly due to the increase in headcount, salary increases and some variable costs changes that were under accrued from previous year.
- Other costs decreased from RM5.8 million to RM3.1 million last year, where bad debts provisions for membership fees which were uncollectible reduced to RM0.1 million compared with a large provision in previous year of RM1.5 million, and we also have surplus from the RT in Kota Kinabalu last year, compared with a deficit from two RT's of close to RM1.0 million in the previous year.

Project costs

- Overall, there is a significant reduction in project costs of RM17.6 million from previous year's RM22.9 million. Spending on Assurance of RM1.9 million we significant lower compared with previous year, whereas there are more spent on Standard Development at RM5.4 million, clearly a lot do with the new P&C including some diversions of spending into that and a significant decrease in Outreach and Communication partly due to budget reduction in communications agency fees and some projects being deferred to the following year.

Balance sheet

- Overall our net assets amount to RM38.2 million and is close to where we were in previous year. Within that we have cash and bank balances of RM48 million (2018: RM40.1 million) held in USD, EUR and MYR.
- Subscriptions due has reduced from RM2.8 million to RM1.7 million and there are still scope for further reductions.

- Net assets are represented by the Members' Fund increased by the surplus for the year to RM16.5 million, the Smallholders' Fund which was reduced by disbursement of RM3.1 million over the year, with commitments to utilised the remaining fund of RM8.6 million and Special Projects in particular the SEnSOR impact assessment project and intermediary organisations also have commitments amounting close to the remaining balance of the fund.
- There is also the Currency Translation Reserve which are with unrealised gain or losses from translation of assets and liabilities held in non-Ringgit currencies.

In summary, we returned to surplus for the year, the need to increase fees has receded, external review indicates effective internal controls and a strong balance sheet and no major short-term financial issues.

Budget for FY2020

The budget for FY2020 was approved by the Board of Governors in June 2019.

Comparing with the audited numbers, we are expecting income to increase in the same way as we have seen in past years and similarly with operating costs. But a significant increase in project costs was budgeted, back to about the same level budgeted for last year. A surplus after taxation of RM1.4 million has been budgeted for FY2020.

Budgeted total income is expected to increase, and we are on track so far this year but slightly lower on credits where RM10 million was projected for contributions from credits. Contribution from physical trades have increased as budgeted.

Budgeted project costs are budgeted to increase significantly in these areas:

- Assurance together with COO Office (include Complaints, DSF and IMU) has been budgeted to increase significantly of RM4.2 million.
- Standard Development is also showing increase in their budget to RM7.3 million largely due to more spend on smallholder related activities including the development of the RSPO Independent Smallholder Standard.
- Impacts & Evaluation and Outreach & Engagement both have significant increases with budgets amounting RM2 million and 9.3 million respectively.

In summary, a small surplus is budgeted that assumes increasing income and operating costs. Although spending on project costs do not usually reach the level that

were budgeted for each year and perhaps they were somewhat ambitious in some areas but it is still relevant that we have these targeted spend to work towards. Lastly, if we do hit our shared responsibility targets, it may have a significant impact on future income.

Questions were taken from the floor on the Treasurer's Report:

Lim Sian Choo: During your presentation on "Other Costs" it was shown on a slide that the figure was 3,099 but in the report it was 2,905. Is this a typo error? Secondly, in your report there are elements of cash-flow and budget, but we do not see this in the presentation. I suggest that in future you put that into the report although we can see the audited accounts at the back.

Tim Stephenson: Yes, we can show the cash flows as part of the presentation. Thank you for the suggestion.

David Burns: Thank you for the overview. I understand that the budget was completed some months ago. I would note that since then, there have been multiple allegations calling into question the robustness of the assurance system which is obviously a very integral part of certification and the credibility of the RSPO. So, making sure we get our priorities straight, for instance I note that the outreach and engagement budget was over three times that of assurance. Both are undoubtedly important, so I am mostly seeking clarification that we have sufficient resources available in assurance to adequately address the nature of the challenge and, if not, confirmation that additional resources are available and can be made available as necessary to fully resource that work.

Tim Stephenson: The first thing to say is that the financial allocation into different categories is not necessarily an indication of the relative importance of those categories. Having said that, I am sure that the Board and the Secretariat will take into account the changes that have occurred during the course of this week and also make sure that we have sufficient resources prioritised in the right way. We are not restricted hugely in terms of financial resources and we are in a position to reallocate if need too, in particular to the area you are referring to, that is on assurance.

Faizal Parish: Firstly, we are very happy to see the surplus over the deficit before, so well done to everyone for making that happen. I also echo the comment by David about the importance of the assurance process. I have raised the issue previously, that we were spending a lot on agency fees on communications. And I think last year we

were discussing about the need to have joint outreach with members as part of shared responsibility, rather than the RSPO taking all the burden and paying agency fees for outreach. Maybe we can look at placing some of the burden on other members through joint promotions and free up some more resources for key issues such as assurance.

On the issue of interest income, I see that we have reserves of RM48 million but interest income of 480,000—that’s one per cent only. Maybe we have a very prudent investment strategy but maybe a little elaboration on that and whether we can expect more from to offset some operating costs, from the use of our reserves.

Tim Stephenson: What we try to do is keeping cash reserves in different currencies—US Dollars and Euros as well as Ringgit. In Malaysia, for cash balances kept in foreign currencies, which may be stronger, but the interest rates are very small. So, we try to balance that by having some cash reserves in local currency which we can earn interest on, although interest rates are not high, as well as keeping some in traditional stronger currencies. That’s always a difficult balance to maintain because of ups and downs but overall, I think we have a reasonable balance, but we do need to keep an eye on it for sure.

Agenda Item 5	Approved	
The adoption of the Treasurer’s Report and the audited financial statements for the financial year ended 30 June 2018	For	219
	Against	1
	Spoilt	1
	Abstain	7

6. Resolutions

There were seven resolutions submitted for voting at the General Assembly. The voting results and discussions were as follows:

Resolution GA16-6a:

Resolution GA16-6a	Approved	
To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2020	For	210
	Against	9
	Spoilt	1
	Abstain	8

Tim Stephenson: It is healthy to have a change of auditors occasionally and it is recognised as being so and that applies to financial auditors. For this year we are not proposing that. PwC has done a job and they report very well to us but we will consider this in the future, in case anyone was thinking about it. For this year we are proposing to reappoint PricewaterhouseCoopers and I hope you will support this resolution.

There were no questions from the floor.

Resolution GA16-6b:

Resolution GA16-6b	Withdrawn	
Ensuring transparency and multi-stakeholder engagement in the quality assurance of assessments and audits	For	-
	Against	-
	Spoilt	-
	Abstain	-

Marcus Colchester: As discussed in the finance review just undertaken, this item is also about strengthening the assurance system. I am glad to report to members that the Assurance Standing Committee has already given consideration to this proposed resolution at its meeting on Monday night (4 November 2019). At that meeting, the Committee agreed to undertake the proposed review in full accordance with all four of the suggested terms set out in the resolution.

It is agreed that we as members need to understand why we were not able to proceed very effectively in the work of the Assurance Task Force so that we can work more effectively in the Assurance Standing Committee, which is now being set up in its stead, without us making or repeating any of the mistakes we made in the last four years.

Therefore, and accordingly, we are withdrawing this resolution from voting and we look to very good collaboration with all the members and with all parties to improve the quality assurance programme of our work to make it more effective in the future in terms of assessment, audits, monitoring, complaint response, conflict resolution, and the provision of remedy.

I am aware that there were some misgivings about this resolution amongst the membership discussed during the Roundtable. To conclude, I would like to clarify what was the intent of this resolution: it was never the intent of this resolution that it is call

for redoing all the audits and assessments that have been done in the past. It was simply designed to improve our credibility for our work in the future.

Resolution GA16-6c:

Resolution GA16-6c	Approved	
Expanding the authority of RRO Indonesia to support the delivery of services to Indonesia's independent smallholders to accelerate transformation of norms and inclusiveness	For	211
	Against	10
	Spoilt	0
	Abstain	7

Presented by: Narno Sayoto Irontiko

There were no questions from the floor.

Resolution GA16-6d:

Resolution GA16-6d	Approved	
Balanced representation in the RSPO General Assembly Voting Process	For	205
	Against	17
	Spoilt	0
	Abstain	6

Presented by: Audrey Lee

There were no questions from the floor.

Resolution GA16-6e:

Resolution GA16-6e	Approved	
Submission of Peat Inventory by all RSPO "Grower" and "Processor and Trader" Members	For	173
	Against	43
	Spoilt	0
	Abstain	12

Presented by: Faizal Parish

Dr Gan Liang Tong: I would like to draw the attention of the General Assembly, especially to Part One of the resolution. It is reflecting an addition or addendum to the P&C which has already been approved and endorsed by the General Assembly. This will create a precedence for future GA, for anybody who does not agree with the P&C. It is going to open a floodgate for the General Assembly to challenge the P&C. This is my personal view.

Faizal Parish: Thank you very much. Again, this is not intended to open up the P&C. It is really just to support implementation of the P&C. And in a way, everything that is being requested from growers and processors are fully in line with the P&C and by the guidance of RSPO Secretariat. It is only intended to draw attention to the importance of timely completion of this information—it is not adding to the P&C. It is also calling for information on the yet to be certified units, for that information to be provided earlier to enable the proper analysis on statement and knowledge of the total area of peatlands under RSPO members. It will not be something that affects in any negative way the implementation of the P&C or member companies but will just enable RSPO to have a proper register of the area of peatlands held by member companies in line with the P&C. It should not, I believe, set any precedent for using resolutions to add or change what is in the P&C. It does not call for any change to the requirements as specified in the P&C. It just proposes the timeframe for the expedited completion of this record of the peatland area to enable RSPO to better analyse the situation.

For many years, external parties have made spurious claims about RSPO members having millions of hectares of peatlands, and many have speculated on greenhouse gas and other emissions within those areas, and RSPO has not been in a position to refute or respond to any of these because it does not have any confirmed information of what are the actual the holdings by members. If RSPO were to respond based on limited or selected information, it could then open itself to questions of credibility. So, I really encourage all member categories to support this, so that RSPO does have accurate information and is able to respond to external groups that may want to damage the name of RSPO; and I think it would be very good if we could say, in a year's time after analysis, that RSPO members are conserving, managing and protecting "X" hectares of peatlands. Many companies are making great efforts but no one knows what is being done by the companies in conserving and restoring peatlands, and applying best management practice in what area. We do not have that information.

That will make RSPO better able to address comments and it will not, I believe, undermine or affect any of the certification or auditing processes and I believe it will

reduce the risk of any problems with certification because companies have neglected to submit their reports. Thank you.

Dr Gan Liang Tong: Yes, the P&C's are very clear. I am not challenging the intent of what you have just described but I am concerned of Part One of the resolution as it can be seen as an addendum to the P&C. Now, that might open up a floodgate at future GA.

Faizal Parish: Maybe we can have this reflected in the record of this meeting that this is not the case.

Haskarlinus Pasang: We are committed to complying with RSPO standards, specifically on indicator 7.7.2. However, when it comes to sharing a map, I want to draw our attention to the fact that most, if not all peat maps, we are using are indicative maps, not definitive ones. I also believe the RSPO doesn't want its members to have a problem with the Government. When we submit an indicative map and then the Government comes up with a definitive map, what is going to happen with RSPO members? As a solution for this, why do we not just use the existing scheme that we have: whenever RSPO members are audited by the Certification Body (CB), then that is when the maps be provided?

Faizal Parish: On the second point about the timing, it is very clear in the P&C that the submission of inventory information is to the RSPO Secretariat, and not to be showing to the CB or auditors. That is already very clear in the P&C. The Secretariat has already notified to the members, what is the date, and in what form it needs to be reported. So, I think all the CB will do is verify what date was it submitted, was it submitted in the required format and prior to the date specified by the Secretariat. It is not the case that there is flexibility to say there is no need to submit the report. This is not the procedure in the P&C.

On the first issue made about the indicative map. Yes, of course, there may be indicative maps available in the concession that may have been prepared at an earlier time, or with a less detailed assessment, and they may be classified by the company as an indicative map specifically for a conservation area or peatland within conservation area. It is unlikely that companies would have done a very detailed peat assessment in a conservation area, so, that is fully understood. And just to reiterate, whatever is submitted by the company is not being announced, or circulated, or made available to anyone. It's for the reference of the RSPO. If there is slight, under or over reporting because of the indicative map, all that would mean is the accuracy of the

total figure may be slightly out. It would not lead to any conflict with a government agency, or with their maps. We also know that most of the government maps are also indicative. So, we cannot expect all the maps will be the same when they are all indicative maps. But guidelines have been given by the RSPO Secretariat on this matter, and in the latest guidance in October it is specified that an indicative map for a conservation area is fully accepted.

On the issue of sharing the maps. It clearly says under point ‘C’ in the second part of the resolution: the RSPO Secretariat should adjust as necessary the specific requirements for submission of documentation, taking into consideration any restrictions in information-sharing at country level. So, if this resolution is accepted, and it turns out to be in conflict with national requirements, then the RSPO Secretariat would have the flexibility to resolve that. So, that was already anticipated. For some countries that may be an issue. This is also an issue or non-issue with other maps under ACOP. But I think it is really more critical when you are talking about maps that are being made publicly available. Here, we are not talking about maps being made publicly available. They are for the internal use of the RSPO.

Resolution GA16-6f:

Resolution GA16-6f	Approved	
Adoption of the RSPO Independent Smallholder Standard (RISS) 2019 for the production of sustainable palm oil by Independent Smallholders	For	206
	Against	10
	Spoilt	0
	Abstain	12

Marcus Colchester: During the consultations on the Independent Smallholder Standard, and even previously, Forest Peoples Programme repeatedly raised concerns about the open-ended nature of the definition in the applicability of the standard. This definition does not conform with the definition of smallholders adopted since 2007 by the RSPO and reaffirmed again at the General Assembly of 2018 when we adopted the P&C.

The revised definition, or the new definition, of the Independent Smallholder Standard opens the door to medium-scale land speculators and absentee landlords who are not really poor people and who do not work the land. This presents new risks of land-grabbing and the abuse workers’ rights as well as environmental destruction.

Obviously as a Social NGO we want to support the inclusion of smallholders in the sustainable palm oil market, and indeed as the person who started and led the task force on Smallholders between 2006 and 2011 where we developed the group certification system for independent smallholders, we want to have a process that promotes the inclusion of genuinely poor people who work the land, whom we need to support and make sure they are included. The opening of this definition puts us in a real moral quandary, are we supporting the right people to get the help of our organisation to get into the smallholder market?

With great reluctance, I am going to support this resolution but I want to urge the Board of Governors and the Standards Standing Committee to make sure that, at the same time as we roll out this standard, we roll out a standard that is suitable for medium growers, which is the right place for dealing with the other categories I have been mentioning. I may say that we have been calling for the adoption of a standard for medium growers, that is to say everybody who is producing FFB but does not work the land, all the way up to not having a mill at 1,000 hectares, since 2010 through the committees of the RSPO including the Smallholder Task Force. So, we are really overdue in having a category for such growers to be also able to get into the RSPO system.

I also want to call on us, in applying this standard if we adopt it, to ensure scrupulous application of the standards of free, prior, and informed consent in land acquisition and provisions for upholding workers' rights. During the rollout, we have already agreed that the Human Rights Working Group will work with the SHIG (Smallholder Interim Group) to accelerate the development of an agile process to apply free, prior, and informed consent for independent smallholders. So, we do want to collaborate in a constructive way in making this policy effective, but we are concerned that we have opened the door too widely, and I hope in two years' time we are not saying that we now have to close the door after the horses have bolted.

Anne Rosenbarger: I will note from the Board's perspective that the discussion has definitely been heard as we were considering this at the Board level and by NGO Board representatives, before this came to the General Assembly, and moving forward with next steps for the development of a medium growers' standard, as you have mentioned, will be on the agenda for the Board meeting tomorrow. It was also highlighted as part of this resolution that an independent review of the standard will be conducted in two years' time.

Marieke Leegwater: I just want to add that the comments made by Marcus are valid, and we have been discussing them and reviewing them within the SHIG. I also want to flag that from the Smallholder Standing Committee, we said that this is the very thing we should take into account, and we have been discussing this up to the latest meetings about this standard, and we said that we will verify who is actually coming, and we will check and monitor monthly during the course of the year, keeping an eye on who they are and which benefits they are accessing.

Benjamin Loh: First of all, I just want to say that in WWF Malaysia we do support smallholders and we think it is very important to have a smallholder standards such as this, but I just want to highlight to the General Assembly that there are a lot of potential loopholes within the current standard as it is worded to allow for things like deforestation and also conversion to happen. Also, there are no specific processes that are in place that can actually work towards mediating these issues, like, for example, we do not have a specific remediation and compensation procedure for smallholders at the moment.

So, these are the key concerns for us to keep in consideration when we vote for this resolution. I think these points need to be clearly identified and clearly outlined before we can actually move forward and make something that is applicable on the ground.

Michael Guindon: We recognise that there are significant unknowns in adopting the standard, so we have spent a little over two years deliberating on the development of the standard. There are things we have to work on, and as an organisation we should actively accelerate programmes in addressing these unknowns, so that is developing a simplified HCV and HCS approach for smallholders, a simplified FPIC process, remediation and compensation. So, essentially what I am saying is that I am calling out to our a membership to actually be involved in those process, and I think, collectively, it is great that we need the support the inclusion of smallholders but at the same time we really need the membership to come in to ensure that the outputs are robust.

I think we have safeguards in place for the interim, so there is a moratorium on land clearance until the actual simplified method has actually been developed for HCS and with an independent review and monitoring system, we have sufficient safeguards in place, but yes, there are risks that we are working to address.

Elizabeth Clarke: Responding to Marcus' comment, we do need to recognise that effectively the Independent Smallholder Standard is going to result in two different definitions in the RSPO for independent smallholder; one in the main standard and

one in the Independent Smallholder Standard. The Board did discuss this and we agreed to call for a review across the board of the categorisations of growers, and we also discussed the need to mandate a mid-sized grower standard. So, those are acknowledged but I think collectively everyone is supportive of how do we get more smallholders into the system. Some of the measures have been identified by Michael and others in terms of the review process for that.

I think the other thing we also need to bear in mind is that right now the current status quo that the RSPO has created was through the adoption of Resolution GA15-6f last year. So, at the same time, having the standard come in is an improvement of that status quo. But I agree with you that the Secretariat should invest sufficient resources into getting this right and to address these concerns and in general responding to the theme of this year's conference, I do hope the RSPO seeks more strategic alignments in general between what have been quite discrete work streams of independent smallholders, jurisdictional approach, and shared responsibility, and indeed assurance. We really need to pull those threads together to make these things work and make sure RSPO is inclusive not just of big growers but also independent smallholder, small growers and medium-sized growers.

Rudy Lumuru: I am concerned about what Marcus said. In Indonesia the limitation of a smallholder is 25 hectares, not 100 or 500. If you impose more regulations, it will not work. What happens with the P&C for growers is that, every year the requirements increase, and I think in Indonesia's condition, no one will achieve them. We need this standard to help the smallholders in Indonesia.

Rukaiyah Rafiq: Independent smallholders have been waiting for two years for the simplified standard, so it is our responsibility. We are members of the RSPO. We do not want to burn down our own house. So, let's allow the smallholders in and I am not sure that the "larger" smallholders will come in because there is no incentive for them. So, let's move forward. We cannot stop here, because if we do, we will close the door again to smallholders.

7. Election of the Board of Governors

Anne Rosenbarger: The RSPO 15th General Assembly on 15 November 2018 resolved to amend the RSPO Statutes by the Articles 11 (d) to (f). Such amendment was a consequence of mandatory Swiss association law requiring that alternates to the Board of Governors as a rule shall be elected or approved by the General Assembly in

order for them to validly participate and take resolutions at the Board of Governors meetings if the case may be.

As this very General Assembly is the first one subsequent to the adoption of such amendment of the RSPO Statutes it is advisable to carry out this process with appropriate accuracy in order to create the awareness of the RSPO membership, yet, without unduly overstressing the process for efficiency reasons.

As an exception to the rule mentioned, the Board of Governors members and alternates can be lawfully designated during the year (between General Assemblies) in case of vacancies (Article 11(i) of the RSPO Statutes) and these designations shall be approved by the next General Assembly.

Furthermore, please be reminded that pursuant to Article 11 (b) of the RSPO Statutes, the Board of Governors shall be elected by the General Assembly for a period of two (2) years. The Board of Governors members can be re-elected.

Today the terms of 7 out of 16 Board of Governors members are expiring. The procedure will be threefold:

- a) For five (5) Board of Governors members and alternates, the term of which is expiring today are available for re-election. For such seats where no nominations have been received for this General Assembly, these incumbent Board of Governors members and alternates shall be re-elected by the General Assembly.
- b) For two (2) Board of Governors members and alternates, the term of which is expiring today are not available for re-election. Where certain nominations have been received for this General Assembly these nominees for the Board of Governors members and alternates shall be elected by the General Assembly.
- c) Board of Governors members and alternates designated as interim Board of Governors members and Alternates during the year must be approved by the General Assembly.

Based on the nominations received please be informed that only in one case there is the necessity for an election process as we have two nominees for the seat within the Social NGO's sector. In all other cases we shall assume that the elections and approvals are deemed to be carried out.

- a) The following principal Board of Governors members and alternates are deemed to be re-elected. As there is no opposition brought forward by the relevant

sectors, I herewith confirmed for the minutes that the following Board of Governors members and alternates are re-elected:

MEMBERSHIP SECTOR	RE-ELECTED	
	PRINCIPAL	ALTERNATE
Oil Palm Growers		
Malaysia: MPOA, represented by the principal Carl Bek-Nielsen and the alternate being Lee Kuan Yee, the two-year term of which is expiring is available for re-election. No other nominations were received.	MPOA, Carl Bek-Nielsen	MPOA, Lee Kuan Yee
Indonesia: Golden Agri-Resources Ltd, represented by the principal Agus Purnomo and the alternate being Fadhil Hassan, the two-year term of which is expiring is available for re-election. No other nominations were received.	Golden Agri-Resources Ltd, Agus Purnomo	PT Inti Indosawit Subur, Fadhil Hassan
Processors and/or Traders		
Wilmar International Limited, represented by the principal Daphne Astrid Hameeteman and the alternate Olivier Tichit (Musim Mas Holdings Pte. Ltd.), the two-year term of which is expiring is available for re-election. No other nominations were received.	Wilmar International Limited, Daphne Astrid Hameeteman	Musim Mas Holdings Pte. Ltd., Olivier Tichit,
Consumer Goods Manufacturers		
Unilever, represented by the interim principal Petronella Wilhelmina Meekers, and the interim alternate being Martin Huxtable, the two-year term of which is expiring is available for re-election. No other nominations were received.	Unilever, Petronella Wilhelmina Meekers	Unilever, Martin Huxtable
Environmental NGOs		
World Resources Institute, represented by the principal Anne Rosenbarger and the alternate Michael Guindon (Zoological Society of London), the two-year term of which is expiring is available for re-election. No other nominations were received.	World Resources Institute, Anne Rosenbarger	Zoological Society of London, Michael Guindon

- b) The following two (2) Board of Governors members and alternates are not available for re-election:
- **Banks & Investors:** HSBC Holding Plc, represented by the principal Ian Thomas Hay and the alternate being John Laidlow;
 - **Social NGO's:** Oxfam International, represented by Madeline Brassier.

Accordingly, for the Banks & Investors sector, only one nomination was received. The following Board of Governors members and alternate is deemed to be elected and as there is no opposition brought forward by the sector, I herewith confirm for the minutes that Standard Chartered Bank is elected as RSPO Board of Governors member, with Samantha Bramley being elected as principal RSPO Board of Governors member and Roger Charles being elected as alternate.

For the Social NGO's sector, two nominations have been received and the outcome of the voting process is as follows:

Election Social NGO's Board of Governors seat	Voting Result
Forest Peoples Programme, represented by the principal nominee Marcus Colchester and the alternate nominee being Madeleine Brassier (Oxfam International)	5
Solidaridad, represented by the principal nominee Marieke Leegwater and the alternate nominee being Rukaiyah Rafik (Yayasan Setara Jambi).	4

As Forest Peoples Programme, represented by the principal nominee Marcus Colchester and the alternate nominee being Madeleine Brassier (Oxfam International) has obtained five (5) votes which constitutes a simple majority, I herewith confirm for the minutes that Forest Peoples Programme is elected as a Board of Governors member with Marcus Colchester being elected as principal RSPO Board of Governors member and Madeleine Brassier of Oxfam International being elected as Alternate.”

- c) The following interim principal Board of Governors members and alternates are deemed to be approved and as there is no opposition brought forward by the relevant sectors, I herewith confirmed for the minutes that the following Board of Governors members and alternates are approved:

MEMBERSHIP SECTOR	APPROVED	
	PRINCIPAL	ALTERNATE
Oil Palm Growers		
Rest of World: The alternates of the incumbent Board of Governors member Agrocaribe, being John Clendon (Univanich Palm Oil Public Company Limited), Audrey Lee (Olam International Limited) and the interim alternate being Sander von den Ende (SIPEF), are up for approval by the General Assembly.	N/A	Univanich Palm Oil Public Company Limited, John Clendon Olam International Limited, Audrey Lee SIPEF, Sander von den Ende
Smallholders: FELDA, represented by the interim principal Mahadzir Mustafa and the alternate being Izham Mustaffa: Mahadzir Mustafa was designated as interim principal as a consequence of the retirement of Othman Omar. Therefore, the designation of interim principal Mahadzir Mustafa and the alternate being Izham Mustafa are up for approval by the General Assembly.	FELDA, Mahadzir Mustafa	FELDA, Izham Mustaffa
Processors and/or Traders		
The alternate of the incumbent Board of Governors member AAK AB being Caroline Westerik is up for approval by the General Assembly.	N/A	AAK AB, Caroline Westerik
Consumer Goods Manufacturers		
The interim alternate of the incumbent Board of Governors member Procter & Gamble being Girish Despande is up for approval by the General Assembly.	N/A	Procter & Gamble, Girish Despande

MEMBERSHIP SECTOR	APPROVED	
	PRINCIPAL	ALTERNATE
Retailers		
The interim member Aeon Co., Ltd, represented by the interim principal Kahori Miyake and the interim alternate being Yumi Kawashima are up for approval by the General Assembly.	Aeon Co., Ltd, Kahori Miyake	Aeon Co., Ltd, Yumi Kawashima
Belinda Katharine Howell, the principal representing Retailer’s Palm Oil Group is retiring at this General Assembly. Her replacement being Julian Walker-Palin as the principal and the alternate Hugo Byrnes (Royal Ahold Delhaize NV), are up for approval by the General Assembly.	Retailer’s Palm Oil Group, Julian Walker-Palin	Royal Ahold Delhaize NV, Hugo Byrnes
Banks and Investors		
The interim alternate of the incumbent Board of Governors member Rabobank International being Martin van Vaals is up for approval by the General Assembly.	N/A	Rabobank International, Martin van Vaals
Environmental NGOs		
The alternate of the incumbent Board of Governors member WWF International being Harjinder Kler (HUTAN - Kinabatangan Orang-utan Conservation Programme) is up for approval by the General Assembly.	N/A	HUTAN - Kinabatangan Orang-utan Conservation Programme, Harjinder Kler,

8. Any other business

Marcus Colchester: Resolution GA16-6d on discouraging divestment and suspending membership during complaints was adopted at the last General Assembly. We were to have progressed that work and due to present to this General Assembly but I regret that we are behind on that. In that resolution, we call on members not to divest during complaints while we develop procedure to discourage such behaviour. I very much regret that one of our senior members, Sime Darby, has contrary to the spirit this

resolution, divest themselves of a holding in West Kalimantan. And this divestment is already causing severe consequences for the people whose land was taken without consent who are the subject of this dispute. This asset was sold to a non-RSPO member who is not recognising the norms and performance procedures of the RSPO and the people are now suffering from intimidation and harassment and being asked to withdraw their claim on the land.

M.R. Chandran: I would like to seek clarification, which I should have done earlier under the finance report. I noted that we have subsidiary offices in Indonesia and the United States. In the United States, by virtue of the fact that it is a limited liability company, it is not subject to audit. If you look at the accounts, we are spending close to five million and that is going to increase going forward, especially with expansion. Are these branches, subsidiaries, liaison offices, etc. subject to audit?

Tim Stephenson: The group accounts represent the whole of the RSPO, including all subsidiaries and branches. There are no specific audits done separately for those particular branches. We will continue to assess if we need individual audits. Some of these locations have very few transactions going through, but in others there are more, so I think it is worth considering in the future.

Rudy Lumuru: Following up to what Marcus has said, there is also another case involving LONSUM, who withdrew from the RSPO. My understanding is that they tried to follow all the regulations of the RSPO, but when the RSPO independent committees say their actions are not approved, they decided not to become a member of the RSPO. When we do not handle a case well, the company will sell the land. When that happens, what will happen to the people? Who will be responsible? So, I urge the Board of Governors to discuss on mechanisms to facilitate the solution of these problems as we work together in the same spirit of achieving sustainability.

Agus Purnomo: Pak Rudy your concern is noted and the Indonesian Growers Caucus will follow it up. We do share your concern because we have members dropping out, and we did have two resolutions that were rejected because of late submission. We will resubmit that next year, so we hope that issues causing our members to drop out can be reduced. Hopefully, we can maintain the spirit of collaboration and inclusiveness.

The Meeting was adjourned at 6:40 pm (GMT+7)

END OF GA16

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

1.	Banks and Investors	8
2.	Consumer Goods Manufacturers	23
3.	Environmental NGOs	22
4.	Oil Palm Growers	60
5.	Processors and Traders	33
6.	Retailers	5
7.	Social NGOs	9

Ordinary Members e-Voter List

1.	Banks and Investors	0
2.	Consumer Goods Manufacturers	14
3.	Environmental NGOs	4
4.	Oil Palm Growers	10
5.	Processors and Traders	33
6.	Retailers	7
7.	Social NGOs	0