

## Draft Minutes Roundtable on Sustainable Palm Oil 7<sup>th</sup> General Assembly (GA7)

- Date:** 11 November 2010
- Venue:** Ballroom 2&3, Hotel Mulia Senayan, Jakarta, Indonesia
- Start time:** 2.00 pm (Jakarta)
- Chair:** Jan-Kees Vis, President of RSPO
- Attendance:** 187 Ordinary Members (50% of total 374 eligible to vote)  
RSPO Secretariat and Indonesia Liaison Office  
Affiliate members and observers
- Agenda:**
1. Members' roll call
  2. Opening address and report by the RSPO President, Mr. Jan-Kees Vis
  3. To confirm minutes of the last General Assembly held on 5 November 2009
  4. To receive and adopt the Report and Audited Accounts of the RSPO Treasurer
  5. To discuss and adopt resolutions:
    - a) Appointment of Auditors
    - b) To require twenty eight days notice for submission of members' GA resolutions
    - c) To reduce the requirements for a quorum in the RSPO's statutes and bylaws to thirty five percent of the Ordinary membership
    - d) Preserving integrity of the Standard
    - e) Ensuring balance between Producer and Non-Producer stakeholders
    - f) Postponement of the implementation and review of New Planting Procedure
    - g) Market support for Sustainable Palm Oil production
    - h) High Conservation Value in non-primary forests
  6. To elect Executive Board members for the following categories:
    - a) Oil palm growers (Rest of the World and Smallholders) – 2 seats
    - b) Processors and Traders – 1 seat
    - c) Consumer Goods Manufacturers – 1 seat
    - d) Retailers – 1 seat
    - e) Banks – 1 seat
    - f) Environmental NGO – 1 seat
    - g) Social NGO -1 seat
  7. Any other business

## 1. Members' roll call

The 7<sup>th</sup> Annual General Assembly of RSPO members was called to order at 2.00 pm on November 11, 2010 in Hotel Mulia Senayan, Jakarta, by The President of RSPO Mr. Jan Kees Vis who presided over the meeting after the minimum requirement of quorum of 50% of Ordinary Member attendance was reached.

## 2. Opening address and Report by the RSPO President

**Jan Kees Vis (President and Chair)** gave an overview of progress and challenges over the year:

### Membership

- As of the previous week, membership numbered 466, which includes 384 ordinary members and 82 affiliate members.
- The membership has increased by about 40 members since the previous year.
- There are changes within different constituencies. One member from Banks and Investors has left, and another has joined. The largest growth in membership is in the consumer goods manufacturer group where 43 members have joined since the last General Assembly.
- There are still some issues on membership payment. There were 19 members terminated. The President reminded of the rule that members with more than one year in arrears of payment lose voting rights at the General Assembly and if they do not respond to Secretariat requests to pay the membership fee, their membership will be terminated.

### Composition of the RSPO Executive Board

The Executive Board will remain unchanged, with the exception of:

- Agropalma who represents growers from Rest of the World is stepping down with only one candidate nominated for replacement which is SIAT from Belgium.
- Voting for the Executive Board seat will be done in the Processors and Traders group to vote between AAK and Cargill.

### Secretariat staff

- There will be an expansion of the Secretariat as seen on the website.
- Conclusion for the appointment of Secretary-General will be done in the Executive Board meeting on 12 November.
- The appointed Secretary-General will select from two final candidates for the position of Communication Director.
- For the Technical Director and Administration and Finance Director positions, further consideration is needed on how to find them.

### Market Development

- The current production capacity of CSPO is 3.2 MT

- 60% of the production is taken up by the market either through Greenpalm or one of the other supply chain options.
- Five Certification Bodies (CBs) were accredited. These CBs as independent assessors will be replacing the self assessment for Chain-of-Custody certification.

## Supply chain models

- There is a new model for mass balance which is easier to implement. The solution to trade palm kernel oil is going to be integrated into the UTZ trading system. UTZ planning a major upgrade on the trading platform and the inclusion of trading palm kernel oil will happen when the platform is live. 1:1 rule is implemented for simplicity.
- On the communication activity on the supply chain model there is a tool launched on [rspo.eu](http://rspo.eu) in English, German, Dutch and French, as well as updated fact sheets.

## Communications & Claim Standing Committee activities

- Market information is available at [rspo.eu](http://rspo.eu), copied to [rspo.org](http://rspo.org) and updated monthly.
- There are tools on how to begin, how to become a member, how to start trading, how to start buying. The tools are available in a number of languages.
- A global communications strategy is in preparation.
- Trademark registration process is started. The rule of use of the trademark which needs to be translated into the language of each country where the trademark is registered is needed for the registration. The registration process requires some time as a legal process. In some countries can take up to five years. The trademark registration also requires interest from the marketing parties in the countries where it will be registered, and coordination with the consumer goods manufacturers and retailers in the RSPO to ensure use. The trademark legal protection is lost when the trademark is not used.

## Challenges

- The market in Europe is moving, though it is not as fast as it should. Continuous support is needed to ensure that it keeps moving. Growing the demands for CSPO in India and China is needed. Some plans are in place which mostly will be part of the global communication strategy. The strategy will move up to speed when the necessary resources in the Secretariat are ready.
- The GHG WG needs to be driven to conclusion. There is an interest in how Indonesia is going to reduce the GHG emission by 21% while at the same time maintaining the ability to create economic growth. The outcome of RSPO GHG WG should make a contribution to answering that question.
- Customer service on the Secretariat needs to be improved. This is an output from one of the world café session. To do that, RSPO need to implement management structure that was published on the website. The structure shows a Secretary-General supported by a management team of four; Admin & Finance Director, Communications Director, Technical Director, Director of Indonesia Office. There will be 15 full time employees that will fulfill various functions reporting to the Directors.
- Smallholders' organizations need to be involved in the market for CSPO. Important step forward is getting them certified then to make sure that they can trade Greenpalm based on FFB volumes or if

they can trade FFB certificates or whether they can be a part of the mass balance or segregated supply chain model and receive incentives in that way.

## 2. Confirmation of Minutes of the last General Assembly held on 5 November 2009

The President requested GA to confirm minutes page by page and to raise their hands for any comments. There were no comments or objections to the minutes.

Confirmation of GA6 Minutes	Approved
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## 3. Report and Audited Account of RSPO Treasurer

Ian McIntosh (AAK, Treasurer) summarised the Treasurer's report:

### Organisational structure recap

- The RSPO consists of a Swiss organization, Roundtable on Sustainable Palm Oil as well as RSPO Secretariat Sdn Bhd, registered in Malaysia. In addition, the RSPO Indonesia Liason Office, is currently being set up as a foundation in Indonesia

### Audited accounts 2009/2010

- Full audited accounts has been distributed to all members along with the GA7 agenda
- At almost MYR 6.9 million, income was significantly higher than budgeted. This was primarily due to royalties from Green Palm and Utz for CSPO. In addition, there was a surplus from RT7, as well as a slight increase in membership fees.
- Running costs were higher than budgeted at MYR 2.3 million, primarily due to the work undertaken by PwC in reviewing the RSPO organizational and governance structure.
- At MYR 2.1 million, project costs were lower than budgeted due to delays in some projects. Over the year, project funds were spent on Group Certification, Integrated Weed Management, RILO, GHGWGs, Taskforce for Smallholders, Biodiversity Technical Committee, Indonesia Smallholder Working Group, HCV Indonesia Working Group and other smaller projects.
- RSPO currently holds just over RM 5.7 million in accrued funds, including reserves and sponsorship funds from DOEN, GHGWG funding from UK government and BACP

### Budget 2010/2011

- Assumes seven new ordinary members per month, membership fee level unchanged at EUR 2,000
- Income from GreenPalm/Utz rising to MYR 5 million
- Steep increase in running costs to MYR 5.4 million due to expansion and restructuring of Secretariat
- Membership Fund (reserves) maintained at the equivalent of one year's running costs
- Project expenditure increased to MYR 3.5 million. Major project costs include GHGWGs, Taskforce for Smallholders, Biodiversity Technical Committee, Dispute Settlement Facility, HCV Indonesia

Guideline, HCV Remediation Guide, Smallholder Working Groups, Trademark Registration and a Statutes and By-laws review. Projects budgeted are within the financial capabilities of RSPO.

The Treasurer then asked if there were any questions or comments from the floor. As there were no questions, he asked if there were any objections to the audited accounts. As there were no objections, the report was approved.

<b>Approval of audited accounts</b>	<b>Approved</b>
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#### 4. Resolutions

There were eight resolutions to vote in this GA. The Chair explained the voting procedure with the coloured paper. Red paper means yes, blue paper means no, and white paper means abstain. The Chair noted that colour coding should have been reversed. The voting result and discussion is as follows:

##### Resolution 6a – Appointment of auditors

As there were no comments from the floor, the resolution was put to the vote without discussions

<b>Appointment of Auditors</b>	<b>Adopted</b>	
Price Waterhouse Coopers to be appointed as the auditors of the RSPO for the financial year ending 30 June 2011.	For	183
	Against:	2
	Abstain:	2

##### Resolution 6b – To require 28 days notice for submission of member’s GA resolutions

As there were no comments from the floor, the resolution was put to the vote without discussions.

<b>To require 28 days notice for submission of member’s GA resolutions</b>	<b>Adopted</b>	
It is now resolved that the Secretariat shall only accept GA resolutions submitted at least 28 days before the GA and any resolutions submitted subsequent to this date shall be rendered invalid.	For:	173
	Against:	12
	Abstain:	2

##### Resolution 6c - To reduce the requirements for a quorum in the RSPO’s statutes and bylaws to thirty five per cent of the ordinary membership

The resolution was withdrawn after a decision made on the RSPO Executive Board meeting on 7 November 2010. The Executive Board considers that the 50% quorum is important to ensure members' commitment and that there are other ways to reach quorum for the annual General Assembly. The Chair reminded members that they should submit proxies if they were unable to attend GA in person.

The Chair requested members to remove the voting ticket for this resolution.

Title of resolution	Withdrawn
To reduce the requirements for a quorum in the RSPO's statutes and bylaws to thirty five per cent of the Ordinary membership	No vote

## Resolution 6d: Preserving integrity of the standard

**Mr. Syed Mahadar Syed Hussein (Sime Darby)** presented the background to the resolution: The resolution is a response to a resolution adopted in the 6th General Assembly regarding a moratorium on the Bukit Tiga Puluh ecosystem that impacted the Standard. The decision implies that this is a binding decision to the RSPO members and should be recognized in implementation by the RSPO members of the RSPO standard. If that is intended, then the legal authority is uncertain. If the GA decision is treated as directive to RSPO members, it converts the GA to a political process and undermines the integrity of the standard and the process. No credible standard once developed through exhaustive consultation and consensus among stakeholders should be subjected to adjustment by a vote by a body set up to steer management of the operation of organization, or for that matter any other body, without the original process. The General Assembly cannot decree a concept not previously adopted by the stakeholders when agreeing to the Principle & Criteria be added retrospectively. The idea that a GA can deliberate at will on the content of the P&C is wholly contrary to the ISO principles, which is the de facto world body for guiding and governing the principles of standard and conformance. Therefore, the growers put up this proposal. Mr Syed then thanked the President.

**Marcel Silvius (Wetlands International):** The resolution that was referred to in the explanation meant an interpretation of the P&C, not an amendment, and there is therefore no due cause for the tabled resolution. It is very difficult to vote on this resolution without having a clear description of a "formally agreed process" and "acceptable methodologies" that is referred to. As this is not clear, it is open to interpretation. In conclusion, it's a badly written resolution and it should not be tabled.

**Paul Wolvekamp (Both Ends):** Understand and appreciate the rationale, but the GA meets once a year to make decisions, and the concern is whether or not with this resolution would paralyze the ability to vote on emerging issues which may have not have been anticipated but require an immediate response.

**Naoto Muto (Mitsui & Co. Ltd):** Urgent issues should be taken up. There may be other resolution that is related to the P&C. GA should not limit the resolution range within the issues that could give impact to the Principles and Criteria or system.

**Mukesh Sharma (PT Inti Indosawit Subur):** The RSPO multi-stakeholder body developed the P&C in a manner where there was discussion in an agreed process with all stakeholders involved - an open, transparent and fair process. It is an unfair process if the GA wants to leave the issues that are kept under wraps and use the GA as pre-emptive strike. When we sit in the GA and someone puts up issues, all the parties are caught off guard without data and they cannot defend themselves. Understand and appreciate that concerns on certain issues need to be brought up and decided in the GA. But the manner it was done is undermining the whole principle and spirit of RSPO.

**Adam Harrison (WWF International):** Agree with some of the previous speakers that this is a very difficult resolution to vote on. There should be a formal process, and the processes that the RSPO has been through the membership, has been through to develop the P&C have been very good, been very consultative and should be maintained. The example stated in the resolution was not altering the P&C, it was asking for the RSPO to recognize that the area in question was a high conservation value area. Any development in the area would have to go to HCV assessment and of course any member would have to stick to the result of the assessment and not clear any HCV, so the discussed resolution did not materially change this. It is a difficult decision to vote on, and maybe it would be something that we would be abstain on because it isn't the resolution as worded is not internally consistent.

**Marcell Silvius (Wetlands International):** Request clarification. The proposers comments were that if somebody put in a resolution in the GA for a change in the P&C it could not actually to be carried forward if this resolution would be adopted. What it would actually take then, to make amendments to the P&C? At the moment this resolution does not give any clarity except "a formally agreed process" but it doesn't recommend which process, it doesn't refer to an earlier process and it mentions "acceptable methodologies" but doesn't mention which one. In that sense, it is a non-kind of resolution and would really paralyze the whole RSPO in making necessary amendments in the P&C in the future, if this would be adopted. So it would be a very damaging to this organization. Would like to get a clarification from the people who propose this with regard this, and why didn't they provide a written description of the formally agreed process and acceptable methodologies.

**Syed Mahadar Syed Hussein (Sime Darby):** For the last two years the mannerism in the way we look at the standards are not really clear, there is no clear formal agreed process. This is the way we normally do it, we discuss. So what the growers propose is to adopt at least an ISO based formal system. The problem here is that the agreements are retrospective. For example, the clear cut problem when the standard came out in 2008, there was a requirement for us to really review the CBs. Then you are supposed to look at the 2005-2007 in terms of the HCV, which is already passed. And then if you have new resolution based on the greenhouse gas or the NPP or whatever and you want to initiate this since January 2011 and it will be reviewed again in 2012, taking the 5 years cycle. Now if you then reviewed it in 2012, take this into the cycle, then do you want to use the retrospective issues again on NPP since 2011, although the new standard is in 2012. When you have a lot of retrospective issues based on which the certification body is going to review and certify you - that is when the dilemma comes in. What is proposed is that there must be a formally agreed process, which currently not known by the growers. The growers are proposing to use at least the de facto of the world standard which is ISO.

**Jan-Kees Vis (Chair)** concluded that the Executive Board should begin to think about the process to apply to review the P&C. Regardless of what is said, the P&C as adopted in November 2005 are still exactly the same, words for word.

The Chair called for a vote on the resolution

Preserving Integrity of the Standard	Adopted	
It is now resolved that RSPO will only adopt any decision which impacts the content of the Principles and Criteria (or similar instruments) of the RSPO and/or the certification system guidelines for Certification Bodies (CB) following a formally agreed process which must include the acceptable methodologies.  Proposed by GAPKI-MPOA	For	85
	Against:	60
	Abstain:	42



## **Resolution 6e: Ensuring balance between producers and non-producers**

**Dato' Mamat Salleh (MPOA)** presented the background of the resolution: The President, in his opening address in this RT8, summarized four points. Namely, RSPO is getting better, the numbers are increasing, the volume is increasing, and RSPO is getting attention from the world market. And then, in the presentation in findings in the world café on RSPO the President said that RSPO needs to be reviewed and the growers and smallholders are suffering because they carry the burden. And so there's always two sides of the coin, maybe RSPO is not getting better for the producers, and increasing number of non-producers are marginalizing producers and increasingly, RSPO certified palm oil is not been taken up. We have the attention of the world, but for the producers, not for the good side of it, we always got the bad side of it. The latest report was on Monday, in conjunction with RT8. If you care to look in compilation of the attack on the producers. We have to review some of the structures beside the process that was mentioned earlier. And RSPO being a multi-stakeholder organization seeks the balance of the three pieces and continue to modify the standards in response to various demands. For the producers, the P&C must be constantly evolve to meet any legitimate demands and RSPO success is being cohesive and collaborative organization which makes decisions on consensus. So far, producers and processors having subjected into RSPO processors have to bear the cost of the moving goal post for RSPO to appear to be fair and balanced body the producers should have adequate role of numbers in the board as the non-producers. The present Executive Board composition assumes a balanced of seat between producers and NGO for each which implicitly implies that the other categories should be abstain or stay in the sidelines on most of the issues. And in term of other areas, it is important that members with greatest financial stakes in particular decision making process must be adequately represented in the deliberation of decision making process. And basically RSPO must be first to implement the principle of Free, Prior and Informed Consent internally, before advocating into the larger world. The RSPO depends on both producers and non-producers contributing fairly and eventually in the decision making process. If not, it will be difficult to attract new members and expand RSPO's market to reach the upstream players. We propose the formation of working group - some issues and observation and anomalies that Executive Board structures emphases can be taken up. For example, the Executive Board meetings attended by both substantive and alternate members which have not been formalized yet, both members participate in the Executive Board as though there are two substantive members. Certain members of Executive Board are not members of RSPO but consultants, and it is interesting to see that non-RSPO members can make decisions for the producers and RSPO members. And it is interesting to say that some who form a large ordinary membership, who produce biofuel and oleochemicals, are not represented. So basically there are many sectors who are looking to the RSPO with their own perspective and interpretation and who are in the position of assessing what is the position, those who have certified fully, those who have certified partly, those who haven't gone for certification yet, those being audited, and those who are members who are not in the process of certification and those who are outsiders. In fact the latest position in the RSPO logo, there is some confusion that it looks like a spider, but this is not important. The important thing is they can pay a fee and use that logo without subscribing to the code of practice of the RSPO. The processors, the manufacturers can just go out and can just buy the logo and you are RSPO compliance. And in fact I think in the past, RSPO have engaged an Oxford professor to review the strategic planning of the certified palm oil. It should be called RSPO certified palm oil because there will be many certified sustainable palm oil in the future. And then after that review of the strategic planning, we should



have a detailed strategic planning in terms of documents for RSPO certified palm oil. We have some projection on the demand and supply but it will be left into the market forces and if it left to the market forces with the supply of 3 million tonnes and with the demand of 1 million tonne, there should be a discount, discount that is market forces. In addition, the RSPO has employed a consultant to review the structure of the Secretariat. And of course there has been a proposal and a new secretary general and all of it. So logically it is time now for RSPO to review the structure beside the process and procedures which might go with it. This is the challenges and demands in the future to make us much stronger. And we subscribe to the last principle of continuous improvement. If you don't want to review, then we might as well take out the principle from P&C. We are very concerned with sustainable palm oil and we should also be concerned about sustainability of RSPO. Therefore the vote for the working group the Executive Board structure and other processes is to vote for sustainability of RSPO. The whole idea is to strengthen the RSPO by internally formal changes and not to leave the dissatisfaction to grow. RSPO's main objective is to increase the growth and the use of RSPO certified oil, let us review it to meet those negative development which might impaired the growth and the use of RSPO certified oil. Let us today we vote with our hands, heads and heart for this resolution to review RSPO to be more resilient to meet its challenges. Let us not vote with our thumbs, saying that we agree with the view but not agree with the working group. Let us not have to vote after this with our feet - that might be difficult for RSPO. And basically we want to transform the legal nation into a more working organization. We don't want to repeat the history to demolish the legal nation into United Nations.

**Jan-Kees Vis (Chair)** commented If the result of the review is that Executive Board meeting will only have 16 people attend then he supported it. He added that the proposal does not say how the working group should be formed. The working group that should actually take this to hand if the proposal is carried should be the Executive Board itself. If this proposal were to be carried, it was going to be discussed in the Executive Board meeting on 12 November. He suggested to proceed straight to vote without discussion.

**Jan-Marten Dros (Solidaridad)** asked whether there was the possibility to react to the explanation just given or whether the Chair wanted to proceed straight to the vote.

**Jan-Kees Vis (Chair)** suggested to proceed to straight to the vote

**MR Chandran (Advisor, RSPO Executive Board)** commented that the resolution reads it is not a blanket move to ask the Executive Board to review the structure of the Executive Board

**Jan-Kees Vis (Chair)** said that it is a request to create a working group to do that.

**MR Chandran (Advisor, RSPO Executive Board)** commented that there is a qualification that needed clarification In the last three lines; growers to be considered as an alternate member in the economic, environmental and social interest. This is unclear.

**Jan-Kees Vis (Chair)** agreed that this was unclear

**MR Chandran (Advisor, RSPO Executive Board):** If we adopt this as it is then we have to take that into consideration in the working group deliberation to find that alternate member.

**Jan-Kees Vis (Chair)** reiterated that the working group would look at the issue and moved to the vote.

Ensuring Balance between Producer and Non-Producer Stakeholders	Adopted	
It is now resolved that a working group be established to review the existing structure of the RSPO Executive Board to reflect a better balanced between the various stakeholders taking into consideration the involvement of expertise from the growers to be considered as an alternate member in the economics, environmental and social interest  Proposed by GAPKI-MPOA	For:	104
	Against:	66
	Abstain:	17

#### **Resolution 6f: Postponement of the Implementation and Review of New Planting Procedure (NPP)**

**Derom Bangun (GAPKI)** explained that Mukesh Sharma would like to present a revised resolution and invite responses, but that the resolution would likely be withdrawn.

**Jan-Kees Vis (Chair)** reminded the audience that only the original solution could be voted on.

**Mukesh Sharma (MS)** thanked the President. He proceeded to remind the audience that Adam Harrison, mentioned that growers fully support the New Plantings Procedure (NPP). Mr Sharma stated that it is not the intention of the growers to put the resolution to the vote, but that he wanted to inform the General Assembly (GA) of the obstacles, issues and problems face by the growers who had tried to follow the NPP in implementation. This will need to be addressed to overcome the inherent weakness in the NPP as it stands today. In the formation of the NPP, most growers feel that there is not sufficient communications and deliberations on the issues faced by the growers. It would been better if it follows a more transparent process, where pilot studies and review process carried out so that a more robust and practical procedure could have been formulated. As such, the growers are requesting that the RSPO Executive Board (Executive Board) directs the NPP working group to address this concern and in doing so review the status of NPP implementation, to ratify these outstanding issues and problems so.

**Jan-Kees Vis (Chair)** thanked the speaker and invited questions and comments

**Adam Harrison (WWF)** stated that there will be a review of the NPP that would be probably starting in January. It will entirely be designed to understand the problems that is being faced in implementing it. He expressed his happiness that in principles the growers support it and stated that of course all members supported it because it is part of the P&C and part of the code of conduct. He added that the new planting procedure working group will be reformed and will include representative of growers from Indonesia, from Malaysia, from the Rest of the World and other stakeholders in RSPO and it will entirely and precisely address to the questions raised by the growers.

**Derom Bangun (GAPKI)** thanked the President and the audience asked that Mr Harrison’s comments were in the minutes and for the growers to understand, and that, with that, the growers agree that this resolution is withdrawn and no vote is necessary.

**Jan-Kees Vis (Chair)** thanked Derom Bangun and Mukesh Sharma and affirmed that no vote would be undertaken. He added that the RSPO Executive Board in its meeting on the 12<sup>th</sup> November would endorse what Adam Harrison had stated; reconstitute the new planting procedure working group, write a terms of reference for review procedure, ensuring that it happens as fast as humanly possible. JKV expected a start in January, and the review process will last no longer than 4-5 months. He said that his understanding was that some of the problems have to do with the fact that legal requirements make it necessary for growers some times to act rather fast whereas the new planting procedure requires to do things that slow things down. He strongly suggested that the review does include the review of the legal side of these problems. He added that his expectation is that the RSPO will hear more of the complications that arrive from the complicated Indonesian legal system and suggested the time has come to consider whether the representative of the palm oil industry shouldn’t approach the federal government of the Republic of Indonesia and ask for a legal reform. The inconclusiveness of the legal system has become a liability in the market place and there’s not a single audit report that does not complain some shortcomings in legal compliance and it is not in the interest of the industry to let that situation be sustained. Jan-Kees Vis said the growers should call for a comprehensive legal review so the whole process becomes quicker, more transparent and leads to wished outcomes. The Executive Board will act on the request from the growers to start the review of the new planting procedure as quickly as possible and will communicate about that shortly.

Postponement of the Implementation and Review of New Planting Procedure (NPP)	Withdrawn
<p>It is now resolved that the Assembly agrees to postpone the implementation pending further review of the procedures for new plantings and the New Planting Procedure to be adopted and implemented after due process of completion of trial implementation through FPIC mechanism.</p> <p>Proposed by GAPKI-MPOA-FELDA</p>	<p>No vote</p>

## Resolution 6g: Market support for Sustainable Palm Oil

**Chew Jit Seng (Genting Plantations)** presented the background for resolution: When we started this journey of RSPO, the raison d’être behind it was that we are supposed to promote the growth, production and procurement and use of sustainable palm oil. As we have witnessed over the years, since 2005 until today, 2007, 2008 when the standard went into the national interpretation, and certification started in 2008. We have heard at RT8 that there are already 3.2 tonnes of CSPO being certified. But there is still some doubts over the uptake of the CSPO, although we heard that 60% has been taken up. But that is only very recently after a lot of pressure and a lot of discussion at the last GA, as well as WWF trying to put together a score card to encourage people to take up CSPO. So we feel that it is now time for RSPO to put in place the missing link to ensure the long term credibility of RSPO. Because we heard that in the pipeline, yet another 39 units of companies are waiting to be certified and in the future, based on the reported timelines, there will be another 31 companies committed to RSPO certification. The projection is that by the year 2019 we will possibly have 12 million tons of CSPO in the market. But how do we trace this CSPO? Are we going to open the market for non-members if the members are not committed to take up the CSPO. As we have seen in the annual reporting, not everybody is reporting. If we are going to open the market to the China and India, how are we going to trace the sustainable palm oil? So, it is not a commitment of partnership that we went into in 2003-2004. What we are seeing today is that the producer members are increasingly getting themselves

certified, but not many of the buyers are committed. They are committing slowly, but we need a system to be put in place.

GA7 calls for resolution that RSPO develop a verification system or Principles and Criteria to promote the procurement and use of CSPO in a professional, stringent and transparent verification system similar to what we have for producers to verify the adherence to the uptake of CSPO, and this instrument shall be tabled in the next General Assembly (GA8) for adoption, for trial period with review towards full implementation in 2012.

**Peter Malaise (Ecover Belgium):** In favour of having the idea of a stringent, professional and transparent verification system, but the last part of the proposal is a bit utopic. Actually the non-food industry, specifically cosmetics and washing and cleaning products, as far as the supply chain concerned has the transparency of a chocolate pudding, so you can create a verification system which is transparent itself but when you apply that in a system which is absolutely intransparent, it will not work. So 2011 for setting up a plan and 2012 for implementation is simply not feasible. We should increase the transparency to the whole industry and specifically in non-food where derivatives of palm oil are used where you often have five, six, seven steps between the palm oil and the end users. So if that has to work, not only need this instrument, but you need also the cooperation of the whole industry to have transparency to make this work at all.

**Jan-Kees Vis (Chair):** The resolution calls for a transparent system to ensure that procurement and use happens and the intention is not that it only happens through the segregation supply chain model. This would include book and claim model. This is not about being fully segregated by 2012. Just as the requirement growers is when you start a certification you have to submit a time-bound plan to complete the process, the same requirement needs to be developed for the procurement and use and that of course include how you deal with segregation, how you deal with traceability, how you use the trademark.

**Liz Crosbie (Associated British Foods):** Request for clarification. How is this substantively different with from the Oxfam-IOI resolution that came forward before? If we have members reporting in annual reports on their chain-of-custody status and their buying status, that is transparent. If we are asking transparency of all the actors in each individual company value chain that is not something an individual company can promise, because you cannot force other parties to be transparent. So the gentleman from Ecover who has many actors between him and palm oil cannot force those companies to participate in RSPO process. What we can do as companies is honour our commitment on the process by becoming chain-of-custody certified if we are beyond the process stage and that is a legitimate request. But this resolution confused two activities, transparency of stages in the production process and commitment from buyers.

**Chew Jit Seng (Genting Plantations):** Although the chain-of-custody certification is there, what we need is actually a system that is verifiable, third party verification for credibility and long term sustainability. Because the market is growing, we need really to have a system that is similar to the growers. We know how much volume is being produced, how much volume is being certified, how much volume is being procured, used and purchased by these manufacturers. So that is important for the long term credibility and sustainability of the system as the market grows and expands. There is going to be more and more people coming into the system, so we need to have a system that can cover all the excess.

**Mukesh Sharma (PT Inti Indosawit Subur):** Part of this will also involve a commitment like the time-bound plan that growers have to give on their certified production of CSPO. We have a time-bound plan but the rest of the stakeholders who are very concerned about sustainability in the RSPO don't seem to have one. So there's no P&C commitment from the retailers and the other downstream who are part of the family of the RSPO. They just tell you, ok 2015. 2015 comes, well - we still have problems - we need another three years. So it doesn't seem to be fair. The whole idea of becoming sustainable is not yet towards profit, it is image, it is market, it is everything. So it is a wholesome thing, it is not just economic greed. So if buyers shy away and

production grows, it is common sense supply-demand. When the supply is too much and the demand is too low, the price of the premium becomes a joke. So you can still buy GreenPalm certificates if you cannot procure; if you have various players because you have very complex components and supply. Then maybe a system needs to be looked at. Some things like GSP or GAP. The point is it is workable if you have the commitment.

**Dennis Russchaert (Pan Eco foundation):** Think it is an excellent resolution because we go for transparency and accountability. It is a pity that we are not associated with the resolution, as we would support it. We should not focus on some small products like for example the issue of cosmetics which is basically 50 tonnes even for a big company. Instead of focusing on the problems maybe focus on the solution. We can have a system and growers try to do something, they try to do something sustainable. On the other hand when you have the end consumer, you have something like vegetable oil and becomes a bit lost and I think it is very good what they try to do and I think it has to be really supported.

**Johan Verburg (Oxfam International):** We support market uptake for certified sustainable palm oil but this resolution is confusing and actually a distraction that we don't need. We have at the moment communication and claims guideline which basically rule how to deal with logos. Contrary to what was suggested earlier that logos can be bought, there are very strict rules for using the logos. We have very clear supply chain certification system developed last year, which deal with traceability and with the certificate trade. To register volumes going through a different supply chain models, we set up a registry to Utz certified and of course the figures from Greenpalm feed into that same system. In 2008, we adopted a resolution which calls for an annual review of progress, including a requirement to submit a time bound plan. That is an addition to the Code of Conduct which already required users of palm oil to move towards sourcing certified sustainable palm oil through one of the available supply chain options. So unsure what is asked here and why it needs to take so long. We are doing this. Maybe we aren't doing this perfectly well. One of the things that we already agreed in the Executive Board is to look back into this particular element of the annual progress report and time bound plan. Let's please get on with this sooner rather than later and not distracted by another vague process that doesn't add much value.

**Ian McIntosh (AAK):** Understand where this proposal is coming from, but suspect a lack of understanding of what is actually happening in the market place. What we are selling to a very large extent is credibility, the credibility that RSPO certificates are worth something. And it can be linked back to actions on the ground on the country that produces it. And that is certainly what we are selling when we are marketing the Greenpalm concept because it is even not a real certificate, but a virtual certificate. And we sold 1.1 million certificates now to people and organizations that must have thought it was credible and worth buying. And one of the questions that we have always get is "what if I do this, what if I buy these certificates, can anybody see what I've done, how will people know that we're committed". Now if you look on the website of Greenpalm, every single company that bought the certificate and redeem it against the claim means, Unilever for example bought 10 tons of certificates, so 10 certificates and made a claim in equivalent in product used somewhere, it is on the website. So every one of those 1.1 million certificates is listed by company in which year they bought that certificates and against which year they redeem that claim. That level of transparency solves this problem because you can see who is using them and where they are going. That is certainly the discussion when we originally designed the supply chain that transparency. So we are already doing this.

**Derom Bangun (GAPKI):** Some additional background, as Johan Verburg said he couldn't understand. We remember that some time ago, we all observed that the uptake of CSPO was too low. And then WWF came with a kind of effort and doing some score card. That was a kind of effort to push the uptake of CSPO. And then the growers are aware that for the growers there were more requirement for time-bound plan. So if they have five plantations, they have to give time frame when all five plantations will be certified. Now, the same is expected on the, let say processors, of consumers' side. That they also say that by 2015 will take

100%, by 2014 maybe 45% of our requirement will be certified. This time-bound plan is something that we think is helpful to push the demand or the use of sustainable palm oil.

**Chew Jit Seng (Genting Plantations):** At the moment although we have the book and claim, GreenPalm, we also have the Utz, and we also have a system of a mix, mass balance, how much do we know is the volume being traded, what's been used. So we need to have a system that actually incorporates everything so we know the total volumes that are being used versus total volumes that are being produced. Beside segregation, there are so many options in place, so as we move forward we need to keep track of everything. They are all independent systems in place at the moment. You have the book and claim, you have Utz, you have mass balance, you don't know how much is actually in the mass balance.

**Jan-Kees Vis (Chair):** Johan Verburg's comment that most elements that would be required to do this is already in place is a reason to vote for this resolution, not against it. What is very clear is that what we should do is that we should package the requirements that exist and the commitments that are expected into one clear simple document which will require that users of palm oil know exactly what is expected of them. If the suggestion is that they should also start a time-bound plan now and the same of course would be true for all the growers and members of RSPO who hasn't start certification. Now the only requirement that currently exist is that when you start certification and you have more than one mill then you must introduce a time-bound plan as to when you will be finished with your certification. If we suggest that if we need consumer goods manufacturers and retailers really need to start time bound plan now, then the same of course will be requested to the growers. This resolution is a sign that the growers want to see in a simple dashboard of what is happening at the other end of the value chain. How much is going where, what are the rules of traceability, what are the rules of GreenPalm, what volumes go where and where does it end up. 90% of that is in place, either active or dormant somewhere

The Chair then called for the vote.

Market Support for Sustainable Palm oil production	Adopted	
<p>It is now resolved that RSPO develops the Principles and Criteria for promoting the procurement and use of CSPO into a stringent, professional and transparent verification system to certify adherence to the said P&amp;C and the proposed instrument should be tabled at the next General Assembly (GA8) for adoption for a trial period of 1 year with a view towards full implementation in 2012.</p> <p>Proposed by GAPKI-MPOA</p>	For:	99
	Against:	68
	Abstain:	20

## Resolution 6h: HCV in non-primary forests

**Representative from SOS:** This resolution is based on the fact that, to our belief, secondary forest or degraded natural forest is highly valuable in terms of biodiversity and we have some background to show the case. Based on the fact that many endangered species inhabit forest outside the national park and protected areas, degraded forest and non-primary forest can be important for maintaining viable populations of many species. The maintenance of the high conservation values forest and lands is actually a central or key point of the RSPO standard and the fact that there are a few Principles and Criteria clearly indicates that HCV areas should be protected which would include but much broader primary rainforest. We are very concerned about a claim made by IVEX team, consisting of two RSPO approved auditors and also experts from IPB in Bogor, making a claim that such secondary forest, that a value and performance of this kind of forest, have



little meaning in terms of wildlife and environment. So we think that this statement contradict directly to the RSPO perspective that any forest which holds high conservation values must be protected, not only primary forest. We make it clear that secondary forest with high conservation values should be protected and should not be developed for plantation. And RSPO must ensure that HCV is interpreted is such way that it meets its objective in protecting biodiversity. In view of misinterpretation in the definition of high conservation value by the recent IVEX audit commissions by PT SMART, in the responsibility of RSPO approved auditors to identify such areas in the palm oil concessions, and acknowledging ongoing forest and biodiversity lost in Indonesia, for example, and considering the magnitude of literature the importance of secondary or even degraded forest for biodiversity. Learning that the assumption from the IVEX report that only primary forest are important for biodiversity and wildlife, confirming that secondary and degraded forest maybe of critical importance for the protection of endangered orangutan and other wildlife and also the biodiversity and that HCV classification system can incorporate secondary and degraded forest needed for the protection of endangered species. So we call on the 7th General Assembly of the Roundtable on Sustainable Palm Oil to resolve that the RSPO will publish a position statement explicitly and publicly recognize that secondary and degraded forest are important for conservation and should be protected where high conservation values are present and a detailed public guidance recommends to RSPO approved auditors and industry bodies clarifying the important role that non-primary forest can play a clear role in conservation. We can show you some references and statements from experts to note and give you some notions about the importance of secondary or degraded natural forest if you need more details.

**Syed Mahadar Syed Hussein (Sime Darby):** This issue has been brought up over and over, every year, If we look at HCV, it is already contained in 5.2 clearly, it is also contained in 7.3 and it is also being deliberated at the NPP. And we also want to make it clear to SOS that basically the CB doesn't have the expertise on HCV. The HCV expertise is on the HCV consultant. So whether it is degraded on non-degraded, it will be made known when you do the HCV process by the consultant itself. So technically, whether you say yes, no, abstain or whatever you say, it is still there, in the P&C.

**Speaker from the floor:** This is more like a complaint against the auditors. Has this complaint against the auditors have been taken up? Because the audit for this is has actually been published for public comment. Has this comment have been taken? And there is actually a grievance procedure. What is surprising is that it has become a resolution in the GA. If you have a complaint then you take it up to the auditors. Has the auditors been asked to explain? This resolution is not necessary.

**Jan-Kees Vis (Chair):** Agreed, but the resolution has not asked the GA to criticize the auditors. This was not an RSPO audit, this was not an RSPO verification audit or RSPO certification audit: It is an audit done for a company to verify a number of complaints.

**Catherine Cassagne (IFC):** Sympathetic to the message in this resolution. We understand that the present P&Cs are absolutely sufficient in terms of what they say to do. However, it is also our experience that this matter deserve clarification and guidance, perhaps more than other P&Cs. It is true that it is generally understood wrongly that high conservation value or biodiversity importance only in pristine areas, and this is not the case. So support clarification and better guidance to be associated to the relevant P&Cs.

**Simon Lord (NBPOL):** Agree with the speakers – it is already in the Principles & Criteria - High Conservation Value is High Conservation Value. Also agree that the authors should put this through as grievance into the public consultation document. But we will support this because it is a reputational issue. There should be a published position, because it has created a little bit of grey area. A strong opinion from the RSPO will actually put this back into context – by doing a statement you will be putting this back in the box.

**Mukesh Sharma (PT Inti Indosawit Subur):** Feel that this is undermines the integrity of RSPO itself. Because we have already put in place P&C for HCV, we have carried out toolkit and desk study on verification by Sinar



Mas, they use two approved auditors that we accept as independent and approved auditors by RSPO, and they use third party experts from the forestry IPB. So when the experts sit together with the professional auditors and say that is not an issue, to say otherwise means to say all our auditors, our CSPO is questionable. So it is a matter of principle, that it would be very bad for the GA to say that what you're working with is not workable.

**Tim Killeen (Conservation International):** The author of this resolution has identified a significant source of confusion in the HCV methodology. Speaking as a professional botanist/ecologist, the terminology around secondary forest and degraded forest is hopelessly confused in the scientific literature and the recommendation that the RSPO develop a kind of a detailed guideline to help the auditors and the participants or members of the RSPO is the best part of this resolution.

**Jan-Kees Vis (Chair)** summarised by stating that strictly speaking the resolution is not necessary because the commitment in RSPO P&C has always been in the RSPO P&C. On the other hand he stated that he could not see a reason not to support this resolution. But we may want to be concern about is if every time somebody write something in the audit report an opinion that we are clearly disagree with and really wrong, then we're gonna have a resolution in this meeting every time that happens then this is going to be a very long meeting. He then called for the vote.

HCV in non-primary forests	Adopted	
The RSPO will publish a position statement which explicitly and publicly recognizes that secondary and degraded forests are important for conservation and should be protected where High Conservation Values are present, and a detailed public guidance document for RSPO-approved auditors and industry bodies, clarifying the important role that non-primary forests can play in conservation.  Proposed by Sumatra Orang Utan Society	For:	114
	Against:	61
	Abstain:	12

## 5. Election of Executive Board

There were 8 seats to be elected with results as follow:

Constituent	Elected	
<b>Producers</b>		
Agropalma is retiring as representative for Rest of the World. SIAT is the only candidate to take up the seat. Therefore SIAT is appointed by acclamation.	SIAT	
FELDA is retiring and standing for reelection for smallholder constituent. As there were no alternative nomination received, FELDA is reelected by acclamation.	FELDA	
<b>Processors and Traders</b>	AAK	
AAK is retiring and standing for reelection. Cargill has been nominated as candidate.	AAK:	35
The Chair requests the Trader & Processor category to vote. Question from the floor on how to vote as abstain. The Chair request that for abstain vote, the ballot not to be	Cargill:	22

<p>ripped and let it stapled together.</p> <p>AAK was reelected for the Traders and Processors seat. The Chair thanked Cargill for the attention and to be available for the election.</p>		
<b>Consumer Goods Manufacturers</b>	Cadbury Schweppes	
<p>Cadbury Schweppes is retiring and standing for reelection. As no alternative nominations have been received, Cadbury Schweppes is reelected by acclamation.</p>		
<b>Retailers</b>	Palm Oil Retailers Working Group	
<p>Belinda Howell from Retailers Palm Oil Working Group is retiring and standing for reelection. As no alternative nominations have been received, Belinda Howell is reelected by acclamation.</p>		
<b>Banks</b>	Rabobank	
<p>Rabobank is retiring and standing for reelection. As no alternative nominations have been received, Rabobank is reelected by acclamation.</p>		
<b>Environmental NGO</b>	WWF International	
<p>WWF is retiring and standing for reelection. As no alternative nominations have been received, WWF is reelected by acclamation.</p>		
<b>Social NGO</b>	Sawit Watch	
<p>Sawit Watch is retiring and standing for reelection. As no alternative nominations have been received, Sawit Watch is reelected by acclamation.</p>		

Meeting was adjourned at 5.00 pm Jakarta time by the RSPO President, Mr. Jan-Kees Vis.

**END OF GA7**

## Annex 1 - Attendance list

### Ordinary Members Attendance and Proxy List

#### Banks and Investors

1. ANZ Banking Group Limited
2. CitiBank
3. Credit Suisse AG
4. HSBC Bank Malaysia Berhad
5. International Finance Corporation
6. Rabobank International
7. Standard Chartered Bank

#### Consumer Goods Manufacturers

8. Associated British Foods plc
9. Australian Food and Grocery Council
10. Birds Eye Iglo Group Ltd
11. Burton's Foods Ltd
12. Cadbury plc
13. Dairy Crest Group plc
14. DAUDRUY Van Cauwenberghe
15. DSM Nutritional Products AG
16. ECOVER NV
17. Findus Group/Young's Seafood Ltd
18. Fleming International Limited
19. Henkel AG & Co. KGaA
20. Intersnack Procurement B.V
21. Johnson & Johnson Consumer Companies
22. Kao Corporation
23. Lion Corporation
24. L'Oreal
25. Neste Oil Corporation
26. Nestle S.A.
27. P&G
28. Premier Foods Group Limited
29. PT Mikie Oleo Nabati Industri

30. Royal FrieslandCampina NV
31. Saraya Co. Ltd.
32. SAS Devineau
33. Seventh Generation, Inc
34. Shiseido Company Limited
35. The Jordans & Riyvita Company Ltd.
36. Unilever NV

#### Environmental NGOs

37. Conservation International
38. Fauna & Flora International
39. Global Environment Centre
40. Indonesian Sustainable Palm Oil (ISPO) Foundation
41. Orangutan Land Trust
42. PanEco
43. Sumatran Orangutan Society (SOS)
44. Wetlands International
45. WWF Indonesia
46. WWF International
47. WWF Switzerland
48. WWF Malaysia

#### Producers

49. Agropalma S.A.
50. Anglo Eastern Plantation Plc (PT Tasik Raja)
51. Boustead Plantation Berhad
52. Cargill Tropical Palm Holdings Pte Ltd
53. FEDEPALMA
54. FELDA
55. First Resources Limited
56. Genting Plantation Berhad
57. Hap Seng Consolidated Berhad

58. IJM Plantations Berhad
59. INDESA
60. Indonesian Palm Oil Producers Association (GAPKI)\*
61. Keresia Plantations Sdn Bhd
62. Kuala Lumpur Kepong Berhad
63. Kulim (M) Berhad
64. Louis Dreyfus Commodities Plantation
65. Malaysian Palm Oil Association\*
66. New Britain Palm Oil Ltd
67. PPB Oil Palms Berhad
68. PT Agro Bukit
69. PT Agro Indomas
70. PT Agrowiratama
71. PT Austindo Nusantara Jaya Agri
72. PT Bakrie Sumatera Plantations
73. PT Berkat Sawit Sejati
74. PT Bumitama Gunajaya Agro
75. PT BW Plantations Tbk
76. PT Cipta Usaha Sejati
77. PT Darmex Agro
78. PT Dutapalma Nusantara
79. PT First Mujur Plantations and Industry
80. PT Inti Indosawit Subur
81. PT Ivo Mas Tunggal
82. PT Jatim Jaya Perkasa
83. PT Lubai Sawit Nusantara
84. PT Musim Mas
85. PT Perkebunan Nusantara IV
86. PT PP London Sumatra Indonesia Tbk
87. PT Proteksindo Utama Mulia
88. PT Sahabat Mewah dan Makmur
89. PT Salim Ivomas Pratama
90. PT Sampoerna Agro
91. PT SMART Tbk
92. PT Swakarsa Sinarsentosa

93. PT Tunas Baru Lampung Tbk
94. PT Waringin Agro Jaya
95. R.E.A. Holdings Plc
96. SIATSA
97. Sime Darby Plantation Sdn. Bhd.
98. SIPEF Group
99. Socfin Group
100. Univanich Palm Oil PCL

#### **Processors and Traders**

101. AAK - Aarhus Karlshamn UK
102. Adani Wilmar Ltd
103. ADM
104. Assar Refinery Services Sdn Bhd
105. C.I Acepalma S.A.
106. California Oils Corporation
107. Cargill BV
108. Cargill Palm Products Sdn Bhd
109. CELYS - Part of ALVA SAS Group
110. Cia Refinadora da Amazonia
111. Ciranda Inc.
112. Cognis GmbH
113. Cremer Oleo GmbH & Co. KG
114. Croda International PLC
115. Daabon Organic CI Tequendama SA
116. Eulip S.p.A
117. Fuji Oil Group
118. Future Prelude Sdn. Bhd.
119. Gardner Smith Pty Ltd
120. Inter-Continental Oils and Fats Pte Ltd (ICOF)
121. Intercontinental Specialty Fats Sdn Bhd
122. IOI Group (Malaysia/Netherlands) \*
123. Itochu Corporation
124. Juchem Food Ingredients GmbH
125. Jules Brochenin SA France

126. Just Oil & Grain Pte Ltd
127. Keck Seng (Malaysia) Berhad
128. Lam Soon (Thailand) Plc.
129. Lipidos Santiga
130. Mewah Group
131. Mission NewEnergy Ltd.
132. Mitsubishi Corporation
133. Mitsui & Co., Ltd
134. Morakot Industries Public Company Limited
135. Nutriswiss AG
136. OLEON
137. Oxiteno S.A. Indústria e Comércio
138. Pacific Oils and Fats Industries Sdn Bhd
139. Pacific Rim Plantations Services Pte Ltd
140. Palmaju Edible Oil Sdn. Bhd.
141. Palsgaard A/S
142. Patum Vegetable Oil Company Limited
143. Peter Cremer (S) GmbH
144. Platinum Energy Sdn Bhd
145. Product Board for Margarine, Fats and Oils (MVO)
146. PT Intibenua Perkasatama
147. PT Megasurya Mas
148. PT Sumi Asih Oleochemical
149. PT Wahana Citra Nabati
150. PT Wira Inno Mas
151. Puratos NV
152. Rikevita (M) Sdn Bhd
153. Royal Dutch Shell
154. Trafigura Pte Ltd
155. Unigrà S.p.A.
156. Unimills BV
157. Vance Bioenergy Sdn Bhd
158. Walter Rau Neusser Öl und Fett AG
159. Wilmar Edible Oils BV

160. Wilmar International Ltd
161. Wilmar Oleo Pte Ltd
162. Wouters NV

## **Retailers**

163. Ahold NV/ Royal Ahold
164. ASDA stores
165. Carrefour
166. Coles Supermarkets Pty Ltd
167. Coop, Switzerland
168. Co-operative Group
169. Federation of Migros Cooperatives
170. Hawaiian Electric Company, Inc.
171. IKEA Services AB
172. Marks & Spencer PLC
173. Sainsbury's Supermarket Ltd
174. Tesco Stores Ltd
175. The Boots Group PLC
176. Waitrose Ltd
177. WM Morrison Supermarkets PLC
178. Woolworths (Proprietary) Limited

## **Social NGOs**

179. Borneo Child Aid Society
180. Both ENDS
181. Oxfam International
182. Pesticide Action Network (PAN) Asia and the Pacific
183. Sawit Watch
184. Solidaridad
185. The Forest Trust, UK
186. UTZ Certified
187. Yayasan SETARA Jambi