

Draft minutes

Roundtable on Sustainable Palm Oil 15th General Assembly (GA15)

Date: 15 November 2018

Venue: The Magellan Sutera Resort Kota Kinabalu, Sabah, Malaysia

Start Time: 3:00 pm (GMT +8)

Chair: Tim Stephenson, Board Member

Attendance: 138 Ordinary Members in attendance (including 27 proxies) and 113 e-Voters
(Total of 251 of 1,714 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 (GA14) held on 30 November 2017.
 5. To receive and adopt the Treasurer's Report and the RSPO's financial statement for the year ended 30 June 2018.
 6. To discuss and adopt resolutions:
 - Resolution 6a: To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2019.
 - Resolutions 6b: Requiring members involved in primary procurement to publish Smallholder third-party supplying mills lists
 - Resolution 6c: Delinking Auditors from the operations they audit
 - Resolution 6d: Discouraging RSPO members subject to complaints from avoiding their obligations by divestment or withdrawing their membership
 - Resolution 6e: Resolution to extend Smallholder Interim Group (SHIG)
 - Resolution 6f: Proposal to exempt Smallholders from immediate suspension as required under point 4.9.4 of the RSPO Certification

System for Principles & Criteria 2017 until the endorsement of the new independent smallholder standards

- Resolution 6g: Adoption of Principles and Criteria for the Production of Sustainable Palm Oil (2018)
- Resolution 6h: Resolution to amend the Statutes of the RSPO to formalise the election of alternates for the RSPO Board of Governors
- Resolution 6i: Resolution to amend the Statutes of the RSPO to support its tax exemption status in Switzerland
- Resolution 6j: Resolution to amend the Statutes of the RSPO to provide procedure for voting in the event of tie vote

7. Election of Board of Governors for the following sectors:

- a) Oil Palm Growers -- 2 seats
- b) Processors and/or Traders -- 1 seat
- c) Consumer Goods Manufacturers -- 1 seat
- d) Retailers -- 2 seats
- e) Banks & Investors -- 1 seat
- f) Environmental NGOs -- 1 seat
- g) Social NGOs -- 1 seat

8. Any other business

1. Members roll call

The 15th Annual General Assembly (GA15) of the RSPO members was called to order at 3:10pm on 15 November 2018 at Kota Kinabalu, Sabah. The Chairperson, Tim Stephenson, presided over the meeting after the minimum quorum of 80 Ordinary Members present or represented was reached.

2. Opening address by the Chair

Tim Stephenson welcomed the assembly and said that while the RT16 is a very important forum for the members to be heard with a great deal of discussions but here at the General Assembly is where decisions are made. Stephenson was standing in for both the Co-Chairs of RSPO.

Tim Stephenson informed that Resolution GA15-6g shall be moved up the agenda after Resolution GA15-6a.

3. Report presented by the Chair

The Report by the Chair was presented by Elizabeth Clarke (Board member).

The RSPO Secretariat has legal presence in 7 countries including Malaysia, Indonesia, United Kingdom, the Netherlands, China, Colombia and the United States of America. They are also representatives in 5 other countries including Thailand, India, Ghana, Cameroon and Italy. Current staff is 84 full time employees, an increase of 10 staff from last year, to strengthen the Kuala Lumpur office in the areas of standard development, assurance smallholder and complaints. The RSPO has also strengthened its support in Indonesia, to support activities of Indonesian stakeholders and key strategic programmes. Other additions to support other regions include Africa, the US, Latin America and Europe.

Membership base continues to grow, as of October 2018, there are 4040 members from 92 countries.

IMPACTS AND EVALUATION

After completing the Theory of Change last year, the RSPO has started building on internal learning by rolling out a monitoring and evaluation plan and developing a research agenda. The RSPO has also started measuring and evaluating their impacts based on the Theory of Change and aligned with the United Nations Sustainable Development (UNSDG) goals. This can be observed in the impacts 2018 report, downloadable online.

The RSPO is a member of the ISEAL alliance and is subjected to the ISEAL code of good practice and we are pleased to announce that the RSPO has successfully completed its first ISEAL impact code of good practice independent evaluation this year without any non-conformity.

There has been a notable growth in the total submission of Annual Communication of Progress (ACOP) from members in 2017. The submission rate has risen to a new high of 80 per cent.

OUTREACH AND ENGAGEMENT

Globally 6 RSPO roadshows were hosted in 2017 to 2018 as part of the RSPO outreach programme. In 2018, the RSPO gained 26,000 new followers across social media platforms, with engagement rates increasing by 60%. 151 new RSPO trademark licenses were issued with 5 new countries where RSPO products are now being sold.

Europe:

In June 2018, the RSPO held its annual EURT in Paris with over 400 representatives from the global palm oil industry, the estimated media coverage from the event reached 3.2 million views with articles across 9 European countries. Two internationally recognised French radio media bodies and 5 out of 6 major French mainstream newspapers covered the event.

China:

In March 2018, the RSPO and China Chamber of Commerce of Foodstuff and Native Produce (CFNA) signed a Memorandum of Understanding in Beijing outlining a 5 years strategic partnership to promote sustainable palm oil. In July 2018, the China Sustainable Palm Oil Alliance (CSPOA) was jointly launched by the RSPO, CFNA and WWF.

India:

In Feb 2018, the RSPO received an award for excellence in promoting sustainability in the palm oil sector in New Delhi, India. In Oct 2018, the Sustainable Palm Oil Coalition for India (India-SPOC), was launched as a collaborative effort between the Centre for Responsible Business (CRB), WWF, RSPO and Rainforest Alliance.

North America:

In Dec 2017, the North American Sustainable Palm Oil Network (NASPON) was launched and it doubled membership in 2018 to 32 members. In 2018, North America has seen a 38% membership increase, with the US being the largest RSPO members market with 469 members.

Latin America:

In June 2018, the RSPO held the 7th Latin American Conference in Columbia with over 400 participants from over 20 countries.

South East Asia:

In February 2018, the RSPO co-hosted a roadshow event with the South East Asian Sustainable Palm Oil Alliance. In Oct 2018, the RSPO launched the social media campaign "Every Palm Matters", reaching 170,000 monthly views via bloggers who partnered in the campaign and engaging 285,000 views on Instagram in Malaysia and Singapore.

ASSURANCE AND STANDARDS DEVELOPMENT**The P&C Review:**

The RSPO has conducted the second revision of the P&C. The process that started in May 2017, conducted in accordance with ISEAL requirements involved 6 task force meetings, 2 public consultations including face-to-face meetings with stakeholders in 10 regions. The exercise has resulted in a new P&C which is restructured according to the RSPO Theory of Change, incorporation of high carbon stock elements, strengthening of human rights and labour requirements, no new planting of peat regardless of depth, as well as an enhanced quality management system. Realising the special situation of Smallholders, a separate new Smallholder standard is in the pipeline. The RSPO is hoping for a smooth adoption of the new P&C at this GA. Once

approved, the new document will be effective immediately with a grace period of one year for full implementation. Several normative and informative documents will need to be revised to align with the new P&C. National interpretation will need to be revised to embrace the new P&C, and the Board is working closely with the Secretariat to ensure smooth implementation and adequate resourcing.

ISEAL:

RSPO has been a member since 2012, complying to 3 codes - Standards Setting, Assurance and Monitoring and Evaluation. The RSPO is required to comply with new Assurance Code since 2018 and is subject to annual reporting and independent evaluation. A few non-compliances were issued for improvement and the RSPO is working to address this. The RSPO is also involved in other ISEAL activities aiming to increase the credibility of the standard and system and is also a member to a number of working groups established to develop new documents.

Smallholders Strategy:

The terms of reference for the Smallholder Standing Committee has been endorsed and a call for nomination has been sent out, the Smallholder Standing Committee is expected to be set up by the end of Nov 2018. The Smallholder Unit has been established within the RSPO secretariat and a number of positions has already been filled.

Access to capacity building programmes and services has been one of the main barriers to smallholder livelihood improvement and inclusion into the RSPO system. To overcome this barrier to smallholder, the Smallholder Academy is being developed. The academy will use the "Train the Trainer" approach to make the training accessible to smallholder. A pilot of the academy has been completed in Oct 2018 and the academy is expected to be launched globally in June 2019. Development of an agronomy book for Smallholders providing guidance on best management practices is in progress.

The Smallholder Interim Group (SHIG) was established as an offshoot of the P&C review taskforce to develop a simplified approach to certify Smallholders. Simplification includes developing a new set of P&C for independent Smallholder, simplified assurance mechanisms and market incentive mechanisms. The second public consultation of the simplified approach is expected to happen in Feb 2019, followed by pilot testing and endorsement at GA16. Simplified tools and guidance for conducting High Conservation Value (HCV), the Social and Environmental Impact Assessment (SEIA), Greenhouse Gas (GHG) emission calculations and Land Use Change Analysis (LUCA) were developed and launched in August 2018.

The Smallholder Engagement Platform was launched in Dec 2017 and aims at linking Smallholder groups with the market. Market outreach has been conducted to create awareness and support for credits sold by independent Smallholders.

COMPLAINTS

The complaints panel has delivered final decisions on 67% of all complaints received since 2009. The timeline for resolution of new cases lodged under the revised Complaints and Appeals Procedures has reduced to an average of 80 working days. The Complaints Panel has been successful in delivering decisions on several complex legacy cases in the last year.

STRATEGIC PROJECTS

The Jurisdictional Approach (JA) working group has been established. 3 jurisdictional level commitments towards a 100% RSPO certification has been secured in Ecuador, Seruyan (Indonesia) and Sabah (Malaysia). Jurisdictional landscape level efforts on multi stakeholder governance structure (with government as the leading role).

PAST GA RESOLUTIONS

Resolution GA12-6g: To improve the ACOP reporting process

The RSPO has allocated additional resources to improve the ACOP reporting process this year and is currently in the final phase of enhancement. The enhancement will be completed before the next ACOP submission. The final system enhancement includes migration of ACOP questionnaire to a new platform with automated checks, individual report cards for members to review and measure their own progress, and ACOP guidelines to support members to report their progress.

Resolution GA12-6h: Ensuring quality oversight and credibility of RSPO assessments

Various training and outreach on specific subject such as Free Prior Informed Consent (FPIC), partial certification, High Conservation Values (HCV), SEIA and others have been conducted. The RSPO has delivered suspensions and terminations on many Certification Bodies (CB's). There's been an increased oversight through witness and compliance audits, nevertheless it is recognised that improvement is still required on human rights and labour complaints and oversight with respects to HCV. New elements such as delinking of CB's with the clients will be explored and continuous improvement efforts will be made with more training and outreach.

Resolution GA13-6e: Protecting human rights, defenders, whistle-blowers, complainants and community spokespersons

On 24th September 2018, the RSPO BoG adopted a new RSPO policy in human rights defenders, whistle-blowers, complainants and community spokespersons. The new policy endeavours to do the following:

- i) To create a platform for the complainant to lodge a complaint with the RSPO Complaints Panel on activities undertaken by RSPO members which may undermine their safety and security
- ii) To establish clear operational guidelines on the coordination and administration and response to allegation of threats
- iii) To ensure the commitment of RSPO members in developing internal policies and mechanisms to prevent harm, protect and respond to complaints on any alleged threats or violence committed against or by their affiliates. The RSPO will endeavour to facilitate this by identifying other organisations in relevant jurisdictions to aid in mitigating risks or provide additional support. It includes accessible and adequately resourced procedures to allow Human Rights Defenders (HRDs) to register their concerns with the RSPO Complaints Panel in anonymity and confidentiality. Furthermore, clear guidelines are provided to RSPO members on how to uphold the rights of HRDs in their operations.

Resolution GA13-6f: To review the amendment of the updated new planting process (NPP) as applied to Smallholders

A draft NPP for Smallholders has been developed and presented to the Board of Governors in June 2018. The Board proposed a final solution be explored in line with the new P&C, and the current development of simplified Smallholder approach under the SHIG. As a part of this, for Smallholders falling under the mill's P&C certificate, the Board endorsed for the tools to be used, and for all other Smallholder the Board extended the exemption from NPP submission until the next P&C and the new Smallholder standard is in place.

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

The RSPO has engaged the services of a research institute with experience in evaluating the effectiveness and fairness of multi stakeholder initiative such as the RSPO on its voting procedure.

Resolution GA14-6g: Official recognition of IGC endorsed Indonesian RSPO grower member representatives within all RSPO forums, as formally representing the Indonesian Growers Caucus (IGC)

The RSPO Secretariat continues to engage with the IGC and receives updates of its composition. The IGC led by Agus Purnomo of Golden Agri Resources, periodically updates the RSPO Secretariat and the Board of its activities.

4 Confirmation of minutes for the last General Assembly (GA14) held on 30 November 2017

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 proposed for the minutes to be accepted, Belinda Howell seconded, and with no objection from the floor the minutes of GA14 were confirmed.

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

Tim Stephenson (Treasurer) thanked Patrick Chia, the RSPO Finance and Administration Director, for his hard work during the year in overseeing the RSPO finances and in doing much of the work in preparing this presentation. The RSPO has continued to grow. It has not been easy to maintain compliance and financial control.

Finance Standing Committee – Organisational Structure

This Finance Standing Committee is largely unchanged from previous years. Our terms of reference are also unchanged, with an oversight of financial information, financial controls, financial planning and compliance. Day to day management is delegated to the team under Patrick.

We are an organisation registered as a not-for-profit in Switzerland and the RSPO Secretariat Sdn. Bhd. is registered in Malaysia, that is all unchanged, and various entities underneath that. During the year we have added a branch in Netherlands and a Limited Liability Company in the USA.

Audited financial statements for the financial year ended 30 June 2018

Tim Stephenson confirms 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.

Income Statements:

This year, income has regained some of its upwards trend, in comparison to last year but cost has increased and we have a deficit overall. Given the level of reserves, the RSPO can manage such a deficit comfortably however this situation is not sustainable, so we will need to take some actions to address some of these issues.

Results for the year and trends:

- A deficit of RM1.1 million after tax and foreign exchange.
- Income increased by 8% on the year but operating costs increased by 11%, and project costs by 15%, a large part of that relates to the P&C review, resulting in a small deficit for the year before forex and tax.
- The income and expenditure trends over 5 years shows that income was increasing before levelling off in 2017 and 2018, and as costs continue to increase, therefore surplus each year has reduced.

Income Growth:

- Subscription income has continued to increase, now with around 1,700 ordinary members, and close to 4,000 members all together with no increase in fees.
- Segregated and mass balance volumes have increased and have somewhat replaced, since 2016, income from credit which continued to reduce.

Operating Costs:

- Operating Costs are mainly staff costs which have increased marginally during the year and professional fees which arise from regional offices and establishing those permanently.
- Within Other Costs there is an increase in provision for doubtful debts amounting to RM1.3 million and actions are being taken in respect of long overdue debts to chase those up with suspension and terminations being implemented. Since the accounts were produced, there has been some success in recovering those overdue debts.

Project Costs:

- Increase in the Technical department, with the P&C review cost amounting to RM3.5 million in total which include costs for public consultations, task force meetings and payments for consultancy as well as SHIG and other items.
- In Outreach and Engagement, there were extra costs relating to development work on the Sustainability College and other items relating to web development.

Balance Sheet:

- A reduction of Net Assets from RM45 million to RM37.7 million, which is greater than the loss for the year. Within the balance sheet, cash and bank balances has reduced by a similar amount while other items are largely the same.
- Subscriptions Due in gross term are at the same level as last year but due to the increase in provisions for doubtful debts, the net balance has reduced.
- The reduction in Net Assets can be explained by the deficit for the year of RM1.1 million; RM2.5 million spent under Smallholders Fund, with no further transfer to the fund this year, which was deliberate; the Special Projects Fund, reducing by

- RM2 million during the year; and movement in the Currency Translation Reserve with an unrealised loss of RM2.2 million.
- Overall our financial position, we have a small but somewhat concerning deficit on our income statement. We have an expected reduction in surplus funds overall due to payments from the Smallholders and special projects funds but still a strong balance sheet. We have to be aware of erosion as costs continue to increase.

Budget 2018/19

The Budget for 2018/2019 was approved by the Board of Governors in June 2019.

Our income is budgeted to increase by 8% with a small reduction in Operational Costs and Project Costs are expected to increase, partly rising from implementation of the new P&C should the resolution be passed later on. Overall a much break-even budget for the year.

The breakdown of budgeted income shows that subscription income is expected to increase by about 10%, as does income segregated and mass balance trade and as income from credits have been reducing, it is budgeted to be about the same for this year.

Operating Cost are showing a gradual increase except for Other costs where one-off costs incurred in 2018 which are not expected to be repeated.

The analysis of Project Costs shows Assurance and Standard Development budget include costs related to implementation of the new P&C and there is a small reduction in the Outreach and Engagement budget.

Some further costs may also be incurred subject to decisions after the budget was approved including in relation to Human Rights Defenders and will further change depending on the outcome of resolutions today.

We will need to prioritise projects and other costs or likely consider ways to increase income. Currently the RSPO financial model continues to be sufficient to meet the needs of the organisation, in particular as membership continues to grow. However, we are not quite so comfortable as we were in the past and we will need to take appropriate actions to avoid eating into our reserves.

We have instituted a Governance Committee as we looked very carefully and recognised as a Board that we were not operating in the best way we could. We now

have a Governance manual, which includes terms of reference, manual timetable, behaviour expectation and a risk register. We have a remuneration committee which gives oversight to senior management remuneration and appraisal. We have proposed changes to Standing Committees to be in line with the new Theory of Change to be more accountability to the Board and to provide oversight in appropriate areas of the Secretariat, working groups and task forces. The Standing Committees include Standards, Assurance, Smallholders and Market Development.

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

Perpetua George: I would like to raise a question in regard to the RM3.7 million that has been noted under Smallholders Fund, that has been shifted to Smallholders Strategy in 2019. I would like to remind the membership that the Smallholder Fund is actually called the RSPO Smallholder Support Fund (RSSF) and was originally set up in order to support projects under application basis by Smallholders to achieve certification. I am the chair of the RSSF panel and I would like to raise the question as to the reallocation of the RM3.7 million. I raise this question because despite the move in strategy, the RSSF panel was still under the impression that we were still looking at proposals and the last set of proposals that we had was in September 2018 so we still had a list of about 13-16 proposals that were received that we were supposed to look at with the understanding that we still had money in this fund. At the last meeting, somehow without the consultation of the panel, this money had been diverted to Smallholders Strategy and I would like to question that because in essence what has happened is that with us receiving a number of proposals in the period of September, we are now unable to review them. I would like some response in this matter because I believe there is a question here on accountability on what that original fund was for.

Tim Stephenson: Yes, I heard about this yesterday. I appreciate that the communication didn't come through appropriately to you and the RSSF. I think that it is something that needs to be considered by the Board tomorrow, it is not something that can be resolved here. There was firmly a decision made regarding this but still if proposals have come in, we will need to consider as a Board, and make an appropriate decision. Thanks for raising that but it is an important issue that needs further discussion.

Perpetua George: I was a little offended by the statement you made on the Smallholders Fund by saying the results have not been good. I don't really know what that means. Essentially, we restructured that proposal process to be open twice a year. If the question was about perception of the lack of spending, that is not because there were no proposals that were good enough, its simply because we have a phased approach with 2 openings early in the year and in September. And so, I appreciate the

Board is going to discuss this but I do believe that if the membership here is put under the impression that the RSSF Panel has not been spending the money because of no results, I think that's incorrect and I do want that corrected because we have gone into an October period to look at the September proposals only to be told that there's no money in here as it's been reallocated.

Tim Stephenson: It's indicative that we haven't really had proper reporting through to the Board. That link from this particular panel hasn't been as good as it should be, so the governance review is timely to make sure we do get proper connections through. The intention is not to offend you or members of the panel.

Faizal Parish: A few things. Firstly, a little concern as the last meeting you were projecting a surplus of RM3.5 million, and now we are seeing a loss of RM860,000. I am not certain what the investment strategy is in terms of returns of investment as I can only see 1% return on RM40 million on funds. Whether something needs to be done to improve the details. You mentioned in the last page of the report of the potential measures to address this income issue, where you mention that membership fees have never been adjusted and there is this strange thing that the NGOs are paying as much membership fees as some of the world biggest corporations which are not very acquit able. You say it can't be done as it needs a GA resolution, but I think there's plenty of time to submit one adequately after knowing there is a big deficit compared to the projection, you also mentioned that the fee can be increased from the current USD1, but I don't see any further information. Maybe we can see an update on the measures to improve that revenue and how are we looking for this year's projection given we are 5 months into the financial year. Are we heading for another deficit? Finally, the issue of currency loss, RM2.5 million is mentioned. To what extent is RSPO looking at hedging? I realise there has been strengthening of the Ringgit but given that there is a lot of expenditure in Ringgit, was there adequate hedging of the funds and what currency is it maintained in. In regards to communication agencies, I am happy to see there was a few per cent reduction in the actual expenditure last year and more reduction in the communication agency fee in the budget this year and I am also happy to support the allocation under the Special Projects funds for outreach to intermediary organisations as I think this is an area where RSPO funds can make a significant difference where else in a broader agency fee, large scale advertising, I think last year we talked about better tie up with the member organisations for rarely putting their money and effort into getting the RSPO out there, rather than RSPO paying commercial agencies for advertising.

Tim Stephenson: In relation to fees and where we are this year, our income for the Q1 is on target. We haven't acted yet, but I think we need to review following this GA to understand exactly what our likely costs are going to be and how we are going to prioritise. We need a proposal to access on whether we really need to increase. We

are not going to put in a resolution just based on deficits. We need a review to make sure we are doing the right thing in a longer term. That can come in different areas, not necessary in increase of membership fee, but also fees in other areas if so desired. It can also be a prioritisation of costs and a review of costs, and we are looking into that at the next Board meeting tomorrow. We are not going to make an ad hoc decision and we need to take the longer term view. In respect of currency and hedging, we actually incur costs in Ringgit, US Dollars and Euros. Some of our funds are kept in Euros, some in Dollars and some in Ringgit. But we can only report in one of the currencies. So, in whatever we are reporting, you will see fluctuations. We did have gains in previous years. In terms of hedging strategy, we like to keep it simple and don't want to go into complicated options. We recognise we have income and costs in various currencies.

Perpetua: Just to add on record, I want to point out that the RSSF panel is also made of key members from the Secretariat. One of which is Patrick. The reason it includes key members of the Secretariat is to ensure there is feedback. Patrick and other key members sit on all the RSSF meetings, and this is meant to be communicated back and forth between the Board and us. I do take exception in the insinuation that it should have been the panel that is feeding this information to the Board. We have neither received any feedback from the Board in terms of concerns of under spending and essentially looks like the discussion we have had on the proposals and spending in regard to what was left in that fund was also not communicated well. We have a two-way communication problem, not just one way.

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	220
	Against	6
	Spoilt	0
	Abstain	25

6. Resolutions

There are 10 resolutions up for voting in the GA. The voting results and discussions are as follows:

Resolution GA15-6a: To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2019

Resolution GA15-6a	Approved	
To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2019	For	218
	Against	10
	Spoilt	0
	Abstain	23

Resolution GA15-6g: Adoption of Principles and Criteria for the Production of Sustainable Palm Oil (2018)

Presented by: Agus Purnomo

Elizabeth Clarke: As chair of the steering group to the P&C review, the Board does indeed recognise the challenges that will be faced in terms of technical implementation and of transition, and that we will be working with the Secretariat closely to ensure that there will be adequate resource and support available and the concerns are duly heard and noted.

Faizal Parish: I understand that there are some concerns from some growers about one of the new indicators in Criteria 7.7 on peatlands which might be affecting people’s intention on how to vote on this item. Indicators 7.7.5 on drainability assessment refers to the need of drainability assessments to be initially undertaken 5 years prior to the proposed replanting on peat, and that is giving a concern that in the next 5 years that will preclude any replanting of peat. The purpose of this indicator is to give companies adequate time to prepare for replanting or phasing out of necessity of plantation on peat. The key factor that speeds up subsistence is water management. Early assessment can lead to improve water management, reduce subsistence, and therefore to extend the lifetime of plantations and the ability to replant on peat. However, there is a real concern that if companies are being audited and if they have not had the 5 years in advance to do the study, they are concerned they will be penalised in the audit. We have recognised this and included in the procedural note, in the proposed P&C, the peatland working group is still working to refine the details procedure for the drainability assessment procedure that will be adopted in our next meeting in January and we will include a transition arrangement for the phasing in of this in the coming 5 years, because we don't want to create an inappropriate barrier to prevent this from happening. I don't want to prejudge but maybe the companies starting from next year need to look 5 years ahead into all the replanting and based on the results some adjustments can be made. We've also said

that we will be reviewing after 12 months and if necessary adjusting the procedure as we move along. I hope that settles any concerns that companies may have.

Bambang Dwilaksono: I really appreciate what the task force is doing in relation to the revising of the P&C and I have some concerns that might be addressed by the board. If we have a look at the HCVRN we see that 128 reports have come to the Secretariat and 66 are at a satisfactory status. But if we have a look at the timeline, the time the reviewer needs to complete the review, with longest being 17 months and the average time is 8 months. And if you have a look at the HCS process, currently the reviewer has completed 19 reports and there is an ongoing of 4 reports and 59 of the reports are still in a registered status. My view is that it will be good for the board to review the timelines of the process of review. Therefore, the growers can estimate the normal periodic of the process of the integrated HCV and HCS next time.

Rudy Lumuru: First, I would like to say congratulations to the task force for completing the review. It has been three times since we've revised the P&C. I hope the Secretariat will improve their service to growers because the key implementation of P&C are the growers. When you increase the standards, the pressure will increase with the growers. We need to think about the situation. Meanwhile in Indonesia, the price of palm oil to the farmer is really low, so I think the Secretariat needs to look into increasing the service of bringing the growers to improve their capacity to apply for P&C. The pressure with the growers gives an impact to the Smallholders.

Belinda Howell: Consumer goods manufacturers are very important players in the market. For our constituency, we've reviewed our ACOP's and uptake and we're a 100% and a large portion of that is physical. And I know that consumer goods manufacturers are doing likewise. That's not say that we can be complacent. We need to move beyond the leading brands and the leading retailers and go out to government procurement programmes where you have food service for education, hospital and even prisons, that will create a much bigger market. So, we are absolutely dedicated to doing that and we know that there is a long way to go on oleochemicals and derivatives as well. We are pushing on all those areas and we will focus on market uptake. Having said all of that, a 65% market uptake or depending how you measure it, 90% market uptake, is pretty phenomenal compared to many others sustainability standards. So, we need to continue to review those figures to make sure they are robust.

Darrel Webber: The Secretariat has already budget for lots more engagement to inform growers on the new standard on implementation. A series of roadshows and roll out events are planned.

Geetha Govindan: I want to explain that some of the various processes and procedures of the existing P&C has not been fully consolidated and I would like to explain that the delays in approvals like through the HCVRN processes has taken considerable time for any notifications to come to the growers. And meantime our growers, we as an investor on a location in a region, has spent millions of dollars waiting for an outcome and sometimes I have seen the outcome taking months, if not years.

Darrel Webber: This is something that the Secretariat knows. We've been discussing and in dialogue with HCVRN. There has been quite a bit of improvement in the last few months and I think the Secretariat will be engaging even more with the HCVRN especially with the roll out of the new P&Cs. I can ensure you this is on the top of our agenda, under me and my COO's purview on a monthly basis.

Belinda Howell: It is coming to the Board tomorrow and we will make sure that that effort is properly resourced.

Eric Wakker: I would like to ask about the one-year grace period. Exactly how is it going to work? Is it one year before auditors have to begin auditing against the standard, or is it one year before member actually have to start implementing the new standard?

Darrel Webber: As soon as its endorsed, the standard is applicable. But you can transition out over the year for the Certification Bodies to start auditing against it. The standard applies but there are other documents that need to be created along with the P&C and national interpretations, which will take a year. So, effectively it's only a year later that the CB's can go out and certify.

Kenneth Lee: I am appreciative that the RSPO has made efforts to improve the environment, however I've noticed there are some very high standards included into the new standard. It is a high for developing countries like Malaysia and Indonesia. If this is in, small players or Smallholders may not be able to comply with it. What is the view of the Board?

Darrel Webber: The independent smallholders certification will have a separate standard and it will be developed over the next year which will apply to Smallholders. The new standards will apply to small companies. We have developed the standard through balance representation. We have grower members in the task force and this is the result after 18 months of conversations with lots of input. Nevertheless, one of the things we will be doing as the Secretariat, is to organise roadshows and provide some online lessons on how to implementation and there will be more guidance

material over the next 12 months. One thing you will be seeing with this new P&C is more engagement and roll out material from the Secretariat.

Resolution GA15-6g	Approved	
Adoption of Principles and Criteria for the Production of Sustainable Palm Oil (2018)	For	212
	Against	19
	Spoilt	2
	Abstain	18

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

Presented by: Priscillia Moulin

Questions from the floor as follows:

Anne Rosenbarger: I am excited to see this resolution on the agenda. I want to make a note that I think there needs to be a little bit of thinking about how to go about implementing the verification process. This is a bit different from auditing against the implementation of P&C through a certification body. And just to note that there is an ongoing effort in collaboration with the RSPO through WRI, Rainforest Alliance, following up on previous year’s resolution to develop a more comprehensive, unified, universal mill list, which is already available through the Palm Trace system.

Priscillia Moulin: When it comes to refinery, it is already certified, and the verification process can be done through the certification audits. But for those who are not certified, we can discuss more technical details later.

RESOLUTION GA15-6b	Approved	
Requiring members involved in primary procurement to publish third-party supplying mills lists	For	195
	Against	31
	Spoilt	0
	Abstain	25

Resolution GA15-6c: Delinking Auditors from the operations they audit

Presented by: Marcus Colchester

Questions from the floor as follows:

Belinda Howell: Surely is this not already being dealt with by the Assurance Task Force?

Marcus Colchester: It has but this is an effort for us to be more decisive.

Gan Lian Tiong: The resolution as I see it, is a guided resolution pointing to positive. Is there opportunity for the subgroup to evaluate the pros and cons that may come out in the reverse decision? Otherwise this is very guided that a small group must have a positive decision. If the small group do the analysis of the practicality and the transfer of risk and also the kind of permutation and combination of CB's and whether RSPO can handle this. Can the subgroup actually reject this after the analysis?

Marcus Colchester: Of course, I have my own view, but that is what we are trying to avoid imposing through this resolution, to tell you what is going to happen because we want this to be something owned by the stakeholders, but I think there are models that can be followed. What's important is ensuring auditors of quality get the contracts for the audits that are needed. In the interest in trying to ensure stakeholder engagement, we are not trying to be too precise about how it will be achieved.

Frazier Lanier: Is it only financial, in terms of the connection between the certification body and the grower? Or would this group also explore independence through, say duty of care, legal mechanisms that certification bodies would have a legal duty to third party entity?

Marcus Colchester: Remember that the certification systems documents already set aside criteria for the acceptability of audits and certification bodies. It's not like we don't have any kind of control. But the linking that is particularly getting in the way of independence is the direct link between the company and the audit team. It chooses for itself, and then has under contract to itself. So, we know audit teams often had criticisms sometimes because they would like to get the contracts next year, lessening the independence of the audit team as they come in because they are looking for next year's job. We know from scientific research that where there is delinking and increase independence, there is less collusion. Systems do improve through delinking. We know this from our own other world outside of palm oil.

Surina Ismail: I totally support that we need to ensure that our audits or certification body are independent. What I am concerned about is that I'm not sure how you are going to do it, so it is difficult for me to just vote on an idea. We go through a lot of audits and sometimes we use the same CB for RSPO and MSPO. When you start choosing and delinking it makes it very difficult to schedule audits and make sure the audits can be done concurrently, it can cause time and resources. We need to be proactive. I need to know specifically what you want to do and maybe then it will give me the comfort when you are talk about delinking.

Marcus Colchester: I want you to engage and come up with solutions among the membership. The request I'm making is that you trust yourselves as a collective body, work within a formal working group to come up with a solution with the mechanism that we already have, and we trust the Board that they won't take up a daft idea. Let's trust ourselves to do something good as we are all in this together for transformation.

Surina Ismail: If an auditor is found to violate the standards, they should be specifically removed and be made an example, and maybe that would be much faster.

Anne Rosenbarger: I actually very much appreciate the relative openness of the resolution to rely on our multi stakeholder processes to further describe the prescription that we want to address. But I think we have a history of well-intentioned resolutions that are very detailed in terms of mechanism by which they would like to be implemented, and often times conflict with existing ongoing processes that are already underway or don't take them into account that could maybe have done with broader stakeholder input to better ways that this could have been done. This well respects those other processes that are already thinking about this and motivating it in the direction it needs to go, and I think that it gives focus to those who would like to have more say in what this looks like to be able then to participate. That would be my counter proposal.

Agus Purnomo: There are already common practices that the contract to CB is given for 5 years period throughout the duration of the certification. So, any idea to what to do with the current valid contracts to those CBs?

Marcus Colchester: The new certification document already limits it to 3 years, and there are provisions to prevent a lead auditor having too close a relationship to the company. There are measures there to be taken to account in the proposal.

Chew Jit Seng: It is recognised as an organisation, RSPO needs to uphold its ideals and credibility, but as we know, it is same all over the world where auditing is the tool that is used to monitor and assess certain standards. There are checks and balances in place and in RSPO we have also put in place in our certification to reduce the contract

period from 5 years to 3 years and also clause which mentions that there should be impartiality and not any conflict of interest of the auditors. There are various criteria's in the certification system. On top of that, as professionals, auditors, all firms are accredited in accordance to international standards -- ISEAL, ASI etc. So, they are supposed to sign off, as similar to financial auditors, to the best of their knowledge that they have carried it out to the best of their ability. The systems are in place what needs to be done is improve the check and balances. The system is not broken.

Paul Volvekamp: I wish to make a general observation. In 2015 GA, we adopted resolution 6h which is about the very issue we discussed right now -- RSPO's ability to implement its standard in such way that credibility is fully ensured. Three years down the road, yesterday evening we had the Assurance Task Force being tasked to implement this resolution. Again, this is a task force encompassing all the different constituencies of RSPO. I think there is a strong common agreement and consensus that the deeper we dig the more issues and the more inadequacies we detect - the ASI compliance audit and the HCVRN assessments of quality of assessors' performance - it is reason for serious concern. If we look at what is at stake, the issues around labour, issues around NPP and HCV clearings, it's a whole list of very serious issues, such that the credibility of RSPO can only be upheld if we do everything possible and to be the sea of change. We are indeed a platform of innovation. We have to look at the check and balances, be creative but as Marcus has rightly indicated, this is to be a multi stakeholder process. It can only succeed if it has the buy in of all the constituencies.

Resolution GA15-6c	Rejected	
Delinking Auditors from the operations they audit	For	101
	Against	126
	Spoilt	0
	Abstain	24

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

Presented by: Marcus Colchester

Questions from the floor as follows:

Agus Purnomo: A letter was sent by the IGC members about the issue of the resolution and the last paragraph stated that it will be difficult to implement the resolution in the Indonesian legal context.

Marcus Colchester: The resolution specifically says while being mindful of competition laws and other legal constraints. So, the proposal would consider national and other legal considerations.

Resolution GA15-6d	Approved	
Discouraging RSPO members subject to complaints from avoiding their obligations by divestment or withdrawing their membership	For	117
	Against	98
	Spoilt	1
	Abstain	35

Resolution GA15-6e: Resolution to extend Smallholder Interim Group (SHIG)

Presented by: Johan Verburg

Questions from the floor as follows:

Gan Lian Tiong: Certainly, we support the smallholder’s development, but has the working group analysed what are the root causes of such delays? Is it because there is not enough expertise within the working group? No point extending when you don't have expertise.

Johan Verburg: We found out in the Smallholder Working Group that for the standards to be attractive for independent Smallholders to buy into, it requires not just a review of the criteria and indicators, but rather a review of a number of system elements that support it, which includes, where possible, the simplification of the verification mechanism. For example, allowing peer group controls rather than third party verification. In other words, it's more than the scope of the P&C review that the group is looking into, therefore the group needs little bit more time to come up with a full set of elements that ensure this simplification.

Resolution GA15-6e	Approved	
Resolution to extend Smallholder Interim Group (SHIG)	For	214
	Against	5
	Spoilt	2
	Abstain	30

Resolution GA15-6f: Proposal to exempt Smallholders from immediate suspension as required under point 4.9.4 of the RSPO Certification System for Principles & Criteria 2017 until the endorsement of the new independent smallholder standards

Presented by: Rukaiyah Rafiq

Matthias Diemer: The concern that I have is are we opening up a loophole for more than a year until this standard is finalised? Is there a redress in between? The concern that I have is that Principle 6 concerns labour. These are very serious issues. Principle 7 new development, and the concern that I have, with a lot of sympathy for the independent Smallholders, is that we are not opening up this big loophole and that we will see a surge in deforestation next year.

Rukaiyah Rafiq: It is not our intention to weaken the certification system. We are only concerned about Principle 4.9.4 that states allocation of time to the independent Smallholders to better themselves. We are against the immediate suspension that does not provide room for improvement.

Belinda Howell: It is an extremely well written and explained proposal and resolution. It is a very important one. One point for clarification, is it intended to apply to just independent Smallholders who will be eligible under the new smallholder standard, or is it intended to apply to all Smallholders?

Rukaiyah Rafiq: We requested this before the new smallholder standard is implemented. This applies to only the independent Smallholders.

Mohammad Waras: We encourage the Smallholders to join RSPO with much difficulty. And when they have joint, there are many disadvantages with the system, especially the suspension which is of high cost. I think RSPO should support for the certification and the auditing.

Arvind Devadasan: When the subsection 4.9.4, was the independent Smallholders taken into consideration in this cause? Secondly, in this resolution, it says to exempt the Smallholders from suspension but there is no proposal on what the following action or proposed mechanism should be.

Rukaiyah Rafiq: Your second question does not apply to the independent Smallholders, only 4.9.4 relates to them being immediately suspended. For first question, I am unaware if they were represented.

Resolution GA15-6f	Approved	
	Proposal to exempt Smallholders from immediate suspension as required under point 4.9.4 of the RSPO Certification System for Principles & Criteria 2017 until the endorsement of the new independent smallholder standards	For
Against		46
Spoilt		0
Abstain		48

Resolution GA15-6h: Resolution to amend the Statutes of the RSPO to formalise the election of alternates for the RSPO Board of Governors

Presented by: Tim Stephenson

Resolution GA15-6h	Approved	
	Resolution to amend the Statutes of the RSPO to formalise the election of alternates for the RSPO Board of Governors	For
Against		4
Spoilt		0
Abstain		30

Resolution GA15-6i: Resolution to amend the Statutes of the RSPO to support its tax exemption status in Switzerland

Presented by: Tim Stephenson

Resolution GA15-6i	Approved	
Resolution to amend the Statutes of the RSPO to support its tax exemption status in Switzerland	For	209
	Against	6
	Spoilt	0
	Abstain	36

Resolution GA15-6j: Resolution to amend the Statutes of the RSPO to provide procedure for voting in the event of tie vote

Presented by: Tim Stephenson

Resolution GA15-6j	Approved	
Resolution to amend the Statutes of the RSPO to provide procedure for voting in the event of tie vote	For	220
	Against	4
	Spoilt	0
	Abstain	47

7. Election of the Board of Governors

MEMBERSHIP SECTOR	ELECTED
Oil Palm Growers	
Smallholder: FELDA is retiring and available for re-election. There will be no election and FELDA will serve another term as no other nominations have been received.	FELDA
Rest of the World: Agrocaribe is retiring and available for re-election. There will be no election and Agrocaribe will serve another term as no other nominations have been received.	Agrocaribe
Processors and/or Traders	
AAK AB is retiring and available for election. There will be no election and AAK AB will serve another term as no other nominations have been received.	AAK AB

MEMBERSHIP SECTOR	ELECTED
Consumer Goods Manufacturers	
<p>Mondelez International is retiring and is not available for re-election. Nominations were received from Kao Corporation and The Procter & Gamble Company. Election among the Consumer Goods Manufacturers sector will therefore be held and only members in the sector are eligible to vote.</p>	<p>The Procter & Gamble Company</p> <p>P&G 21 Kao Corporation 20</p>
Retailers	
<p>Retailers Palm Oil Group is retiring and available for re-election. There will be no election and Retailers Palm Oil Group will serve another term as no other nominations have been received.</p> <p>Marks & Spencer has retired, and the seat is available for election. There will be no election as no other nominations have been received. This seat will remain vacant.</p>	<p>Retailers Palm Oil Group</p> <p>Vacant</p>
Banks & Investors	
<p>Rabobank is retiring and available for re-election. There will be no election and Rabobank will serve another term as no other nominations have been received.</p>	Rabobank
Environmental NGOs	
<p>WWF International is retiring and available for re-election. There will be no election and WWF International will serve another term as no other nominations have been received.</p>	WWF International
Social NGOs	
<p>Both ENDS is retiring and available for re-election. There will be no election and Both ENDS will serve another term as no other nominations have been received.</p>	Both ENDS

8. Any other business

Marcus Colchester: Mr Chairman, the theme of this meeting has been achieving market transformation, and we have been reminded by the keynote speaker at the RT of the importance of acting at all levels of the supply chain. I've been asked to make a short comment on this. On behalf of a number of members, including NGOs and growers, to remind us all as RSPO members of our shared responsibility to achieve this transformation. We call on the board to ensure that all downstream members contribute to this end by stepping up their purchasing in line with time bound plans

for RSPO certified palm oil. We ask all downstream members and investors to demonstrate their compliance with the applicable requirements of the P&C on matters such as environmental impacts, transparency, legality, respect for human rights, land acquisition, labour and grievance procedures. We also ask that the Shared Responsibility Task Force which was agreed to by the P&C task force, be convened with urgency and be inclusive of all membership categories so that we get maximum ownership and commitment. If we want to raise the profile and credibility of the RSPO and transform the market, we all need to do more, and I include us NGOs. So, I'd like to invite all those members and observers who share the sentiments of this statement to stand up now in a show of support for this statement.

Meeting was adjourned at 5.45pm (GMT+8) by the Chair.

END OF GA15

Annex 1 – Attendance List

Ordinary Members Attendance and Proxy List

1.	Banks and Investors	7
2.	Consumer Goods Manufacturers	16
3.	Environmental NGOs	23
4.	Oil Palm Growers	49
5.	Processors and Traders	28
6.	Retailers	7
7.	Social NGOs	8

Ordinary Members e-Voter List

1.	Banks and Investors	1
2.	Consumer Goods Manufacturers	47
3.	Environmental NGOs	4
4.	Oil Palm Growers	7
5.	Processors and Traders	42
6.	Retailers	12
7.	Social NGOs	0