

RSPO

Roundtable on Sustainable Palm Oil



14TH ANNUAL GENERAL ASSEMBLY OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL MEMBERS (GA14)

VENUE: GRAND HYATT BALI, INDONESIA

DATE: 30 NOVEMBER 2017

TIME: 3:00 - 6:00 PM

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PART A

**14TH GENERAL ASSEMBLY
OF THE RSPO**

NOTICE FOR THE 14TH GENERAL ASSEMBLY

Notice is hereby given that the **14th General Assembly (GA14)** of members of the Roundtable on Sustainable Palm Oil (RSPO) will be held at the **Grand Hyatt Bali, Indonesia** on **Thursday, 30 November 2017** at **1500 hours (GMT +8)** for the following purposes:

AGENDA

1. Members' roll call.
2. Opening Address by the RSPO Chairperson.
3. Report presented by the RSPO Chairperson.
4. Confirmation of minutes for the last General Assembly (GA13) held on 10 November 2016.

Minutes: <http://www.rspo.org/ga/ga14/GA13DraftMinutes.pdf>

Attendance List: <http://www.rspo.org/ga/ga14/GA13AttendanceList.pdf>

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

Treasurer's Report: http://www.rspo.org/ga/ga14/Treasurers_report_2017.pdf

Financial Accounts: http://www.rspo.org/ga/ga14/RSPO_Financial_Statements_30_Jun_2017.pdf

6. Resolution GA14-6a:
To confirm the appointment of PricewaterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2018.

Resolution GA14-6b:

Relocation of the De Facto RSPO Executive Office to Jakarta, Indonesia

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6b.pdf>

Resolution GA14-6c:

Strengthening the RSPO Executive Office

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6c.pdf>

Resolution GA14-6d:

Generation of sustainability practices and fair trade for independent mills

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6d.pdf>

Resolution GA14-6e:

Enhancing credibility of the "Annual Communications of Progress"

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6e.pdf>

Resolution GA14-6f:

Balanced representation in the RSPO General Assembly voting process based on membership category

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6f.pdf>

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)

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6g.pdf>

Resolution GA14-6h:

Relocation of the RSPO Secretariat Office to Jakarta, Indonesia

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6h.pdf>

Resolution GA14-6i:

The Statutes of the RSPO and the Code of Conduct for members of the role to formalise the role of the Complaints and Appeals Panel

Download: <http://www.rspo.org/ga/ga14/Resolutions/ResolutionGA14-6i.pdf>

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

- Oil Palm Growers:

Malaysia

- **MPOA** is retiring and available for re-election. There will be no election and MPOA will serve another term as no other nominations have been received.

Indonesia

- **PT Agro Harapan Lestari** is retiring and not available for re-election. One nomination was received for **Golden Agri-Resources Ltd** and they will assume the seat for a term as no other nominations have been received.

- Processors and/or Traders:

- **IOI Loders Croklaan (IOI Group)** is retiring and not available for re-election. One nomination was received for **Wilmar International Limited** and they will assume the seat for a term as no other nominations have been received.

- Consumer Goods Manufacturers:

- **Unilever** is retiring and available for re-election. There will be no election and Unilever will serve another term as no other nominations have been received.

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

8. Any other business.



Biswaranjan Sen

Chairperson - Roundtable on Sustainable Palm Oil

2 November 2017

IMPORTANT NOTICE:

(I) IMPORTANT DATES

Activity	Date
GA Online Registration Starts	2 November 2017
GA Online Registration Ends	26 November 2017, 2400 hours (GMT+8)
Casting of E-Vote & Submission of Proxy Forms End	28 November 2017, 1500 hours (GMT+8)
Collection of Ballot Papers Starts	30 November 2017, 1400 hours (GMT+8)
General Assembly Convenes	30 November 2017, 1500 hours (GMT+8)

(II) PHYSICAL VOTING

Please ensure you are able to attend the GA in person. Kindly bring your confirmation of registration to expedite the collection of ballot papers.

(III) E-VOTING

GA registration will open on **2 November 2017** at <http://www.rspo.org/garegistration>. A member may choose to e-vote by selecting the **E-Voting** option on the online GA registration form. Upon submission you will receive an email confirmation of your registration and a PIN to access the E-Voting platform.

Please **DO NOT** forget to cast your vote. Members who have chosen to e-vote, may not change their voting option to vote physically or by proxy.

Should you wish to attend the GA proceedings after casting your e-vote, kindly bring your confirmation of registration to collect your E-Voter pass.

This year, RSPO is extending e-vote registration at the GA venue. To register onsite, please approach the Registration Counter which will open on **27 November 2017, 0900-1800 hrs (GMT +8)** and **28 November 2017, 0900-1400 hrs (GMT +8)**.

(IV) PROXY

Ordinary members who are unable to attend the GA may appoint a proxy by completing the proxy form. You may download the form at <http://www.rspo.org/ga/ga14/GA14ProxyForm.docx>.

If you choose to appoint a person other than a Board member, you are responsible to inform the person you are appointing as the proxy holder and he/she **must** be physically present at the GA.

All proxy forms must reach the Secretariat office in Kuala Lumpur either by fax (+603 2302 1542) or email (ga@rspo.org) by **28 November 2017, 1500 hours (GMT+8)**.

(V) IDENTIFICATION VERIFICATION PROCESS

RSPO will carry out an **identification verification process** during the collection of ballot papers at the GA.

Kindly take note that you are required to produce a valid **national identification document or passport for verification purposes**. RSPO may disallow the collection of ballot papers should you fail to produce a relevant identification document.

Draft Minutes

Roundtable on Sustainable Palm Oil 13th General Assembly (GA13)

Date: 10 November 2016

Venue: Shangri-La Hotel, Bangkok

Start time: 3.00 pm (GMT +7)

Chair: Adam Harrison, Vice President

Attendance: 165 Ordinary Members in attendance (including 29 proxies) and 49 e-Voters (Total of 214 of 1,439 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 (GA12) held on 19 November 2015.
 5. To receive and adopt the Treasurer's Report and the RSPO's Financial Statement for the year ended 30 June 2016.
 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 2017.
 - Resolution 6b:
Resolution to adopt "Non-discriminatory entitlement and responsibility for RSPO members under a specific sector or membership category".
 - Resolution 6c:
Resolution to adopt "no change of key documents for fixed period of time".
 - Resolution 6d:
Assuring effectively planned, implemented and monitored

compensation projects in “remediation and compensation procedures” of the RSPO.

- Resolution 6e:
Protecting human rights defenders, whistleblowers, complainants and community spokespersons.
 - Resolution 6f:
Resolution to review and amendment of the updated New Planting Procedure process as applied to smallholders.
 - Resolution 6g:
Temporary exemption from the RSPO New Planting Procedure for Smallholders.
 - Resolution 6h:
Suspension of the RSPO Management System Requirements and Guidance for Group Certification of FFB Production.
7. Election of Board of Governors for the following categories:
- a) Oil Palm Growers – 2 seats
 - b) Processors and/or Traders – 1 seat
 - c) Consumer Goods Manufacturers – 1 seat
 - d) Retailers – 1 seat
 - e) Banks & Investors – 1 seat
 - f) Environmental NGOs – 1 seat
 - g) Social NGOs – 1 seat
8. Any other business.

1. Members’ roll call

The 13th Annual General Assembly (GA) of the RSPO members was called to order at 3.10pm on 10 November 2015 in Shangri-La Hotel, Bangkok. The Vice President of RSPO, Mr. Adam Harrison, presided over the meeting after the minimum quorum of 80 Ordinary Members present or represented was reached.

2. Opening address by the Chair

In his address, Adam Harrison said RSPO has shared with members new insights and some of the challenges ahead at the just concluded RT14. He also updated the assembly on some previous resolutions in the following agenda item.

3. Report presented by the Chair

Adam Harrison provided the following updates on previous resolutions:

Publication of concession maps

At GA10, we passed a resolution on the publication of concession maps but unfortunately, this is still not completed due to confusion over the legal status in certain jurisdictions:

- In Indonesia, we have 2 conflicting opinions from the same ministry. The RSPO will follow up on this.
- In Malaysia, the federal government said it is not possible but the state said it is possible and it is their decision. The RSPO will follow up on this.
- For the Rest of the World (RoW), the RSPO has not encountered similar problems.
- Currently, approximately two-thirds of jurisdictions have submitted their maps. The RSPO will continue to chase up on submissions and will publish those which we are able to publish and others in due course once the confusion is clarified.

Revision of Complaints Process

At GA10, we passed a resolution on a revision of the complaints process. There was immediate action to separate the complaints panel from the board. Following this, there was a long period of consultation with consultants to look into various issues and discussions in various fora. This culminated in the public consultation on the complaints procedure, which will close on 1 December 2016, to which members are encouraged to contribute. The major conclusions so far is that there will be an integration of the complaints and appeal process, and there won't be any charge for handling the complaints, which has been a concern for several organisations. Upon completion of the public consultation, the hope is to produce a final set of procedures that will be presented to the board in January 2017.

Smallholder Strategy

At GA12, the resolution to develop a strategy for smallholders has also not progressed as fast as we would have liked. Over the years, the RSPO has conducted a series of workshops in Ghana, Honduras, Indonesia, and the Netherlands, resulting in a strategic framework which was discussed this week by the board on Monday. The board has asked for updates twice a month on the strategy's progress and we hope to have an action plan enacted by the next RT.

Ensuring quality, oversight and credibility of RSPO assessments

At GA12, on ensuring quality and credibility of assessment procedures in RSPO, the Secretariat established an assurance task force within the RSPO but progress has been slow, particularly due to the setting up of the Reference Group of stakeholders which will feed into the process. Although the task force has been lax in pushing this forward, elements of what was included in the resolution in terms of quality and credibility are being dealt with elsewhere by the Secretariat.

Annual Communication of Progress (ACOP) Reporting

At GA12, annual communication of progress (ACOP) work has progressed within the Secretariat, which has identified gaps and complexities surrounding these issues, and is currently in the process of simplifying questions posed to the members. A new ACOP process is being drafted and the Secretariat will be consulting with the proponents of those resolutions; we aim to present this to the board and roll this out by the next ACOP reporting period.

Much work has been done over the past year. We have over 3,000 members with almost 3 million hectares of land certified and 12 million tons of certified products, 12% of which comes from smallholders. More than 3,000 facilities are supply chain certified, are owned by over 2,000 members, providing a good foundation for further progress in the market.

4. Confirmation of minutes for the last General Assembly (GA12) held on 19 November 2015

Adam Harrison requested the General Assembly to confirm the draft minutes page by page and raise their hands if there were any comments.

On page 12, Marcus Colchester, of Forest Peoples Programme, asked for a correction to the words “Indigenous plans” to read as “Indigenous lands”.

The Chair then asked for a proposer to accept the minutes, where Tim Stephenson proposed, and with no objection from the floor the minutes of GA12 were accepted.

5. Treasurer’s Report and RSPO’s Financial Statement for the year ended 30 June 2016

Tim Stephenson (Treasurer, AAK) thanked the finance team of the Secretariat for their

efforts in maintaining compliance and financial control as RSPO continues to grow enormously over the years, constantly adding complexity. Tim Stephenson said that compared to last year's significant depreciation of the Malaysian Ringgit (MYR), that provided windfall gains to the RSPO, as it reports in MYR, this year, the MYR has maintained its position without the same level of volatility. Exposure to foreign currency exchange does remain a principal financial risk to be managed by the RSPO since income and costs are in different currencies.

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

Finance Standing Committee – Organisational Structure

This Finance Standing Committee remain unchanged and the other members of this Standing Committee are Geraldine Lim of Rabobank, Ian Hay of HSBC, and Darrel Webber, CEO and Patrick Chia, Finance and Administration Director.

The committee has oversight on financial information, financial controls, financial planning and compliance, but the day-to-day management is delegated to the Secretariat.

The organisation's structure is similarly unchanged. It is registered in Zurich, Switzerland under Swiss law with a subsidiary, the RSPO Secretariat Sdn Bhd, which employs all staff in Malaysia. Under this subsidiary is the UK branch, the Regional Representative Office in Indonesia, a representative office in China and a branch office in Colombia, with people in India and USA but no separate registered entities there.

He then summarised the Treasurer's Report as follows:

Audited financial statements for the financial year ended 30 June 2016

Results for the year

- Income is up by a significant RM10 million, more than 30%, to RM41.6 million, with some increases in costs.
- The foreign exchange gains of RM0.2 million was not as high as last year, which was at RM1.5 million.

- Project costs increased from RM9 million last year to RM14 million, although not as high as budget.
- This resulted overall in a surplus of RM13 million, slightly below the previous year's RM13.9 million but more than budgeted of RM4.4 million.

Income

- Income increased primarily from the trade of physical CSPO. This contributed to 40% of total income at RM16.6 million.
- Subscription income increased to RM11.5 million representing at 28% of total income. We had an increase to around 2,900 members as at 30 June 2016, and now it stands at more than 3,000 members.
- Increases in income from physical and credit trading over the years are partly from the increase in volume traded and changes in exchange rate between the USD and MYR.
- The current income model which combine subscription from members and contribution from trading is working very well for RSPO.

Operating Costs

- Operating costs are mainly staff cost and consultants engaged on a permanent basis employed overseas totalling to RM9.9 million. Quite a large increase compared to previous year but not as much as budgeted.
- Other costs include increases in legal and professional fees, recruitment fees, a donation of US\$100,000 and some losses from RT events.

Balance Sheet

- A strong balance sheet dominated by cash and bank balances of RM49 million and around two third are held in USD and EUR.
- Subscriptions due reduced to RM2.5 million equivalent to 2 months' worth of subscriptions.
- Overall a strong balance sheet with net assets at RM46.7 million.

RSPO Funds

- Members' Fund opened at RM15.3 million, surplus after tax was RM12.8 million and with a policy to maintain the level of fund equivalent to the budgeted operating costs of around RM15 million, a transfer of RM2.9 million was made to Smallholders' Fund (equivalent to 10% of contribution from trading income) and RM10 million into the Special Project Fund.
- We then ended up with a split of Members' Fund at RM15.1 million, Smallholders' Fund at RM13.7 million and Special Projects Fund at RM18 million.

- Smallholders' Fund opened with a balance of RM13.10 million, disbursements of RM2.3 million and transfer into the fund of RM2.9 million resulting in closing balance of RM13.7 million. However it is useful to know that there are commitments of RM7 million, where RM1.5 million are contracted and RM5.6 million are approved but not contracted, all to support certification of smallholders.
- Under the Special Projects Fund, spending went to the SEnSOR projects of RM1.6 million and RM600,000 to digital media campaign, leaving a balance of RM18 million at the year end. It is important to note that we have committed RM15 million partly to SEnSOR and DSF Trust Fund, and USD3 million committed by the Board for outreach to intermediary organisations.

Budget 2016/2017

- Surplus for the year is estimated to be at RM6.5 million after allocation to the Smallholders' Fund.
- A rather flat income projection compared to previous year and a slight increase in operating costs.
- Significant increase in Departmental Costs (previously Project Costs), are split into Departmental Operating Costs of RM19 million and Discrete Projects of RM12.83 million, which will only be incurred if there is sufficient fund during the year.
- Income coming from subscription is estimated to increase by 10% to RM13 million and RM30 million from contribution from trading, with an increase in physical trade as opposed to credit, which is the trend we are currently seeing during the course of this year.
- Operating costs are budgeted to increase, particularly in relation to the Secretariat, where numbers employed are planned to increase to 65 and an estimated increase in Satellite offices costs.
- Total Departmental Costs is estimated to be RM31 million, with the largest costs coming from the Communications Department at 41% amounting to RM13 million and Technical Department at 34% amounting to RM10.7 million.

In summary, it is another strong year financially with a strong surplus and balance sheet. The RSPO's income model is working well. We have some foreign exchange volatility and we would in future years expect such movements, but RSPO is financially secure and able to meet its commitments.

The Chair asked if there were any questions to the Treasurer's report. As there were none, members were asked to vote for the adoption of the Treasurer's Report and the audited financial statements.

	Approved	
The adoption of the Treasurer's Report and the audited financial statements for the financial year ended 30 June 2017	For	197
	Against	0
	Spoilt	4
	Abstain	13

6. Resolutions

There were eight (8) resolutions up for voting in the GA. The voting results and discussions are as follows:

Resolution 6a – Appointment of auditors

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

	Approved	
Resolution 6a: To confirm the appointment of Price-waterhouseCoopers as the auditors of the RSPO for the financial year ending 30 June 2017	For	190
	Against	2
	Spoilt	5
	Abstain	17

Resolution 6b – Resolution to adopt “Non-discriminatory entitlement and responsibility for RSPO members under a specific sector or membership category”.

Edi Suhardi: On behalf of the Indonesia Growers Caucus, we propose to adopt the resolution of “Non-discriminatory entitlement and responsibility for RSPO members under a specific sector or membership category”.

Edi Suhardi stated that there was a misprint in the resolution as the Secretariat had missed out some words. The correct words of the resolution should read as:

“The RSPO GA13 to adopt the non-discriminatory entitlement and responsibility for RSPO ordinary members in implementing the RSPO code of conduct, and in implementing RSPO standards and requirements applied for all RSPO members under a specific sector or membership category including:

- All growers shall equally comply with RSPO P&Cs and other RSPO requirements applicable to growers.*
- Processors/traders and consumer goods manufacturers to abide by RSPO's supply chain certification system.”*

Harrison said that this may not be a material change and the mistake in the printed version doesn't make much difference to the resolution as all ordinary members have already signed on to the Code of Conduct, but he opened the floor to questions that may indicate the contrary.

Questions from the floor as follows.

Cherie Tan, Unilever: What is the intent of the resolution? Is it just to change the wording so that the wording sounds correct or does it mean something else?

Edi Suhardi: The resolution calls for the RSPO to honour and implement the code of conduct and to ensure the RSPO adopts the principle of non-discrimination. So far, there have been indications that the RSPO has treated members differently or discriminatorily. For example, some complaints were treated (attended to) faster, others took longer to resolve. Some members have been pushed to abide by certain rules where others are not. We want RSPO to explicitly say that it will uphold the principle of non-discrimination. If you look at the RSPO document, this is not explicit.

Tim Stephenson: So is this just to emphasise that the RSPO needs to abide by its own rules?

Edi Suhardi: If there is no explicit statement, members cannot impose or pinpoint a specific broken commitment and the specific violation. This is what has been faced by the growers. If there is no explicit statement in a document, it can be argued.

Fiona Whitley, Marks & Spencer: I support the intent but this would be better addressed by improving on operational control within the organisation and we as a board, and the Secretariat needs to look if there are discriminatory practices within the organisation and deal with them effectively or sufficiently. I'm not wholly convinced this resolution is necessary and can be dealt within existing mechanisms.

Edi Suhardi: I appreciate this but it needs to be expressed in an explicit manner. If we don't have anything in writing, the RSPO and Secretariat are in limbo as basically, there are no direct guidelines from the GA to look at the principle of non-discrimination. Thus far, growers are feeling betrayed or not being treated equally; so far, there is no way for the growers to fight back. If this is approved, the next step will be to mandate the Secretariat to set up a working group or task force to look into this matter and how to implement this together.

Johan Verburg, Oxfam: Basically, you're saying that this resolution helps growers to fight back and it is a dangerous statement as an organisation that works on the basis of consensus, and the mechanism to do so is well-established. It makes me worried on what will change tomorrow in case we adopt this resolution – what are the multiple implications and consequences in future should this be adopted e.g. a flood of related complaints, subsequent changes in other controlling documents?

Edi Suhardi: Non-discrimination is part of human rights and we all agree on this. The implication of adoption of this resolution will not be one-sided and we will engage all parties to sit down together and address the perception of discrimination and see a more committed RSPO on this principle. It does not represent just one aspect, which may not be in your interest, but we believe non-discrimination needs to be addressed.

Marcel Silvius, Wetlands International: I get the impression that this resolution is risky that if for some reason RSPO in the past failed to take action against one particular group, it would be difficult to adopt this resolution to go after any other grower who has made a similar mistake – that is not progress. We need to learn from the past and improve on future action. We would be risking the possibility of being able to take more positive action in future.

Edi Suhardi: The RSPO is committed to non-discriminatory as a principle. How it should be implemented we will leave it to the task force to articulate and implement. I don't see why it should not be explicitly put as a core value of the RSPO to prevent discrimination against all parties in the supply chain – buyers, growers, NGOs and other stakeholders. It is for equal treatment and will not be used against any specific group.

Paul Wolvekamp, Both ENDS: I think the GA sympathises, I suppose, with Edi's plea for a non-discriminatory approach, but we all as members are bound by the code of conduct. I would like to have this resolution to have read that we are still led by the RSPO, the Secretariat and based on that reality would explore where there is actual discrimination. The phrasing is a problem, not the spirit of the resolution.

	Approved	
Resolution 6b: Resolution to adopt "Non-discriminatory entitlement and responsibility for RSPO members under a specific sector or membership category"	For	107
	Against	90
	Spoilt	0
	Abstain	17

Resolution 6c – Resolution to adopt “no change of key documents for fixed period of time”.

Edi Suhardi: This is another resolution proposed by the Indonesian Growers Caucus. The resolution proposes as below:

“In order to provide reconciliation and to ensure a stable environment for all members in the period after revision of the standards, any changes to RSPO P&Cs prior to its prescribed revision period shall be restricted. Additionally, there shall be no changes to key documents, i.e. NPP and FPIC adopted by the General Assembly (GA), Board of Governors (BoG), Secretariat or the Standing Committees, that would introduce new requirements on the palm oil grower members during the period of the first two years after the endorsement of the revised RSPO P&Cs.

The only documents exempted from this rule shall be the National Interpretation (NI) and the Local Indicators (LI), which would allow members to use this period to adapt the P&Cs to the laws valid in the different countries.”

Marcel Silvius: I would like further clarification as there is tremendous work by groups within the RSPO to improve systems and mechanisms to support growers. This resolution would stop us from introducing new regulations that would support grower, this would be sad. There are risks to this resolution.

Edi Suhardi: The RSPO has been around for 12 years and we are more mature and the process of growing P&C standards can be done in a better way, which will result in a better standard for growers. We have to respect the process of the finalisation of the revised P&C. Revising the P&C is a tedious one and if any changes are to take place at any time, the goal post will be moving all the time and companies cannot catch up. We are not anti-change or anti-improvement but a timeline for this key document to be adopted and internalised as with many other certification bodies. We request for more certainty and stability, with a set timeline to allow us to digest such documents for the entire supply chain and growers.

Olivier Tichit, SIPEF: Is this resolution only in relation to key documents that change the main requirements such as new calculation for GHG, but new methods or extension of the scope of responsibilities for growers would not be accepted?

Edi Suhardi: Yes it is only for key documents. But this a general answer from the growers.

Cherie Tan: What are the key documents you are referring to?

Edi Suhardi: The key documents are those adopted by GA like GHG, HCS, NPP, FPIC – these should only be introduced 2 years after the revised P&Cs.

Johan Verburg: I note that your list of co-sponsors differs from Resolution 6b. The last line says “adapting the P&C to the laws”. Aren’t laws also changing in a dynamic world? But I do sympathise with the challenges of implementing in the midst of change.

Edi Suhardi: Laws are mandatory and we don’t have any power to disregard the law, that is the reason for our interpretation and its wording in our resolution.

Bremen, AAA Oils & Fat Pte Ltd: Does this mean it will be more effective for the RSPO to achieve its goals by focusing more on implementation instead of continuously enhancing standards or creating a gold standard in terms of focus?

Edi Suhardi: This is to provide more fixed certainty in terms of the standard, making it easier to work on adopting and internalising the standards and to focus on implementation rather than adapting to different standards.

Perpetua George, PPB Oil Palms: My issue with the resolution is the way it is written and what it suggest is that any clarification or additional documentation that goes with the P&C, after review, will not be allowed within 2 years. Which means that, without the clarifications we will not be able to implement the P&C. This resolution also does not clarify what components that will not be allowed for review.

Edi Suhardi: In preparing this resolution, we ask that the introduction of new additional requirements be done only after 2 years. As growers, we only want to see the standards enacted.

Questions raised by the floor not relating to this resolution:

David Burns, National Wildlife Federation: To abstain, is the process to submit the white portion of the ballot or submit nothing?

Adam Harrison: Either is acceptable.

Bambang Dwilaksono, First Resources Ltd: Can we wait for the voting results before going to the next resolution?

Adam Harrison: It would depend on the resolutions. If a resolution is not of a related issue to the one before, I think it is better to move forward. With regards to the resolutions on NPP, it has been agreed that that we do not proceed with the second one until the first one has been cleared.

	Approved	
Resolution 6c: Resolution to adopt “no change of key documents for fixed period of time”	For	88
	Against	117
	Spoilt	1
	Abstain	8

Resolution 6d – Assuring effectively planned, implemented and monitored compensation projects in “remediation and compensation procedures” of the RSPO.

The resolution proposes as follows:

“In order to assure effectively planned, implemented and monitored Remediation and Compensation projects in the RSPO, as well as enhance transparency in the RACP we propose that the General Assembly adopts the following resolution:

- 1) *The RSPO Secretariat to publicly disclose the overall figure of non-compliant land clearance as reported by the affected growers (size and regional spread); in the future the figure of non-compliant land clearance will be updated on an annual basis and publicly disclosed.*
- 2) *The RSPO Secretariat to prepare an annual report containing the aggregated analysis of the submitted project concept notes, the remediation and compensation plans and the annual progress reports of the individual plans. This annual report by the Secretariat shall consists at least – but not limited to – the aggregated information of:*
 - a. *Project Options and Priorities of Actions as outlined in Chapter 5.3. and 5.4. of the RACP;*
 - b. *The Timelines as planned for projects, as well as the timelines of de facto implementation;*
 - c. *The results of the independent Third Party Evaluations, as outlined in Chapter 5.7.*

- d. *Additional information provided in the standardized reporting template, which is foreseen as Annex 9 of the RACP but not (yet) publicly available;*

The RSPO Secretariat to independently review by the end of 2017 the quality of the SOPs as well as the effectiveness and consequences of the RACP and verify whether all companies with compensation liabilities are following their Remediation and Compensation Plans.”

Maïke Moellers, German Forum for Sustainable Palm Oil (FONAP): This resolution was developed by the FONAP, presented on behalf of Kuchenmeister GmbH. It calls for more transparency and effective implementation of the remediation and compensation procedure of the RSPO. As you are aware, the remediation and compensation procedure was agreed on by the RSPO last year and allows for compensation for areas that were cleared without prior HCV assessment. We ask the RSPO Secretariat to publish the aggregated figure of all non-compliant land clearances that were reported by the impacted growers and report which compensation options these companies have chosen i.e. setting aside an equal sized area for biodiversity conservation or donate US\$2,500 per hectare to a project that conserves biodiversity. The resolution also seeks an indication on the timeline of these projects as well as understanding of the progress reports required for submission as part of compensation procedures adopted. Finally, for the Secretariat to assess by the end of next year if compensation procedures are followed and if they are working.

I would like to stress two points:

- These are not new requirements for growers or any others impacted by the procedure. It is data that is already collected by the Secretariat and we ask for it to be published in its aggregate form.
- If this figure is published in an existing annual report that it is available, we will accept that and not require a separate report.

Anne Rosenbarger, World Resource Institute: Just for a point of clarification, on the first two asks of this resolution. It is something the Compensation Task Force has already in principle agreed to but I support this idea in bringing attention to the format and its timeliness, and appreciate the idea of a quality review and get the results back to the rest of the membership.

Resolution 6d: Assuring effectively planned, implemented and monitored compensation projects in “remediation and compensation procedures” of the RSPO	Approved	
	For	134
	Against	68
	Spoilt	1
	Abstain	11

Resolution 6e – Protecting human rights defenders, whistleblowers, complainants and community spokespersons

This resolution proposes as follows:

“To mandate and resource the Secretariat to support and facilitate the members of the RSPO Human Rights Working Group to urgently develop:

- *accessible and adequately resourced procedures to allow human rights defenders, whistleblowers and community spokespersons to register their concerns with the Complaints Panel in anonymity and security;*
- *clear guidelines for RSPO members on how to uphold the rights of human rights defenders, whistle-blowers, complainants and community spokespersons in their operations;*
- *a proposal for graduated corrective actions to be required of any RSPO members, which act in violation of these norms, to be submitted for adoption by the Board of Governors within 6 months.”*

Marcus Colchester, Forest Peoples Programme: Over last year, a number of cases where would-be or actual complainants received death threats, with actual killings in the palm oil sector but not within RSPO members’ operations. Rural violence is endemic in some places of Latin America and post-conflict Africa and there is no guarantee of security in Asia. There exists international standards in relation to human rights defenders and this is to bring RSPO in line with these international laws and distance itself from other actors in the palm oil sector who do resort to such violence and/or threats. The idea is to protect whistleblowers, ensure anonymity and protection, and for procedures to be developed for members on how to uphold these rights in the organisation, and proposals for corrective action. Some RSPO members we’ve heard already have such policies in place and the measures by international human rights courts can be learnt from them. This is not a big piece of work but is urgent for accountability of the RSPO towards human rights protection.

Bambang Dwilaksono: With reference to Criteria 6.3, which states that mechanisms to lodge complaints on non-compliance is open to all parties with assurance of anonymity. Is this criteria not enough to protect whistleblowers or complainants when they try to raise issues of non-compliance? If there is a complaint logged into the RSPO system, I believe the complainant shall not be named on RSPO website.

Marcus Colchester: We are building on existing procedures and this is to provide guidelines on how the complainant can go about doing so in the existing system, so this is not an additional requirement. And for the purposes of the complaints panel, the idea is to ensure anonymity and security.

Darrel Webber, Secretariat: From an operational aspect, is it envisioned that we need to provide security?

Marcus Colchester: We need to look into options on how we can do so.

	Approved	
Resolution 6e: Protecting human rights defenders, whistleblowers, complainants and community spokespersons	For	169
	Against	38
	Spoilt	0
	Abstain	7

Resolution 6f – Resolution to review and amendment of the updated New Planting Procedure (NPP) process as applied to smallholders.

The resolution proposes as follows:

“That the RSPO immediately announces a reprieve from the New Plantings Procedure for all smallholders - independent, scheme or associated - until a review of the updated NPP guidance document is completed within 6-months of the announcement. The review shall adhere to specific conditions as defined in this resolution paper.*

**Specific conditions:*

- *That the review process must include sufficient consultation with smallholders and smallholder representative groups, to encourage smallholder engagement and removing unnecessary barriers to smallholder participation and certification.*
- *The review shall specifically focus on simplification and inclusiveness of the NPP without materially compromising the RSPO P&C, and shall specifically include*

smallholder peculiarities and conditions in defining applicability of the NPP e.g. scattered distribution of lands, how fallow lands are considered in the conversion scenarios etc.

- *That detailed guidance on realistic internal social and environmental impact assessments, High Conservation Value assessments and all other assessments that may be required as part of new planting requirements for smallholders are produced during the review process*
- *After the amended NPP document for smallholders is completed and launched, the RSPO shall proceed with a series of training and engagement sessions introducing the NPP requirements and how it relates to the process of certification. This will also need to include capacity building for smallholder group managers and their implementers.”*

Rukaiyah Rafiq, Yayasan Setara Jambi: I am representing the smallholders as we believe the RSPO will give inclusiveness and transform its vision and make sustainability a culture and P&C as a norm. Smallholders want to be part of this big organisation and change. But the situation is different in reality, especially the NPP which are required of smallholders. If smallholders want to expand, we have to have social impact assessment, HCV, LUCA analysis and GHG assessment. Smallholders cannot do this, we do not have knowledge, access, information or capacity to fulfil these. We hope you can support us because we are standalone, otherwise we will be left behind. We are not against the P&C or asking to lower the standards but are asking for the NPP procedures for smallholders to be simplified for independent smallholders.

The smallholders are here but they are afraid to come on stage because they cannot speak English and there is no interpreter provided. They travelled far from the villages to be here and we ask for your support. Please support this resolution and include us in the RSPO family. If there are questions, I invite the smallholders at the back of the room to respond but they will need an interpreter and hope for assistance from the floor.

Paul Wolvekamp: It is appropriate to emphasise on the spirit of the RSPO family. However there is one lingering question, where RSPO has yet to resolve, is the definition of a smallholder. Is it a small family farm of 2 to 5 ha or is it an entrepreneur with 400 ha? Having this definition clarified is important in order to understand what are the implications of this resolution. I am pleased with the presentation of this resolution, which echoes the RT's proceedings over the last few days.

Jalal Sayuti, Gapoktan Tanjung Sehati: Many small oil palm farmers in Indonesia are having only 1 or 2 ha of land. However, between 2005 and 2010, there are smallholders with more than 10 ha. Certified smallholders such as those in Amanah and Tanjung Sehati, only have an average of 2 ha per farmer. Plasma or Scheme Smallholders also comprise of 2 ha per smallholders, under the Indonesian government's migrant programme.

Rukaiyah Rafiq: I wanted to add that there is still 6 months before the new requirements are endorsed and the new requirement will only be implemented in March 2017. I would like to ask RSPO to create the definition of smallholder via its working group and simplify the NPP.

Perpetua George: I am speaking on behalf of Wilmar International, as one of the co-chair of the Smallholder working group and a proponent of the resolution. The question of the definition of smallholders being raised here is a "red herring" in this GA. If you go through the 400-odd pages on the consultation of the NPP, you will see every time a query is raised about smallholder, it was dismissed in the consultation. The reality is that smallholders are struggling, independent smallholders in particular. There is a wrong or misguided view suggesting that perhaps this is an agenda that growers are trying to take from the smallholders. The reality is otherwise. If we do not remediate or simplify the NPPs, smallholders will not be included within the RSPO. Many smallholders have said that the new NPP requirements are put up without sufficient guidance and input and they will likely drop out. This resolution has also put forward a limit of 6 months. This is also not realistic and we are asking for more time to review it appropriately and make it relevant for smallholders.

Marcel Silvius: There are a few points that could be used to get clarification:

- (a) What is a smallholder? The P&C has a reference that smallholders are generally less than 50 ha but there are other indicators linked to certain guidance where 500 ha is used e.g. on peatlands. It makes a lot of difference between areas of 50 ha and 500 ha.
- (b) When calling for a reprieve from obligations of the NPP, it means that smallholders would not be implementing requirements in relation to SEIA, HCS assessments, land use change analysis, soil mapping etc. Does this also absolve them from the need to adhere to the P&C? What will happen, if lacking these analyses or assessment, a smallholder for example is opening up more than the allowed hectareage of peatland in their area, does this mean they will not be able

to get certification anymore? This is a double-edged sword that may deprive smallholders from entering the RSPO.

Perpetua George: The reason with the confusion of the 500 ha is because that is the text from the current NPP. The Smallholders Working Group is concerned that the way the current NPP is being written it does not look into the reality of the smallholders. We're not talking about a change of definition. Currently, when we say smallholders, we are referring to how RSPO has always defined it, which is less than 50 ha. The 500 ha, which is in the NPP document, is the clarification that is needed. This is the reason why we are asking for a review.

Adam Harrison: I would like to clarify that the 500 ha is for the total development under new planting and not for an individual holder or a definition of smallholders. If there are 500 smallholders each with 1 ha, then it would be a 500 ha development, and it would be considered at that threshold and not for the individual smallholder.

Olivier Tichit: My organisation did not have sufficient time to officially support this resolution, but we do. It is critical to do something now for the smallholders, and if we do not support and keep delaying things by further requesting clarification, to quote an expression, we would have invented the cure when the patient is already dead. We are now at the point where new smallholders, groups of new smallholders, cannot enter the RSPO. For instance, if you are a group of 1,000 and three new families want to join in and open up a new area, they have to go through the NPP; and if they do not and the group is already certified under Identity Preserved, then everybody is downgraded to mass balance and then failed at the following audit. We are creating situations where the RSPO is not inclusive to smallholders at all. Why not start now and address smallholders' urgent issues and be ready for the upcoming P&C. We must have some backbone and courage from all members to say that, although this resolution is ambitious one, it is proposing a solution.

Matthias Diemer: What I'm stumbling over is on the scheme and associated smallholders and would like an explanation on how it will be implemented. If you have scheme then does this mean that the company cannot file an NPP or if the smallholders are exempted, and how would you operationalise that?

Olivier Tichit: The crux of the problem is that the NPP starts at the zero hectare threshold. If you're a scheme/association/group of independent smallholders already working with the company, if there is 1 new family that wants to add, that's an NPP. You are dealing for all smallholders in the same way, and whether or not the company

will shoulder the cost, you will still have to go through the same process. This could mean a delay of 1 year for the planting of 3 ha for a smallholders and not the company.

Perpetua George: To clarify, this is not just for Indonesia, as half of Papua New Guinean smallholders are included in this resolution. The Rest of the World has raised concerns that outside of Indonesia, the definition of scheme/association/group of independent smallholders is not clear cut. If we had not included this, it would potentially be excluding this reprieve for Papua New Guineans so this is a concern from members of the Smallholders Working Group that are not in Indonesia.

Adam Harrison: I would like to echo some concerns from the floor. There is concern on extending this resolution beyond independent smallholders. Many companies play an important role on the growth of smallholders and I do not want to see the responsibilities of companies, in that relationship, be watered or played down. There is also a consistent confusion between the requirements of the P&C, and NPP is not about changing these requirements but on delivering them, to eliminate the risks identified. So that five years down the road, for instance, certification audit happens and that land cannot be certified because something wasn't done at the right time. So the idea that the NPP is an additional requirement is a fallacy which I'm upset that the RSPO has not been able to communicate well to its members. In my personal capacity and what I have observed happening in the Tesso Nilo National Park, Riau, Sumatra, which was 10 years ago 170,000 ha of forest and is now 80% under oil palm and rubber, all by smallholders, and destroying what was valuable wildlife habitat. We studied this in 2012 and found that the average size of smallholders in that encroachment was 50 ha. I am worried that by lifting the safeguards that ensure the credibility of the RSPO, we are opening the doors for some dangerous events to happen, even within six months. We have evidence that it happens and we do not want RSPO opening a loophole that will cause damage to credibility. The RSPO has been working on simplifying the HCV process and on paying for the land cover analysis in terms of remediation. I think this process should carry on and be part of the smallholder strategy. However I would caution against lifting such an important safeguard such as the NPP and I think we should find another way around this.

Rukaiyah Rafiq: There are independent smallholders who want to make a change and who want to be part of the RSPO to increase their livelihood. The RSPO should not only look at the big problems such as that in Tesso Nilo, where the smallholders are clearly against the law. We need look at those who wants to be part of RSPO and to open the door to them joining, not close it. It is my duty to promote the RSPO in my province and we should encourage them to join. If you want to support us, support us now.

	Approved	
Resolution 6f: Resolution to review and amendment of the updated New Planting Procedure process as applied to smallholders.	For	159
	Against	35
	Spoilt	0
	Abstain	20

Resolution 6g – Temporary exemption from the RSPO New Planting Procedure for Smallholders

The Chair asked if the Indonesian Growers Caucus are withdrawing Resolution 6g as the prior Resolution 6f was passed. As the latter concurred in the affirmative, Resolution 6g was withdrawn.

Resolution 6h – Suspension of the RSPO Management System Requirements and Guidance for Group Certification of FFB Production

The resolution proposes as follows:

"The RSPO GA 13 requests the RSPO Secretariat to suspend the implementation of the document entitled "RSPO Management System Requirements and guidance for Group Certification of FFB Production", until the necessary tools for smallholders have been developed."

Bambang Dwilaksono: As there is no remediation and compensation mechanism for smallholders, and no tool for GHG calculations for smallholders, consequently, smallholders must comply with 5 Major Indicators as if they were industrial plantations, which are related to Indicators 7.3, 7.3.2., 7.3.4, 7.4.2 and 7.8.1.

We request the RSPO GA13 to request the RSPO Secretariat to suspend the implementation of the document entitled "RSPO Management System Requirements and guidance for Group Certification of FFB Production" until the necessary tools for smallholders have been developed.

Smita Jairam, Wild Asia: The risks listed state that if this motion does go through, that group certification for FFB is suspended; the alternative seems to be that the generic P&C will be used to certify smallholders for FFB production. This looks like the smallholders must comply with 5 major indicators and more under the full P&C. I just want to highlight that risk.

Bambang Dwilaksono: We see that the 5 major indicators in the generic P&C is not so easy for compliance of smallholders so we should have additional technical methodology on how to comply with this. The RSPO needs more time to discuss with relevant stakeholders to develop more detailed technical methodology for compliance.

Adam Harrison: My concerns are the same as those raised in the previous resolution 6e applying this across the board to all smallholders and about suspending a measure designed to help smallholders to get certified. I have sympathies with this but I have concerns.

Olivier Tichit: Emphasise that the way I read this document is that the group suspension means that the P&C applies. So we have an iron-cast strong safety net where nothing chips away P&C. The Indonesian Caucus is saying that it is willing to take the risk of the full P&C better than a document that doesn't have a technical document.

Darrel Webber: What happens to existing smallholders who have to go for annual surveillance? Which standard do they use if they're asking for this suspension?

Bambang Dwilaksono: Suspension is to give opportunity for more technical knowledge, not stopping the procedure. Your question relates to the fast response from the RSPO to develop technical methodology.

Darrel Webber: But there is an annual surveillance every day somewhere in the system. So we don't allow them to go for annual surveillance?

Bambang Dwilaksono: If there is problem with compensation and no details for independent smallholders, if there is no guidance so we have to separate case by case.

	Rejected	
Resolution 6h: Suspension of the RSPO Management System Requirements and Guidance for Group Certification of FFB Production	For	71
	Against	115
	Spoilt	1
	Abstain	27

7. Election of the Board of Governors

MEMBERSHIP SECTOR	ELECTED
Oil Palm Growers	
Malaysia: 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: Agropalma is retiring and is not available for re-election. Nominations were received from SIPEF and Agrocaribe . Election among the Oil Palm Growers - Rest of the World sub-sector will therefore be held and only members in the sub-sector are eligible to vote.	Agrocaribe SIPEF 10 Agrocaribe 18
Processors and/or Traders	
AAK AB is retiring and available for re-election. One nomination was received from Industrial Danec S.A. Industrial Danec withdrew its nomination therefore there will be no election for this sector and AAK AB will serve another term.	AAK AB
Consumer Goods Manufacturers	
Mondelez International is retiring and available for re-election. There will be no election and Mondelez International will serve another term as no other nominations have been received.	Mondelez International
Retailers	
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.	Retailers Palm Oil Group
Banks & Investors	
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.	Rabobank
Environmental NGOs	
WWF International is retiring and is available for re-election. One nomination was received from Fauna & Flora International (FFI) . Election among the Environmental NGO sector will be held and only members in the sector are eligible to vote.	WWF International WWF International 17 Fauna & Flora International 7
Social NGOs	
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.	Both ENDS

8. Any Other Business

Marcus Colchester: I have a comment on Resolution 6h of 2015, which called on the RSPO Secretariat to work in coordination with members in developing this resolution. It did not call for the setting up of a reference group and the procedure you said that we had done so. What we wanted was direct engagement with members in standards development and that didn't happen. What I am requesting is that the spirit of the resolution be honoured and that rapid action be undertaken to involve members directly in fulfilling this important resolution that was agreed last year.

Paul Wolvekamp: On behalf of the board, I would like to express due apologies. As mentioned during the plenary debate, although the adoption of the resolution were started, it's totally correct it was supposed to be done in close collaboration with the RSPO membership. This morning, we had a constructive meeting with members of the Board, Secretariat and those involved in phrasing this resolution. A commitment was made that we would work in tandem especially with those who have expressed an interest to contribute. We would report on a three-monthly basis to the RPSO membership through succinct progress reports made available on the RSPO website. We will improve.

Member: Having gone through this process, if a physical voting requires so much clarity, how relevant is e-voting?

Adam Harrison: This has been a concern people have expressed. Being present here in the physical debate does allow for people to make a more informed decision than just reading the resolutions. We have worked in the RSPO to improve the quality of resolutions so that it is much easier to understand and the implications. I agreed that it is still a problem and we are aware, but we have not yet come forward with a process of maybe debating the resolutions before the GA, allowing e-voters to be informed. I think we ought to explore that.

Perpetua George: If you are opening RSPO membership to smallholders and requiring that they pay membership fees as well, surely during the GA you should also be providing translation and interpretation services. We have surplus funds but not spending it at the GA. The RT sessions throughout were good but we are not enabling representation from the RoW and from those who cannot speak professionally in English or understand it. I think going for a UN-style dual translation is necessary. For the sake of inclusion, we should increase the budget for RT and GA.

Darrel Webber: This is not a budget issue but a blind spot. It will be addressed.

Marcel Silvius: Issues related to peatland management has gotten limited or no mention. Just a month ago 130 scientists from around the world have published an article stating that palm oil production on peat cannot be sustainable. We know of a lot of the key environmental issues in Southeast Asia relating to peatland, particularly the smog and fires that cause huge impact on economies and on people's health. 25% of palm oil in Southeast Asia is produced on peat. It requires drainage and as a result of that, the soil, the whole landscape is actually subsiding. Later studies, including studies by Wetland International, indicated that these land will gradually and inevitably be flooded within half a century or a century from now. Whereas the companies that are operating make a profit and leave that land unproductive for generations to come. I suggest next year that there will be a session, at least half day, for growers and stakeholders to look at progress that has been made in relation to the science base on peatland management in relation to oil palm and how certain issues can be addressed and what additional steps the RSPO may need to take, particular on soil subsidence issue and therefore the need for phasing out of oil palm and look at alternative for a sustainable commercial use of these areas.

Adam Harrison: I would agree that and tomorrow the board will have a proposal for the extension of the Peatland Working Group, which will be the body to arrange such an event. To be fair, on the issue of HCS convergence, there is movements on peat issues but this question on restoration and rehabilitation needs to be addressed within the RSPO.

Belinda Howell: On behalf of the board, and from all of us who have worked with you over eight years, we would like to thank Adam Harrison for all the amazing work you have done for RSPO.

Meeting was adjourned at 5.45pm (GMT+7) by the Chair.

END OF GA13

Annex 1 – Attendance List

Ordinary Members Attendance and Proxy List

1.	Banks and Investors	6
2.	Consumer Goods Manufacturers	28
3.	Environmental NGOs	17
4.	Oil Palm Growers	54
5.	Processors and Traders	42
6.	Retailers	9
7.	Social NGOs	9

Ordinary Members e-Voter List

1.	Banks and Investors	0
2.	Consumer Goods Manufacturers	6
3.	Environmental NGOs	7
4.	Oil Palm Growers	12
5.	Processors and Traders	19
6.	Retailers	5
7.	Social NGOs	0

GA13 - Ordinary Members Attendance and Proxy List

Banks and Investors

1. ABN AMRO Bank N.V.
2. Credit Suisse AG
3. HSBC Holdings Plc
4. International Finance Corporation (IFC)
5. Rabobank International
6. UBS AG

Consumer Goods Manufacturers

7. Ajinomoto Co., Inc.
8. Allied Bakeries
9. Associated British Foods plc
10. Banketbakkerij Nora BV
11. Cereform Ltd
12. Colgate-Palmolive Company
13. Dalda Foods (Pvt) Limited
14. Ferrero Trading Lux S.A.
15. General Mills
16. Griesson-de Beukelaer GmbH & Co. KG
17. Kao Corporation
18. Lion Corporation
19. Maschem B.V.
20. Mondelez International, Inc
21. Neste Oyj (Neste Corporation)
22. P&G
23. PepsiCo
24. Premier Foods Group Limited
25. PT Mikie Oleo Nabati Industri
26. SANYO CHEMICAL INDUSTRIES, LTD.
27. Saraya Co Ltd
28. Shiseido Company Limited
29. Solvay USA Inc.
30. Speedibake
31. Taiyo Yushi Corp
32. The Jordans & Ryvita Company Ltd
33. Unilever
34. Unilever Supply Chain Company AG

Environmental NGOs

35. Conservation International
36. Earth Innovation Institute
37. Fauna & Flora International (FFI)

38. National Wildlife Federation (USA)
39. Orang Utan Republik Foundation
40. Orangutan Land Trust
41. Point Defiance Zoo & Aquarium
42. Rainforest Alliance
43. San Diego Zoo Global
44. The Zoological Society of London
45. Union of Concerned Scientists
46. Wetlands International
47. World Resources Institute (WRI)
48. WWF Indonesia
49. WWF International
50. WWF Malaysia
51. WWF Switzerland

Oil Palm Growers

52. Agrocaripe
53. Agropalma Group
54. Alpha Capital Limited
55. Asociacion De Productores Y Comercializadores De oleaginosas Y Frutas Organicas "ASOCOFOR"
56. Asosiasi Petani Sawit Swadaya Amanah
57. Boustead Plantations Berhad
58. Daabon Group
59. Equatorial Biofuels plc/Equatorial Palm Oil PLC
60. FEDEPALMA - National Federation of Oil Palm Growers of Colombia
61. First Resources Limited
62. Forum Petani Swadaya Merlung Renah Mendaluh (FPS-MRM)
63. Gapoktan Tanjung Sehati
64. Genting Plantations Berhad
65. Golden Agri-Resources Ltd
66. Golden Veroleum (Liberia) Inc. (GVL)
67. Goodhope Asia Holdings Ltd.
68. Keresia Plantations Sdn Bhd
69. Kulim (Malaysia) Berhad
70. M.P. Evans Group PLC
71. Malaysian Palm Oil Association
72. MARBORGES PARTICIPACOES SOCIETARIAS LIMITADA

73.	New Britain Palm Oil Ltd	109.	BASF SE
74.	Olam International Limited	110.	Bunge Limited
75.	PPB Oil Palms Berhad	111.	Carotino/ JC Chang Group
76.	PT Agrowiratama	112.	Companhia Refinadora da Amazonia
77.	PT Austindo Nusantara Jaya Agri	113.	Croda International PLC
78.	PT Berkas Sawit Sejati	114.	Delta Wilmar CIS Ltd.
79.	PT DHARMA SATYA NUSANTARA	115.	Emery Oleochemicals (M) Sdn. Bhd.
80.	PT Harisa Agro Lestari	116.	ERCA WILMAR COSMETIC INGREDIENTS Sp. z o.o.
81.	PT Inti Indosawit Subur	117.	Fuji Oil Group
82.	PT Ivo Mas Tunggal	118.	FUJI OIL(THAILAND) CO.,LTD
83.	PT Mentari Pratama	119.	Galaxy Surfactants Ltd
84.	PT Musim Mas	120.	Inter-Continental Oils and Fats Pte Ltd (ICOF)
85.	PT Perkebunan Nusantara III	121.	Intercontinental Specialty Fats Sdn Bhd
86.	PT PP London Sumatra Indonesia Tbk	122.	IOI Corporation Berhad
87.	PT Salim Ivomas Pratama Tbk	123.	Itochu Corporation
88.	PT Sampoerna Agro Tbk	124.	J-OIL MILLS,INC.
89.	PT Siringo Ringo	125.	Louis Dreyfus Company Asia Pte. Ltd.
90.	PT Smart Tbk	126.	Mitsubishi Corporation
91.	PT Swakarsa Sinarsentosa	127.	Morakot Industries Public Company Limited
92.	PT. Brahma Binabakti	128.	MVO
93.	PT. Gawi Bahandep Sawit Mekar	129.	Novozymes A/S
94.	PT. Unggul Lestari	130.	Olam Food Ingredients UK Limited
95.	R.E.A. Holdings Plc	131.	Olenex C.V.
96.	Santa Rosa S.A	132.	Olmecca S.A
97.	SIAT SA	133.	Pal maju Edible Oil Sdn. Bhd.
98.	Sime Darby Plantation Sdn Bhd	134.	Patum Vegetable Oil Company Limited
99.	SIPEF Group	135.	PT Agro Makmur Raya
100.	Socfin Group (PT Socfindo and Socfinco SA)	136.	PT Indokarya Internusa
101.	SOTRADER (Societe Gabonaise De Transformation Agricol)	137.	PT Intibenua Perkasatama
102.	Tapi-Ipun Sustainable Oil Palm community Enterprise Group(TUV NORD THAILAND LTD)	138.	PT Megasurya Mas
103.	The Sustainable Oil Palm Smallholders Production (Univanich-Plaipraya) Community Enterprise Group	139.	PT Wira Inno Mas
104.	Univanich Palm Oil Public Company Limited	140.	Royal Dutch Shell plc
105.	Wild Asia Sdn. Bhd. (Wild Asia Group Scheme)	141.	UIC VIETNAM CO., LTD.
		142.	Victory Tropical Oil USA, Inc.
		143.	Volac International Ltd
		144.	VOLAC WILMAR FEED INGREDIENTS LIMITED
		145.	Wilmar Europe Holdings BV
		146.	Wilmar International Limited
		147.	Wilmar Oils and Fats Africa (Proprietary) Limited
Processors and Traders			
106.	AAA Oils & Fats Pte. Ltd.		
107.	AAK AB		
108.	Adani Wilmar Ltd		

Retailers

148. Carrefour
149. Compass Group PLC
150. Coop Switzerland
151. Krispy Kreme Doughnut Corporation
152. Marks and Spencer plc
153. Royal Ahold NV
154. SODEXO
155. The Co-operative Group
156. Woolworths (Proprietary) Limited

Social NGOs

157. Both ENDS
158. Forest Peoples Programme
159. LINKS (Lingkar Komunitas Sawit)
160. Oxfam International
161. Sabah Environmental Protection Association
162. Solidaridad
163. UTZ Certified
164. Verite Southeast Asia
165. Yayasan SETARA Jambi

GA13 - Ordinary Members e-Voter List

Consumer Goods Manufacturers

1. Agrarfrost GmbH & Co. KG
2. AUGUST STORCK KG
3. Bahlsen GmbH & Co. KG
4. BAULI S.P.A
5. Lorenz Snack-World Holding GmbH
6. Oriflame Cosmetics Global S.A.

Environmental NGOs

7. Atlanta Fulton County Zoo, Inc.
8. Cheyenne Mountain Zoo
9. Friend's of the Zoo Inc, Kansas City Zoo
10. LEAP SPIRAL
11. OKLAHOMA ZOOLOGICAL SOCIETY, INC.
12. Sumatran Orangutan Society (SOS)
13. Woodland Park Zoological Society

Oil Palm Growers

14. ACEITES SA
15. Agroaceite, S.A.
16. Agroindustrial Palma Real S.A. de C.V.
17. ANCUPA
18. Cooperativa de Produccion Agropecuaria de Campesinos Salama Limitada
19. Grupo Jaremar
20. HONDUPALMA
21. Industrias Aceiteras del Caribe de Honduras (HONDUCARIBE-ECARA)
22. Industrias de Jabones y Detergentes Las Palmas, S. A.
23. NaturAceites S. A.
24. Palmas del Ixcán
25. United Plantation Bhd

Processors and Traders

26. AGRITRADE TARIM URUNLERI TICARET LOJISTIK VE DEPOCULUK LIMITED SIRKETI
27. Ambrian Energy GmbH
28. Archer Daniels Midland (ADM)
29. C.I. BIOCOSTA S.A.
30. Cargill Incorporated
31. Dr. Straetmans GmbH
32. Juchem Food Ingredients GmbH
33. Maruzen Chemicals Co., Ltd.
34. Mewah Group
35. Mitsui and Co., Ltd
36. NOF Corporation
37. OLIO Spezial Speisefett Speiseöl GmbH
38. Peter Greven GmbH & Co. KG
39. PT Sumi Asih Oleochemical
40. RIKEN VITAMIN CO., LTD
41. Sakamoto Yakuhin Kogyo Co., Ltd.
42. Sovertrade Pte Ltd
43. Tsukishima Foods Industry. Co.,Ltd.
44. Vance Bioenergy Sdn Bhd

Retailers

45. ALDI SOUTH Group
46. C.I.V. Superunie B.A.
47. Federation of Migros Cooperatives
48. IKEA
49. REWE Group on behalf of REWE-Zentral-Aktiengesellschaft Köln

RSPO TREASURER'S REPORT 2017

The RSPO Treasurer's annual report is intended to summarise and comment on the financial position of the RSPO and related matters. It should be read together with the audited accounts for the year ended 30 June 2017. As well as a commentary on audited historic information, a summary of the RSPO budget for the year ended 30 June 2018 is included below, in order to provide members with information about the planned future direction of the RSPO and as a basis for approval of the audited accounts and budget at the General Assembly.

The audited accounts and budget are presented in a consolidated format, combining the reporting of the RSPO, registered in Switzerland, its subsidiary RSPO Secretariat Sdn. Bhd., registered in Malaysia, the RSPO representative office in Indonesia and the other offices around the world, now including Europe, China and South America. This format is appropriate to provide a complete view of the financial affairs of the organisation as it continues to grow, and is consistent with previous years. Separate audited accounts for RSPO Secretariat Sdn. Bhd. are available on request but will not be distributed with the consolidated accounts as it is expected that most members will be satisfied with group accounts only.

There has been a change in the preparation of the financial statements as the RSPO has adopted the Malaysian Financial Reporting Standards ("MFRS") accounting framework that fully comply with International Financial Reporting Standards ("IFRS") and the accounts as presented are prepared in accordance with the MFRS. The impact of this change is noted below. It has also had the effect of extending the length of the audited accounts with additional disclosures, including descriptions of changes to accounting standards.

Having made the change to MFRS/IFRS, it is the intention to review (and if possible reduce) the level of disclosure to make the audited accounts more concise and readable. In addition, consideration will be given to reporting in US dollars, which has been identified as the functional currency of the RSPO.

Organisational structure

The RSPO is a members' organisation registered in Switzerland. The financial affairs of the RSPO are the responsibility of the Board of Governors, which has established a Finance Standing Committee comprising the Treasurer, who chairs the Committee, the Chief Executive Officer ("CEO"), the Finance Director, and up to three other Board members. Day to day tasks are delegated to the CEO and the Finance Director.

Other than the Treasurer, currently the Board members of the Finance Standing Committee are Geraldine Lim of Rabobank, Ian Hay of HSBC and Belinda Howell of the Retailers' Palm Oil Group. The Committee meets at least quarterly to discuss and address financial, compliance and administrative matters.

RSPO Secretariat Sdn. Bhd. is a service company incorporated in Malaysia and based in Kuala Lumpur which provides RSPO with a legal entity in Malaysia. It is the employer of all secretariat staff based in Malaysia.

The RSPO Indonesia office based in Jakarta has been registered with the Indonesian authorities as a Regional Representative Office. From a reporting perspective, costs incurred in Indonesia are included under RSPO Secretariat Sdn. Bhd., as explained in note 24 to the audited accounts.

Financial results for the year ended 30 June 2017

The RSPO group recorded a deficit before tax of RM126,000 for the year ended 30 June 2017 (2016: RM13.0 million surplus). The deficit is stated after the impact of the change in accounting standards noted above, which resulted in a charge of RM1.5 million for the year relating to foreign exchange gains from previous year. Without this distorting one-off change the RSPO would have recorded a surplus before tax of RM1.3 million for the year.

The budgeted surplus before tax for the financial year 2017 was RM9.7 million before a separate allocation for discrete projects of RM12.4 million to be incurred as funds permitted.

For the first time since the foundation of the RSPO, total income during the year was lower than the previous year at RM40.5 million (2016: RM41.6 million). Combined with a significant increase in operating expenditure by 42% to RM20.8 million (2016: RM14.6 million) and an increase in project costs to RM19.9 million (2016: RM14.0 million), this has resulted in the deficit for the year.

Funds allocated to the Smallholder Fund amounted to RM2.6 million or 10% of supply chain contributions in accordance to current policy. The funds available for use in both the Special Projects Fund and Smallholder Fund are sufficient to meet all project commitments.

Although income decreased for the year, subscription income increased from RM11.6 million to RM14.0 million as membership numbers rose to 3,422 at 30 June 2017 (2016: 2,941), including 1,776 associate members (2016: 1,491). Ordinary membership fees were unchanged at €2,000 annually.

Income from supply chain contributions, which is derived from sustainable palm oil trade at USD1 per tonne, decreased to RM25.8 million from RM29.5 million in the previous year. The reduction is mainly due to the significantly lower volume of credit trades during the year, while contributions from physical trade were at similar level to previous year but below the budget, which assumed an increase.

Operating costs increased to RM20.8 million (2016: RM14.6 million). Staffing costs, including consultancy fees, have increased year on year by RM3.6 million to RM13.1 million as the Secretariat continue to expand in all regions to meet increasing demand from the growing membership and all aspects of the RSPO. At 30 June 2017 the RSPO employed 55 staff (2015: 46).

Other significant and unexpected costs included a deficit of RM1.3 million (2016: RM707,000) from the annual roundtable meetings and the foreign exchange loss of RM1.4 million noted above and

arising from the transfer of foreign exchange gains to reserves. Relating to the change in Malaysian tax laws in January 2017, the RSPO has also absorbed a total of RM617,000 in withholding tax during the second half of the financial year, relating to services provided outside of Malaysia by non-Malaysian resident entities at a rate of 10%. On 24 October 2017, the Malaysian tax authorities have announced to reverse this ruling and exempt non-resident entities performing work outside of Malaysia from being subjected to withholding tax. This exemption shall be applied retrospectively for services rendered after 6 September 2017 and bodes well for RSPO as withholding tax will no longer be a cost issue for the remainder of the financial year.

Project costs include both third party costs incurred in the day to day running of the RSPO and discrete projects and amounted to RM19.9 million (2016: RM14.0 million). Project costs relate to a variety of areas, as shown in note 9 to the accounts, including technical, supply chain matters, outreach and engagement, complaints, impacts and strategic projects. The increase in costs was planned.

Based on professional advice from PricewaterhouseCoopers, taxation provisions are predicated on RSPO being taxable in Malaysia on income not deriving from ordinary members. As most income derives from ordinary members, the tax charge is relatively low, with a significant proportion arising from the subsidiary organisation RSPO Secretariat Sdn. Bhd.

Financial position at 30 June 2017

RSPO net assets amounted to RM45.5 million at 30 June 2017 (2016: RM48.2 million), comprising the Members' Fund of RM12.0 million (2016 RM15.2 million); the Smallholders' Support Fund of RM14.1 million (2016: RM13.8 million); the Special Projects Fund of RM15.0 million (2016: RM17.8 million) and the Currency Translation Reserve of RM5.7 million (2016: RM3.2 million). The RSPO has a strong balance sheet, and has sufficient cash and reserves to meet ongoing requirements and to provide significant certification support to smallholders and to special projects deemed to be of strategic importance.

The Currency Translation Reserve comprises unrealised gains related to revaluation of assets, principally cash, denominated in foreign currencies, mainly US dollars and Euros, and liabilities. The devaluation of the Ringgit has resulted in gains which are held in this reserve, rather than being credited to the Statement of Income and Expenditure.

Principal assets at 30 June 2017 included cash and fixed deposits of RM49.4 million (2016: RM49.8 million); receivables relating to supply chain fees derived from trade in sustainable palm oil of RM3.8 million (2016: RM4.4 million); and unpaid membership subscriptions (before bad debt provisions) of RM4.5 million (2016: RM3.0 million). Overdue membership subscriptions have increased significantly and comprise around three months of membership fees. Measures are being taken to rectify this position. Supply chain fees receivable relate to the two months prior to the year end, and have been paid in full subsequent to the year end.

Deferred income, comprising subscriptions relating to the period after 30 June 2017, amounted to RM6.6 million (2016: RM5.4 million).

Smallholders' Fund

As explained in note 20, the Smallholders' Fund is designed to provide a boost for smallholder certification initiatives by setting aside funds specifically for those purposes. The current policy is to transfer to the Fund 10% of income from sustainable palm oil trade, which amounted to RM2.6 million in the year. Disbursements from the Fund during the year amounted to RM2.2 million. The Fund amounted to RM14.1 million at the end of the year, with total commitments and approved projects of RM5.7 million.

Special Projects Fund

As shown in note 21, RM2.8 million was disbursed from the Fund in the year, mainly relating to the SEnSOR impacts project, outreach to intermediary organisations project and initial funding for the Dispute Settlement Facility Trust Fund, resulting in a year-end balance of RM15.0 million. Commitments amount to RM1.7 million. Other approved projects to be incurred in future years relating to the project of outreach to intermediary organisations amount to RM11.2 million.

Budget for 2017/18

The following is a summary of the budgeted income statement for the RSPO for the year ended 30 June 2018, proposed by the CEO and agreed by the Board of Governors.

	Budget FY 2018 RM '000	Audited 30 Jun 2017 RM '000
INCOME		
Subscription income	16,000	14,055
Contributions from sustainable palm oil trade	26,000	25,838
Interest & other income	462	613
	<u>42,462</u>	<u>40,506</u>
OPERATING EXPENDITURE		
KL Secretariat	(8,978)	(8,839)
Other Costs	(3,965)	(7,768)
Satellite Offices	(4,941)	(2,693)
	<u>(17,884)</u>	<u>(19,300)</u>
Departmental operating costs/Project costs	(13,512)	(13,988)
Discrete Projects	(7,597)	(5,938)
	<u>(38,993)</u>	<u>(39,226)</u>
SURPLUS BEFORE TAXATION AND FOREIGN EXCHANGE GAIN/LOSS	<u>3,469</u> =====	<u>1,280</u> =====

The budget shows a surplus of RM3.5 million before taxation and before the impact of foreign exchange movement.

The budget assumes continuing increases in subscription income. Supply chain fees are projected to remain constant based on the assumption that trading level of RSPO credits would remain at low levels, but mass balance and segregated trades would increase. We continue to take a cautious view and have taken a conservative estimate of expected income for the purpose of the budget.

The budget is also predicated on the continuing expansion of Secretariat resources and activities, including the roll out of new satellite offices in South America, the USA and India.

The principal assumptions underlying the budget (prepared before the financial year end) are as follows:

- membership numbers will grow by an average of 12% year on year;
- income from sustainable palm oil trade is based on forecast production of CSPO and a 50% uptake; physical supply chains are forecast to increase but certificate trading to significantly reduce;
- staff headcount (including full time consultants) will increase from 63 to 71;
- in view of lower income, there is no increase in budgeted departmental operating costs of RM13.5 and discrete project costs is estimated to be RM7.6 million.

Areas for budgeted departmental operating and discrete project spend include the following:

	Budget FY2018		30 Jun 2017
	Operating	Discrete	
	RM '000	Projects	RM '000
Technical Division			
- Biodiversity & HCV	579	178	1,724
- Certification and training	519	1,690	1,431
- GHG	178	328	525
- Smallholder	352	354	821
- Supply chain	69	40	215
- Other including regional offices	1,617	675	2,671
	3,314	3,265	7,387
Impact Division			
- Complaints	873	108	1,117
- Dispute settlement facility	172	210	159
- Impacts assessment	675	245	614
	1,720	563	1,890
Communications Division			
- Communication agency fees	5,169	-	3,014
- Outreach activities	1,431	915	2,230
- Campaigns	335	600	346
- Trademark	303	274	-
- Website	50	25	577
- Media/Other	598	276	2,607

	Budget FY2018		30 Jun 2017
	Operating	Discrete Projects	
	RM '000	RM '000	RM '000
	7,886	2,090	8,774
Strategic Projects	-	898	1,058
Secretariat	300	352	348
Overseas Offices	292	429	467
TOTALS	13,512	7,597	19,924

The budget comprises a further extension of the reach and capability of the Secretariat, with extended projects to enable the RSPO to move closer to its vision of certified sustainable palm oil being the norm. In view of lower income projection, it will be important for 2017/18 to maintain tight control over expenditure.

RSPO Secretariat Sdn. Bhd.

A surplus after tax of RM161,000 was reported by RSPO Secretariat Sdn. Bhd. for the year ended 30 June 2017 (2016: RM138,000). The income of RSPO Secretariat Sdn. Bhd. comprised entirely staff secondment fees recharged to the RSPO. Costs comprised principally employee related expenses. Net assets of RSPO Secretariat Sdn. Bhd. amounted to RM980,000 at 30 June 2017 (2016: RM669,000).

Future prospects

The financial position of the RSPO is appropriate to its current needs. As a not for profit organisation, it is perhaps more appropriate that expenditure is closer to meeting income than has been the case in previous years

However, it is apparent that even though membership continues to mushroom, the regular growth in income deriving from trade has stalled as the volume traded has reduced. This income reduction, with a continuing increase in costs as RSPO activities similarly continue to grow could potentially undermine the further expansion of RSPO activities. It is clear that in the future more focus will need to be put onto generating income, rather than just spending it in appropriate ways.

Reducing contribution income from credit trading is of particular concern and will require close monitoring. It is important to understand the underlying issues and impact on RSPO's ability to plan for future expansion.

Other matters

The policy of the Board of Governors is to maintain uncommitted reserves at broadly equivalent to one year's operating costs, intended to be a contingency fund in order to allow for an orderly wind

down of the affairs of the RSPO should that become appropriate. Current reserves meet that requirement.

Currently the RSPO financial model continues to be sufficient to meet the needs of the organisation, with appropriate reserves, in particular as membership continues to grow. However, the financial position and net income generation of the RSPO is not so comfortable as it has been in the past. Appropriate actions will need to be taken to avoid eating into reserves in the future.

Tim Stephenson

RSPO Treasurer

THE ROUNDTABLE ON SUSTAINABLE PALM OIL
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

THE ROUNDTABLE ON SUSTAINABLE PALM OIL
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENT FROM CHIEF EXECUTIVE OFFICER

I, Darrel Arthur Webber, representing The Roundtable on Sustainable Palm Oil, do hereby state that the financial statements set out on pages 6 to 45 are drawn up so as to give a true and fair view of the state of affairs of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil as at 30 June 2017 and of the results and cash flows of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed on behalf of The Roundtable on Sustainable Palm Oil on 31 October 2017.



DARREL ARTHUR WEBBER
CHIEF EXECUTIVE OFFICER

Kuala Lumpur, Malaysia



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of The Roundtable on Sustainable Palm Oil ("RSPO") and its subsidiaries ("RSPO Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of RSPO Group and of RSPO, which comprise the statements of assets, liabilities and fund balances as at 30 June 2017 of RSPO Group and of RSPO, and the statements of income and expenditure, statements of comprehensive income, statements of changes in equity and statements of cash flows of RSPO Group and of RSPO for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 45.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of RSPO Group and of RSPO in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Board of Governors for the financial statements

The Board of Governors of RSPO are responsible for the preparation of the financial statements of RSPO Group and of RSPO that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Board of Governors are also responsible for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements of RSPO Group and of RSPO that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of RSPO Group and of RSPO, the Board of Governors are responsible for assessing RSPO Group's and RSO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate RSPO Group or RSPO or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of RSPO Group and RSPO Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of RSPO Group and of RSPO, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSPO Group's and RSPO's internal control.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the Board of Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on RSPO Group's or RSPO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of RSPO Group and of RSPO or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause RSPO Group or RSPO to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of RSPO Group and of RSPO, including the disclosures, and whether the financial statements of RSPO Group and of RSPO represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within RSPO Group to express an opinion on the financial statements of RSPO Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTERS

1. As stated in Note 2 to the financial statements, The Roundtable on Sustainable Palm Oil adopted Malaysian Financial Reporting Standards on 1 July 2016 with a transition date of 1 July 2015. These standards were applied retrospectively by the Board of Governors to the comparative information in these financial statements, including the statements of assets, liabilities and fund balances of RSPO Group and of RSPO as at 30 June 2016 and 1 July 2015, and the statement income and expenditure, statement of comprehensive income, statements of changes in accumulated fund and cash flows statement of RSPO Group and of RSPO for the year ended 30 June 2016 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of RSPO Group and of RSPO for the year ended 30 June 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 June 2016 do not contain misstatements that materially affect the financial position as at 30 June 2017 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of RSPO, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'Amithan', is written over the PwC logo.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur, Malaysia

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		RSPO Group		RSPO	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
INCOME					
Subscription income	4	14,055	11,560	14,055	11,560
Contributions from sustainable palm oil trade	5	25,838	29,528	25,838	29,528
Interest income from fixed deposits		473	499	473	499
Other Income		140	47	138	47
		40,506	41,634	40,504	41,634
LESS: EXPENDITURE					
Staff costs	6	9,652	7,785	-	-
Staff secondment charges		-	-	12,425	10,614
Recruitment expenses		225	659	-	-
Professional fees		486	736	269	458
Office rental		1,044	854	-	-
Travelling expenses		1	-	1	-
Consultancy fees		3,467	1,752	3,467	1,752
Trademark and patent		122	295	122	295
Board of Governors meeting expenses		156	36	156	36
General/Extraordinary assembly		159	75	159	75
Roundtable meetings deficit	7	1,176	707	1,176	707
Dispute Settlement Facility Trustee Fee		48	-	48	-
Bad debts written off		190	27	190	27
Allowance for doubtful debts		433	269	433	269
Net foreign exchange losses/(gains)	8	1,478	(215)	1,421	(215)
Auditors' remuneration		64	64	36	35
Depreciation		291	166	-	-
Gifts and donations		-	428	-	428
Other expenditure		1,716	980	1,096	365
		20,708	14,618	20,999	14,846
Project costs	9	19,924	13,959	19,924	13,959
		40,632	28,577	40,923	28,805
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION					
TAXATION	10	(126)	13,057	(419)	12,829
		(165)	(259)	(33)	(170)
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR					
		(291)	12,798	(452)	12,659

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

<u>Note</u>	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2017</u> RM'000	<u>2016</u> RM'000	<u>2017</u> RM'000	<u>2016</u> RM'000
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR	(291)	12,798	(452)	12,659
Item that may be subsequently reclassified to profit or loss:				
Currency translation differences	2,544	3,169	2,544	3,169
Other comprehensive income for the financial year, net of tax	2,544	3,169	2,544	3,169
Total comprehensive income for the financial year	2,253	15,967	2,092	15,828

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES AS AT 30 JUNE 2017

Note	RSPO Group			RSPO		
	30.6.2017 RM'000	30.6.2016 RM'000	1.7.2015 RM'000	30.6.2017 RM'000	30.6.2016 RM'000	1.7.2015 RM'000
NON-CURRENT ASSETS						
Property, plant and equipment	11	702	382	287	-	-
Deferred tax assets	12	241	160	72	121	78
Investment in a subsidiary	13	-	-	-	500	350
		<u>943</u>	<u>542</u>	<u>359</u>	<u>621</u>	<u>395</u>
CURRENT ASSETS						
Membership subscription receivable fees	14	3,814	2,313	2,568	3,814	2,313
Other receivables, deposits and prepayments	15	5,003	6,220	6,650	4,480	5,827
Current tax assets		-	28	68	53	28
Cash and bank balances	16	33,865	37,529	15,375	33,561	37,410
Fixed deposits with a licensed bank	17	15,507	12,264	19,814	15,507	12,264
		<u>58,189</u>	<u>58,354</u>	<u>44,475</u>	<u>57,415</u>	<u>43,997</u>
LESS : CURRENT LIABILITIES						
Deferred subscription income	4	6,597	5,386	4,420	6,597	5,386
Prepaid membership fees	4	937	446	309	937	446
Other payables and accruals	18	6,110	4,727	3,075	5,506	4,520
Sponsorship fund	19	-	-	261	-	-
Current tax liabilities		12	100	16	-	-
		<u>13,656</u>	<u>10,659</u>	<u>8,081</u>	<u>13,040</u>	<u>7,820</u>
NET CURRENT ASSETS		<u>44,533</u>	<u>47,695</u>	<u>36,394</u>	<u>44,375</u>	<u>36,177</u>
NET ASSETS		<u>45,476</u>	<u>48,237</u>	<u>36,753</u>	<u>44,996</u>	<u>36,572</u>
TOTAL EQUITY		<u>45,476</u>	<u>48,237</u>	<u>36,753</u>	<u>44,996</u>	<u>36,572</u>

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<u>Note</u>	<u>Members' fund</u> RM'000	<u>Smallholders' fund</u> RM'000	<u>Special project fund</u> RM'000	<u>Accumulated fund</u> RM'000	<u>Currency translation reserves</u> RM'000	<u>Total equity</u> RM'000
<u>RSPO Group</u>							
<u>2017</u>							
At 1 July 2016, as restated		13,498	13,761	17,809	45,068	3,169	48,237
Deficit of income over expenditure for the financial year		(291)	-	-	(291)	-	(291)
<u>Other comprehensive income</u>							
- Currency translation differences		-	-	-	-	2,544	2,544
Total comprehensive income		(291)	-	-	(291)	2,544	2,253
Project disbursements for the financial year		-	(2,223)	(2,791)	(5,014)	-	(5,014)
		13,207	11,538	15,018	39,763	5,713	45,476
Transfer to Smallholders' fund	20	(2,584)	2,584	-	-	-	-
At 30 June 2017		10,623	14,122	15,018	39,763	5,713	45,476

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	<u>Note</u>	<u>Members' fund</u> RM'000	<u>Smallholders' fund</u> RM'000	<u>Special project fund</u> RM'000	<u>Accumulated fund</u> RM'000	<u>Currency translation reserves</u> RM'000	<u>Total equity</u> RM'000
<u>2016</u>							
At 1 July 2015, as previously stated		15,287	13,100	10,000	38,387	-	38,387
Effect of adoption of MFRS 121	28	-	-	-	-	(1,634)	(1,634)
Effect of adoption of MFRS 1	28	(1,634)	-	-	(1,634)	1,634	-
At 1 July 2015, as restated		13,653	13,100	10,000	36,753	-	36,753
Surplus of income over expenditure for the financial year		12,798	-	-	12,798	-	12,798
<u>Other comprehensive income</u>							
- Currency translation differences		-	-	-	-	3,169	3,169
Total comprehensive income		12,798	-	-	12,798	3,169	15,967
Project disbursements for the financial year		-	(2,292)	(2,191)	(4,483)	-	(4,483)
		26,451	10,808	7,809	45,068	3,169	48,237
Transfer to Smallholders' fund	20	(2,953)	2,953	-	-	-	-
Transfer to Special Projects fund	21	(10,000)	-	10,000	-	-	-
At 30 June 2016		13,498	13,761	17,809	45,068	3,169	48,237

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

<u>RSPO</u>	<u>Note</u>	<u>Members' fund</u> RM'000	<u>Smallholders' fund</u> RM'000	<u>Special project fund</u> RM'000	<u>Accumulated fund</u> RM'000	<u>Currency translation reserves</u> RM'000	<u>Total equity</u> RM'000
<u>2017</u>							
At 1 July 2016		13,179	13,761	17,809	44,749	3,169	47,918
Deficit of income over expenditure for the financial year		(452)	-	-	(452)	-	(452)
<u>Other comprehensive income</u>							
- Currency translation differences		-	-	-	-	2,544	2,544
Total comprehensive income		(452)	-	-	(452)	2,544	2,092
Project disbursements for the financial year		-	(2,223)	(2,791)	(5,014)	-	(5,014)
		12,727	11,538	15,018	39,283	5,713	44,996
Transfer to Smallholders' fund	20	(2,584)	2,584	-	-	-	-
At 30 June 2017		10,143	14,122	15,018	39,283	5,713	44,996

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

		Members' fund RM'000	Smallholders' fund RM'000	Special project fund RM'000	Accumulated fund RM'000	Currency translation reserves RM'000	Total equity RM'000
<u>2016</u>							
At 1 July 2015, as previously stated		15,107	13,100	10,000	38,207	-	38,207
Effect of adoption of MFRS 121	28	-	-	-	-	(1,634)	(1,634)
Effect of adoption of MFRS 1	28	(1,634)	-	-	(1,634)	1,634	-
At 1 July 2015, as restated		13,473	13,100	10,000	36,573	-	36,573
Surplus of income over expenditure for the financial year		12,659	-	-	12,659	-	12,659
Other comprehensive income							
- Currency translation differences		-	-	-	-	3,169	3,169
Total comprehensive income		12,659	-	-	12,659	3,169	15,828
Project disbursements for the financial year		-	(2,292)	(2,191)	(4,483)	-	(4,483)
Transfer to Smallholders' fund	20	26,132	10,808	7,809	44,749	3,169	47,918
Transfer to Special Projects fund	21	(2,953)	2,953	-	-	-	-
		(10,000)	-	10,000	-	-	-
At 30 June 2016		13,179	13,761	17,809	44,749	3,169	47,918

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	RSPO Group		RSPO	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Deficit)/Surplus of income over expenditure for the financial year	(291)	12,798	(452)	12,659
Adjustments for non-cash items:				
Taxation	165	259	33	170
Depreciation	291	166	-	-
Allowance for doubtful debts	433	269	433	269
Bad debts written off	(190)	27	(190)	28
Unrealised foreign exchange losses/(gains)	2,544	3,169	2,544	3,169
Interest income	(473)	(499)	(473)	(499)
Operating surplus before working capital changes and smallholder fund disbursements	2,479	16,189	1,895	15,796
Smallholder fund disbursements	(2,223)	(2,292)	(2,224)	(2,292)
Special projects fund disbursements	(2,791)	(2,191)	(2,791)	(2,191)
Changes in working capital:				
Membership subscription fee receivable	(1,744)	(41)	(1,744)	(41)
Other receivables, deposits and prepayments	1,140	530	1,272	598
Deferred subscription income	1,211	966	1,211	966
Prepaid membership fees	491	137	491	137
Other payables and accruals	1,382	1,652	986	1,690
Sponsorship fund	-	(261)	-	(261)
Cash (used in)/generated from operations	(55)	14,689	(904)	14,402
Interest received	550	400	549	400
Tax paid	(305)	(224)	(101)	(163)
Net cash (used in)/ generated from operating activities	190	14,865	(456)	14,639

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	RSPO Group		RSPO	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(611)	(261)	-	-
Additional investment in a subsidiary	-	-	(150)	-
Net cash used in investing activities	(611)	(261)	(150)	-
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(421)	14,604	(606)	14,639
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	49,793	35,189	49,674	35,035
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	49,372	49,793	49,068	49,674
Cash and cash equivalents comprise:				
Cash and bank balances	16	33,865	33,561	37,410
Fixed deposits with a licensed bank		15,507	15,507	12,264
		49,372	49,068	49,674

The notes on pages 14 to 45 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1 GENERAL INFORMATION

The principal activity of RSPO Group is to organise programmes which involve the promotion of growth and the use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. RSPO is a “not-for-profit” organisation.

The address of principal place of business of RSPO is Unit A-37-1, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of The Roundtable of Sustainable Palm Oil (RSPO) have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The financial statement of RSPO for the financial year ended 30 June 2017 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, ‘First-time adoption of Malaysian Financial Reporting Standards’. RSPO has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2015 (transition date) and throughout all years presented, as if these policies had always been in effect. There is no impact of the transition to MFRS on the Company’s reported financial position, financial performance and cash flows as at transition date.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Board of Governors to exercise their judgment in the process of applying the RSPO’s accounting policies. Although these estimates and judgment are based on the Board of Governors’ best knowledge of current events and actions, actual results may differ.

There are no areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following amendments for the first time for the financial year beginning on 1 July 2016:

- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(c) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017: (continued)

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017: (continued)

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. (continued)

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
 - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
 - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
 - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
 - As with any new standard, there are also increased disclosures.
- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

Unless otherwise disclosed, the above standards and amendments to published standards are not anticipated to have any significant impact on the financial statements of the Company upon initial application.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries

Subsidiaries are those corporations in which RSPO Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to RSPO Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over RSPO Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill.

Intergroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of RSPO Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and RSPO Group's share of its net assets together with any unamortised balance or goodwill on acquisition and exchange differences which were not previously recognised in the consolidated statement of income and expenditure.

(e) Investments

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(g) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of income and expenditure.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Computers and software	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Renovation	50%

At each balance sheet date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss from operations.

(g) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(h) Income recognition

Subscription income from members is recognised on an accrual basis.

Other operating income is recognised when the right to receive payment is established.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Receivables

Receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that RSPO Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(j) Cash and cash equivalents

For purposes of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, deposits held at call with banks and other short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Provisions

Provisions are recognised when the RSPO Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(l) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional and presentation currency of the Company is US Dollar and Ringgit Malaysia respectively.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currencies (continued)

(ii) Foreign currency transactions and balances

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

(n) Current and deferred tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments

(i) Financial assets

Classification, measurement and de-recognition

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Company's loans and receivables comprise 'Membership subscription fee receivable', 'Other receivables, deposits and prepayments', 'Cash and bank balances' and 'Fixed deposits with a licensed bank' in the statement of assets, liabilities and fund balances (Notes 14,15,16 and 17).

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the loans and receivables and subsequently carried at amortised cost using the effective interest method.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gains and losses arising from the de-recognition of the loans and receivables, amortisation and impairment losses are recognised in profit or loss.

Impairment of financial assets

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(ii) Financial liabilities

Classification, measurement and de-recognition

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Other financial liabilities of the Company comprise 'Other payables and accruals' in the statement of assets, liabilities and fund balances (Notes 18).

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

(iii) Fair value estimation for disclosure purposes

In assessing the fair value of non-traded financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for each type of the financial liabilities of the Company.

The face values for financial assets (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate the fair values.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of RSPO Group.

(ii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which RSPO Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

RSPO Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, RSPO Group has no further payment obligations.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The RSPO's financial risk management objective is to optimise value creation whilst minimising the potential adverse impact arising from fluctuations in foreign exchange rates and the unpredictability of the financial markets.

RSPO operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Governors. Financial risk management is carried out through internal control system and adherence to RSPO financial risk management policies. RSPO is exposed mainly to market risk, credit risk, liquidity and cash flow risk, financial risk, and seasonality. Information on the management of the related exposures are detailed below:

(a) Market risk

RSPO is exposed to market risk from fluctuation in foreign currency exchange rates, which could affect its financial position, results of operations and cash flows. RSPO manages its exposure to market risk through its regular operating activities.

(b) Credit risk

RSPO's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from cash deposits and receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the statement of financial position reduced by the effects of any netting arrangements with counterparties.

RSPO Group does not have any major concentration of credit risk related to any individual or counterparty other than bank in which the cash deposits are held.

RSPO Group's deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Board of Governors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength. Refer to Note 14.

(c) Liquidity and cash flow risk

Liquidity risk arises from RSPO's management of working capital. It is the risk that RSPO will encounter difficulties in meeting its financial obligations when due.

RSPO's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practices prudent liquidity risk management by maintaining sufficient cash and bank balances.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>
	RM'000	RM'000	RM'000
<u>Group</u>			
<u>Less than 1 year:</u>			
Other payables and accruals	6,110	4,727	3,075
Sponsorship fund	-	-	261
	<u>6,110</u>	<u>4,727</u>	<u>3,336</u>
	<u><u>6,110</u></u>	<u><u>4,727</u></u>	<u><u>3,336</u></u>
<u>Company</u>			
<u>Less than 1 year:</u>			
Other payables and accruals	6,557	4,520	2,830
Sponsorship fund	-	-	261
	<u>6,557</u>	<u>4,520</u>	<u>3,091</u>
	<u><u>6,557</u></u>	<u><u>4,520</u></u>	<u><u>3,091</u></u>

(d) Capital risk management policies and procedures

The primary objective of the RSPO's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business.

The capital structure of RSPO consists of equity of RSPO (comprising issued capital, and retained earnings as disclosed in the statement of changes in equity). RSPO manages its capital structure and makes adjustments to it, in light of changes in economic conditions. RSPO is not subject to any externally imposed capital requirements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

4 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM14,505,000 (2016: RM11,560,000) was recognised during the financial year.

	RSPO Group and RSPO	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Ordinary member	13,151	10,866
Affiliate member	133	121
Supply chain associate	771	573
	<u>14,055</u>	<u>11,560</u>

The number of members registered as at 30 June 2017 is 3,422 (2016: 2,941), including associate members 1,776 (2016: 1,492).

Subscription income is recognised on a straight-line basis over the subscription period. Deferred subscription income represents the unearned income as at the end of the reporting period. Prepaid membership fees represent the advance payment received for membership application.

5 CONTRIBUTIONS FROM SUSTAINABLE PALM OIL TRADE

	RSPO Group and RSPO	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Certificate trading	8,443	12,977
Segregated and mass balance trading	17,395	16,551
	<u>25,838</u>	<u>29,528</u>

The RSPO receives a contribution of USD1 per tonne from credit trades, charged to buyer of certificates.

During the year, the agreement with GreenPalm, which provided the platform for certified procedures to sell credit directly to end users who wish to make a sustainability claim, was terminated effectively from 31 December 2016. GreenPalm was operated by Book and Claim Limited, a company registered in England and a subsidiary of AAK UK Limited. Contribution from GreenPalm platform during the year amounted to RM7,617,000.

In addition, the RSPO receives a contribution of USD1 per tonne from first transactions under the segregated and mass balance supply claims. The USD 1 per tonne levy is charged to the first buyer in the supply chain. The registration for these transactions, now under the PalmTrace (formerly eTrace), is operated by UTZ Certified, and has included certificate trading into its platform commencing 1 January 2017.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

6 STAFF COSTS

	RSPO Group	
	2017	2016
	RM'000	RM'000
Wages, salaries and bonuses	8,224	6,678
Defined contribution plan	718	607
Other employee benefits and compensations	710	500
	<u>9,652</u>	<u>7,785</u>

Included in staff costs is the remuneration of 2 Executive Directors (2016: 2) of RSPO Secretariat Sdn Bhd of RM1,231,000 (2016: RM1,315,000)

7 ROUNDTABLE MEETINGS DEFICIT

During the year, 2 Roundtable events were held by the RSPO (2016: 3). The amount expended was more than income received.

	RSPO Group and RSPO	
	2017	2016
	RM'000	RM'000
<u>Annual Roundtable Meetings</u>		
Collections and sponsorships	1,873	2,240
Expenses	(2,446)	(2,105)
	<u>(573)</u>	<u>135</u>
<u>European Roundtable Meetings</u>		
Collections and sponsorships	694	509
Expenses	(1,297)	(1,351)
	<u>(603)</u>	<u>(842)</u>
Total deficits	<u>(1,176)</u>	<u>(707)</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

8 NET FOREIGN EXCHANGE LOSSES/(GAINS)

	RSPO Group		RSPO	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange losses/(gains)	<u>1,478</u>	<u>(215)</u>	<u>1,421</u>	<u>(215)</u>

9 PROJECT COSTS

	RSPO Group and RSPO	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Biodiversity High Conservation Value	1,724	1,304
Certification	1,431	1,033
Greenhouse Gas	525	276
Smallholder	821	565
Supply Chain	215	299
Other Technical	2,671	1,784
Complaints	1,117	444
Dispute Settlement Facility	159	363
Impact	614	568
Communications agency fees	3,014	3,307
Outreach activities	2,230	1,246
Communication campaigns	346	460
Media and others	2,607	515
Website	577	1,275
IT Projects	1,058	38
Secretariat Projects	348	194
Overseas Offices	467	288
	<u>19,924</u>	<u>13,959</u>

Project costs relate to expenditure incurred to organise programmes for the promotion of growth and the use of sustainable palm oil.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

10 TAXATION

	RSPO Group		RSPO	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	231	422	55	283
- under/(over) provision in prior financial years	14	(75)	21	(81)
	<u>245</u>	<u>347</u>	<u>76</u>	<u>202</u>
Deferred tax (Note 12):				
- origination and reversal of temporary differences	(80)	(94)	(43)	(38)
- over provision in prior financial year	-	6	-	6
	<u>165</u>	<u>259</u>	<u>33</u>	<u>170</u>

The explanation of the relationship between tax expense and surplus of income over expenditure before taxation:

Numerical reconciliation of effective tax expense

	RSPO Group		RSPO	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Surplus of income over expenditure before taxation	<u>(126)</u>	<u>13,057</u>	<u>(419)</u>	<u>12,830</u>
Tax calculated at Malaysian tax rate for trade associations of 24.5% (2016: 26%)	(31)	3,359	(102)	3,336
Tax effects of:				
- income not subject to tax	(9,444)	(10,123)	(9,444)	(10,143)
- expenses not deductible for tax purposes	9,661	7,077	9,559	7,037
- effects of scale tax rate	(13)	(21)	(13)	(21)
- deferred tax assets not recognized	12	36	12	36
- (over)/under provision of tax in prior financial year	(20)	(75)	21	(81)
- over provision of deferred tax in prior financial year	-	6	-	6
	<u>165</u>	<u>259</u>	<u>33</u>	<u>170</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT

	Computers and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<u>RSPO Group</u>					
<u>2017</u>					
<u>Cost</u>					
At 1 July 2016	437	208	106	247	998
Additions	159	141	107	204	611
At 30 June 2017	596	349	213	451	1,609
<u>Accumulated depreciation</u>					
At 1 July 2016	267	140	69	140	616
Charge for the year	93	47	29	122	291
At 30 June 2017	360	187	98	262	907
<u>2016</u>					
<u>Cost</u>					
At 1 July 2016	277	205	101	154	737
Additions	160	3	5	93	261
At 30 June 2017	437	208	106	247	998
<u>Accumulated depreciation</u>					
At 1 July 2016	201	100	50	99	450
Charge for the year	66	40	19	41	166
At 30 June 2017	267	140	69	140	616
<u>Net book value</u>					
At 30 June 2017	236	162	115	189	702
At 30 June 2016	170	68	37	107	382
At 30 June 2015	76	105	51	55	287

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

12 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of assets, liabilities, and accumulated fund balances:

	RSPO Group			RSPO		
	30.6.2017	30.6.2016	1.7.2015	30.6.2017	30.6.2016	1.7.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Subject to income tax						
- Deferred tax assets	241	160	72	121	78	45
	<u>241</u>	<u>160</u>	<u>72</u>	<u>121</u>	<u>78</u>	<u>45</u>
At start of financial year	160	72	20	78	45	-
Credited/(charged) to income statement (Note 10)						
- property, plant and equipment	(30)	4	8	-	-	-
- unrealised foreign exchange gain	18	-	-	18	-	-
- other payables and accruals	93	84	44	25	33	45
	<u>81</u>	<u>88</u>	<u>52</u>	<u>43</u>	<u>33</u>	<u>45</u>
At end of financial year	<u>241</u>	<u>160</u>	<u>72</u>	<u>121</u>	<u>78</u>	<u>45</u>
<u>Deferred tax assets</u>						
Other payables and accruals	271	178	94	121	96	63
Amount before offsetting	271	178	94	121	96	63
Offsetting	(30)	(18)	(22)	-	(18)	(18)
	<u>241</u>	<u>160</u>	<u>72</u>	<u>121</u>	<u>78</u>	<u>45</u>
<u>Deferred tax liabilities</u>						
Property, plant and equipment	30	-	4	-	-	-
Unrealised foreign exchange gain	-	18	18	-	18	18
Amount before offsetting	30	18	22	-	18	18
Offsetting	(30)	(18)	(22)	-	(18)	(18)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

13 INVESTMENT IN A SUBSIDIARY

	RSPO		
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>
	RM'000	RM'000	RM'000
At 1 July	350	350	350
Addition in investment in a subsidiary	150	-	-
At 30 June	<u>500</u>	<u>350</u>	<u>350</u>

Details of the subsidiary are as follows:

<u>Direct subsidiary</u>	<u>Country of incorporation</u>	<u>Group's effective interest</u>			<u>Principal activities</u>
		<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>	
		%	%	%	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

14 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	RSPO Group and RSPO		
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>
	RM'000	RM'000	RM'000
Membership subscription fee receivable	4,448	2,900	3,083
Less: Allowance for doubtful debts	(634)	(587)	(515)
	<u>3,814</u>	<u>2,313</u>	<u>2,568</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

14 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE (CONTINUED)

Past due but not impaired

The ageing analysis of these balances is as follows:

	Between 31 and 60 days <u>past due</u> RM'000	Between 61 and 90 days <u>past due</u> RM'000	Between 91 days and 180 days <u>past due</u> RM'000	More than 180 days <u>past due</u> RM'000	<u>Total</u> RM'000
At 30 June 2017	281	284	693	1,595	2,853
At 30 June 2016	211	464	346	965	1,986
At 30 June 2015	196	312	426	1,070	2,004

Neither past due nor impaired

Membership subscription fee receivables of RM961,000 (30.06.2016: RM327,000, 1.7.2015: RM564,000) for the Group and RSPO, which are neither past due nor impaired are not significantly impacted by credit and default risks.

Impaired and provided for

Movement of the Company's provision for impairment and write down of balances is as follows:

	<u>2016</u> RM'000	<u>2015</u> RM'000
At 1 January	587	515
Charged to profit or loss	47	72
At 31 December	634	587

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	RSPO Group			RSPO		
	30.6.2017	30.6.2016	1.7.2015	30.6.2017	30.6.2016	1.7.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Receivable from supply chain fees of sustainable palm oil trade	3,789	4,425	5,446	3,789	4,424	5,446
Other receivables	302	491	769	278	462	745
Deposits	298	371	147	71	166	-
Prepayments	614	933	288	342	775	135
	<u>5,003</u>	<u>6,220</u>	<u>6,650</u>	<u>4,480</u>	<u>5,827</u>	<u>6,326</u>

As at 30 June 2017, 30 June 2016 and 1 July 2015, none of the other receivables and deposits of the Group and Company respectively were past due or impaired.

16 CASH AND BANK BALANCES

Cash and bank balances are denominated as follows:

	RSPO Group			RSPO		
	30.6.2017	30.6.2016	1.7.2015	30.6.2017	30.6.2016	1.7.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	2,371	3,014	2,033	2,067	2,895	1,879
United States Dollar	25,193	27,053	5,956	25,193	27,053	5,956
Euro	6,301	7,462	7,386	6,301	7,462	7,386
Ringgit Malaysia	<u>33,865</u>	<u>37,529</u>	<u>15,375</u>	<u>33,561</u>	<u>37,410</u>	<u>15,221</u>

Bank balances are deposits held at call with banks and bear no interest.

As at 30 June 2017, an amount of RM50,000 within bank balance represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

17 FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank are placed to earn interest income and is denominated in Ringgit Malaysia.

The average effective interest rates of the fixed deposits are between 2.75% and 3.30% (30.6.2016: 3.00% and 3.15%, 1.7.2015: 3.00% and 3.30%) per annum and the average maturity period is between 28 days to 365 days (30.6.2016: 30 days to 365 days, 1.7.2015: 30 days to 365 days).

18 OTHER PAYABLES AND ACCRUALS

	RSPO Group			RSPO		
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Project costs payables	4,317	2,205	1,670	4,317	2,205	1,670
Project costs accruals	5	1,086	136	5	1,086	136
Amount due to subsidiary	-	-	-	1,062	1,152	737
Other payables	596	731	862	40	26	237
Other accruals	1,192	704	407	82	51	50
	<u>6,110</u>	<u>4,726</u>	<u>3,075</u>	<u>5,506</u>	<u>4,520</u>	<u>2,830</u>

As at 30 June 2017, an amount of RM50,000 (30.6.2016 : RM50,000, 1.7.2015: RM50,000) within other payables represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

The amount due to subsidiary is unsecured, interest free and has no fixed terms of repayment.

19 SPONSORSHIP FUND

The sponsorship fund comprises contributions from sponsors to meet specific project costs.

	RSPO Group and RSPO		
	<u>30.6.2017</u>	<u>30.6.2016</u>	<u>1.7.2015</u>
	RM'000	RM'000	RM'000
UNEP Small Scale Funding	-	-	261
	<u>-</u>	<u>-</u>	<u>261</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

20 SMALLHOLDERS' FUND

The purpose of the Smallholders' fund is to support smallholders to be RSPO certified. The fund is managed by the Smallholder Fund Manager from the RSPO Secretariat Sdn Bhd and overseen by the Smallholder Fund Panel.

	<u>RSPO Group and RSPO</u>	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
As at beginning of financial year	13,761	13,100
Less: Project disbursements paid during the financial year	(2,223)	(2,230)
Project disbursements payable	-	(62)
	<u>11,538</u>	<u>10,808</u>
Add: Addition to fund	2,584	2,953
As at end of financial year	<u>14,122</u>	<u>13,761</u>

The amounts received by the fund comprise of 10% of revenue generated from sustainable palm oil trade.

	<u>RSPO Group and RSPO</u>	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year	648	688
Later than 1 year but not later than 3 years	4,122	792
	<u>4,770</u>	<u>1,480</u>

Approved but not contracted:

Approved during the year	954	-
Approved post financial year end	-	4,382
Conditionally approved post financial year end	-	1,215
	<u>954</u>	<u>5,597</u>

This relates to projects that were approved or have been conditionally approved post year end by the Smallholder Fund Panel.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

21 SPECIAL PROJECTS FUND

	<u>RSPO Group and RSPO</u>	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
As at beginning of financial year	17,809	10,000
Less: Project disbursements paid during the financial year		
- SEnSOR impacts project - Year 1	-	(1,600)
- Digital media campaign	(84)	(466)
- Seed finance to DSF Trust Fund	(550)	-
- Outreach to Intermediary Organisations	(957)	-
- SEnSOR impacts project - Year 2	(800)	-
Project disbursements payable		
- Digital media campaign	-	(125)
- SEnSOR impacts project - Year 1	(400)	-
	<u>15,018</u>	<u>7,809</u>
Add: Addition to fund	-	10,000
As at end of financial year	<u>15,018</u>	<u>17,809</u>

In 2016, total funds amounting to RM10,000,000 have been allocated to the Special Projects Fund. Allocation to the fund can be varied at the discretion of the Board of Governors and its utilisation is subject to the approval of the Board of Governors.

	<u>RSPO Group and RSPO</u>	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year		
- SEnSOR impacts project - Year 1	400	400
- SEnSOR impacts project - Year 2	1,200	-
- Outreach to Intermediary Organisations	137	-
- Digital media campaign	-	125
- Seed finance to DSF Trust Fund	-	550
	<u>1,737</u>	<u>1,075</u>

During the year, an amount of RM550,000 was paid to the Dispute Settlement Facility ("DSF") Trust Fund to provide initial funding. The DSF Trust Fund was established to provide financial assistance to RSPO's Dispute Settlement Facility ("DSF"). The trust fund is independently managed and its operation includes the sourcing of future external funding.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

21 SPECIAL PROJECTS FUND (CONTINUED)

	RSPO Group and RSPO	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
<u>Approved but not contracted:</u>		
SEnSOR impacts project - Year 2	-	2,000
Outreach to Intermediary Organisations	11,191	12,075
	<u>11,191</u>	<u>14,075</u>

This relates to special projects that have been approved by the Board of Governors. The project on Outreach to Intermediary Organisations has been designated as a three year project with an approved total funding equivalent to USD3,000,000.

22 INDONESIAN LIAISON OFFICE UNDER RSPO SECRETARIAT SDN BHD

The RSPO Secretariat Sdn Bhd has a liaison office in Indonesia, the RSPO Indonesia Liaison Office ("RILO"), and is registered as a Regional Representative Office ("RRO").

RRO expenses incurred in the company during the year are as follows:

	RSPO Group	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Staff costs	1,112	977
Other operating expenses	331	300
	<u>1,443</u>	<u>1,277</u>

23 UNITED KINGDOM ESTABLISHMENT UNDER RSPO SECRETARIAT SDN BHD

The RSPO Secretariat Sdn Bhd has a registered office in United Kingdom in the form of a UK Establishment ("UK Office").

UK office expenses incurred in the company during the year are as follows:

	RSPO Group	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Staff costs	1,479	1,200
Other operating expenses	178	172
	<u>1,657</u>	<u>1,372</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

24 CHINA REPRESENTATIVE OFFICE UNDER RSPO SECRETARIAT SDN BHD

On 10 September 2016, RSPO Secretariat Sdn Bhd has registered a Representative Office in China.

	RSPO Group	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Other operating expenses	108	44

25 COLOMBIAN BRANCH OFFICE UNDER RSPO SECRETARIAT SDN BHD

On 17 May 2016, RSPO Secretariat Sdn Bhd has registered a Branch Office in Colombia.

	RSPO Group	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Other operating expenses	-	-

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	<u>2017</u>	<u>2016</u>
	RM'000	RM'000
Expenses for provision of services from an association, Roundtable on Sustainable Palm Oil ("RSPO"), the subsidiary:		
- Staff secondment and other administration fees	12,425	10,613

The related party transactions are in the normal course of business at the terms mutually agreed between all parties.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

27 Financial instruments by category

	<u>30.6.2017</u> RM'000	<u>30.6.2016</u> RM'000	<u>1.7.2015</u> RM'000
<u>Group</u>			
<u>Loans and receivables:</u>			
Membership subscription fees receivables	3,814	2,314	2,568
Other receivables and deposit (excludes prepayments)	4,389	5,287	6,362
Cash and bank balances	33,865	37,529	15,375
Fixed deposits with a licensed bank	15,507	12,264	19,814
	<u>57,575</u>	<u>57,394</u>	<u>44,119</u>
<u>Other financial liabilities:</u>			
Other payables and accruals	6,110	4,727	3,075
Sponsorship fund	-	-	261
	<u>6,110</u>	<u>4,727</u>	<u>3,336</u>
<u>Company</u>			
<u>Loans and receivables:</u>			
Membership subscription fees receivables	3,814	2,314	2,568
Other receivables and deposit (excludes prepayments)	4,138	5,052	6,191
Cash and bank balances	33,561	37,410	15,221
Fixed deposits with a licensed bank	15,507	12,264	19,814
	<u>57,020</u>	<u>57,040</u>	<u>43,794</u>
<u>Other financial liabilities:</u>			
Other payables and accruals	5,506	4,520	2,830
Sponsorship fund	-	-	261
	<u>5,506</u>	<u>4,520</u>	<u>3,091</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

28 TRANSITION FROM PRIVATE ENTITIES REPORTING STANDARDS (PERS) TO MFRS

The effect of RSPO Group and RSPO's transition to MFRS, described in Note 2 to the financial statements, is summarised in this Note as follows:

(a) MFRS 1 Mandatory exceptions

MFRS estimates

MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity with PERS.

(b) Exemption for cumulative translation differences

MFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 "The Effects of Changes in Foreign Exchange Rates" from the date a foreign operation was acquired. RSPO Group elected to reset all cumulative translation differences to zero in opening retained earnings at its transition date. At the transition date, cumulative translation differences amounting to RM1,634,000 has been recycled to retained earnings.

(c) Explanation of transition from PERS to MFRS and prior year adjustments

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from PERSs to MFRSs for respective periods noted for statement of changes in equity, statement of assets, liabilities and fund balances and statement of comprehensive income.

(i) Reconciliation of equity

Group

	1.7.2015 (Date of transition) RM	30.06.2016 RM
Equity as reported under PERS	38,387	45,068
<u>Add: Transitioning adjustment:</u>		
Effect of adopting MFRS 121	(1,634)	3,169
Effect of adopting MFRS 1	-	-
Equity on transition to MFRS	<u>36,753</u>	<u>48,237</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

28 TRANSITION FROM PRIVATE ENTITIES REPORTING STANDARDS (PERS) TO MFRS (CONTINUED)

(c) Explanation of transition from PERS to MFRS and prior year adjustments (continued)

(i) Reconciliation of equity (continued)

<u>Company</u>	1.7.2015 (Date of transition) RM	30.06.2016 RM
Equity as reported under PERS	38,207	44,749
<u>Add: Transitioning adjustment:</u>		
Effect of adopting MFRS 121	(1,634)	3,169
Effect of adopting MFRS 1	-	-
Equity on transition to MFRS	<u>36,573</u>	<u>47,918</u>

(ii) Reconciliation of total comprehensive income

2016

Group

	RM
Total comprehensive income as reported under PERS	12,798
<u>Add: Transitioning adjustments:</u>	
Effect of adopting MFRS 121	3,169
Total comprehensive income upon transition to MFRS	<u>15,967</u>

Company

	RM
Total comprehensive income as reported under PERS	12,659
<u>Add: Transitioning adjustments:</u>	
Effect of adopting MFRS 121	3,169
Total comprehensive income upon transition to MFRS	<u>15,828</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

28 TRANSITION FROM PRIVATE ENTITIES REPORTING STANDARDS (PERS) TO MFRS (CONTINUED)

(c) Explanation of transition from PERS to MFRS and prior year adjustments (continued)

(iii) Impact on the statement of financial position

30.6.2016

Group and Company

	<u>As reported</u> <u>previously</u> RM	<u>Adjustments</u> RM	<u>As restated</u> RM
<u>Total equity</u>			
Currency translation reserve	-	3,169	3,169

29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Board of Governors of RSPO on 31 October 2017.

PART B

RESOLUTIONS

Resolution GA14-6b

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: RELOCATION OF THE DE FACTO RSPO EXECUTIVE OFFICE TO JAKARTA, INDONESIA

Submitted by: Lingkar Komunitas Sawit (LINKS)

Co-signed: Yayasan Setara Jambi, Sawit Watch

Background:

- Most issues related to Growers, whether companies of smallholders, are located in Indonesia: New Planting Procedures, biodiversity, compensation, etc. (Attachment 1).
- Indonesia is the biggest producers of palm oil, producing 53% of world's palm oil production (Attachment 2). Indonesia is also the biggest producer of CSPO, producing 57% of FFBs certified by RSPO (Attachment 3).
- Palm oil smallholders in Indonesia are the biggest in the world, with growing landholding. Now accounted for 42% of total palm oil plantation or 4.6 million ha (Attachment 4).
- Only Indonesia has the new significant areas for new development. Currently as of August 2017, 45% of new HCV assessments in HCV RN website are from Indonesia (attachment 5).
- It is an international convention that the headquarter of an international organization is located in the country that has biggest interest /stake.
- Indonesia is a democratic country and civil society is flourishing. The country is very transparent and upholds freedom of speech, incl. media and NGOs. The Economist Intelligence Unit's Democracy Index 2016 ranks Indonesia in 48th, while Malaysia 65th. Reporters Without Borders for Press Freedom 2017 ranks Indonesia in 124th, while Malaysia 144th (attachment 6).

THIS RESOLUTION PROPOSES:

THAT to address the issues related to palm oil effectively and efficiently, it is an imperative and logical to relocate the de facto RSPO Executive Office from Kuala Lumpur to Jakarta.

The relocation shall be completed within 2 years since adoption date.

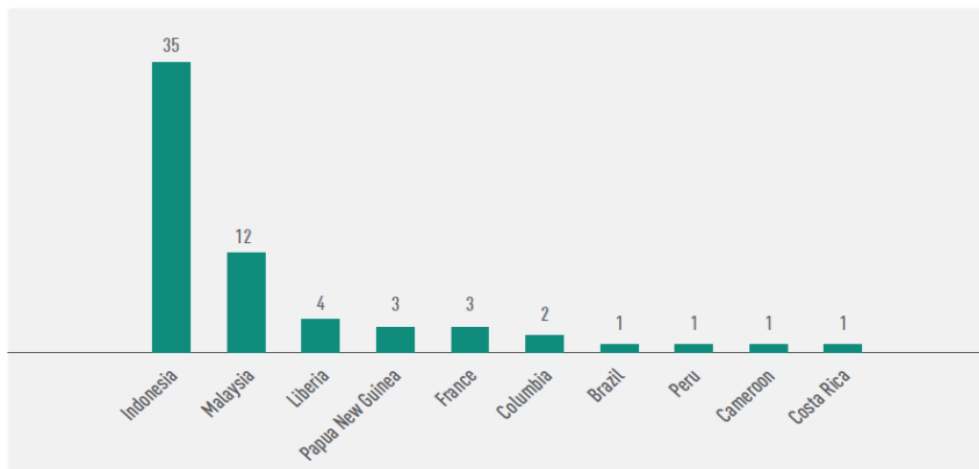
Contact Information:

Rudy Lumuru, Lingkar Komunitas Sawit (LINKS)
Email: rlumuru@yahoo.com

Reference:

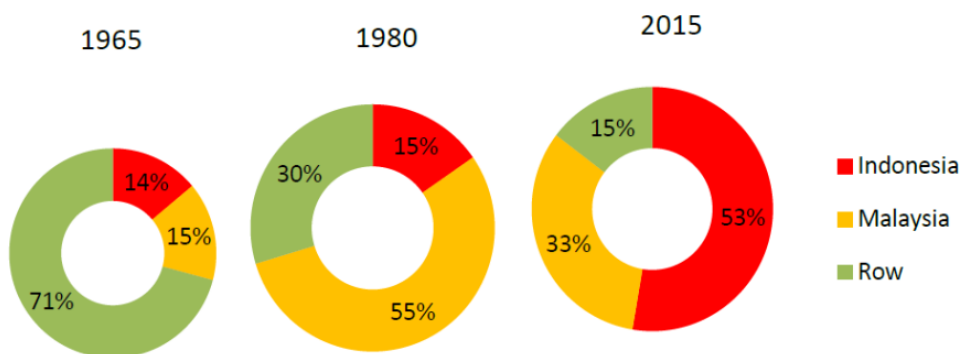
Attachment 1

COMPLAINTS BY COUNTRY
(As at 30 June 2016)



Source: RSPO, 2016

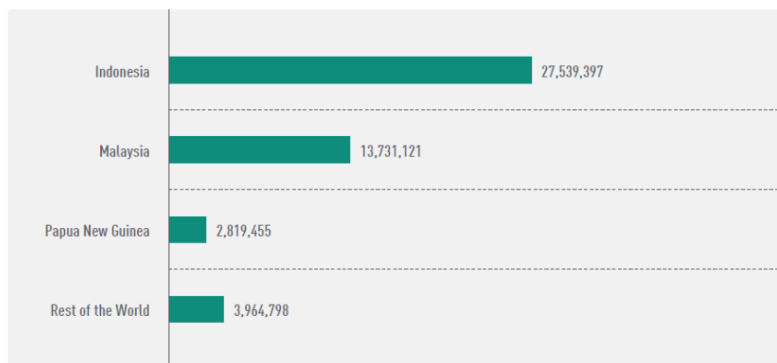
Attachment 2 Increasing Number of Indonesian Production



Source: Oil World, 2015

Attachment 3 Certified FFBs based on Countries
CERTIFIED SUSTAINABLE PALM OIL

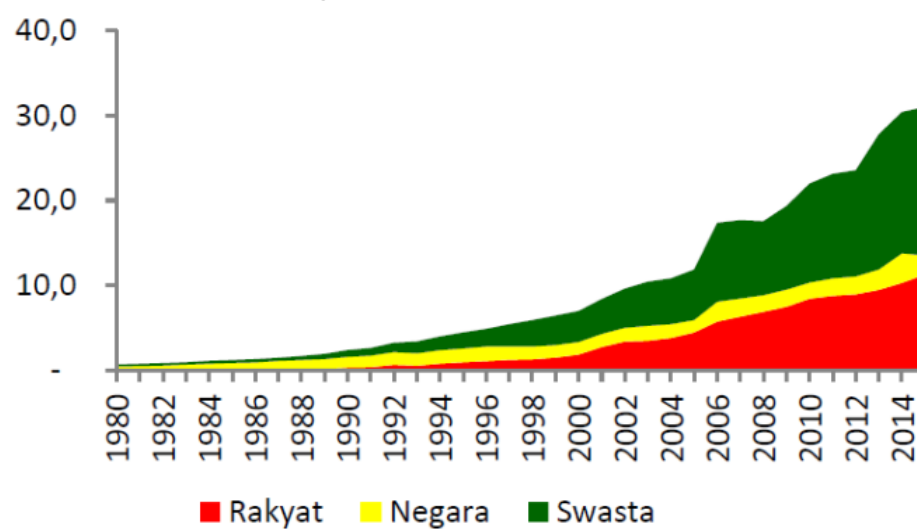
FRESH FRUIT BUNCH (FFB) PRODUCED (MT)
(As at 30 June 2016)



Note to data: Figures are based on RSPO's official reporting period (1 July 2015 - 30 June 2016). Figures are also inclusive of volume of FFB produced for all smallholders certified under group certification.

Source: RSPO, 2016

Attachment 4 Landholdings in Indonesia. Smallholder 4.2% or 4.6 million ha



Attachment 5

<https://www.hcvnetwork.org/als/public-summaries>

Attachment 6

http://country.eiu.com/article.aspx?articleid=1385052722&Country=Indonesia&topic=Politics_1

https://rsf.org/en/ranking_table

Resolution GA14-6c

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: STRENGTHENING THE RSPO EXECUTIVE OFFICE

Submitted by: Lingkar Komunitas Sawit (LINKS)

Co-signed: Yayasan Setara Jambi, Sawit Watch

Background:

- Based on the Resolution 6b: Proposed amendments to RSPO Statutes reflecting change of term from Secretary General to Chief Executive Officer, adopted in 2015, the role of the RSPO Secretariat has been empowered to be a RSPO Executive Office and has the mandate for decision making.
- However, in most situations RSPO Executive Office does not exercise its mandate and authority and instead outsourced its decision making authority to third parties, that are not tested for its independency and impartiality:
 - RSPO Complaint Panel
 - HCV RN (High Conservation Value Resource Network)
- The RSPO Complaint Panel supposedly consists of independent and impartial parties, representing all stakeholders. But not all parties being imposed the “conflict of interest” clause. RSPO Executive Office is silent on this matter. Other problems are related to the loss of key important staff managing Complaints in RSPO Executive Office KL and RILO Jakarta. Since this loss, RSPO Executive Office has been act as a “post man” and “rubber stamp” only, and does not criticize any of Complaint Panel recommendations. RSPO Executive Office should treat the recommendations in its capacity as advisory to RSPO and act for the best interests of its members.
- Similar problems also in the appointment of HCV RN. RSPO Executive Office has outsourced the HCV RN through its Assessor Licensing Scheme (ALS) to ensure adequate High Conservation Value (HCV) assessments. There are many incidents that showed the weaknesses the System, i.e. peer review, when Reviewers (with Provisional status) who do not know the industry, review the reports prepared by Full Licensed Assessors. However, RSPO Executive Office has been act as a “post man” and “rubber stamp” only, and does not criticize any of HCR RN decision. RSPO Executive Office is not act for the best interests of its members.

THIS RESOLUTION PROPOSES:

That to address the issues related to these points, it is an imperative and logical to:

- **Strengthen the RSPO Executive Office to exercise its decision making power and not depending on outsourced decision makers. RSPO Executive Office should not act as a “post man” and “rubber stamp”. The appointed independent body, such as Complaints Panel and HCVRN serve as technical support and advisory roles to the RSPO Executive Office.**

Contact Information:

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Rudy Lumuru : rlumuru@yahoo.com

Resolution GA14-6d

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: GENERATION OF SUSTAINABILITY PRACTICES AND FAIR TRADE FOR
INDEPENDENT MILLS

Submitted by: Comercializadorea Internacional Ciecopalma S.A.

Background:

In the current RSPO structure, there is a gap to facilitate the certification of an independent mill without a supply base in SCC, this is without obtaining a certification in P&C. This produces a total deformation of the RSPO standard since the gap allows unsustainable practices and unfair competition together with the production of CSPO.

An independent mill can be certified under the supply chain standard, complying with the general chain of custody requirements and specific requirements, according to the supply chain model chosen by the mill (Module A - Identity Preserved, Module B - Segregated or Module C - Mass Balance). This has been clearly stated in the document: **RSPO Supply Chain Certification Systems** for accreditation and certification bodies, adopted by the RSPO Board of Governors on 21 November 2014 and Revised 14 June 2017.

The document, which serves as a guide for certification bodies for audits of the supply chain standard, states in sections 3.1.1 and 4.1.3:

3.1.1 ... Independent mills shall be certified against the requirements of the RSPO Supply Chain Certification Standard.

4.1.3 ... This does not apply to independent mills, which do not have a fixed supply base and therefore are not included as part of a P&C assessment. Independent mills shall be audited against the Supply Chain Standard and a supply chain certificate is needed...;

And the independent mill is defined in the same document as:

A mill operating independently of and with no legal relationship to any specific plantation. This includes through parent or sister companies

This sets the vast majority of mills under conditions of unfair competition against the independent mills. A standard mill who own or control in some way one single hectare or more of palm crops has to fulfill all the processes required by the P & C, that at least includes the principles (91): 1.1.1, 1.1.2, 1.2.1, 1.3.1, 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 3.1.1, 3.1.2, 4.1.1, 4.1.2, 4.1.3, 4.1.4, 4.3.3, 4.4.1, 4.3.3, 4.1.4, 4.4.2, 4.4.3, 4.4.4, 4.7.1, 4.7.2, 4.7.3, 4.7.4, 4.7.5, 4.7.6, 4.7.7, 4.8.1, 4.8.2, 5.1.1, 5.1.2, 5.1.3, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5, 5.3.1, 5.3.2, 5.3.3, 5.4.1, 5.6.1, 5.6.2, 5.6.3, 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.2.1, 6.2.2, 6.2.3, 6.3.1, 6.3.2, 6.4.1, 6.4.2,

6.4.3, 6.5.1, 6.5.2, 6.5.3, 6.5.4, 6.6.1, 6.6.2, 6.7.1, 6.8.1, 6.8.2, 6.8.3, 6.9.1, 6.9.2, 6.9.3, 6.10.1, 6.10.2, 6.10.3, 6.10.4, 6.11.1, 6.11.2, 6.12.1, 6.12.2, 6.12.3, 6.13.1, 8.1.1 . The P&C certification implies a series of efforts and high operating costs that are not being verified to an independent mill, who can only certify SCC. The following extreme example is possible to exist: A certified independent mill (in SCC), which processes certified fruit in P&C can develop their work and obtain CSPO selling the product to the market, despite having underage workers, without documentation working in their facilities together with a group of pregnant women which work on the sterilizers, the wastewater is discharged directly into a body of fresh water without any treatment and is located within a primary forest that is also a refuge for 12 species considered endangered and sell certified RSPO oil.

Potential Benefit:

Avoid unfair conditions and ensure that the RSPO standard is not diluted through unscrupulous operations generating sustainability practices, as well as fair trade, avoiding criticism to RSPO for allowing this type of unfair practices.

THIS RESOLUTION PROPOSES:

All mills without exception must meet the requirements of the P&C standard in such a way that they are in equal operating conditions, as well as fair trade. The independent mills that have only been certified in SCC have a period of 6 months after the approval of this Resolution to obtain certification in P&C or the certificate that allows them to trade CSPO & CPK should be suspended.

Contact Information:

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References:

RSPO Supply Chain Certification Systems - For accreditation and certification bodies
Adopted by the RSPO Board of Governors on 21 November 2014, Revised 14 June 2017

Resolution GA14-6e

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: ENHANCING CREDIBILITY OF THE “ANNUAL COMMUNICATIONS OF PROGRESS”

Submitted by: Kuchenmeister GmbH

Co-signed by: Agrarfrost GmbH & Co.KG, Börlind Gesellschaft für kosmetische Erzeugnisse mbH, CARE Naturkost GmbH & Co. KG, Evonik Dr. Straetmans GmbH, Ferrero, Griesson – de Beukelaer GmbH & Co. KG, Kaufland Stiftung & Co. KG, NÖLKEN Hygiene Products GmbH, Weleda AG

Background:

All Ordinary and Affiliate members of the RSPO are obliged to submit annually the “Annual Communications of Progress” to the RSPO, to gauge their progress towards 100% RSPO-certified sustainable palm oil. The RSPO Membership and the RSPO Secretariat have further improved the ACOP reporting process and quality in the last years. It is obvious that the majority of the RSPO members take this task very serious. However, there are still members, which hardly provide even the minimal required information.

The RSPO Code of Conduct – as endorsed by the RSPO General Assembly GA 12 – clearly states, how RSPO Members must report towards the RSPO. Members shall be committed towards open and transparent engagement with interested parties. The Code of Conduct describes, which information members need to provide also towards the ACOP reporting. It is stated that members must report progress, relevant to the scope of the member's operations (e.g. specifying volume or percentage targets).

While the production volumes of RSPO Grower Members are regularly checked in audits and communicated via the RSPO website, our impression is that not all RSPO supply chain members strictly adhere to the Code of Conduct. Some members do not report in a transparent manner and therefore undermine the requirements of the RSPO Code of Conduct. In order to further improve the reporting, to assure a high quality and consistent reporting of all ACOPs – especially of supply chain members –, further action is required. The proposed resolution is necessary, to further position and assure that RSPO is a transparent and high-quality certification system and with high quality reporting.

THIS RESOLUTION PROPOSES:

In order to assure that all RSPO Members report in the ACOP according to the requirements as set in the Code of Conduct, we propose:

- 1) As obligatory part of the individual supply-chain audits of the RSPO members, the auditors on site for the supply-chain-audit check – if available – the ACOP of the previous year. Auditors conduct plausibility checks, whether all data on certified volumes, the supply-chain models reported (B&C, MB, SG and IP), percentages etc. are consistent with the operations of this specific member. If the data reported are not plausible, the auditor reports a non-compliance to the RSPO Secretariat. Those RSPO member which must not provide on ACOP report, must not follow this process.**
- 2) The RSPO Secretariat together with the relevant working groups in the RSPO, develop within 24 months of time procedures and processes, how to deal with non-plausibilities as reported by the auditors, in order to make sure that all RSPO members adhere to the Code of Conduct and the same standard of reporting.**

Contact Information:

Manuela Mewes: Manuela.mewes@kuchenmeister.de

Resolution GA14-6f

Proposed Resolution to be adopted at the 14th General Assembly of
the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

**TITLE: BALANCED REPRESENTATION IN THE RSPO GENERAL ASSEMBLY
VOTING PROCESS BASED ON MEMBERSHIP CATEGORY**

Submitted by: ABN AMRO Bank, PT Inti Indosawit Subur, Bumitama Agri Ltd, Credit Suisse AG, Golden Agri- Resources Ltd, Golden Veroleum Liberia, Lingkar Komunitas Sawit (LINKS), Malaysian Palm Oil Association (MPOA), Olam International, Sawit Watch, Standard Chartered Bank, Wilmar International.

Background:

The principal objective of the Roundtable on Sustainable Palm Oil (RSPO) is “to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue between its stakeholders”.

With the RSPO now embarking on the theory of change as a strategy to transform global markets towards sustainable palm oil, it is timely for the RSPO to provide an enabling platform to enhance multi-stakeholder participation that balances the interests of all its members.

Based on the existing one-vote, one-value approach to voting within the General Assembly (GA) categories/sectors with large memberships can have undue influence on the direction of the RSPO. This inherent risk is not in the best interests of RSPO or its membership as it can distort the RSPO decision-making process and potentially derail the RSPO achieving its strategic vision and mission.

The long term attractiveness of RSPO membership may be compromised as new members are reluctant to join and some existing members continue to find that their “voice” are not equitably heard despite exercising their rights to vote in the GA.

Potential Benefits:

Encourage greater membership participation within each category/sector in the RSPO GA decision-making process;

Enhance membership growth as interested groups, organizations and individual members can feel their participation and contributions have clear added value;

Enable a balanced approach to decision-making within the RSPO by ensuring all interest groups are weighted equally, from the smallest representative group to the largest.

Potential Risk:

Increased logistic requirements and complexity in coordinating the votes within each membership category/sector and in the management of the GA voting process.

THIS RESOLUTION PROPOSES:

That the RSPO review its GA voting format to be based on a proportional approach such that the various membership categories have equal weighting regardless of total membership numbers.

Note: This change in voting format will not affect the voting process of Board of Governors (BoG) representation (i.e. the vote for representation on the BoG within each member category will still be based on individual member votes).

Contact Information:

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Audrey Lee (Olam International):	audrey.lee@olamnet.com
Agustinus Karlo Lumban Raja (Sawit Watch):	carlo@sawitwatch.or.id
Samantha Bramley (Standard Chartered Bank):	Samantha.Bramley@sc.com
Perpetua George (Wilmar International):	perpetua.george@wilmar.com.sg

References:

Please refer below for the total of RSPO Ordinary Members by Sector as of 30 Sep 2017.

No	Membership Sector in Ordinary Category	Total
1	Consumer Goods Manufacturers	759
2	Palm Oil Processors and/or Traders	521
3	Oil Palm Growers	173
4	Retailers	64
5	Environmental or Nature Conservation Organisations (ENGO)	39
6	Social or Development Organisations (SNGO)	12
7	Banks and Investors	14
	Total	1,582

Source: RSPO Secretariat Oct 2017

Resolution GA14-6g

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: OFFICIAL RECOGNITION OF IGC ENDORSED INDONESIAN RSPO GROWER MEMBER
REPRESENTATIVES WITHIN ALL RSPO FORUMS, AS FORMALLY REPRESENTING THE
INDONESIAN GROWERS CAUCUS (IGC)

Submitted by: First Resources Ltd, PT Sampoerna Agro Tbk,
Bumitama Agri Ltd, Cargill, Golden Agri-Resources Ltd, PT Inti Indosawit Subur

Background:

The Indonesian RSPO Grower Members' representation in RSPO was previously under GAPKI's RSPO membership. Following GAPKI's withdrawal from the RSPO, the Indonesian Grower Members proactively organised themselves under the platform of Indonesian Grower Caucus (IGC).

This caucus *albeit* a non-legal entity has served as a platform for the Indonesian RSPO Grower Members to elect their representatives and to engage in and discuss RSPO matters.

The IGC has served as the platform for Indonesian Grower Member Representatives in the BoG, WG, TF and other RSPO forums to cascade information and deliberate on matters arising from their respective representation within those forums to the other Indonesian Grower RSPO Members.

The IGC is also the platform by which the Indonesian RSPO Grower Members engage with the RSPO on matters that affect the Constituency.

The IGC has held consultations with RILO, RSPO Advisor and member companies since May 2017 on how to make IGC more effective. The consultation process has culminated in election of Coordinators to administrate IGC so that the Indonesian RSPO Grower Members can be more cohesive.

Problem Statement:

In essence and in effect, the IGC represents the Indonesian Growers Constituent. However, the IGC is a non-legal entity and hence is not eligible for RSPO membership.

As a result representation in the various RSPO forums was by individual Indonesian Grower Member Companies, and was not consider to have official standing as representing the views of the Indonesian Growers Constituency.

In the IGC meeting of 27 September 2017 held in Jakarta, the Indonesian RSPO Grower Members have proposed to table a resolution at the 14 General Assembly to request the RSPO Board of Governors (BoG) and the RSPO Secretariat to officially recognise the Indonesian Grower Member representatives in the BoG and RSPO Working Groups, Task Force and other RSPO forums, where the members are endorsed by the IGC, to be representing the Indonesian Growers Caucus (IGC) even though their

presence in these forums is based on individual company membership.

Potential Benefits:

Formal recognition of group representation of Indonesian Grower Members will encourage better and more effective engagement of Indonesian Grower Members. Communication between the RSPO and Indonesian Grower Members will be streamlined and enhanced.

IGC can provide RSPO with list of IGC endorsed representatives for the various RSPO fora, providing clarity about Indonesian Grower Member engagement whether as private company or representing the interests of all Indonesian growers.

Potential Risk:

Indonesian Grower Members not endorsed by IGC claim endorsement when speaking in RSPO fora (see third benefit point to counter this risk above)

THIS RESOLUTION PROPOSES:

That the Board of Governors and the RSPO Secretariat officially recognise IGC-endorsed Indonesian RSPO Grower Members in the BoG and all other RSPO forums as representatives of the Indonesian Growers Caucus (IGC).

Contact Information:

Agus Purnomo : apurnomo@goldenagri.com.sg

Fadhil Hasan : fadhil.Hasan@asianagri.com

Resolution GA14-6h

Proposed Resolution to be adopted at the 14th General Assembly of the
Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: RELOCATION OF THE RSPO SECRETARIAT OFFICE TO JAKARTA, INDONESIA

Submitted by: First Resources Ltd, PT Sampoerna Agro Tbk, Bumitama Agri Ltd, Cargill,
Golden Agri-Resources Ltd, PT Inti Indosawit Subur

Background:

Indonesia is the world's largest producer of palm oil, contributing to 53% of global production. The country also produces the majority of certified sustainable palm oil, contributing to 57% of Fresh Fruit Bunches certified by the RSPO.

Indonesia is the only country with significant new areas for palm oil development. As of August 2017, 45% of new HCV assessments in HCV RN website are from Indonesia.

With the current scale of palm oil production and its future projected growth, it is by international convention that the headquarters of the international governing organization be located in the country with the biggest stake.

Proportionately, Indonesia is the producing country with the most exposure too and therefore there is a need of support in dealing with new planting procedures (NPP), biodiversity, remediation & compensation for grower companies and smallholders.

Although RSPO is currently headquartered in Kuala Lumpur, Malaysia, however, Indonesia has a distinct advantage with its freedom of the press and its democracy and potentially other anti-corruption practices indicates improvement to the RSPO organisation's visibility upon relocation.

In addition, there is a larger number of members from Indonesia as compared to Malaysia with a bigger potential growth in members, and therefore require the urgency to bring the benefit of increased accessibility to its members.

Potential Benefits:

World's leading sustainable palm oil organisation will be housed where the largest proportion of growers – both plantation companies and smallholders – are located.

Prospect for increased membership through growth in Indonesian grower uptake of the certification standards.

Closer and better working arrangements in terms of dealing with the majority of issues that continue to be major challenges in the industry – biodiversity etc.

Potential Risk:

Loss of existing staff (could be ameliorated through phased transition/3 year time frame)

Perception of “ownership” of the standard by Indonesia; concerns about Indonesian commitment to higher sustainability standards, fear of producers gaining “upper hand” in decision making.

THIS RESOLUTION PROPOSES:

That to enhance the credibility and effectiveness of the world’s premier organization related to sustainable palm oil production the RSPO Secretariat Office should be relocated to Jakarta, Indonesia. That the relocation shall be completed within 3 years from the adoption date of this resolution.

Contact Information:

Agus Purnomo : apurnomo@goldenagri.com.sg

Fadhil Hasan : Fadhil.Hasan@asianagri.com

Resolution GA14-6i

Proposed Resolution to be adopted at the 14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

TITLE: RESOLUTION TO AMEND THE STATUTES OF THE RSPO AND THE CODE OF CONDUCT FOR MEMBERS TO FORMALISE THE ROLE OF THE COMPLAINTS AND APPEALS PANEL

Submitted By: The Board of Governors of the Roundtable on Sustainable Palm Oil (Currently represented by: Unilever, Malaysian Palm Oil Association, FELDA, PT. Musim Mas *, Agropalma, AAK, IOI Loders Croklaan, Mondelez International, Marks and Spencer, Retailers' Palm Oil Group **, Rabobank, The Hongkong and Shanghai Banking Corporation, Both ENDS, Oxfam Novib, World Resource Institute, WWF)

** Represents the Indonesian Growers Caucus*

*** Ahold Delhaize, Aldi South Group, Asda, Boots UK, Coop (Switzerland), Coles, Federation of Migros Co-operatives, Kingfisher, Sainsbury's, Tesco, The Body Shop International, The Co-operative Food (UK) and Waitrose*

Background:

The impetus for the review and strengthening of the Complaints Systems origins in Resolution 6(f) adopted by the 10th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO) in November 2013. In adopting Resolution 6(f) on "*Guaranteeing Fairness, Transparency and Impartiality in the RSPO Complaints System*", the General Assembly agreed that the Board of Governors shall ensure a strict separation of executive powers in handling complaints and grievances. It was further noted in the GA10 Resolution 6(f), that the Complaints System is yet to be an entity that is formalised by the Statutes of the RSPO. An immediate move to implement this resolution resulted in the resignation of members of the Board of Governors from the Complaints Panel.

Pursuant thereto, several reviews of the existing Complaints Procedures were conducted. Following three (3) public consultations, the revised **RSPO Complaints and Appeals Procedures (2017)** was endorsed by the Board of Governors on 14 June 2017. The Procedures grants the Complaints and Appeals Panels the powers to suspend and terminate the membership of RSPO members on the basis of a Complaint.

Notwithstanding, the current Statutes of the RSPO grants the sole discretionary powers to suspend or terminate membership of RSPO Members only to the Board of Governors and the Chief Executive Officer. Thus, the endorsement of the Board of Governors is still required to enforce the decision of the Complaints and Appeals Panel to suspend or terminate the membership of the RSPO Member.

Accordingly, it is of concern that if the RSPO Statutes is not amended, including by formalising the Complaints and Appeals Panels, the Complaints and Appeals Procedures (2017) may be subjected to challenge on the basis that it is *ultra vires* the Statutes.

The amendments below are proposed in the spirit of Resolution GA10-6f and is aimed at ensuring coherence and avoiding conflict, in adherence to the revised Complaints and Appeals Procedures (2017).

THIS RESOLUTION PROPOSES:

That the Statutes of the RSPO and the Code of Conduct for Members of the RSPO be amended to avoid conflict of jurisdiction, contradictions and provide legitimacy to the revised Complaints and Appeals Procedures (2017).

The revised articles are mentioned below (changes are marked in bold italic):

Statutes of the RSPO¹

8. Termination of Membership

(b) In the event of the following and subject to clause 8 (c) **and clause 8 (d)** below:

- (i) Any circumstances that the Board of Governors may think fit to terminate the membership; or
- (ii) Breach of the Statutes including failing to pay the membership fee within three (3) months of having received an invoice; or
- (iii) Breach of the Code of Conduct, ***subject to any complaints procedures.***

The Board of Governors shall notify the RSPO Member of such events, in which the said RSPO Member shall then explain to the Board of Governors of reasons why the membership should not be terminated. The Board of Governors may proceed to terminate the membership of such member if the explanation is not satisfactory in the sole discretion of the Board of Governors without further reference to the RSPO Member.

- (c) Notwithstanding the generality of Clause 8 (b) above **and subject to Clause (d)**, the Chief Executive Officer may terminate or suspend the membership of an RSPO Member for breaches of any rule or code which applies to an RSPO Member under this Statutes or the Code of Conduct including for the non-payment of the requisite membership fee, provided always that any such termination or suspension shall be in accordance with procedures to be determined and approved by the Board of Governors from time to time. In such circumstance, the Chief Executive Officer shall notify the RSPO Member of its concerns in which the said RSPO Member shall then explain to the Chief Executive Officer of reasons why the membership should not be terminated or suspended. The Chief

¹ The current Statutes of the RSPO can be downloaded for review at <http://www.rspo.org/key-documents/membership>

Executive Officer may proceed to terminate or suspend the membership of such RSPO Member if the explanation is not satisfactory in the sole discretion of the Chief Executive Officer, without further reference to the RSPO Member or the Board of Governors. The Board of Governors will be informed after a termination or suspension of membership has been carried out by the Chief Executive Officer.

- (d) ***Notwithstanding Clause 8 (b) and (c) above, the Complaints and Appeals Panels, may suspend or terminate the membership of an RSPO Member for any breaches in accordance to its procedures, as endorsed by the Board of Governors. The Complaints and Appeals Panels shall at its sole discretion notify the RSPO Member of the decision to suspend or terminate the membership, without further reference to the Board of Governors.***
-

11. Board of Governors

(h) Powers

- iv. The Board of Governors in collaboration with the Chief Executive Officer may adopt all policies and procedures necessary for the management of its activities and may, within the frame of its powers, delegate part of its powers and responsibilities to either the Working Groups or other such committees ***or panels***.
-

14. ***Complaints and Appeals Panels*** [proposed new Article]

- (a) ***The composition, mandate and powers of the Complaints and Appeals Panels is as provided for within the complaints procedures, and subject to Clause 8 (d) above.***
- (b) ***The Complaints and Appeals Panels shall ensure fairness and impartiality in handling complaints, and there shall be strict separation of functions and powers of the panels from that of the Board of Governors. It is the responsibility of the members of the Complaints and Appeals Panels to disclose any conflict of interest that would render them unsuitable to hear a complaint.***
- (c) ***Membership to the Complaints and Appeals Panel is voluntary and shall be without expectation of remuneration.***

Note: The numbering of the subsequent articles shall be changed to reflect the insertion of the new Article 14 above.

Code of Conduct for Members of the RSPO²

² The current Code of Conduct for Members of the RSPO can be downloaded for review at <http://www.rspo.org/key-documents/membership>

5. Breaches of this Code

- 5.1 Members will seek to resolve grievances directly with other member organisations **or individuals** in a timely fashion, and will not make unsubstantiated allegations of breaches against other members.
- 5.2 Breaches of this Code or Statutes **by RSPO Members** may lead to **suspension or termination** from the organisation.
- 5.4 The RSPO **Complaints and Appeals Panels**, through the Complaints System, may conduct an **investigation** against any member whom, in its view may have breached this Code, the Statutes **or other key documents relating to RSPO systems and procedures as endorsed by the Board of Governors**. RSPO Members who are found to have **been in breach** after due **investigation in accordance to** the Complaints System, **may be suspended or terminated** at the sole discretion of the **Complaints and Appeals Panels** without further reference to the RSPO Member **or Board of Governors**.
- 5.5 **Subject to** Clause 5.4 above, the Chief Executive Officer may terminate or suspend the membership of an RSPO Member for breaches which applies to an RSPO Member under this Statutes or the Code of Conduct including for the non-payment of the requisite membership fee, provided always that any such termination or suspension shall be in accordance with procedures to be determined and approved by the Board of Governors from time to time. Members who are found, after due inquiry, to have breached this Code or the Statutes by the Chief Executive Officer, will be terminated or suspended at the sole discretion of the Chief Executive Officer, without further reference to the RSPO Member or the Board of Governors. The Board of Governors will be informed after a termination of suspension of membership has been carried out by the Chief Executive Officer.

Contact Information:

RSPO Secretariat: Oi Soo Chin: soocin.oi@rspo.org

PART C

BOARD OF GOVERNORS ELECTION

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT SECTOR: OIL PALM GROWERS - MALAYSIA

Name of organisation	Malaysian Palm Oil Association
Membership number	1-0002-04-000-00
Name of nominee	Dato' Carl Bek-Nielsen
Position in organisation	Chief Executive Director
Email address	cbn@plantations.biz
Tel (Office)	05-6411411
Tel (Mobile)	019-5553777



Summary

Nominee Profile

Dato' Carl Bek-Nielsen commenced his career with United Plantations Bhd in 1993 as a Cadet Planter before obtaining his degree in Agricultural Science from the Royal Veterinary and Agriculture University of Copenhagen, Denmark. In 1997 he returned to resume his career as a Corporate Affairs Officer with United Plantations Bhd. Today, he holds the position of Chief Executive Director of United Plantations Bhd as well as Director In-Charge of Unitata Bhd, Malaysia's first inland refinery complex. He is involved in several aspects of the Palm Oil Industry and the Group's overall business operations, adopting a "hands-on" approach.

Board Positions:

1. Chairman of United International Enterprises Ltd, listed on the Danish Stock Exchange.
2. Vice Chairman of United Plantations Bhd, listed on the Malaysian Stock Exchange.
3. Board Member of Melker Schörling AB (MSAB), listed on the Swedish Stock Exchange.

He has been a Council Member on the Malaysian Palm Oil Association (MPOA) and a Council Member on the Malaysian Palm Oil Council (MPOC) for 14 years. He, furthermore, has been a member of the Programme Advisory Committee to the Malaysian Palm Oil Board since 2008.

With effect from November 2014, he was appointed on to the RSPO Board of Governors as Co-Chairman representing the MPOA.

He has 21 years of experience within the Palm Oil Industry and has presented numerous papers at several international and local conferences.

Organisation Profile

The Malaysian Palm Oil Association (MPOA) is the umbrella body for the private growers of plantation tree crops in Malaysia.

The Association has been tasked with the important function of balancing the needs and interests of the various sectors for synergy and development of the plantation industry as a whole. Though a crop specific body that will focus on oil palm, MPOA will also serve the interests of other plantation tree crops such as rubber, cocoa, tea, coconut and bananas, and including non-crop issues relating to land, labour, trade and pricing.

Apart from being the single voice representing member interests to government, various statutory bodies, stakeholders and external parties, its mission is to ensure the growth and sustainability of the Malaysian plantation industry sector as well as providing the relevant support service to members.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: OIL PALM GROWERS - INDONESIA

Name of organisation Golden Agri Resources Ltd.
Membership number 1-0096-11-000-00
Name of nominee Agus Purnomo
Position in organisation MD – Sustainability & Strategic
Stakeholder Engagement
Email address apurnomo@goldenagri.com.sg
Tel (Office) +62 21 5033 8899
Tel (Mobile) +62 81 1999 462



Summary

Nominee Profile

Agus Purnomo joined GAR in October 2014. As MD for Sustainability and Strategic Stakeholder Engagement he is responsible for planning GAR's sustainability strategy, implementing and communicating sustainable palm oil commitments throughout the entire value chain in collaboration with key stakeholders. He has previously held many positions in the government, multilateral institutions and international and national NGOs, including Special Assistant to the President of Indonesia for Climate Change (2010-2014), Special Assistant to the Minister of Environment (2004-2009), the World Bank (2002-2004), Executive Director of WWF Indonesia, and half a dozen other national organizations on sustainable development issues. Agus graduated with a Master's Degree in Environmental Conservation Policy from Tufts University in the US in 1994 and a Master's in Business Administration from Prasetya Mulya Management Institute in Indonesia in 1985.

Organisation Profile

GAR manages more than 480,000 hectares of oil palm plantations (including smallholder farmers) across Indonesia. GAR is a leading seed-to-shelf agribusiness—from growing oil palms with farmers to producing food for the present and future. Sustainability is an essential part of GAR's business and is guided by GAR's Social and

Environmental Policy (GSEP), our roadmap for a sustainable palm oil industry which we share with employees, smallholders, suppliers, and customers.

In September 2011, GAR achieved the first RSPO certification for 14,955 ha of plantations and one mill under SMART in North Sumatra. To date, 262,442 hectares of plantations including 51,149 hectares of smallholder estates, 29 mills, nine kernel crushing plants, five refineries, seven bulking stations and one oleo-chemical plant have received RSPO certification. With RSPO approval we have extended the time frame for completion of RSPO certification to 2020 for the remaining operations which includes 213,415 hectares of plantations and encompasses 49,233 hectares of plasma estates and 16 mills.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: PROCESSORS AND TRADERS

Name of organisation	Wilmar International Limited
Membership number	2-0017-05-000-00
Name of nominee	Daphne Hameeteman
Position in organisation	Sustainability Manager
Email address	daphne.hameeteman@eu. wilmar-intl.com
Tel (Office)	+31 10 217 8893
Tel (Mobile)	+31 646 354 292



Summary

Nominee Profile

Daphne Hameeteman is the Sustainability Manager for Wilmar Europe, based in Rotterdam. She leads the sustainability conversation on tropical oils for all of Wilmar's operations in Europe, connecting the requirements of the customers in food, oleochemical and biofuels with the supplies from Asia as well as Latin America. She is also actively involved in various multi-stakeholder discussions with civil societies and industry peers on transformation programmes to build a more sustainable palm oil industry such as MVO and EPOA.

In Latin America, she is leading the WISSH Programme (Wilmar Smallholders Support in Honduras) to build capacity and enhance smallholders' knowledge on best agricultural management practices that incorporate principles of environmental stewardship, leading to improved crop yields and income. She is also developing similar work now in Colombia.

Daphne first got involved in the palm oil industry when she was with UTZ back in 2010. As their implementation manager of eTrace, she was tasked to incorporate the traceability requirements along the palm oil supply chain: to build the traceability system of palm oil for eTrace.

She joined Wilmar in 2014 and continued her active participation in the RSPO conversations. She is also an active member of the Trade & Traceability Standing

Committee, taking part in many of its various working groups to promote the uptake of CSPO in the market.

Majoring in International Financial Economics, she joined Citibank in Amsterdam after graduation. Her other job experiences also include Microsoft as a business planning manager in the Netherlands, Spain and Norway.

Organisation Profile

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange. At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of agricultural products.

As a leading agribusiness group, we have a fundamental role in developing quality products required by the world while ensuring that they are produced in a responsible and sustainable manner.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: CONSUMER GOODS MANUFACTURERS

Name of organisation	Unilever PLC
Membership number	4-0001-04-000-00
Name of nominee	Biswaranjan Sen
Position in organisation	Executive Vice President Supply Chain - Categories & Engineering
Email address	Biswaranjan.sen@unilever.com
Tel (Office)	+44 20 7822 6581
Tel (Mobile)	+44 7557 564423



Summary

Nominee Profile

Biswaranjan Sen is a Chemical Engineer by training. He joined Unilever in 1991 and has worked in R&D and across various parts of the Supply Chain including manufacturing, planning, logistics, customer service and procurement. He was a member of the Board of Directors of Unilever Indonesia with responsibility for the supply chain between 2009 and 2012.

He is EVP, Categories and Engineering since 1st May 2017 and was VP Group SC, Personal Care before his new appointment. Prior to his responsibilities with Personal Care, he was Vice President Procurement Chemicals.

Having lived and worked in Singapore for the last five years, he is now based in London. Biswaranjan Sen has also assumed the responsibilities of Co-chair at RSPO since 2012.

Organisation Profile

Unilever is one of the world's leading suppliers of Food, Home and Personal Care products with sales in over 190 countries and reaching 2 billion consumers a day. It has 172,000 employees and generated sales of €42.7 billion in 2016. Over half (57%) of the company's footprint is in developing and emerging markets. Unilever has more than 400 brands found in homes around the world, including Persil, Dove, Knorr, Domestos, Hellmann's, Lipton, Wall's, PG Tips, Ben & Jerry's, Marmite, Magnum and Lynx.

Unilever's Sustainable Living Plan (USLP) commits to:

- Decoupling growth from environmental impact.
- Helping more than a billion people take action to improve their health and well-being.
- Enhancing the livelihoods of millions of people by 2020.

For more information about Unilever, please visit www.unilever.com. For more information on the USLP: www.unilever.com/sustainable-living/.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: RETAILERS

Name of organisation	Marks & Spencer PLC
Membership number	3-0009-06-000-00
Name of nominee	Fiona Wheatley
Position in organisation	Sustainable Development Manager
Email address	Fiona.Wheatley@marks-and-spencer.com
Tel (Mobile)	+44 7769542678



Summary

Nominee Profile

Fiona has a wealth of experience of the retail sector having worked for Sainsbury's for almost 20 years followed by a period at John Lewis before moving to Marks and Spencer in 2011. Fiona is responsible for M&S strategy on raw materials such as timber, palm oil, soy, seafood, cocoa, as well as areas such as freshwater and biodiversity. She leads policy development on soy and palm oil within the Consumer Goods Forum and participates in various Advisory Groups on sustainable commodities. Fiona believes we must develop new models of collaboration, coalition and partnership to address the complex and deep-seated challenges affecting society and the environment.

Organisation Profile

M&S is one of the UK's leading retailers. We are committed to making every moment special for our customers, through our high quality, own-brand Food, Clothing & Home products we offer in our 1,433 stores worldwide and online.

Making every food moment special is the aim of our Food business, which accounts for 60% of our UK turnover. Through the innovation, quality and choice that we offer, customers know they can come to us for every occasion, whether it is healthy cooking ideas, delicious meals from around the world or convenient food on-the-go. We sell food through 942 UK stores, including 253 owned and 383 franchise Simply Food stores.

We sell beautifully designed, high quality, own-brand clothing and homeware through 343 full-line stores, Outlets and our M&S.com website. Our Womenswear, Menswear, Kidswear, Lingerie, Beauty and Home products account for 40% of our UK turnover. With our focus on contemporary style and wardrobe essentials, we are the UK's biggest clothing retailer by value. We are also the market leader in Womenswear, Lingerie and Menswear.

We export the best of M&S Clothing & Home and Food around the world, with stores across Europe, Asia and the Middle East. We also have a growing international online business. Following a strategic review of our International business, we are focusing on our established joint venture and franchise partnerships and operating fewer wholly-owned markets.

In January 2007, we launched Plan A to address the key environmental, social and ethical challenges facing M&S. After ten years and two further updates, Plan A continues to lead the sustainable business agenda. This year we launched a new set of commitments which have been developed to transition Plan A into a new way of working and engaging with our customers.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: BANKS AND INVESTORS

Name of organisation	HSBC Holdings PLC
Membership number	5-0009-04-000-00
Name of nominee	Ian Hay
Position in organisation	Regional Head of Sustainability Risk, Asia
Email address	ianhay@hsbc.com.hk
Tel (Office)	+852 3663 4805
Tel (Mobile)	+852 6658 9609



Summary

Nominee Profile

Ian has 26 years' experience in the Banking and Environmental sectors spanning Asia, the Middle East and Europe. He has worked on multiple environmental risk assessment and audit projects for government and blue-chip clients and has direct experience of stakeholder consultation and engagement on remediation activities. Ian holds first degrees in Geography and Finance Services, and a post graduate specialism in Geographic Information Systems.

Moving to the financial sector in 1999, he has worked across the commercial and corporate banking sectors, specialising in leading international business growth and providing project financing services for several major infrastructure deals. Expert in structuring financial trade and receivable solutions for supply chain customers, he is responsible for extending HSBC support for sustainable development and growth across priority sectors.

He is currently Regional Head of Sustainability Risk, covering Asia Pacific region for HSBC. This covers sustainability risk management and client engagement with specific responsibility for forestry and palm oil risk management. He has been HSBC's representative in the EB since Aug 2013.

His combined experience in the financial and environmental sectors gives a unique combination of insight on the regulatory, financier and developer side of project planning, financing and execution, and in implementing risk mitigation strategies.

He works within the Group Sustainability Risk team of HSBC Group, who are responsible for sustainability policy strategy and objective setting, and in translating

group policy into operational business management. HSBC Group covers all industry and agricultural sectors, and actively contribute to several working parties covering both commodity and sustainability initiatives, encouraging client engagement and continuous improvement in their sustainable business practices.

HSBC Group has always taken the long term view of understanding the economic, social and environmental drivers and impacts of our own and our customers strategy.

Organisation Profile

HSBC is one of the world's largest banking and financial services organisations. With around 3,900 offices in both established and emerging markets, we aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and, ultimately, helping people to fulfil their hopes and realise their ambitions.

We serve around 38 million customers worldwide through our four Global Businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 67 countries and territories in Europe, Asia, the Middle East and Africa, North America and Latin America.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by more than 203,000 shareholders in 132 countries and territories.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: ENVIRONMENTAL OR NATURE CONSERVATION ORGANISATIONS (NGOs)

Name of organisation	World Resources Institute
Membership number	6-0020-12-000-00
Name of nominee	Anne Rosenbarger
Position in organisation	Southeast Asia Commodities Manager
Email address	ARosenbarger@wri.org
Tel (Office)	+6281239394363
Tel (Mobile)	+6281239394363



Summary

Nominee Profile

Anne is the Southeast Asia Commodities Manager in the Food, Forests and Water Program at the World Resources Institute (WRI). Anne has been based with WRI in Indonesia since 2010, concentrating primarily on the links between sustainable oil palm development and forest conservation.

Her most recent focus is on increasing corporate sustainability in the palm oil sector via Global Forest Watch Commodities, a dynamic online forest monitoring and alert system that unites satellite technology and open data to provide business-relevant analyses for better supply chain management. In this position, Anne works closely with companies from different regions across the supply chain, with government decision makers in SE Asia, and with other civil society organizations, and with community stakeholders.

Anne is a member, (and previously co-chair) of the RSPO Biodiversity and High Conservation Values Working Group and the Compensation Task Force. Prior to joining WRI, Anne's experience was based in research on a range of topics related to tropical ecology and community based forestry management. She received her Master's degree in Environmental Management from the Nicholas School of the Environment at Duke University.

Organisation Profile

WRI is a global research organization that spans more than 50 countries, with offices in the United States, China, India, Brazil, Indonesia and more. Our more than 700 experts and staff work closely with leaders to turn big ideas into action to sustain our natural resources—the foundation of economic opportunity and human well-being. Our work focuses on six critical issues at the intersection of environment and development: climate, energy, food, forests, water, and cities and transport.

Nomination for Board of Governors Election

14th General Assembly of the Roundtable on Sustainable Palm Oil (RSPO)

30th November 2017

BOARD SEAT: SOCIAL OR DEVELOPMENT ORGANISATIONS (NGOs)

Name of organisation	Oxfam International
Membership number	7-0001-04-000-00
Name of nominee	Johan Verburg
Position in organisation	Advisor Inclusive Value Chains
Email address	Johan.Verburg@Oxfam.org
Tel (Office)	+31 70 3421 988
Tel (Mobile)	+31 6 2329 9582



Summary

Nominee Profile

Johan Verburg is a well-known figure to many in the RSPO and has a track record in the board of governors and numerous working groups. Johan has been working both with palm oil buyers, investors, traders and allied NGOs from his base in Europe (the Netherlands) as well as with communities, civil society groups and growers in palm oil production countries, notably in Indonesia.

Johan Verburg advises on inclusive value chains. His colleague and alternate, Taufiqul Mujib, coordinates the food and natural resources programme for Oxfam in Indonesia.

Johan recently wrote in a blog how palm oil has become his “Hotel California”. *“When I had for only a few years been engaged and had supported the establishment of criteria and certification rules for the Roundtable on Sustainable Palm Oil, I thought I would “check out any time I liked” and move on to a next commodity sector. It was 2007 and I couldn’t have been more wrong; more than ten years later I feel I “can never leave”. The involvement of an international social/development perspective remains highly needed, despite significant progress made and reaching a fragile but critical mass of the sector. To achieve impacts for people and sustainable development there is a need for continued and new efforts.*

Organisation Profile

Oxfam is an international development organisation working with others including civil society, private sector and governments to overcome poverty and suffering. This involves changing public and private sector policies and practices, nationally and internationally, as well as working in programmes with people in poverty. Oxfam

supports people to take control over their own lives and enjoy their basic rights, increasing their voice in decisions that affect their livelihoods and protect the natural resources they depend upon.

Oxfam is an international confederation working together with over 3,000 partners in more than 100 countries to find lasting solutions to poverty, suffering and injustice.

Advancing the social aspects of the palm oil sector has the potential to contribute to Oxfam's mission. The focus is on sustainable land use and inclusive growth, improving the livelihoods of smallholder farmers, labourers, and disenfranchised groups, such as indigenous people or women.