
GA4: Minutes of the 4th General Assembly

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GA4: Minutes of the 4th General Assembly

Date : Thursday, 22 November 2007
Venue : Sabah Room, Shangri-La Hotel Kuala Lumpur
Start Time : 1430hrs (Kuala Lumpur)
End Time : 1640hrs (Kuala Lumpur)

Agenda

1. Members' roll call
2. Opening address by the RSPO President, Mr. Jan Kees Vis
3. To receive the Report of the RSPO President
4. To receive and adopt the Report of the RSPO Treasurer
5. To confirm the Minutes of the last General Assembly held on 22 November 2006
6. To adopt the RSPO Principles & Criteria - 2007 revised version
7. To adopt the proposal for EURO500 Ordinary Membership subscription fees for palm oil producers/growers of up to 499 ha in size
8. Any other business

Minutes

1. Members' roll call

1.1 The 4th General Assembly (GA4) of RSPO members was called to order with a quorum of 51% of Ordinary Members as the final 100 Ordinary Member representatives assured it. The RSPO President, Mr. Jan Kees Vis, presided over the meeting.

2. Opening address by the RSPO President, Mr. Jan Kees Vis

2.1 The RSPO President opened GA4 and requested members' representatives and proxies to follow the meeting using the notes provided with the Notice.

2.2 He noted that the members could be satisfied with the outcomes and results of the RT5 that preceded the GA.

3. To receive the Report of the RSPO President (Appendix 1)

3.1 The President delivered his report as follows:

3.1.1 RSPO Executive Board

- (1) In the RSPO Executive Board (EB) elections last year, members agreed that they would try to have EB representatives from across all sectors; some would stand for three years, and others, for two years.
- (2) Rikke Netterstrom, who filled the post representing the retail sector, has resigned and no candidate for that position has come forward. The procedure is that if, in the next two months, there is one candidate found suitable for this position, this person may fill the post immediately.
- (3) The composition of the rest of the Board remains.

3.1.2 Membership

- (1) The membership breakdown is 198 Ordinary Members and 99 Affiliate Members.
- (2) Membership development has seen a healthy growth.

- (3) However, members who default on their membership payments pose RSPO with a legal problem as they cannot be considered actual members.
- (4) Ordinary Members who are two years in arrears will receive a final notification to pay their fees after RT5; they are to ensure the RSPO Secretariat has their latest mailing address since notification is by mail (and e-mail as a last resort). If RSPO does not receive a reply and/or payment, those members will be de-listed and an announcement on this will be posted on the RSPO website.
- (5) Ordinary Members who are one year in arrears must pay upon receiving a second reminder, or also face delisting.
- (6) At GA5 next year, only fully paid members may attend the RT5 and have a right to vote at the GA.

3.1.3 Progress in 2006/7

- (1) Since RSPO's inception, they have delivered OTIF (on time in full), an achievement which no other commodity Roundtable can claim.
- (2) In the case of branding, new names for RSPO certified sustainable palm oil (CSPO) are being considered. The President suggested that the Criteria Working Group (CWG) reconsider the need for a new name, particularly in light of the existence and acceptance of schemes like the Forest Steward Council (FSC); one consideration could be the use of a number like RSPO100 or an Utz central registry number.
- (3) Two certification bodies have passed accreditation. By 25 December 2007, RSPO should have four accredited certification bodies, and their details will be posted on the website. Companies in urgent need of securing certification should consider getting a certification body to provide them with an estimate.
- (4) In terms of budget and spending, RSPO has numerous plans but expenditure made so far has not been substantial. Since the departure of Lim Si Siew from the Secretariat, there have been some problems with resources; he was much relied upon in the early years. With many things taking place, RSPO faces the challenge of trying to meet all the expectations of an ever growing organisation. But RSPO promises to expedite the realisation of its plans.
- (5) Other projects being planned include mass balance. This is because if all the options of supply chain traceability systems are included, the traceability process becomes very complex; thus a decision needs to be made on this. On the one hand, it will be about allowing the market to choose. On the other, it will be about needing to organise ample human resources to service the systems.

3.1.4 RSPO Secretariat

- (1) In December Dr. Vengeta Rao takes over as the new Secretary General. He succeeds Andrew Ng. Dr. Rao's entire career has been in the palm oil industry. He has vast experience and commands respect in the community. There will be handover period before he fully assumes the post.
- (2) The rest of the Secretariat staff are: Aime Mohd Khalid, Office Administrator, whose task is to send communication with regard to membership; Linda Sarmin, Office Assistant; and Ali Baizuri, Project Coordinator/Communicator. Desi Kusumadewi is with the RSPO office in Indonesia. MR. Chandran serves as the advisor. Should staff need to be added, it will be in the Indonesian office.

3.1.5 Outlook

- (1) Certification and trade in RSPO CSPO will commence.
 - a. Although many non-governmental organisations (NGOs) who are not members are supportive of what RSPO is trying to achieve, they will be paying close attention to ensure that what RSPO delivers is solid, robust and credible.
 - b. Therefore, the RSPO member that is the first to deliver RSPO certified products must be bold and certain because they will be monitored by many critical observers who are aware of what is happening at the grass-roots level.
 - c. RSPO must ensure everything proceeds smoothly. The first set of audited reports will be prepared for peer review. It is understandable that organisations might labour under the perception that they are receiving unfair reviews or attracting negative criticism. RSPO is yet to decide how long peer review will be carried out.
 - d. Organisations should plan audits. For example, consider auditing certification units / mills in one region all together; however, all these operations must be handled in the same management system, and shown to be implemented with rigour.
 - e. Likewise, High Conservation Value (HCV) assessments are often cited as difficult and therefore costly. Perhaps a plantation company could look at a map of where activities are to be conducted in one region, and pool resources to assess at one go to save time and money.
 - f. RSPO is going into new phase and there will be many new questions as well as discoveries.
- (2) RSPO members have to be attentive to the need for continuous improvement, to achieve progress each year. As any auditor is aware that there will always be unforeseen events, these will not be seen as a major impediment.
- (3) RSPO project management needs to improve.
 - a. The problem lies partly with resources, with funding such as seed money to start things, and partly with the difficulty of convincing members to participate in yet another project.
 - b. Some of the RSPO projects can assist members in moving toward certification. For example, the Biodiversity and Agricultural Commodities Programme (BACP), a hub for technical biodiversity issues related to RSPO, is about an easier way of considering biodiversity. Substantial work is needed in that area; for example, work on alternative peat management strategies has not really started – a project brief is needed that meets the aspirations stated in the criteria.
- (4) In developing our communications strategy, the RSPO website will be the key.
 - a. Attention has also been given to communications related to our conferences, and in the roadshows and outreach activities that have been organised. In addition, many members are also asked to talk about RSPO. The President has personally done six presentations about RSPO in international conferences in the last 12 months.
 - b. Once RSPO's product is introduced in the market, the (dissemination of relevant information) needs to be increased. Different target audiences will require varying types of information) – the perception in consumer markets is completely different from producer markets. Thus RSPO will need to organise communications in Europe, Latin America and Asia.
 - c. Securing the services of experts in communications may be required and this will be very costly.

- (5) Outreach to governments is becoming critical.
 - a. With the P&C implementation starting, it will become more apparent that there are issues which people expect RSPO to solve. This would require engaging governments in a number of countries to determine if RSPO can be of assistance to them.
 - b. RSPO is not the body to solve land-use planning or policy issues. But it can assist governments in considering ways to do it, guide them to organise strategies with sophisticated tools, help in interpretations and in securing access to images. These are all being done.
- (6) A Senior Secretary General has been appointed – one reason for the appointment is that seniority is important in countries like Malaysia and Indonesia. RSPO thus felt the need for such a person who is not only trusted in the community but also has a background in business and maintains good relationships with NGOs and governments, particularly since outreach to governments will be part of RSPO's programme in the future.

3.2 The report of the President was accepted by the membership.

3.3 In describing the voting process to come later in the agenda, the President informed the membership that voting would be by ballot and that RSPO's accounting partners had been brought in to count the votes.

4. To receive and adopt the Report of the RSPO Treasurer, Mr. Tim Stephenson (Appendix 2)

4.1 The Treasurer delivered his report for the Financial Year 2006/7 as follows:

- 4.1.1 The Treasurer presented a summary of the audited accounts, describing it as a clean auditor's report. In terms of net current assets, RSPO succeeded in maintaining reserves equivalent to RSPO's target of one year's running cost. To a request by PT Smart (Daud Dharsono) for details of the Verification Working Group expenditure, the Treasurer explained that it mainly consisted of the costs of physically attending meetings.
- 4.1.2 In presenting the financial protocol, the Treasurer confirmed the appointment of Parker Randall as RSPO auditors for Financial Year 2007/08, with the auditor's remuneration being at the EB's discretion. In 2006, the fee paid was RM5,750.
- 4.1.3 The Treasurer then presented the Budget for 2007/8, with key expenditure items being running costs, particularly staffing, and projects.
- 4.1.4 In terms of compliance, local regulatory issues were identified in 2006. After seeking professional advice, RSPO Secretariat Sdn. Bhd. was formed in November 2007. It is a wholly owned subsidiary of RSPO, and its directors are the RSPO President and Vice-Presidents. All assets and employees are to be transferred to RSPO Secretariat Sdn. Bhd. In the management of RSPO, this change should not make a difference to the members.
- 4.1.5 In the question and answer session fielded by the Treasurer, the following ensued:
 - (1) *a) Q. Global Environment Centre - GEC (Faizal Parish): Please clarify the last statement about RSPO Sdn. Bhd. My understanding is that it is a limited company and all assets will be transferred to that organisation, including any surpluses. Will these surpluses be seen as profits and therefore subject to corporate taxes? Would not a non-profit setup be best?*

A. There is a possibility that we will be subjected to Malaysian tax but professional advice to us was that this was the best way to go.

b) *Q. GEC: From my experience, what you are showing as surplus could easily be determined by tax authorities as profit and subjected to tax. I suggest that the organisation seriously look at this as there are ways to create trust funds or non-profit organisations. It might take longer to do, but it is a way of ensuring in the long term that RSPO's income and surpluses, especially with the trading scheme coming into effect soon, are not disappearing as taxes.*

A. RSPO will consider a review of its status. If you have any suggestions, please come forward.

(2) *Q. PT Smart (Daud Dharsono): The 2007/8 budget for projects sees an allocation of RM54,000 for the Smallholders Taskforce. May I request the EB allocate more funds for this, especially for Indonesia?*

A. Allocation of project funds is subject to prioritisation of projects.

A. President: We are acutely aware that we need to pay attention to smallholders, and we have tried several times to channel through Indonesia-Malaysia-Netherlands funding but have not succeeded because of complications. Now that that has been agreed on, thanks in part to the drive of NGOs, the Dutch government will start sponsoring this. RSPO puts in small amounts because, usually, governments request that industry funds are used for such projects as well. In Malaysia, we will visit Minister Peter Chin about this too in view of his clear concern about smallholders.

4.2 In the vote to receive and adopt the Report of the RSPO Treasurer, 97 voted for, 1 against and 2 abstained. The report of the Treasurer was accepted by the membership. The Treasurer also requested a meeting with the member who voted against the report's adoption.

5. To confirm Minutes of the last General Assembly held on 22 November 2006 (Appendix 3)

5.1 An amendment was raised by Ahold (Hugo Byrnes) with regard to item 9.5 "Staggered terms of EB members" which had an incomplete sentence.

A proposal on this was tabled to the General Assembly for adoption. In addition, terms for the incoming RSPO Executive Board

The President accepted this amendment and stated that the sentence should read:

A proposal on this was tabled to the General Assembly for adoption. In addition, terms for the incoming RSPO Executive Board will be staggered, with a maximum of half the seats for each sector coming up for election at any time.

5.2 In the vote to confirm the Minutes of the last General Assembly held on 22 November 2006, 95 voted for, 1 against and 4 abstained. The Minutes of the last General Assembly were accepted by the membership.

6. To adopt the RSPO Principles & Criteria - 2007 revised version (Appendix 4)

6.1 The President remarked that the RSPO Principles & Criteria (P&C) would always be a document in development. In this item on the agenda, questions on this current document would be entertained, but changes cannot be made. Instead, changes would be considered for a future version following the next review of the P&C which would be in five years. However, before the five-year period, and after the first dozen certifications, RSPO also has the liberty to decide if a review is needed, and if so, will do it.

6.2 In the question and answer session which was fielded by the President, members were asked to refer to the document page by page and base questions on each page. The following ensued:

- (1) *Q. GEC (Faizal Parish): Please clarify the preamble statement that a special working group be established to look at Greenhouse Gas emissions to contribute to the development of additional criteria. How will this function and how will the results affect the P&C?*
- A. We have no answer to this yet as we will discuss this in the Board meeting tomorrow. It's a huge undertaking if you want to look at everything from the Life Cycle Analysis (LCA) aspects – a lot of people are already working on that, so we will probably conduct a watching brief on a number of LCA projects already happening here or in the Netherlands or Germany.
- (2) *Q. CTP Holdings (Thomas Fairhurst): In Criterion 3.1 [Page 11], there should be a consideration of including an indicator looking at actual palm product production as a percentage of potential palm product production.*
- A. That is a good point. Several people are working on this.
- (3) *Q. GEC (Faizal Parish): In Criterion 5.6 [Page 26], the note for indicators states that Greenhouse Gas issues will be addressed. I'd like to ask how these will be addressed and to point out that there is no need for further research to develop indicators as standard indicators agreed to by many countries with regards to climate change could be incorporated here without years of research. Is the Board looking more at this issue and refining the guidelines in this document?*
- A. Yes, there are indicators out there that have been agreed upon, but something that has been agreed upon doesn't mean it is undisputed or that all scientists agree on it or they have the right amount of details. Your remarks are noted – we will include in our discussions tomorrow the attempt to find indicators on Greenhouse Gas emissions that are acceptable to producers.
- (4) *Q. Oxfam International (Johann Verburg): In Criterion 6.5 [Page 31], the issue of labour has not had enough attention at the RT5. Referencing the Oxfam International (draft) labour review of the RSPO P&C revised version, and International Labour Organization Conventions 100, 111, 183 and 90, 111, please flag for future review, labour issues not adequately dealt with, notably (i) temporary contracts (ii) working hours with respect to piece rate wages (iii) discrimination against migrants and (iv) discrimination against women workers.*
- A. These issues were flagged during the 2007 public consultation review process.
- (5) *a) Q. CTP Holdings (Thomas Fairhurst): With regards to Criterion 7.1 [Page 37], in new plantings, when we assess carbon balance, it is essential to know the amount of biomass displaced. This is an important indicator: that the amount of standing biomass cleared at planting be recorded using a standard and approved protocol as a requirement of compliance.*
- A. There are standard measures for this and while not stated so specifically, already appear in indicators somewhere in the P&C.
- b) Q. CTP Holdings: There are approved and well tested methods for this; it should be given explicit wording and be much higher up in the chain of monitoring.*
- A. Thank you.
- (6) *Q. PT Smart (Daud Dharsono): In Criterion 7.3 [Page 40], bearing in mind the work of the Indonesian National Interpretation Working Group, I propose a*

rewording of “November 2005” to “the effective date of the implementation of the RSPO P&C”. This is to avoid disputes in the certification process.

A. When we drafted the P&C, we agreed that the cut-off point was the date of adoption of the P&C, so everyone in Indonesia was aware of this. I don't think we should renegotiate this point.

(7) Q. *PT Lonsum (Bryan Dyer): With regards to Criterion 7.4 [Page 42], growers want as objective a guidance as possible.*

A. I agree.

(8) Q. *CTP Holdings (Thomas Fairhurst): For a number of terms that are used in the P&C, there are no definitions [Page 47], for example, marginal and fragile soils, degraded land, steep terrain and peat soil.*

A. Fair comment, thank you.

(9) Q. *RSPO Vice-President IV (Simon Lord): Page 52 should be placed before Page 53. I have also been asked by the producers of Papua New Guinea (PNG) to bring to the attention of the EB that HIV/AIDS is a sustainable issue and should receive more commitment in the P&C.*

A. The placement of pages is noted. Fair comment regarding HIV/AIDS; this should not be difficult to include in our review as there are plenty of programmes on this available.

6.3 The President ended the discussion item with a hope that leafing through each page of the P&C would help members realise what producers have to do and what a long and complicated document it was. Therefore, it would be healthy for everyone to pace themselves in working towards the P&C.

6.4 In the vote to adopt the RSPO Principles & Criteria - 2007 revised version, 92 voted for, 3 against and 6 abstained. The total number of members increased by one because one new member had arrived late. The RSPO Principles & Criteria - 2007 revised version were accepted by the membership.

7. To adopt the proposal for EURO500 Ordinary Membership subscription fees for palm oil producers/growers of up to 499 ha in size (Appendix 5)

7.1 The President reminded the membership that they could only adopt or reject proposals; they cannot change them. He also pointed out that the definition of smallholders differed from country to country.

7.2 In the question and answer session fielded by the President, the following ensued:

(1) Q. *PT Smart (Daud Dharsono): I appreciate the proposal to reduce the fee, since the aim is to encourage all grower/producers to be members, especially in Indonesia where there are 6 million hectares of plantations whereby 2 million plus hectares are smallholdings farmed by 4 million small-scale smallholders. I would like to suggest that the reduced fee be applicable to smallholdings of 1,999 ha in size.*

A. With 1,999 ha, these grower/ producers would be earning about USD150,000 at today's prices.

(2) Q. *WWF Indonesia (Purwo Susanto): I agree with Daud but I want to propose that NGOs also should be entitled to a special rate.*

A. We will need to consider this; I suggest that members heed the cut-off point to submit proposals for the GA, which we have communicated to everyone for a long time. NGOs only need to show their annual statements to prove they cannot afford to pay the membership fee to convince RSPO to reconsider the fee, but so far no one has approached RSPO with this request.

- (3) *Q. PT Sampoerna Agro Tbk (Dwi Asmono): The MPOA proposal is for Malaysian and PNG smallholders. Is it also applicable for smallholders in the rest of the world, including Indonesia?*
 A. Please look at the last sentence of the proposal; its scope is all oil palm growing countries.
- (4) *Q. GEC (Faizal Parish): I understand the process, so I am not presenting an issue here, merely to support the proposal to offer reduced subscription fees to NGOs as the current fee is a major barrier to access. Such fee structures are available from other organisations such as IUCN. You also said any NGO could make a request to the Board to ask for a reduced fee. We weren't aware that any NGO could send their balance sheet in. Could this be clarified in writing to guide the procedure?*
 A. There is no need to do so in writing, I just said it – if you know of any NGO who is in such a position, just ask them to come forward.
- (5) *Q. Paneco (Ian Singleton): You made a quick assessment for a 2,000ha estate. How much profit can be made per year (on average) from a 500ha estate?*
 A. Based on a yield assumption of 5 mt/ha, the earnings would be about USD 37,500.
- (6) *Q. RSPO Vice-President II (Derom Bangun): To provide clarification for Daud and to avoid disappointment, we will ask the Secretariat to make a note for the next GA to consider increasing this hectareage from 499 to 1,999 ha. It should also be applicable in other countries.*
- (7) *Q. Malaysia Palm Oil Association - MPOA (Chew Jit Seng): The rapid assessment made of 5 mt/ha yield is too high. The current Malaysian average is 4 mt/ha. Indonesia's could be lower. Profit is according to many factors such as the scale of operations, CPO price, etc.*
 A. As with all rapid assessments, this is open to comment.
- 7.3 In the vote to adopt the proposal for EURO500 Ordinary Membership subscription fees for palm oil producers/growers of up to 499 ha in size, 81 voted for, 17 against and 3 abstained. The adoption of the proposal for EURO500 Ordinary Membership subscription fees for palm oil producers/growers of up to 499 ha in size was accepted by the membership.

8. Any other business

8.1 With questions fielded by the President, the following ensued:

- (1) *Q. Ahold (Hugo Byrnes): This is an accounting tradition – you mentioned RSPO has “accredited certification bodies”, whereas RSPO is actually doing approvals and therefore you are “approving certification bodies”.*
 A. That is correct – we aim to set up an accreditation process through the national accreditation bodies. We should look at the text on the website to see if it is correctly worded.
- (2) *a) Q. MPOA (Chew Jit Seng): Smallholders in Malaysia are defined under national legislation as being 40 ha in size; in PNG it is 50 ha. Therefore should the cut-off hectareage for smallholders be according to national legislation? Also, should smallholders be exempted from paying RSPO membership fees?*
b) Q. RSPO Vice-President II (Derom Bangun): Now that we are voting for those smallholders of 599 ha size and below, that is one category .. if smallholder size is smaller than that, such as 40 ha, perhaps we could offer them another rate of fee. Perhaps we can propose this at the next GA?

A. Your proposal to waive the fee for individual landowners with less than 40 ha is certainly a thought we should entertain – I call different smallholder organisations to come up with proposals. Meanwhile, RSPO is still trying to inventorise the definition of smallholders.

- (3) *Q. RSPO Vice-President II (Derom Bangun): For the benefit of all members, it is good to give information on the formalisation of the National Interpretation Working Groups (NIWG) tabled for December. The date of completion for endorsement by the EB is 20 December.*

A. This was dealt with in my section on National Interpretation (NI) on Tuesday morning. NI documents go back to the NIWGs to include the changes in the P&C. Malaysia, Indonesia and PNG have already done that and will resubmit the NIs before December 15 to the EB / Secretariat. Proforest will do a quick screening and then the EB will decide whether or not to adopt them on 20 December. Members can keep track of this on the RSPO website. In case one or more Board members don't agree, we will organise a public consultation.

- (4) *Q. SiAT (Gert Vandersmissen): Between this GA and the next one, there will be some comments on companies that undergo certification because of high expectations. Is the Board going to assist the first company to be certified in terms of communications? You can be sure all the NGOs will be scrutinising you from A-Z. But there are constraints in bringing the first CSPO to market.*

A. One element of our communications strategy will definitely be a communications plan around the launch of CSPO. We also invite our NGO partners to think about the communications they will be putting out. That is a good suggestion – thank you. The first task of the Communications Working Group we will create tomorrow is to work on the launch communications.

- (5) *Q. Johnson & Johnson (Adi Prabo): Is RSPO interested in certifying downstream manufacturers that use CSPO?*

A. The plan is not for RSPO to duplicate existing international standards. The control of RSPO lies in how sustainable palm oil travels down the supply chain or adopting Chain of Custody sets already out there, making sure no claims are being made in the market that should not be made. There are no plans to set up standards for the oleochemical industry – RSPO's task is already so enormous that we cannot handle things that are way beyond our scope.

- (6) *Q. RSPO (MR. Chandran): Just a suggestion – as an initial communications strategy, would the Board consider taking out an advertorial on the success that we've achieved so far, especially the outcomes of RT5, to communicate to the masses in producing countries? In view of what has happened today and the advertorial in the local press, we've got to get our message to the people that steps are being taken to bring sustainable palm oil to market.*

A. An excellent suggestion.

- (7) *Q. Proforest (Ishmael Dodoo): We should record thanks for a job well done for RT5 and RSPO achievements to date, by giving a rapturous round of applause as a sign of encouragement to the EB, Secretariat and RT5 Organising Committee.*

A. I was just coming to that: please put your hands together for the organising committee. ... A note on RT6: in the last slide of the RT5 roundup by Teoh Cheng Hai, he stated that we'll see you in Indonesia in 2008. We'll discuss that with our Indonesian partners. We regret that in light of the invitation to hold RT6 in Colombia by the Vice-Minister of Environment, it is difficult to ask 400-500 Malaysian and Indonesia smallholders to travel to Bogota. But it might make sense to organise a Central Latin America meeting – maybe things are developing at a faster pace in that part of the world than here. We will discuss this with Manuel Davila (Daabon Group).

The date for RT6 is not clear; it could either be in October 2008 or January/February 2009. By then, we can hopefully celebrate more certifications.

The meeting adjourned at 1640 hours.