

MINUTES OF EXECUTIVE BOARD MEETING EB 02-10

Date : 8-9 July, 2010

Venue : Westin Hotel, Kuala Lumpur

Starting Time: 09.00 a.m.

Attendees	Staff (Secretariat & RILO)
EB Members <ol style="list-style-type: none">1. Adam Harrison-WWF (AH)2. Johan Verburg-Oxfam Intl (JV)3. Tim Killeen-Conservation Intl (TK)4. Abetnego Tarigan -Sawit Watch (NJ)5. Gert Vandermissen – SIAT/ROW (GV)6. Cherie Tan Li Jie-WWF (CT)7. Faisal Firdaus-Carrefour (FF)8. Derom Bangun-GAPKI (DB)9. Simon Siburat - MPOA (SS)10. Jeremy Goon-MPOA (JG)11. Paul Rowsome -Carrerfour (PR)12. Chew Jit Seng-MPOA (CJS)13. Marc den Hertog -IOI (MdH)14. Tim Stephenson-AAK (TS)15. Jan Kees Vis-Unilever (JKV) - Chair16. Tony Lass-Cadbury plc (TL)17. Neil La Croix-Cadbury pld (NLC)18. Belinda Howell -BRC (BH)19. Paul Norton-HSBC (PN)20. Jose den Toom-Rabobank (JdT)21. Mohd Nor Kailany -Felda (MNK)22. Chong Wei Kwang-HSBC (CWK)23. M R Chandran (MRC)	<ol style="list-style-type: none">1. Vengeta Rao (VR)2. Jutta Poetz (JP)3. Sarala Aikanathan (SA)4. Asril Darussamin (AD)5. Rahayu Harjanthi (Ayu)6. Desi Kusumadewi (DK)7. Siew Pei Erl (SPE)8. Poon Chi Sum (PCS)9. Aisyah Mahdi (AM) Invited <ol style="list-style-type: none">1. Adrian Suharto (AS) -Neste/ Biofuels Gp)2. Amir Abdul Manan (AAM) – (Shell / Biofuels Gp) Absent: <ol style="list-style-type: none">1. John Baker–Rabobank (JB)2. Ian McIntosh-AAK (IM)3. Marieke Leegwater-MVO (ML)4. Norman Jiwan-Sawit Watch (NJ)5. Marcello Britto-Agropalma (MB)6. Patrick Corbussen-IOI (PC)

AGENDA EB02-10

Westin, Kuala Lumpur

8-9 July, 2010

DAY 1

Introduction, RSPO Antitrust Laws, EB changes (JKV)

EB Ways of Working (JKV)

Minutes of previous meeting and Matters arising

To confirm and approve the minutes of the 1st Executive Board meetings of 2010 (EB 01-109) held on 24-25 February, 2010 in Bali Indonesia.
(JKV/VR/all)

Accounts

3.1 Accounts – RSPO & RSPOSSB (TS/VR)

For period July – June 2010

Budget 2010/11

3.2 Long Outstanding Membership dues (VR)

2nd Name and Shame list

Secretariat & Membership Matters

4.1 Staffing- current position (VR)

4.2 RT7& GA6 - closing matters (accounts, proceedings and resolutions)(VR)

4.3 RT8 & GA7 preparations(VR)

4.4 Complaints against RSPO members – status and review of procedures (VR/all)

4.5 Reporting and progress of the new requirements on members (including proposal for more transparent tracking of member performance) (VR/AH)

EB MEMBERS ONLY

PWC report on review the role of the Secretariat and provide recommendations to improve the overall effectiveness, efficiency and accountability of the Secretariat.
(CWC/PWC)

Personnel Issues (JKV)

DAY 2

5. Standards and Certification Workgroup Report

- 5.1 IWM Project – update **(VR)**
- 5.2 NPWG – progress with rollout/implementation **(VR)**
- 5.3 GHG WG2 – update **(TK/JG)**
- 5.4 Biodiversity Coordinator report **(JP)**
- 5.5 Smallholders:
 - Smallholder (Scheme) NI and audits – update **(VR/AD)**
 - Smallholder (Independent) generic P&C and NI – update **(NJ/AD/VR)**
 - Group Certification Scheme (GCS) – update **(NJ/VR)**
- 5.6 Producer Certification:
 - 3rd Party Accreditation of CB (P&C and SC) - **(ML/VR)**
 - Progress of current certifications **(VR/ML)**
 - Progress with NI and Local Indicators **(VR)**
 - Review of RSPO P&C Certifications-Clause 4.2.4 **(JV/VR)**
- 5.7 HCV Working Group – progress report **(NJ)**
- 5.8 Remediation Guidelines **(CT)**

6. Trade and Traceability Subgroup Report

- 6.1 Supply Chain Certification – update **(ML)**
- 6.2 RED submission **(ML)**
- 6.3 Biofuels stakeholders brief to EB (Adrian Suharto and Amir Abdul Manan)
- 6.4 Utz and Green Palm matters **(ML)**

EB Meeting with Secretary General on Secretariat Review

7. Communications and Claims Subgroup Report

- 7.1 C&C report including trade mark development **(JKV)**
- 7.2 European Communications **(JKV)**
- 7.3 Secretariat Communications (including China and India) **(SA)**

8.0 AOB

- 8.1 Demand & Supply for CSPO **(JV)**
- 8.2 TFS and DSF proposals

1. Introduction, RSPO Antitrust Laws and EB changes (if any)

The Chairman bid a warm welcome to Belinda Howell representing the British Retail Consortium and occupying the retailers' seat vacated by Christophe Liebon. He also read out the anti-trust laws to which the RSPO Board is beholden

2. Minutes of previous meeting and Matters arising

The minutes of EB 01-10 were read and the following amendment noted: MNK was present (recorded absent since the attendance sheet was not signed). The minutes of EB 01-10 were then confirmed.

Matters arising from EB 01-10:

To post EB05-09 minutes on website -[done](#)

draft EB01-10 also posted (to be replaced with approved minutes after EB02-10) - [done](#)

Accounts: To engage Parker Randall to assist with accounts; recruit a professional accountant and organise financial reporting for RILO. - [done](#)

RILO regularisation: [In progress](#); No foreigners to be office-bearers.

Budgets 2010/11: to be [presented this meeting](#).

Review of Statutes & By-Laws: Legal costs will range from RM 50,000 – RM 150,000. [Awaiting EB advice](#).

Staffing: Secretariat HR review in progress by PwhC. Secretariat direct recruitments – A&F Manager [close to appointment](#), Certification Manager and Webmaster [stalled](#) as no EB volunteers for interview panel.

RT 7 & GA6 closing matters: Transfer of RT7 surplus from Sdn Bhd to RSPO account not affected yet because signatories unchanged from past. Summary of recommendations from open sessions circulated by JV. All GA6 documents have been uploaded [on the website](#).

RT8: venue to be changed from Jogjakarta to Jakarta – [done](#)

Grievances: [in progress](#) and monthly reporting to EB

Review of Grievance Procedures: Consultant [engaged](#) as advised at last meeting.

Progress reports: call for reports [in progress](#) and consultant engaged to progress collation and uploading on website.

IWM project: To request Cabi to conclude with case studies -[done](#).

New Planting Procedures (NPP): to repeat notice on website with full documentation -[done](#)

On the decision taken at the last meeting that GAPKI/MPOA will engage a consultant to advise on NPP cost sharing no action has been taken yet. On the costs for engaging such a consultant DB requested an idea of the budget that would be available. The meeting agreed that the EB will await suggestions/proposals [from GAPKi/MPOA](#)

GHG WG2: To appoint coordinator and develop budget [-done](#)

Biodiversity: To resolve issues between BTC and BC [-done with mediation by HSBC](#)

Smallholder certification: Finance -IFC progressing this; TFS Phase 2 – JV to present proposals at this meeting.

Grower certification – Clause 4.2.4: stakeholder consultation [in progress](#).

HCVA WG -FPP to be funded to progress this work. [Funding released](#).

SCC: ASI contracted. WG for RED submission set up and working.

Communications (China & India): Ongoing discussions for China. Proposed participation in Globoil India.

Donation request from BCAS: Awaiting 2009 audited accounts.

3. Accounts

3.1 Accounts and budgets

TS presented the accounts and 2010/11 budgets. He noted of progress in preparing monthly accounts compared to between late last year and Q1 but felt that further improvements are required in particular on accounting for accruals which is a new feature in the accounts. (Accounts previously on cash basis only but because of significant volumes of CSPO and increasing project costs, accruals necessary). He informed the meeting that Parker Randall (now called McMillan Woods) have been drafted to assist the Secretariat.

He briefed the meeting that a Admin & Finance Manager would be appointed quite soon pending some background check on the leading candidate. Once the professional is in place, it will be possible to do some longer term financial planning. He noted that establishing RILO as a legal entity was in progress and when completed financial reporting and controls will be put in place. To a query from DB the Treasurer assured that the establishment costs were not phenomenal and would come from RILO operating budgets.

TS noted that while unpaid dues have been notably reduced from RM 1.7m in December'09 the age analysis showed RM 1m more than 5 months overdue.

Cash continues to be accumulated and operating costs are in line with budgets. As previously reserves for one year's operating costs (which will increase annually) should be kept as undesignated funds. It was noted that Forex losses are higher as membership income is in Euros.

TS presented the draft 2010/11 budget highlighting the increasing income from membership subscription and Utz/GreenPalm income. Operating and project costs are budgeted at 5-6 million resulting in a deficit budget but JKV pointed out that full project costs have never been expanded in a single year in the past. It was agreed to defer further discussions on the budget following detailed discussions and reporting on key projects and activities. The draft budget is attached as Annex 1 to these minutes.

Towards the end of Day 2 the budget was revisited following more detailed discussions of some big expenditure projects such as TFS Phase 2 and DSF which JV elaborated on. The meeting agreed to adopt the budget presented as a working budget subject to pick-up in trade income, donations and Oxfam securing co-funding for the TFS and DSF projects.

JKV brought the attention of the EB that the revenue model that RSPO is currently using is not in compliance with ISO 65 (which does not allow for excluding non-members from certification) and this needs looking into.

3.2 Long Outstanding Membership dues

MRC raised the question of outstanding membership dues, noting that it was close to 60% at the last EB meeting. VR noted that the outstanding amounts have reduced but due to parallel strong increase in membership numbers, the reduction does not seem to be substantial.

A second list of serious defaulters had been prepared but due to time constraints, this item was not discussed in detail. Secretariat to share the list with EB members as part of commencement towards termination.

Action: To submit 2nd list of RSPO members in serious default of membership dues, to EB members for them to follow-up within their category. Secretariat to commence termination procedures.

4. Secretariat Matters

4.1 Staffing

The EB were briefed on the current staffing at the Secretariat and the recruitment of two new staff - Ms Pei Erl Siew appointed as membership manager from June 2010 and Mrs Aisyah Mahdi as GHG Coordinator from mid June. The appointment of an Admin & Finance Manager was well advanced while Certification Manager and Webmaster was stalled.

4.2 RT7 and GA6

The meeting noted that while the RT7 accounts had been closed the surplus from the event could not be transferred out of the Sdn Bhd account as the former accounts executive had deposited the funds in an account where the signatories were no longer in

the Secretariat or EB. VR mentioned that the problem arose from the frequent change in signatories JKV advised that once elections have taken place and new office bearers elected, the Secretariat should pursue for the necessary documentation.

4.3 RT8 and GA7

VR briefed the meeting on progress with preparations of both events and the Organising Committee were currently inviting eminent speakers for the event based on names suggested by EB members as well as the OC. The Minister of Agriculture will be invited for the opening.

JKV emphasised the importance for a smooth and disciplined GA7 and required that all procedures and processes be reviewed and tightened towards this end.

4.4 RSPO Grievance Procedure and status of current grievances

The meeting reviewed the current Grievance Procedures noting that the Grievance Panel had not been called upon for more than a year now. VR explained that the increase in number of complaints has been recent and, following the recommendations of EB 01-10, the Secretariat had engaged a consultant, Mr Ganapathy Ramasamy, pending the appointment of a grievance manager. GR is an expert on labour laws and social issues, experienced in plantation operations, was the independent observer at the first RSPO certification audit and is currently an external reviewer of RSPO P&C audit reports. Since his engagement in March, there has been regular reporting to the Board (which includes all the Grievance Panel members except one). VR clarified that, in keeping with the Member's Code of Conduct, the Secretariat's objective was to seek resolution at the lowest level in the following order a) directly between complainant and RSPO member b) through Secretariat mediation and c) by the Grievance Panel. Furthermore, the Grievance Procedure required the Secretariat to obtain case documentation when referring the matter to the panel and this was time consuming and there was no time frame for this.

Changes to Grievance Procedures

The meeting reaffirmed that the Grievance Procedure must be strictly adhered to and that (1) the Secretariat must submit all complaints to the Grievance Panel *within 2 weeks*, together with whatever documentation available by then. Likewise the meeting decided that (2) the time-frame for a member to respond after the 2nd notification is *4 weeks*, as this was not stated in the current procedure. The flow chart of current procedures require that “...and request that member voluntarily step-aside until case is settled...” As it was not stated what to step aside from, the meeting decided that (3) the entire phrase be deleted in the flowchart. Other changes:

(4) Page 1 Section on Grievance Panel, Para 1. delete the phrase “ *The purpose of...*” (5) Para 2 Second sentence amend to read “.....*by the core Grievance Panel to avoid conflicts of interest.*”

(6) Para 2 Third sentence delete “...*proposed...*”

(7) Composition of Grievance Panel. Change (WWF Switzerland) to (WWF)

(8) Composition of Grievance Panel. Change (Oxfam) to (Oxfam International)

The EB meeting agreed that it was important to communicate about grievances to the public through the website. The Chairman noted that the current procedures do not provide for this. Following a lengthy discussion the meeting agreed that once the Grievance Panel has established the legitimacy of a grievance it will be published on the RSPO website with a brief general description of the grievance.

Status of current grievances and EB decisions

Indonesia Community Mapping Network + 8 NGOs against Dutapalma. The meeting recommended that this grievance be referred to the Grievance Panel.

Aidenvironment's objection to PT PP London Sumatera certification is to be referred to the Certification Body to be investigated during the upcoming ASA.

Sime Darby alleged clearing of HCV post Nov'07. The ENGO members of the Board to be kept updated on progress of implementation of decisions at EB01-10.

Greenpeace allegations against Sinar Mas: case is at the “*Yes To Act*” stage of the Grievance Procedure and RSPO will be kept informed of the actions by Sinar Mas.

Sawit Watch's complaint of weakness in CUC's processes. The Grievance Panel will be kept informed of the outcome of the dialog between Sawit Watch and CUC.

Migros, Greenpeace, FoEI and IOI on land rights and illegal deforestation in Sarawak and Kalimantan. MdH will update the EB on outcome of meeting between IOI and Migros, etc on 29 July 2010.

The meeting agreed that except for cases linked specifically to certification (London Sumatra, CUC and Sime Darby) the rest can be published on the RSPO website.

Action: Secretariat to act according to the decisions taken (underscored above)

4.5 Reporting and progress of the new requirements on members (including proposal for more transparent tracking of member performance)

VR briefed the meeting on steps being taken to secure 2010 annual reports including engaging a consultant to receive, do a quick scan of reports and upload on the website. This was preferred to members complete their reports directly online as tracking and scanning would then be more time-consuming. He suggested that once members are familiar with the new reporting requirements then online submission is preferred, say from next year, as this is the first year for the new reporting requirements.

CT elaborated on the WWF proposal for tracking (for which Price Waterhouse Coopers have offered to do at RM 168,000) which included abstracting information from annual reports submitted to RSPO, reports in the public domain and company annual reports. After a lengthy discussion it was agreed that the consultant engaged by the Secretariat be approached to expand the contract, if possible, to include extracting and summarising information on progress leading to a presentation at RT8 of progress by RSPO and its seven constituencies.

It was agreed that:

- (a) MdH and JV will further fine tune the reporting format and forward to Secretariat to replace existing format.
- (b) IOI (MdH) and WWF (CT) have offered to help the Secretariat / consultant review incoming reports and abstract summary information.
- (c) Members who have not submitted their progress reports after the deadline (August 31) will be listed as non-reporting.
- (d) Progress reports submitted by the closing date will be collated into a book form for distribution during RT8.
- (e) Members who have not submitted progress report by the deadline will be listed in the book and on the RSPO website.

Action: Secretariat, MdH, JV and CT/AH to act according to the decisions taken above.

5. Standards and Certification Subgroup Report

5.1 IWM Project – update

VR briefed the meeting on the continuation of the project where CABI will complete 5-6 case studies as the final part of the contract. He expected the case studies to be completed in September and the final IWM project report in October. Though not in the contract he expected that the Secretariat will organise one more workshop or seminar, on sidelines of RT8 for example, to discuss the findings. To a question by the Chair he expected that the final report should be in before RT8.

5.2 NPP- progress with rollout/implementation

VR briefed that the notice for NPP was put up in December 2009, as the implementation date was 1st January 2010. Following questions over developments that straddled the cut-off date, and other implementation problems, a meeting of stakeholders was held on the sidelines of the 1st GHG WG2 meeting in February and further guidance developed. The guidance, reporting templates and NPP procedures were put up on the RSPO website in May and all grower members were also informed by email.

Meanwhile, JP in consultation with the BTC had developed the list of RSPO approved assessors as required by the NPP and to date some 70+ have been approved. SEIA and EIA consultants are to be taken from national lists.

5.3 GHG WG2 – update

TK briefed the meeting on the work of GHG WG2 noting that a second meeting in May had organised the work along 6 work streams: Scientific Panel, Policy Panel, Upstream Emissions /LCA, Peat (PLWG), Corporate Engagement and Downstream Emissions. The modalities, budgets, membership and work outline of the various workstreams were being developed – some completed at time of reporting, others work-in-progress. The GHG Coordinator (Aisyah Mahdi) was also introduced and the key role she is expected to play particularly in corporate engagement and upstream emissions.

To a query by DB he clarified that there are no tangible results from the work streams as yet but are expected to come in before RT8. Work streams are clear that their mandate includes this time line. He also clarified a question on the budget, particularly PLWG costs were still being finalised and reaffirmed the commitment from the UK government. The meeting agreed to defer discussing the budget to later in the day together with other projects.

5.4 Biodiversity Coordinator report

JP briefed the meeting on the biodiversity work within RSPO overseen by the Secretariat (HCV training in collaboration with HCV-RN, set asides guide as part of BACP BMPs, initiatives on developing compensation mechanisms), BTC/BC work under the BACP programme (HCV assessors and HCV training, BMPs) and work by RI HCV WG. To a query by the Chair on approval of HCV assessors JP briefed on the methodology which involved her doing the vetting, making recommendations to the BTC and public consultation. Approvals are for an initial period of 12 months, subject to declaration of code of practice and review of reports during the 12 months.

In terms of budgets for Biodiversity work JP and VR elaborated that funds were sought for a) RSPO funding for the BACP project b) support for HCV and BMP work (set aside guide manual) additional to the amounts in the RSPO-BACP project which were inadequate and c) support for Indonesia HCV WG. On the HCV training budget, it was noted that while the budgets were based on non-fee participation the Secretariat had not ruled out charging participants and thus reducing RSPO costs..

CT raised the matter of the Secretariat signing an MOU with New Forests since the latter was essentially an investment company. JP clarified that the MOU was an endorsement without costs to encourage RSPO members pilot participation in one possible compensation mechanism (other mechanisms are being discussed at BTC and HCV WG). Besides RSPO and NF, the MOU included BBOP (not-for-profit international compensation scheme) RSPO NGO members and plantation companies. The information from such pilots would be useful in the search for suitable remediation/

compensation models for Nov'05-07 planting. CT pointed out that she and TK were also working on compensation / remediation guidelines and she felt the MOU premature and recommended that it be delayed. JP clarified that the pilots were to obtain information for one type of compensation scheme, to be shared at RT8, and did not preclude other options at all. The Chair advised that all the different work on compensation should be brought together which JP emphasised was the objective heading towards RT8.

CT asked for progress on the Secretariat discussions with Sime Darby on the resolution of the post Nov'07 plantings. JP/VR elaborated of meetings between Secretariat and SD to move the matter forward, as recommended at the last EB meeting, and of preliminary visits to two Sime Darby plantations in Kalimantan to have a first hand look at how Sime Darby proposes to meet RSPO requirements. CT and TK felt that they, as EB members who wanted to be involved, were being kept sufficiently informed. JP clarified that the impression could be due to the EB members concerned being in communications with the corporate part of Sime Darby whereas the Secretariat were liaising with the Plantations operations division. The Chair was of the view that there maybe an issue of supervision here as JP did not seem to be in close communication with the Board members concerned. VR's view was that such supervision should include requiring the EB members concerned to communicate with JP and VR as well.

MRC raised concerns over the working relationship between the Secretariat and BTC. VR clarified that roles and TOR were discussed at a HSBC-mediated meeting between VR and the Chair of the BTC. While the Secretariat were clear about the advisory role of the BTC and that it was formed under the RSPO-BACP programme PN expressed the BTC Chair's view that the BTC could play a larger role in the RSPO. JP/VR also raised concerns that the BACP M&E person, invited as an observer, was allowed by the Chair to dominate debate and discussions but PN considered that quite alright if the Chair allowed it. JKV closed the discussion by opining that if there was a problem between the BTC Chair and the Secretariat the problem was with the Secretariat. JV suggested more EB membership within the BTC which VR/JP welcomed as there were two position vacant just now. TK advised that CI will consider participation and possibly WWF.

Action: TK and AH to consider CI and or WWF participation in BTC.

5.5 Smallholders:

In the absence of the TFS leaders, VR drew the attention of the meeting to the documents sent by MC to the EB for their approval, namely the final draft generic P&C for independent smallholders and the Group Certification Scheme. It was noted that the former did not cover HCV assessments by smallholders as HCV assessments are complex and require professional input. VR proposed that the Indonesian NI (for independent smallholders), now at the end of the period of public consultation, also be approved in principle, the final draft taking any comments from the last day of public consultation (the day after the EB meeting).

Decision: The EB meeting approved all three documents, the Indonesian NI being 'approval in principle' subject to incorporating relevant comments from its last day of public consultation.

5.6 Producer Certification:

3rd Party Accreditation of CB (P&C and SC)

The meeting was informed that the licensing agreement has been signed for accreditation of CBs to be migrated to ASI GmbH. The migration will be in three phase – Phase 1 pilot trialling of 3 P&C CBs and 2 SC CBs, Phase 2 all CBs and Phase 3 all CBs to ASI accreditation requirements.

Selected CBs (CUC, SIRIM, TUV Nord, BM Trada and ICEA) have been informed.

Progress of Certifications

VR updated the meeting that certified annual production is now more than 2 million tonnes CSPO and is expected to reach or exceed 2.5 million tonnes by RT8 (estimates, based on notifications of certifications by CBs).

The review of reports is now quicker because external reviewers have been engaged since early this year where previously EB members reviewed assessment reports. The Secretariat likewise only manages the process and is not involved in the reviews. To a query about external reviews once accreditation is managed by ASI VR noted that under the licence agreement with ASI reviews will be conducted by independent reviewers appointed by CBs as part requirement for accreditation.

Progress of NIs

The Secretariat had reviewed the Solomon Islands and Thailand NI and submitted the review to the S&C sub-group. The review picked up some errors in use of language (particularly in the English version of the Thailand NI) but no serious deficiencies or questions that reduced the two NI compared to the generic or other approved NI. VR on behalf of the S&C WG requested the EB meeting to approve the two NI.

Decision: The EB meeting approved the RSPO Solomon Islands and RSPO Thailand National Interpretation of the RSPO P&C.

To a query on the RSPO Colombian NI, VR briefed that there has been further stakeholder consultation between last year and early this year and Fedepalma have engaged a consultant to take on board stakeholder comments for a draft final NI for Colombia. Meanwhile one company in Colombia has successfully developed Local Interpretation / Indicators for their assessment; and this is allowed where there is no NI. Work on the RSPO Ghana NI was also progressing well.

Review of Clause 4.2.4 in the RSPO Certification System

JV updated the meeting on progress with the review and emphasised that review is to tighten guidelines so that members don't only put up 'flagship' entities going for certification (e.g. registration as member through a subsidiary rather than at the holding company level etc.). JG expressed concern that the new guidelines may undermine the

spirit of RSPO as there are no similar guidelines for membership but this notion was discounted by others. AH noted that there will be implications for membership. JV was of the view that if companies are affected due to differences between membership and meeting tighter 4.2.4 guidelines then these must be taken on a case-by-case basis.

DB asked about state-owned companies, where the government is the 'holding' company and requested more time for GAPKI to study the JV proposed guidelines and revert.

Action: GAPKI to revert in within a month with their comments to the JV proposed revisions to Clause 4.2.4. of the RSPO certification system.

HCVA WG – update

CT informed the meeting that discussions among the HCVA WG resulted in questions as to the validity of existing HCV concept for HCV 5&6. It was recognised that the HCV concepts were developed and hence more applicable to the Forestry sector. This needs to be addressed in order to better serve the plantation sector and provide input to the WG in its approach to the Indonesian government.

SS briefed on the revisions to the toolkit that was developed in Indonesia in cooperation with more than a dozen other companies. He pointed out the complications with land acquisitions and land titles in Indonesia as well as the socio-political issues involved. He noted that for some HCV it was necessary to look at landscape and ecosystem levels rather than specific species. CT suggested a review by the HCV-RN but SS preferred that that at least the initial work should be done by WWF INA as they are more familiar with the issues. CT agreed but noted that an estimated USD 150,000 will be required for the work. TK suggested that several EB members will draw up the ToR for this project and then take it forward with WWF.

Action: TK and ENGO board members to draw up TOR for HCV toolkit for palm oil and approach WWF for the work.

5.8 Remediation Guidelines

CT briefed the meeting and clarified that the guidelines were essentially for non-compliances beyond the November 2007 cut-off date. The guidelines will cover HCV, riparian, restitution for social issues (HCV), compensation for lands taken away from indigenous people etc. A draft has been developed by ENGO board members and now need to be taken to the wider stakeholder process. The meeting was invited to provide suggestions on stakeholder consultation, for example through a high-level task force, seminars, etc, and if the consultation be limited or very broad? CT suggested a select panel combining affected RSPO members and selected expert organizations e.g. HCV-RN. TK suggested involving the BTC and applying the guidelines to the Sime Darby matter. He opined that the adoption of guidelines should be the endpoint of the wider stakeholder consultation. MRC cautioned that final acceptance should lie with the

respective NI. VR clarified, to a query by CT, that some NIWG though dormant, can be recalled if there are RSPO matters to be resolved.

Action: CT to revert with a budget proposal on stakeholder consultation and to approach HCV RIWG for cooperation and to compare notes and also BTC for stakeholder consultation.

6. Trade and Traceability (T&T) Subgroup Report

6.1 Supply Chain Certification

a. Review of supply chain models

The T & T group tabled the following recommendations to improve the RSPO Supply Chain models.

1. The Mass Balance (MB) model is more complex and costly than Book & Claim though allowable claims are the same. To reduce this disparity it is recommended that:
 - a) Fractions from Segregated RSPO Certified Sustainable Palm Oil maybe traded on a 1:1 basis through the Mass Balance model and benefit of the same claims
 - b) The C&C WG improve the communications for MB.
2. That GreenPalm communicate more widely that members may buy certificates through 3rd parties.
3. That the T&T WG be mandated to conducted a yearly review of the Supply Chain Certification System.

Decision: The EB meeting approved all three recommendations

Action: T&T WG to progress all three recommendations.

b. Accreditation Pilot projects by Accreditation Services International (ASI)

VR had earlier briefed the meeting on the progress with migrating CB accreditation to ASI GmbH. The T & T WG preferred that CB approval/accreditation be fully handled by the RSPO secretariat. The WG could facilitate such a transition.

c. RSPO approval of Supply Chain Certification Bodies

ML informed the meeting that two CBs – BM Trada and Control Union Certifications – have been approved to date. Two more applications are being evaluated, of which 1 (ICEA, Italy) is expected to be approved shortly and the other (SGS, Malaysia) in the

medium term. Three more CBs have sought information and might apply in the medium term.

d. Palm Kernel Oil

The UTZ system currently does not handle registration of palm kernel oil. The T & T WG is working with Utz Certified to enable this.

Action: T&T WG and Utz Certified to develop registration of palm kernel oil

RED Submission

ML briefed the meeting on this project currently lead by PC of IOI and facilitated by Arjen Brinkmann of Brinkmann Consultancy. The WG had conducted a 'gap' analysis between RSPO systems and EU RED requirements and recommended the following 'add ons' for initial partial recognition.

P&C add ons

- (i) There is evidence that the land was under palm oil production in January 2008' (additional guidance to Criterion 7.3).
- (ii) *'There is evidence that biogas capture from POME is applied. In case biogas capture from POME is not applied, there shall be evidence that the palm oil mill was in operation on or before 23 January 2008' (additional guidance to Criterion 5.4).*

SC add ons

(i) 'Purchase orders for RSPO certified palm oil or palm oil product shall specify the country of origin'

(ii) 'Purchase orders shall specify evidence that the land from which the palm oil was obtained, was under palm oil production in January 2008. Purchase orders shall specify evidence that biogas capture from POME is applied in the mill where the palm oil was produced. In case biogas capture from POME is not applied, there shall be evidence that the palm oil mill was in operation on or before 23 January 2008'.

For new plantings since 2008, more additional guidance and/or new indicators are required, including on land use and carbon stocks. The WG will prepare a proposal for approval by the EB/General Assembly later this year following which these additions will be submitted to the EC for 'full recognition' (in 2011).

The T&T WG sought the EB meeting approval for :

1. The proposed phased approach for partial followed by full EC recognition of RSPO;

2. The proposed additional (voluntary) guidance to the RSPO P&C and the SCCS, and that they be submitted in July 2010 as part of the RSPO package for partial recognition;
3. That the RED WG works on an additional set of indicators, for full compliance with EU RED requirements, to be submitted to the RSPO GA in November 2010.

Actions: The EB meeting approved all three proposals and requested that the EB and Secretariat be kept informed of progress. The meeting also recommended linkages with GHG WG2, and its relevant workstreams, and the newly formed Biofuel Focus Group in RSPO.

6.3 Biofuels Stakeholders Brief to the RSPO Board

AS (Neste Oil) and AAM (Shell) presented on behalf of biofuel stakeholders (also known as the “Biofuels Focus Group”) and sought EB approval to:

1. Formulate the agenda representing the concerns of biofuel processors and draft an action plan for GA7 and organize and represent the biofuel voices more effectively in RSPO.
2. Exploring how RSPO can be more active in biofuel regulatory engagements including promoting RSPO as a single certification system globally speak on regulatory conferences and/or to governments
3. Bridging communications amongst biofuel processors and with other related stakeholders including growers.

The outcomes of the above tasks will be presented as a side event at RT8.

Action: The EB meeting approved all the above requests.

6.4 Utz and Green Palm Matters

It was noted that to date, about 800,000 GP certificates and, through the UTZ system, about 240,000 metric ton of oil has been traded.

Greenpalm agreed to remove the refiner’s fraction lost in its system and to harmonise both the UTZ and Greenpalm volumes and reporting.

Action: GP to harmonise with Utz Certified

7. Communications and Claims

7.1 Communications & Claims Working Group (C&C WG) -Trade mark development

BH presented on the development of the RSPO Trademark and Logo and sought EB approval for the logo design recommended by the C&C WG and the budget for the next stage of work (design completion and trademark registration).

Board members from non-English speaking countries were concerned with the use of the word “Certified Sustainable Palm Oil” and requested for a multi-lingual logo. BH clarified that for very small print applications, the lettering forming a circle would be replaced by a circle.

Decision: The meeting approved the logo design recommended by the C&C WG and the requested budget for the next stage of the work..

Actions: C&C to look into the language in the logo for non-English speaking countries. CCWG & TTWG to develop rules, management and control mechanisms for use of trademark and to present for EB approval in November 2010

7.2 European Communications - Schuttelaar & Partners’ Mid-term Review

SA presented, on behalf of the C&C WG, a mid-term review of work by Schuttelaar & Partners’ (S&P). The presentation included a request additional budgets to cover additional and extended work into 2011.

Decision: The meeting thanked S&P for their work and approved the additional budget. The EB also agreed to their participation at the coming RT8.

7.3 Secretariat Communications

SA presented the RSPO (Secretariat) and a proposed RSPO (Global) Communication Programs. The presentation covered on-going projects and activities at the Secretariat and the immediate and long-term needs for RSPO Communications. The meeting was informed that the plans were presented to the C&C WG on 1 June 2010 and will be further discussed at the next C&C WG (6th & 7th September, 2010) to detail-out the RSPO Communications strategy and operational plans.

Decision: The meeting agreed that the communication needs at the secretariat could proceed as shown in the presentation.

Actions: SA to work out the short-term needs of the RSPO Secretariat for communications, and also to consider the Boards’ decision to take the Price-Waterhouse’s recommendations to recruit 3 additional personnel for communications work at the secretariat. C&C to further deliberate and detail out SPO long-term plans at their next meeting and report to the EB.

Secretariat Communications (including China and India)

The meeting agreed on expanding the RSPO mandate in China and India, through meetings, conferences and trade-shows. The Secretariat is to collaborate with WWF and other members in these markets to promote sustainable palm oil.

India: RSPO will participate prominently the Globoil Conference in India in September 2010. The participation of UTZ and Greenpalm would be useful to explain market mechanisms.

China: RSPO Secretariat is working towards a China program and an initial meeting is planned with WWF China (Beijing office), CFNA and Mr Teoh Cheng Hai. World Bank (IFC) is in communication with Mr Teoh and WWF on this matter for RSPO.

Actions: SA and WWF to communicate further and establish concrete plans for these regions. SA will work out programs in China and India with the relevant parties and progress the proposed plans.

8. AOB

8.1 JV presented the forecast demand and supply for CSPO based on various scenarios and the expected tipping point dates, i.e. when CSPO volumes will rise to levels that will pull all production towards CSPO .

8.2 DB drew the attention of the EB to a recent palm oil article in the Economist that contained errors and portrayed palm oil in bad light. The article had caused concern among Indonesian growers and RSPO members and requested for RSPO to respond. After a lengthy discussion the meeting agreed that the best response would be for RSPO to continue its course and highlight its achievements.

8.3 VR touched on Yayasan RILO Indonesia, as this was skipped earlier, to clarify that : DB is nominated as the founder, current three Indonesian EB members will make up the management body, the heads of GAPKI, SW, Carrefour Indonesia and WWF-Indonesia will act as advisor and RILO staff will be absorbed as staff of the new entity. Funding for the foundation will be through regular grants from RSPO Switzerland.

8.4 PR noting the large volumes of palm oil consumed in Indonesia, discussed the local market for CSPO. He requested assistance from Indonesian and Malaysian EB members to look into cooking oil subsidies, for example, to be used to promote consumption of CSPO. CT suggested that such incentives should be included by the World Bank in its palm oil strategies. JKV suggested for Paul to estimate the resources required in Indonesia to talk to relevant stakeholders.

Next meeting: Physical meeting on the eve of RT8, Sunday, 7th November 2010. A video conference between this meeting and then on a need basis.

