

EB 04-06: Minutes of Executive Board Meeting

Date : Thursday, 23 November 2006

Venue : Suite 836, 8th floor South Tower, Meritus Mandarin, Singapore

Time : 0900-1700

Participants:

- | | |
|---|--|
| 1. Derom Bangun (GAPKI) | 15. Tim Stephenson (Aarhus Karlshamns) |
| 2. Umberto Villars (Migros) | 16. Ian McIntosh (Aarhus Karlshamns) |
| 3. Simon Lord (New Britain Palm Oil Ltd) | 17. Fitriani Ardiansyah (WWF-Indonesia) |
| 4. Johan Verburg (Oxfam) | 18. MR Chandran (Advisor) |
| 5. Tony Lass (Cadbury Schweppes) | 19. Andrew Ng (Secretariat) |
| 6. Rikke Netterstrom (The Body Shop) | 20. Aeimelia Kalsom Mohd Khalid (Secretariat) |
| 7. Rudy Lumuru (Sawit Watch) | 21. Desi Kusumadewi (Indonesia Liaison Office) |
| 8. Matthias Diemer (WWF Switzerland) | 22. Teoh Cheng Hai (Indonesia Liaison Office) |
| 9. Jan Kees Vis (Unilever) | 23. Si Siew Lim (Secretariat) |
| 10. Simon Harris (HSBC Bank Malaysia Bhd) | |
| 11. Samantha Lacey (CIS) | Absent (substantive EB members): |
| 12. Chew Jit Seng (MPOA) | |
| 13. Mamat Salleh (MPOA) | 1. Mohd Nor Kailany (Felda) |
| 14. Don Grubba (IOI Group) | |

Agenda:

1. **Introduction and RSPO Antitrust laws**
2. **Executive Board**
 - 2.1 Introduction of new EB
 - 2.2 Selection of office-bearers
 - 2.3 Update of EB mailing list
3. **Clarification about MPOA presentation at RT4**
4. **Confirmation of minutes of EB meeting held on 19 & 20 July 2006 (EB 02-06)**
5. **Secretariat**
 - 5.1 Accounts & finances
 - 5.2 Upgrading of Secretariat computing systems
 - 5.3 RSPO Jakarta Satellite Office
 - Office arrangements with IPOC and daily supervisory work by Ibu Rosediana
 - 5.4 Legal status of RSPO Secretariat in KL
 - 5.5 RSPO Secretariat appraisals: roles, performance & possible expansion
6. **Membership**
 - 6.1 Statement from Oxfam
 - 6.2 False claims (Agropalma)
 - 6.3 Greenergy letter/FEDIOL statement?
 - 6.4 Statement from Migros?
 - 6.5 Grievance procedure re-proposal
 - 6.6 Code of Conduct
 - 6.7 Anti-trust guidelines

- 6.8 Resolution of Syngenta membership application
- 6.9 Multiple membership issues (proposed Alan Southworth, support MPOA)
- 6.10 Fedepalma concern over involvement or engagement of Africa, L. America stakeholders.

7. Projects & working groups

- 7.1 Two-year P&C trial implementation projects & trial audits updates
- 7.2 National Interpretation process PNG, Indonesia, Malaysia updates
- 7.3 Verification protocol planning and timeline next-steps, testing, etc.
- 7.4 Supply chain project: GreenPalm proposal
- 7.5 Smallholder Task Force update
- 7.6 Alternatives to Paraquat project proposal update
- 7.7 Other projects (FPIC, Biodiversity training, smallholder chemical training)
- 7.8 Feedback into review of P&C 2007
- 7.9 BMP project update

8. RT4 and GA3 post-mortem & press statement

- 8.1 Translations into Bahasa Indonesia

9. RT5 planning

- 9.1 Venue & dates

10. Matters arising

Minutes:

1. Introduction and RSPO Antitrust laws

Jan Kees Vis (JKV) welcomed members of the newly elected RSPO Executive Board to the meeting.

Matthias Diemer (MD) raised the issue that both substantive member and alternate of a particular organization are present at EB meetings and proposed that only one representative should be present at EB meetings to avoid crowding and a misbalance in representation.

DECISION: All agreed that only one person (either the substantive EB member or the alternate) of a particular organization should be allowed at the table and to participate in EB discussions.

2. Executive Board

2.1 Introduction of new EB

2.2 Selection of office-bearers

JKV offered himself again for the post of RSPO President. This proposal was supported by Tony Lass (TL). Mamat Salleh (MS) nominated Don Grubba as a second candidate.

DECISION: After voting by secret ballot, Jan Kees Vis of Unilever was re-elected as RSPO President (results of voting = 11-5).

After discussion on substantive and alternates representation on the EB, there was agreement that fixed alternates should be made known to the Secretariat to reduce overcrowding during EB decision-making and meetings.

ACTION: All to send substantive and alternate representatives and corresponding emails to Secretariat.

JKV proposed that the EB discuss the issue of staggered EB terms during the next meeting due to time constraints. After some discussion on arrangements for RSPO Vice-Presidents, all agreed to maintain the current setup.

DECISION: All agree to maintain current arrangements pertaining to RSPO Vice-Presidents:

- Vice-President I - Matthias Diemer, WWF Switzerland (NGOs)
- Vice-President II - Derom Bangun, GAPKI (Indonesian growers)
- Vice-President III - Mamat Salleh, MPOA (Malaysian growers)
- Vice-President IV - Simon Lord, NBPOL (Rest of the world growers)

JKV enquired if Aarhus Karlshamns (AAK) is willing to be reinstated as RSPO Treasurer. In response, Ian McIntosh (IM) agreed but called for EB support to ensure audited accounts are ready by the time RSPO General Assemblies convene. Derom Bangun (DB) stressed that the Secretary-General should update the Treasurer on RSPO financial matters from time to time. IM reminded all that it is the Secretariat's role to manage RSPO's day to day accounts. Don Grubba (DG) offered advice from his experience playing a Treasurer's role in another organization. DG deals with finances twice a year: budget discussion at mid-year and another discussion at year-end prior to presenting audited accounts.

DECISION: Ian McIntosh of Aarhus Karlshamns UK was reinstated as RSPO Treasurer.

2.3 Update of EB mailing list

See above.

3. Clarification about MPOA presentation at RT4

Matthias Diemer (MD) and Jan Kees Vis (JKV) stated that critical statements (of EB) made in public (during RT4) by MPOA were not acceptable and requested clarification from MPOA.

Chew Jit Seng (CJS) and Derom Bangun (DB) in turn complained about Control Union's RT4 presentation that irked Malaysian and Indonesian producers. In response, JKV explained that if the vetting procedure for presentations is the issue, RT4 is the first Roundtable meeting organized without an organizing committee. JKV explained that the Secretary-General was given authority to make decisions in light of not having an organizing committee. Criticism of the Secretary-General will not be acceptable because the responsibility was given to him and a decision had to be made. JKV added that future Roundtable organizing committees need to be responsive to emails.

Rikke Netterstrom (RN) added that there was a lot of confusion at RT4 with regards to where RSPO is in terms of verification, implementation of the P&Cs, etc. JKV responded by saying that EB members should know where we are and in turn, inform our respective constituencies.

DB provided more feedback (from Indonesian producers) on RT4 and GA3. Stakeholders felt that GA3 was not run in a proper manner and the speech by an Indonesian community representative at RT4 should not have been allowed. Mamat Salleh (MS) and Simon Lord (SLO) echoed these sentiments on behalf of their region's producers. On the contrary, Matthias Diemer (MD) was in the opinion that all stakeholders should have an opportunity to voice their concerns in a multi-stakeholder setting like RSPO. Rudy Lumuru (RL) reminded EB that if RSPO wants the social sector to contribute, they need to be engaged and that is precisely the challenge. RL added that he had already spoken to the community representatives about their method of communication. In correction, MRC related feedback that the same individual representing community groups who spoke at RT4 gave a very constructive presentation addressing the exact same issues at the Smallholder Task Force meeting on Monday, 20 November 2006. Both JKV and RL offered apologies over the matter.

Johan Verburg (JV) and RN felt that it is the EB's responsibility to explain to their constituents regarding what happened at RT4 and it should not be the role of the Secretariat to prepare any apology statements. Tony Lass (TL) added that this is an important lesson learned for future Roundtable meetings. The EB needs to be more involved in planning the conference agenda.

JKV still felt that MPOA was not comfortable with the process and enquired if that was true. CJS concurred and added that not all MPOA producers are ready for RSPO certification. MPOA has received a lot of negative feedback in the past with regards to the matter and has even been accused of foregoing national interest by promoting RSPO amongst its stakeholders. In addition, MS added that MPOA's GA3 proposals were meant to encourage more Malaysians to come onboard the RSPO. Since both proposals were rejected by RSPO members, MPOA will be hard-pressed to explain the outcome to its members. CJS also aired disappointment with regards to the GA3 Chairman advising members to vote against MPOA's proposal. JKV and TL explained that RSPO members cannot discuss prices or premiums (contained in MPOA's proposal at GA3) and this was in accordance with RSPO's Antitrust Laws.

MD appreciated MPOA's internal tension but still felt that it was unacceptable for MPOA to present criticisms in public before discussing matters at EB level. MS explained that the issues brought up by MPOA were not mere technicalities with the intention of delaying the whole process but they have serious implications to the RSPO. The non-registration of RSPO in Malaysia implies the non-compliance with the local laws. For example, failure to prepare the annual accounts had led to the de-registration of an MPOA Branch under the Malaysian laws. Furthermore, the absence of the final

accounts due to the inability to trace the payment of fees by respective members implies that some members who did not pay their subscription are legally not members. Therefore, their voting at the General Assembly may not be valid. Such situation had occurred and even led to the de-registration of the largest ruling political party in Malaysia.

JKV enquired about what EB can do to aid MPOA. JKV offered to visit the Malaysian Minister of Plantation Industries and Commodities again as well as to address the MPOA council if helpful. Ian McIntosh added that it is important for MPOA to stay onboard and all efforts by them to promote RSPO so far are much appreciated. After some discussion, it was decided that an RSPO forum (led by the RSPO President) for all Malaysian stakeholders including government officials would be helpful. MRC added that Don Grubba's involvement in the forum as a representative of a Malaysian company aware of consumer pressures would be useful.

Moving on to feedback on GA3, DB voiced concern that the GA was not conducted in a proper manner. There was insufficient opportunity for members to voice concerns. Samantha Lacey (SLA) offered help to organize the next GA as corporate governance is a main part of her job. As an example from corporate environments, SLA added that shareholders need to be provided with information from both proponents and the EB before voting. After some discussion, it was agreed that the next GA needs sufficient time allocation and proper explanation of proposals. SLO and TL further suggested that an EB meeting be held prior to Roundtable meetings and General Assemblies to review proposals.

JKV proposed for EB to discuss item 7.8 (Feedback into review of P&C 2007). Refer to Item 7.8.

4. Confirmation of minutes of EB meeting held on 19 & 20 July 2006 (EB 02-06)

Not discussed.

5. Secretariat

5.1 Accounts & finances

Matter was previously discussed during EB 03-06 on 20 November 2006. Refer to meeting minutes.

5.2 Upgrading of Secretariat computing systems

Not discussed.

5.3 RSPO Jakarta Satellite Office

- Office arrangements with IPOC and daily supervisory work by Dr Rosediana Suharto

Desi Kusumadewi (DK), RSPO's newly appointed Indonesia Liaison Officer, introduced herself to EB members and provided an explanation of the Indonesian Liaison Office work. Teoh Cheng Hai (TCH), Indonesia Liaison Office Advisor, further explained the workplan of the Liaison Office in Jakarta. In addition TCH requested for EB's approval for DK to undergo facilitators' training sometime in February/March 2007 in Singapore.

Tony Lass (TL) enquired about the translation of key RSPO documents into Bahasa Indonesia. TCH responded that key documents for translations have already been identified and by December, we will have a Bahasa Indonesia bulletin focusing on RSPO activities in Indonesia.

DECISION:

- All agree to approve support for training of Indonesia Liaison Officer, Desi Kusumadewi
- All agree for Indonesia Liaison Officer, Desi Kusumadewi, to attend all EB meetings

5.4 Legal status of RSPO Secretariat in KL

Ian McIntosh (IM) explained that the RSPO Secretariat currently does not have legal status in Malaysia. RSPO has requested for Parker Randall to look into the matter and they recommend the following:

- RSPO Secretariat needs to be set up legally in Malaysia
- Establish RSPO Secretariat as a limited company with RSPO members as shareholders
- Two EB members serve as directors of the company and 2 other EB members as Malaysian residents

After discussion over the pros and cons of establishing the RSPO Secretariat as a limited company in Malaysia as well as considering alternative options (i.e. Secretariat as a registered society or club in Malaysia or subsidiary of Swiss office), the following was decided.

DECISION: All agree to ask Parker Randall to prepare concrete proposal for ways forward with regards to the RSPO Secretariat's legal status in Kuala Lumpur.

ACTION: All to decide on who local EB directors and the minority shareholder should be (in the proposed legal setup discussed above). Information should be sent to the Secretariat via email.

In addition, MR Chandran (MRC) mentioned that it may be possible to set-up the RSPO Secretariat as a 'Company Limited by Guarantee.' The advantage would be that in the event of winding up, the liabilities of Directors would be limited to a minimal sum. MRC also proposes the name 'RSPO Management Bhd.'

5.5 RSPO Secretariat appraisals: roles, performance & possible expansion

RSPO Secretariat staff was requested to leave the room while EB carried out appraisals.

6. Membership

6.1 Statement from Oxfam

Johan Verburg (JV) stated that Oxfam is happy to be back on the EB and is fully committed. To provide some background on the earlier dilemma faced by Oxfam with regards to the involvement in RSPO (during the PT Musim Mas and IUF case), JV explained that the palm oil sector is regarded a widely disputed sector and therefore Oxfam is accountable to a wide range of stakeholders to justify working so closely with it. JV also voiced his appreciation to EB members for their patience during challenges faced. JV added that resource constraints were also a challenge and this has led to responsibility being transferred from Oxfam GB to Oxfam Novib, the NL affiliate. Finally, JV stated that Oxfam International is now the substantive representative for RSPO matters and that will come with a higher level of commitment as well as expectations.

6.2 False claims (Agropalma)

Not discussed.

6.3 Greenergy letter/FEDIOL statement?

ACTION: Secretariat to distribute Greenergy letter/FEDIOL statement via email to EB again.

Samantha Lacey (SLA) added that CIS' position on biofuels is that palm oil should not be used for biofuels. However, SLA will still examine the statement.

6.4 Statement from Migros?

Not discussed.

6.5 Grievance procedure re-proposal

Not discussed.

6.6 Code of Conduct

Jan Kees Vis (JKV) reminded EB that the GA3 agreed to approve the Code of Conduct with MPOA's input.

ACTION: Secretariat to include MPOA's suggested amendments to the Code of Conduct under 'track changes' and distribute to EB for approval.

6.7 Anti-trust guidelines

ACTION: MPOA to send proposal(s) regarding the RSPO Antitrust guidelines to the Secretariat for further distribution to EB.

6.8 Resolution of Syngenta membership application

ACTION: Jan Kees Vis and Andrew Ng to discuss next steps regarding Syngenta's membership application.

6.9 Multiple membership issues (proposed Alan Southworth, support MPOA)

ACTION: Secretariat to contact Alan Southworth of PT Musim Mas with regards to his earlier proposal regarding the issue of multiple memberships.

MR Chandran (MRC) added that RSPO needs to re-examine the process of admitting energy companies. Jan Kees Vis (JKV) agreed that the EB needs to look at the matter.

JKV proposed for EB to discuss item 10 (Matters Arising). Refer to Item 10.

6.10 Fedepalma concern over involvement or engagement of Africa, L. America stakeholders.

Not discussed.

7. Projects & working groups

7.1 Two-year P&C trial implementation projects & trial audits updates

Not discussed.

7.2 National Interpretation process PNG, Indonesia, Malaysia updates

Refer to Item 3.

7.3 Verification protocol planning and timeline next-steps, testing, etc.

Jan Kees Vis (JKV) repeated the proposed next steps for the verification work as discussed during EB 03-06 on 20 November 2006:

- Create a list of who is formally involved in VWG, divided by sector
- If composition is not balanced, fill the void following the CWG nomination model
- Identify and invite additional verification experts
- ProForest to send revised documents to new VWG
- Translate key documents to Bahasa and Spanish
- ProForest to revise current budget and RSPO to source for funding (DOEN has indicated interest)
- Conduct physical VWG meeting in early 2007
- Verification procedure to be finalized by June 2007

Matthias Diemer (MD) presented a proposal addressing interim claims to the EB. MD explained that the purpose of the proposal was to ensure fast-movers do not lose interest in RSPO certification since it will take at least 9 months before any form of official certification/verification can happen. Simon Lord (SLO) warned that intense scrutiny should be practiced and EB needs to be over-cautious in the short term. SLO agreed in principle to WWF's proposal. However, Ian McIntosh (IM) voiced concern over how the proposal will work in practice. Jan Kees Vis (JKV) further explained that requirement of auditors would include: proof of experience in palm oil, inclusion of management units, etc.

IM further enquired about the 'pass mark' for producers undergoing interim audits. SLO explained that as in the case of ISO 14001, the 'pass mark' will depend on major and minor non-compliances. SLO further suggested that one if major non-compliance was raised then no approval for certification should be given. JKV added that we would prefer to have measurable indicators but some elements cannot be measured (i.e. good relationships).

Don Grubba (DG) viewed WWF's proposal as well-intentioned but could potentially be a major distraction. As a possible alternative, DG suggested creating a multi-stakeholder team or group representing RSPO to communicate RSPO's work to government, industry groups and the market in general. Chew Jit Seng (CJS) echoed DG's concern about getting the RSPO message across to key stakeholders and supported DG's proposal. Rikke Netterstrom (RN) agreed with DG but felt that 8-9 months is a substantive period of time and people should be allowed make interim claims. Simon Harris (SH) agreed with RN and added that claims will be made anyway but at least with WWF's proposal, RSPO has some control over the matter.

After further discussion, EB did not reach agreement over next-steps with regards to interim claims. In summary, JKV stated that:

- Producers caution against lowering the bar with allowing interim claims
- Sectors close to consumers feel pressure of having sustainable palm oil in the market

7.4 Supply chain project: GreenPalm proposal

Not discussed.

7.5 Smallholder Task Force update

Jan Kees Vis (JKV) stated that the Smallholder Task Force (STF) has requested for EB approval of their latest workplan as well as assistance with fund sourcing.

DECISION: All agree to continue lobbying the Tripartite to provide funds for the STF work.

7.6 Alternative pest management strategies proposal update

Andrew Ng (ANG) provided an update on progress. The Secretariat has approached CAB International to carry out the project and the Secretariat is currently awaiting feedback from them. So far, we know that CABI would like to make this a global study so they have consulted with other CABI global offices and are currently awaiting feedback from them. ANG stated that CABI should be able to provide details on methodology, costs, etc. before the end of the year. Jan Kees Vis (JKV) added that no public call for consultants (to carry out the Alternative pest management strategies project) was made because of CABI's reputation as an independent research organization. Tony Lass (TL) urged the Secretariat to ensure CABI delivers on time as timelines are tight.

JKV proposed for EB to discuss item 6.7 (Antitrust Guidelines). Refer to Item 6.7.

7.7 Other projects (FPIC, Biodiversity training, smallholder chemical training)

Not discussed.

7.8 Feedback into review of P&C 2007

Jan Kees Vis (JKV) stated that the process of providing feedback into the review of the P&C in 2007 is dependent on the status of National Interpretation processes. Chew Jit Seng (CJS) stressed the need for clear timelines and also added that National Interpretation in Malaysia is going ahead. With regards to National Interpretation in Papua New Guinea (PNG), Simon Lord (SLO) provided a brief update on progress. Derom Bangun (DB) explained that National Interpretation in Indonesia is also in progress and added that Indonesians would like to consult with Malaysian partners at a later stage to make comparisons and adjustments. CJS stated that the Malaysian National Interpretation group has decided to use MYGAP as a basis for National Interpretation to speed up the process.

Matthias Diemer (MD) enquired if there are plans to involve NGOs in the Indonesian NI process. Fitriani Ardiansyah (FA) and DB explained that the Indonesian NI group currently includes NGOs. FA added that the group is attempting to emulate the CWG in terms of composition and results can be expected by mid-2007. SLO expressed difficulties in involving all stakeholders engaged in the NI process. Support from social NGOs is missing in PNG.

JKV proposed that RSPO organizes RT5 around the review of the P&Cs. JKV enquired about suggestions on how to involve the CWG and stressed the need to contact respective NI groups one month prior to RT5 to find out where they stand. Johan Verburg (JV) proposed for the Smallholder Task Force (STF) to be included in discussions as an NI group itself.

When asked to clarify the Terms of Reference for the NI groups, SLO explained that NI groups were supposed to only review the guidance document and not the Principles and Criteria i.e. locally review guidance and indicators for national application.

CJS stated that the Malaysian NI group will be hard-pressed to meet the November 2007 deadline but felt that targets need to be set. JKV explained that standards are never final and stated that he is in favor of open debate with a large group of stakeholders in a structured manner.

DB enquired about the possibility of funding for NI groups to carry out work. JKV suggested waiting for the completion of RSPO's audited accounts before deciding on funding.

DECISION: All agree to discuss funding for National Interpretation groups at the next EB meeting.

JKV proposed for EB to discuss item 9 (RT5 planning). Refer to Item 9.
7.9 BMP project update

Not discussed.

8. RT4 and GA3 post-mortem & press statement

8.1 Translations into Bahasa Indonesia

Refer to discussion under item 3 (Clarification about MPOA presentation at RT4).

9. RT5 planning

9.1 Venue & dates

DECISION: All agree that RT5 will be organized as follows:

- RT5 to be held in Kuala Lumpur, Malaysia.
- Start date: 12 or 19 November 2007
- Expected number of participants: 500
- Breakout rooms to be made available
- Facilities to be available from Monday to Friday
- Use experienced conference hotels
- Utilize services of professional conference organizers

ACTION:

- Secretariat to enquire about possibilities of video linking RT5 to European stakeholders.
- Secretariat and HSBC to explore approaches for handling RT5 sponsorship.

10. Matters arising

Next EB Meeting

DECISION: All agree that the next EB meeting be held during 24-26 January 2007 in the Netherlands.

ACTION: Oxfam and Unilever to decide on actual venue for the next EB meeting.

JKV proposed for EB to discuss item 5 (Secretariat). Refer to Item 5.



Roundtable on Sustainable Palm Oil

Vote of thanks to previous EB Members

Simon Lord (SLO) proposed a vote of thanks to EB Members who have contributed to RSPO's goal and mission.

<Meeting ended at 1700>

RSPO Secretariat
5 December 2006

Jan Kees Vis, President
Roundtable on Sustainable Palm Oil (RSPO)