

## Minutes for Executive Board Meeting EB 04-11 & EB 05-11

Meeting	Details
EB 04-11	Date: 21 <sup>st</sup> November 2011 Time: 1000 (Malaysian Time) Venue: Rose Garden, Meeting Room, Sutera Magellan
EB 05-11	Date: 25 <sup>th</sup> November 2011 Time: 1000 (Malaysian Time) Venue: Rose Garden, Meeting Room, Sutera Magellan
Confirmed attendance	
<p><b>EB members</b></p> <p>AAK - Tim Stephenson (TS) Cadbury - Neil La Croix (NLC) Conservation Intl - Tim Killeen (TK) HSBC - Paul Norton (PN) IOI - Hidde van Kersen (HvK) Oxfam Intl - Johan Verburg (JV) Rabobank – Jose den Toom (JdT) Retailers' Palm Oil Group - Belinda Howell (BH) Unilever - Jan Kees Vis (JKV) – Chair WWF - Adam Harrison (AH) SIAT – Gert Vandersmissen (GV) Carrefour – Dani Rahadian (DR) Indonesian Growers Caucus– Edi Suhardi (ES) MPOA – Puvan Selvanathan (PS)</p>	<p><b>Alternates</b></p> <p>Cadbury - Tony Lass (TL) Indonesian Growers Caucus – Gan Lian Tiong Carrefour – Agathe Grossmith (AGG) NBPOL – Simon Lord (SL) AAK- Martin Craven (MC) MPOA - Jeremy Goon (JG)</p> <p><b>Advisor</b></p> <p>M R Chandran (MC) Prof. Bungaran Saragih (BS) [absent with apologies for 25<sup>th</sup> November 2012]</p> <p><b>Secretariat</b></p> <p>Darrel Webber (SG) Anne Gabriel (AG) Salahudin Yaacob (SY) Chong Wei Kwang (CWK) Desi Kusumadewi (DK)</p>
<p><b>Excused</b></p> <p>Sawit Watch - Abetnego Tarigan (AT) FELDA - Mohd Nor Kailany (MNK)</p>	<p>Oxfam Intl – Kate Geary (KG) Sawit Watch - Norman Jiwan (NJ) GAPKI – Derom Bangun</p>

Agenda 13th & 14th July

Item No.	Description	Focal Person
<p>1</p> <p>1.1</p> <p>1.2</p> <p>1.3</p>	<p><b>Introduction</b></p> <p>JKV welcomed Prof Bungaran Saragih, as the new adviser to RSPO for Indonesian affairs</p> <p>JKV also welcomed Edi as an interim EB member representing the caucus of some Indonesian growers, they temporarily replace the position left vacant by GAPKI. This interim solution will be in place until formally endorsed by the RSPO General Assembly.</p> <p>JKV reminded all on compliance to the antitrust law.</p> <p>JKV reminded that decisions within the EB were to be by consensus.</p> <p><u>Approval of Minutes of previous meeting EB 03-11</u></p> <p>Johan Verbug mentions that on page 6, the word is 'Sanggau' not "Sandau".</p> <p><b>Decision: There were no other comments and the minutes 03-11 were duly approved.</b></p>	<p>SG</p>
<p>2</p> <p>2.1</p>	<p><b>RT9 Briefing</b></p> <p>AG – Briefed on the roles and duties of EB and the SG during RT9. The briefing included the welcoming/handling of Guest of Honour and Keynote speakers.</p> <p>DW informed the EB that there would be a press conference organised by Sawit Watch and Forest Peoples Programme today.</p> <p>NJ briefed that the press conference by SW is to promote RSPO and constructive resolution process. Issue surround their work in Jambi. Encouraging process of constructive resolution process. RSPO should be a place for positive conflict resolution. Timing is 1.30</p> <p>JG,PJS, TS amongst others, reminded NJ that the code of conduct requires that member organisations should seek to sort out issues amongst themselves first, before using other channels of communications and medium.</p> <p>NJ thanked the EB members for the reminder and informs that SW will not be attending the press conference and will remove its name from the intended press release.</p> <p><u>Member registration</u></p> <p>As at Saturday, 19<sup>th</sup> November 2011, the registered attendees for the General Assembly stood at 143, while 275 registrations are needed to reach the quorum.</p> <p>MRC requested that announcements be flashed to the audience reminding them register for the GA8.</p>	

	<p>GVM reminded the EB that the number of producers from the Rest of the World have gotten larger. Due to time zone differences and logistics it was getting more difficult to coordinate effectively with his constituency. GVM will be putting forward a proposal to the EB to mitigate the current situation.</p>	
3	<p><b>Finance and Admin</b></p>	
3.1	<p><u>Finance Committee Update</u></p> <p>TS briefed EB on the current financial situation of the RSPO.</p> <p>He reports total income to be RM4.495 million and the operating cost to be RM 2.1 million. Cash deposit currently stand at RM9.817 million</p> <p>TS confirm that the 2011 RSPO financial audit has been completed and that the accounts have been approved by EB.</p> <p>Overall income above plan, costs increasing but still below plan, RSPO is performing well, financially. Related to this, TS raises the question of whether RSPO should reduce its income.</p> <p>There was discussion of reducing the donation received from UTZ and GreenPalm from USD1 to USD 0.50</p> <p><b><i>Decision: Discussion on reduction of income from UTZ and GreenPalm donations is put on hold. It is more important is to have strategic the RSPO planning right and to increase resources at the Secretariat.</i></b></p> <p>TS briefs on key activities of the Finance team for the coming year are:</p> <ul style="list-style-type: none"> <li>- RSPO Secretariat S/B shareholding where the RSPO will have 99 shares in the entity and the SG will have 1 share. This will done by end of December 2011.</li> <li>- RSPO tax returns filed by end of December 2011.</li> <li>- RILO office registration to be established Q1 2012 with bank acc and financial reporting</li> <li>- New Euro Bank account will be opened by end of December 2011</li> <li>- Procedures for RSPO project proposals and review of ongoing projects.</li> <li>- Project Horizon (Integrated IT system incorporating Customer Management, Knowledge Management and Finance) will be implemented by Q1, 2012</li> <li>- RSPO secretariat internal control review will be by Q2,2012</li> </ul> <p><b>Decision:</b></p> <p><b>Secretariat will identify non payers and will give a final warning, moving towards termination (with EB approval) if there is no positive response.</b></p>	<p>SG</p> <p>CWK/ SG</p>
3.2	<p><u>State of affairs at the Secretariat</u></p> <p>DW – Briefed that there has been a delay in developing a strategic plan for the RSPO. Mainly due to secretariat priority on several issues, namely legal compliance, human resources issues and ultimately RT9.</p>	

	<p>There remains five positions still vacant at the secretariat</p> <ul style="list-style-type: none"> <li>- GHG Manager</li> <li>- Supply chain manager</li> <li>- TSF – ID position</li> <li>- Grievance Coordinator</li> </ul> <p>A replacement for the Finance Manager has been found. It is a priority to keep Human Resources from being in a state of flux. Stability is a priority.</p> <p>As also agreed earlier, there will be a more formal project planning procedure: budget requests to be submitted with substantial clarification, decisions will be based on strategic plans.</p> <p><b>Decision:</b></p> <p><b><i>SG to package the strategic plan, circulate amongst EB to receive feedback by the next EB meeting</i></b></p>	SG
4	<p><b>Communication and Claims</b></p> <p>4.1 <u>Trademark Taskforce</u></p> <p>Jan Kees briefed that there would be now two main changes to communication and claims (Trademark) rules.</p> <ol style="list-style-type: none"> <li>1) The 95% rule has been removed, and</li> <li>2) The use of the Trademark logo will now be voluntary instead of mandatory;</li> </ol> <p>Related to the new Trademark rules, BH and AGG raised to the EB that a) There should be no requirement for a trademark license IF there is no display of the Trademark logo b) there should be no need to be an RSPO member in order to gain Supply Chain Certification.</p> <p><b>Decisions:</b></p> <ol style="list-style-type: none"> <li><b><i>1. Trademark license will not be required if the Trademark logo is not used.</i></b></li> <li><b><i>2. Trade &amp; Traceability Committee is to submit proposal at the next EB (1<sup>st</sup> EB 2012) about future link between membership and Supply Chain certification. Especially focusing on the viability of non-members obtaining supply chain certification.</i></b></li> <li><b><i>3. The new Trademark rules will be valid from date of publication; There will be a one year transition period.</i></b></li> </ol> <p>4.2 <u>RSPO- Consumer Goods Forum in China</u></p> <p>No significant progress to date. Discussions still being held on the format of the event.</p>	SY/SG  HvK  FYA
5	<p><b>Standards and Certification</b></p> <p>5.1 <u>Compensation Task Force (CTF)</u></p> <p>AH Briefed that the CTF has agreed on the following macro guidelines;</p> <ul style="list-style-type: none"> <li>• Compensation will be required if there are developments occurring between November 2005-2007, without prior due diligence on High Conservation Values. A historical assessment of the area is needed. <b>Only</b></li> </ul>	

	<p><b><i>the areas identified as likely to have had High Conservation Values will be compensated.</i></b></p> <ul style="list-style-type: none"> <li>• Compensation will be required if there are developments occurring between November 2007-2009, without prior due diligence on High Conservation Values. <b><i>The total area of development will be compensated.</i></b></li> <li>• Compensation will be required if there are developments occurring after January 2010, without prior due diligence on High Conservation Values. <b><i>The compensation will be a multiplier of the total development area.</i></b></li> </ul> <p>One point that has not reached an agreement by the CTF was the proposal to waive the need for compensation if the areas in question were previously developed for “non-commercial” purposes (i.e. communities clearing for villages, or shifting cultivation).</p> <p>AH requests that the EB accept all decision/recommendations apart from the outstanding issues.</p> <p><b><i>Decision:</i></b></p> <p><b><i>EB accepts the proposal from the CTF except the issue of ;</i></b></p> <ol style="list-style-type: none"> <li><b><i>1) Multiplier for compensation on areas developed after Jan 2010.</i></b></li> <li><b><i>2) A waiver on compensation for areas previously developed “non-commercially”.</i></b></li> </ol> <p><b><i>EB suggests that the growers and NGOs make a proposal on the appropriate multipliers for compensation post January 2010. This will be tabled at the next EB meeting.</i></b></p> <p><b><i>EB suggests that Compensation Task Force reconsider the proposal for the waiver of a compensation requirement in areas deemed to be have been developed “non- commercially”.</i></b></p> <p><b><i>EB suggests that the BHCV-WG include in it’s Terms of Reference the role of a compensation panel.</i></b></p> <p><u>Updates on GHG WG</u></p> <p>TK reported a successful conclusion to the GHGWG. This conclusion came after 2 years of work and 6 work streams were involved.</p> <p>TK gave credit to the consultant, facilitating the entire process, for having done an excellent job.</p> <p>The results of the GHG-WG will be incorporated as well in RSPOs submission to the EU for acceptance as compliant under their Reduced Emission Directive policy.</p> <p>Major outputs:</p> <ul style="list-style-type: none"> <li>• Social and environmental impacts of development on peat</li> <li>• Best practice for development on peatlands.</li> </ul>	<p>AH</p>
<p>5.2</p>		

<p>5.3</p>	<ul style="list-style-type: none"> <li>• Methodologies for measuring emissions on peat.</li> <li>• Land use change report for Indonesia (only covering the islands of Sumatera, Kalimantan and Sulawesi) and Malaysia.</li> </ul> <p>An interesting finding was that during the period of 2005-2010, 27% deforestation in Indonesia can be contributed to oil palm plantations.</p> <p>Main Recommendations from GHG-WG2:</p> <ul style="list-style-type: none"> <li>• Actions based on these recommendations are not to be retrospective and should be from 2012.</li> <li>• It is recommended that the use of the PalmGHG tool be voluntary, for the present time. However, it should be included in the upcoming RSPO P&amp;C review which, if accepted, will be made compulsory to use.</li> <li>• The PalmGHG tool will be modified to be compatible to the EU-RED requirement.</li> <li>• That there should be requirements for Consumer Goods Manufacturer and Retailer members to buy low-carbon palm oil.</li> <li>• There should be a time-bound plan to reduce GHG emissions for producers.</li> <li>• There should be efforts to work towards a zero carbon land clearance.</li> <li>• There should be avoidance of peat and other high carbon stock areas.</li> </ul> <p>The EB thanks New Britain Palm Oil Limited for providing the PalmGHG tool to RSPO.</p> <p>The EB also thanks Laurence Chase and Ian Henson for transferring their intellectual property rights, related to the development of the PalmGHG tool, to the RSPO.</p> <p><b>Decision:</b></p> <p><b><i>It was agreed that GHG-WG2 be dissolved and to consider forming another group, in the future, which will emphasise on “Reducing Emissions from Deforestation and Forest Degradation” (REDD)</i></b></p> <p><u>Establishment of certification support fund for smallholders</u></p> <p>JKV propose that funds be set aside for smallholders to be certified.</p> <p>TS mention that it is entirely feasible to set aside special fund for the Smallholders certification.</p> <p>SY mentions that this matter has been raised in the Smallholder Working group discussions.</p> <p>SL mentions that certification will not increase productivity of SH. If we need to assist them, we need to work on increasing the productivity.</p> <p>BS mentions that Certification is important for smallholders bearing in mind the numbers involved.</p> <p>DR recommends that RSPO to provide funds to assist smallholders to be more organised.</p>	<p>TK/SY</p>
------------	--	--------------

	<p><b>Decision: The SC S&amp;C to establish a task force to define objectives for such a program to fund smallholders.</b></p> <p><u>Update on P&amp;C review</u></p> <p>5.4 AH reports that the RSPO P&amp;C review will be done in two phases:</p> <p>PHASE 1 is a public consultation on the relevance of the P&amp;C's</p> <p>Phase 2 is a look at the effectiveness of the current P&amp;C document</p> <p>There will be a steering group consisting of the three Standing Committee Chairs, the secretariat and a grower. There is a current vacancy for a grower.</p> <p>AH will be giving a presentation at RT9 on review process design; And hence officially launching the RSPO P&amp;C review process.</p> <p>MRC recommends that AH clearly mention in his presentation that the current P&amp;C has had no changes made on it within the last 5 yrs.</p> <p><b>Decision:</b></p> <ul style="list-style-type: none"> <li>• <b>ES volunteers to be the grower representative on the P&amp;C Steering Group.</b></li> <li>• <b>EB endorses the proposal to use this message on the P&amp;C review: "The P&amp;C is still relevant and needed but they can be built on to make them more effective"</b></li> </ul> <p><u>New Plantings Procedure – Working Group 2 (NPPWG2)</u></p> <p>5.5 A working group was formulated and review was facilitated by Proforest.</p> <p>Mid-way, MPOA withdrew from NPPWG2. MPOA request that no changes be made to the existing New Plantings Procedure but instead wait for any changes to be incorporated into the RSPO P&amp;C.</p> <p>The remaining members of the NPPWG2 did meet and made some proposed changes to ensure more effective implementation of the New Planting Procedure.</p> <p><b>Decision:</b></p> <p><b>There will be no changes to the current New Plantings Procedure. Any changes will be incorporated into the RSPO P&amp;C during the review of the P&amp;C in 2012.</b></p> <p><b>The secretariat will formulate guidance on seven specific points made by the NPPWG2.</b></p> <ol style="list-style-type: none"> <li>1) <b>Clarifying expectations about the integration of the NPP processes with national legal processes.</b></li> <li>2) <b>Clarifying expectations about the quality of procedures to negotiate with communities.</b></li> <li>3) <b>Guidance on dealing with possible conflicts of interest.</b></li> <li>4) <b>Guidance on avoiding the duplication of verifications.</b></li> <li>5) <b>Clearer guidance on public notification mechanisms such as the</b></li> </ol>	<p>AH/SY</p> <p>ES</p> <p>AH</p> <p>SY</p>
--	---	--

	<p><b>local language requirements</b></p> <p>6) <b>Dispute resolution.</b></p> <p>7) <b>Clarification of a number of terms used in the NPP documentation.</b></p>	
6	<p><b>Trade and Traceability</b></p>	
6.1	<p><u>Update on UTZ review (HvK)</u></p> <p>HvK made presentation of the findings with respect to the UTZ systems review. HvK mentions also that there was an advisory group (a sub-set of the Trade and Traceability Working Group) that assisted the consultant in this review. The main findings were:</p> <ul style="list-style-type: none"> <li>- UTZ suffered from a lack of a clear scope of services required of it when they started developing the systems.</li> <li>- The UTZ systems does not seem to trace the product to its source, does not assure double-selling, does not provide real time data and</li> <li>- There is no integration between UTZ (physical trade) and Greenpalm (virtual) therefore there is no central registration.</li> <li>- The proposed new system by UTZ, "Octopus", may not solve the prior mentioned issues.</li> </ul> <p>The groups recommendations are:</p> <ul style="list-style-type: none"> <li>- Continue to strengthen the Supply Chain Certification System</li> <li>- Continue with UTZ while improving guidance</li> <li>- Organise resources to manage contract and next steps</li> <li>- Define specifications for new simplified system, including a link to Greenpalm.</li> <li>- Set up a tender process for a new system.</li> </ul> <p><b>Decision: The recommendations are accepted by the EB. There was a slight preference to integrate both systems (UTZ and Greenpalm) rather than merely providing just a link.</b></p>	HvK
6.2	<p><u>Update on the rewrite of the Supply Chain Certification System rewrite</u></p> <p>HvK explains that the documents were rewritten rather than fundamentally reviewed.</p> <p>Two documents have been produced. Supply Chain Standards and the Supply Chain Certification System. There are unfinished works to be reviewed in 2012, including membership of all supply chain participants.</p> <p><b>Decision:</b></p> <p><b>EB decides to adopt the new documents, and asks the secretariat to manage the transition to these new version of the SCCS documents being clear about version, next review, start date, transition rules, etc</b></p> <p><b>The EB asks the T&amp;T Standing Committee to benchmark our Supply Chain Certification Systems with other systems (FSC, BRC, IFC, etc) if possible and to make differences explicit.</b></p>	SY  HvK



6.3	<p><u>Discuss on Green Palm rates review</u></p> <p>JKV mentions that there are some other service providers have indicated interest in running trading platform with considerable lower fees.</p> <p><b>Decision: EB decides to ask Greenpalm to respond to this development.</b></p>	
6.4	<p><u>Guiding rules for HPC derivatives</u></p> <p>A sub-committee of the Trade and Traceability working group proposes a document which will serve as a guiding structure during the transition to physical supply chains for the most commonly used oil palm product derivatives in the Home and Personal Care Products market. It shall enable users to calculate the share of raw materials used to consider the transitory use of green palm certificates.</p> <p><b>Decision: EB agrees to adopt the document titled RSPO Rules for Home and Personal Care Derivatives.</b></p>	<p>TS</p> <p>SY</p>
7	<p><b>Grievance Panel Update</b></p> <p>JV updates the EB on status of the various Grievance cases. JV also mentions that this updates will be uploaded onto the RSPO website after RT9.</p> <p>JV briefed the meeting on the results of workshop held on the 20<sup>th</sup> November 2011.</p> <p>The Workshop concludes that:</p> <ul style="list-style-type: none"> <li>• The Dispute Settlement Facility, which is a mediation channel for land based disputes could also be useful for others disputes/issues. Such as, HCV loss, human rights, company’s commitment on communities etc.</li> <li>• The Grievance Panel should be high level body to address breaches of CoC, P&amp;C, Certification. It should be the avenue of last resort.</li> <li>• Companies running historical land conflicts to make use of DSF, prior to certification, as a preventative manner.</li> <li>• GP needs to review its ToR, structure, role of secretariat and members of GP.</li> <li>• A proper work flow process will be identified to assist the secretariat in providing criteria to filter and channel grievance and complaints more effectively.</li> </ul> <p>JKV suggest that RSPO should consider outsourcing grievance handling to a third party. For example, ASI (the RSPO appointed accreditation body) handles grievances for FSC.</p> <p><b>Decision:</b></p> <p><b>The Grievance Panel must review their operations and should report what changes are required.</b></p>	<p>JV</p>
8	<p><u>Smallholders</u></p> <ul style="list-style-type: none"> <li>• NJ proposes that a Smallholder WG be established (previously known as a task force)</li> </ul>	

9	<ul style="list-style-type: none"> <li>• There is a need to make a recommendation of the conversion rate from FFB to CPO. MRC suggests to use the government figures for Oil Extraction rate and add 1% on top of the government figure as an incentive.</li> <li>• There is a need to have a simplified HCV/SEIA for smallholders;</li> <li>• There is a need for a special membership fee for groupings of smallholders</li> <li>• Funding for smallholder certification.</li> <li>• There will be Pilot projects for smallholders certification.</li> </ul> <p><b>Decision:</b> <b>EB approves the establishment of the Smallholder Working Group (SWG). It is recommended that the SWG comes up with concrete proposals and recommendations. And following this, a work plan and budget for 2012.</b></p> <p><u>Carbon</u> There has been much developments on this. The Secretariat is searching for a full time Green House Gas Manager.</p>	AH/NJ/ SY
10	<p><b>AOB</b> TL: Recommends a review of secretariats capacity especially in relation to dispute resolutions and grievances.</p> <p><b>Decision: Agreed. This was already brought up by JV in his briefing to the EB on the Dispute Settlement Facility and Grievance Panel.</b></p> <p>MRC: There should be a review of the status; whether EB should be executive or non-executive.</p> <p>SY mentions that phase 3 of the outsourcing of Certification Body accreditation to ASI will be in January 2012. A new agreement is needed between RSPo and ASI</p> <p>BH requested for a summary of the ASI witness audits to be circulated to the EB without naming the location.</p> <p><b>Decision: SY to circulate documents of the ASI witness audits to the EB.</b></p>	SG
11	<p><b>Venue for RT10</b></p> <p><b>Decision: EB decides that Singapore would be the venue for RT10. SG to propose dates.</b></p>	SY
12	<p><b>Next Meeting</b></p> <p>Next EB is proposed for 8&amp; 9<sup>th</sup> March 2012 in Kuala Lumpur</p>	FYI