



EB 05-08

Minutes of Executive Board Meeting

Date : 21st November, 2008
Venue : Singaraja Room, Grand Hyatt Bali
Starting Time : 09.00am

Attendees:

- Derom Bangun (GAPKI)
- Darrel Webber (WWF- Malaysia)
- Ian McIntosh (AAK)
- Don Grubba (IOI)
- Tony Lass (Cadbury plc)
- Mohd Nor Khailany (Felda)
- Johan Verburg (Oxfam)
- Jan Kees Vis (Unilever)
- Chew Jit Seng (MPOA)
- Mamat Salleh (MPOA)
- Tim Stephenson (AAK)
- Mr Chandran (RSPO EB Advisor)
- Christophe Liebon (Intertek)
- Rudy Lumuru (Sawit Watch)
- Chong Wei Kwang (HSBC Malaysia)
- Simon Lord (Kulim Malaysia Bhd)
- Paul Norton (HSBC Malaysia)
- Marcello Brito (Agropalma)
- John Buchanan (CI)
- Thomas Lee Bauer (Rabobank)
- Vengeta Rao (VR, Secretariat)
- Yap Seng Chai (Secretariat)
- Ali Baizura (Secretariat)
- Susila Murugaiah (Secretariat)
- Desi Kusumadewi (RILO- Secretariat)
- Rahayu Siti Harjanthi (RILO- Secretariat)

Apologies:

Norman Jiwan (Sawit Watch)
Amintha Weerawardena
(Rabobank)

AGENDA

1. Introduction and RSPO Antitrust Laws

2. Minutes of previous meeting

To confirm and approve the minutes of the Executive Board meeting (EB 04-08) held on 17th November 2008.

3. Executive Board Members

3.1 Welcome new EB members and alternates

3.2 Election of officials –President, Vice Presidents, Treasurer

4. RT6

4.1 Closing Matters including follow-up on Minister's speech (if any) and proposed press release

4.2 Letter from Greenpeace

4.3 Proposals from Government Café

4.4 Proposals from Smallholder Café

4.5 Proposals from Trade Café

4.6 Proposals from Communications Café

5. GA5

Matters Arising (Resolutions)

5.1 Wetlands International Resolution withdrawn and issues moved to EB Deliberation

5.2 Oxfam: Co-signed by IOI Group, Kulim, Sawit Watch, WWF International

For information of EB and direct Secretariat to act accordingly

5.3 WWF International and New Britain Palm Oil

EB to progress next step

5.4 PanEco request for Secretariat to act and advice

6. Certification

6.1 Smallholder trial audits

6.2 Group Certification Proposals

6.3 Approval of initial accreditation of Certification Body

a) Moody International

b) TUV Rheinland

7. Projects

7.1 IWM

7.2 Proposal for HCVF Compensation from New Forests

8. AOB

MINUTES

1. INTRODUCTION AND RSPO ANTITRUST LAWS

The President welcomed and introduced new members to the meeting namely, Marcello Brito (Agropalma) and John T Buchanan (Conservation International) and thanked retiring members.

RSPO Antitrust laws were read and the proposed meeting agenda confirmed.

2. CONFIRMATION OF MINUTES OF EB 04-08

Minutes read and confirmed subject to Secretariat making the following changes:

- a) Outstanding membership fees:
 - invoice on the anniversary of membership;
 - payment due within 3 months
 - if no payment after a further 6 months, list on the website;
 - if no payment in a further 30 days, suspend, with suspension indicated on the website.
 - Follow ups and chasing to occur throughout, including notification of listing on the website.
- b) Outstanding dues increasingly higher than previous years and cause for concern and calls for actions spelt out in (a) above.
- c) Update provided on both Colombian and European Events and not just the latter.
- d) Proposed that contractors be sought through tender for communications support in Europe.

Action: Secretariat to ammend EB04-08 minutes accordingly.

3. EXECUTIVE BOARD & SECRETARIAT

3.1 Election of Executive Board Members (2008-2009) :

President (Jan Kees Vis / Unilever), Vice President 1(Darrel Webber / WWF), Vice President 11 (Derom Bangun / GAPKI), Vice President 111 (Dato Mamat Salleh / MPOA), all re-elected. Vice President IV- Marcello Brito (Agropalma) newly elected. AAK (Ian Mcintosh, alternate Tim Stephenson) were re-elected as RSPO Treasurer. On the question of a VP for members in any of the downstream categories based in Europe the meeting opined that such a position was not necessary just now.

Action: MB to sign in as director of RSPO Secretariat Sdn Bhd in replacement of SL. Secretariat to provied ROW representative list of ROW members.

3.2 Nominations for EB seats in future

While understandable that in the first year there was some uncertainty over retirees under the staggered system for EB seats, going forward the bye-laws must be be strictly followed when calling for nominations for EB seats. This requires the statutes and bye-laws to be ammended to incorporate all past proposed changes that were approved by GAs and all nominations close 21 days before the GA.

Action: Secretariat to incorporate all past GA approved changes to Statutes and Bye-Laws

3.3 Retailers representative on the Board

Noted that Intertek are a CB but not in the palm oil business and that they do have an office in Malaysia, as in many other countries in the world.

CL (Intertek) to provide list of retailers Intertek represent for the records. Meeting agreed that it was acceptable if a category membership elects a non member representative to the EB.

On a related matter, it was clarified that a trade association can join as a full member with the understanding that commitments must transfer back to the membership of the association.

JV stressed the need to correct the gender balance in the EB which currently is made up of men only. Oxfam International is currently conducting a gender analysis of different value chains and MSIs and intends to report back to RSPO about this.

Action: CL to provide list of constituents Intertek represent. Secretariat to provide list of retailer members to CL

The meeting recorded its appreciation of all outgoing EB members and those who have served as principal office bearers during the previous term.

3.4 RSPO Secretariat Sdn Bhd accounts

Will not be presented at GAs for now until EB feels necessary. Only RSPO consolidated accounts. However members will be provided a set upon request.

3.5 RILO to be a formal legal entity

Secretariat clarified that work was already in progress towards the above and that RILO will be supported from internal funds from March 2009.

Decision: To continue the process of legalising RSPO's office in Jakarta.

4. RT6

4.1 EB members noted the following deficiencies in RT6.

- More selectivity in choice of speakers and speaker's brief should ensure subject matter is relevant to the conference. e.g. A paper on climate change may be useful/relevant. Also papers on economics and the palm oil industry.
- Three papers on producer certification was seen as being too lengthy on the subject.
- Time slots to be standardised. Causes confusion when within a session papers are of different lengths. Time allocated (15 minutes) may be insufficient but also important to vet presentations so that they do not have too many slides (which would mean a rushed presentation especially towards the end).
- World café is a very efficient platform for exchange of ideas and participation from delegates but many did not have a good idea of how it worked, The world cafe should have been more structured. Also some wanted to be involved in more than one cafe. Also it would have been better if the Q&A was held at the end of all four cafe

presentations rather than after each. Another good format, besides world cafe, was 'open space' discussions. A 'speaker's corner' could be organised for the many, especially smallholders and indigenous people who wanted to speak their concerns.

- RT6 should have provided more opportunities for side meetings and discussions.
- To provide greater opportunity for more smallholders to speak, they should be given a specific session (not in the plenary) to speak. Smallholders should be appropriately briefed so that they use the right platforms to voice their concerns.
- That RT7 should touch on the long term goals of the RSPO.

Action: *To improve upon the above in RT7 including having more interactive elements including workshops to benefit from available membership resources, and to provide more dedicated space for concerned interest groups. JV will provide a written report about addressing smallholder issues, incorporating outcomes of the smallholder cafes.*

4.2 Post RT6 Press Release:

To include an overview of RSPO and membership growth; to update the footer as the EB list in the draft was outdated, the release to include the number of participants and number of countries present at RT6. Also to include the presence of the Chinese delegation and their meeting with the EB.

Action: *To incorporate above in draft press release.*

4.3 Suggestions from Communications Café:

Further development of the RSPO Logo – Noted that this request is not new but there have been few real proponents in terms of funds required for the development and trademark registration. Furthermore the serious request is only from a limited number of users. CL to re-check with constituency on the need and urgency.

That all the key communications be in the main languages around the palm oil supply chain. The EB agreed that this is important and the Chair mentioned of a Secretariat proposal to have a Spanish section on the website. The Secretariat mentioned that three RSPO factsheets had recently been translated into Bahasa Indonesia and gave an undertaking to step up such translation work – principally with support from RILO (for Bahasa Indonesia), Fedepalma (for Spanish) and PNGNIWG (for Tok Ptsin).

Action: *All information (external) should be translated –English, B.Indonesia, Spanish, Portuguese and possibly French*

4.4. Letter from Greenpeace (and summary of EB members comments)

- The GP letter has complaints against specific members on top of their criticism of the UP certification. Noted that there were already discussions between GP and the names in their letters. At RT6 they had discussions with CB/UP on the latter's certification and there are ongoing discussions with MM and SM.
- RSPO was set up to encourage sustainable production and not police the palm oil industry. Concerned NGOs would like to see the RSPO Complaints & Grievance procedures tested as the concern is that the system is not working or is 'broken'.

- The peatlands issue involves the government as well as for example in Riau Province there are > 300,000 ha of oil palms on peatlands some of it belonging to smallholders as well. The first port of call for Greenpeace should be the government.
- Noted that, whatever the criticism, RSPO because it is a multi-stakeholder initiative has provided the space for complaints and for conversations between parties, e.g. GP and UP and GP and SM to take place.
- RSPO has no jurisdiction over non-members.
- Noted that GP have elected not to file a formal complaint though the facility is available to all.
- Noted that in the GP vs UP case both parties will jointly go down to the field to visit the contentious issues while in the GP vs SM case a first meeting has taken place and there will be follow-ups.
- RSPO would be happy to mediate between both parties if there is mutual request for such mediation.
- RSPO can only intervene directly if there is a formal complaint, of which there have been none so far.

Action: SG to respond to GP encapsulating the above points. Also see action point in para 4.5 below.

4.5. Complaints from borneo and sumatra orang utan societies against the UP certification (raised by DW (WWF) and JB (CI) on their behalf)

- The meeting noted that the complaint was based on the GP report which was tantamount to filing a complaint based on another party's evidence irrespective of it being true or otherwise as UP have refuted the GP report. The preferred approach would be for complainant to have own evidence or for first party to directly complaint since facility available to them as well.
- Furthermore, as one of the complainant (BOS) is a member the RSPO, the Complaints and Grievance procedure requires the complainant resolve the matter with the party concerned in the first instance before seeking to invoke RSPO Grievance and Complaints procedures.
- Thirdly, parties in the various complaints requested a degree of confidentiality as discussions continue. Referral to G&C would require transparency and public availability of all documents relating to the complaint. This may not be in the best interests in the first instance for conflict resolution.
- Likewise setting time limits to resolution of conflicts will add pressure upon parties involved and may not necessarily yield enduring outcomes.

Action: DW (WWF) and John (CI) to speak to BOS and SOS. For both 4.4 and 4.5 the meeting noted the concerns would be addressed as the RSPO system is allowed to work, including its commitment to continuous improvement. The immediate action would be the setting up of the GHG Working Group and the New Plantings Working Group while the SG and JV will revisit 4.2.4.

5. GA5

5.1 Annual progress report

The meeting was dissatisfied with the level of commitment shown by members as evidence by the few reports received at the Secretariat despite reminders. Noted also

that the 2008 progress reports were in the compilation for GA5 but not uploaded on the website which had mostly old progress reports.

Action: *Recommend that the Secretariat take more affirmative action in the first place such as making early requests, advising on fate of reports, putting up reports on website promptly and updating with old reports archived. The Secretariat will follow and act on the recommendations arising from the Oxfam International Resolution at GA5. Relatedly DG and JV will be reviewing the format of the progress reports.*

5.2 Attendance

The meeting took cognisance that as the membership grows it may be increasingly difficult to comply with the quorum requirement (50% of members).

Decision: *EB members to more actively lobby their constituencies, to either attend personally or through proxies, and to more actively interact with their respective constituencies throughout the year.*

5.3 Observers

The meeting was of the view that, in the interest of transparency, all stakeholders are welcome to GA5 as observers.

5.4 Pan Eco resolution

Noted that there is a proposed meeting of key stakeholders on the matter raised by PanEco. It was recommended that RSPO be represented at the meeting by the Secretariat/RILO. The meeting also weighed possible options for RSPO intervention, depending on further progress in bilateral talks between parties, - request to all parties (publicly), mediation, letter to government of aceh (unlikely course of action), letter to astra agro lestari but noted that they are not RSPO members, assistance from buyers, review of rspo mechanisms to deal with such cases (for example by providing substitution land).

Action: *Desi to represent RSPO at above meeting. To follow-up after the meeting.*

5.4 Walkout

Some EB members were of the view that the walkout by a section of the membership, and especially EB members, was not a productive way of dealing with matters or of going forward while others were of the view that such may have been avoided if there was more consultation, before submitting resolutions, in the spirit of FPIC.

Decision: *Timely reminder that all (EB) members are responsible for their actions and , should consult adequately or think further before acting or reacting.*

5.5 The chairman reiterated the directives from the GA to the EB:

- That the EB urgently progress the review of the GHG criteria.
- That the EB urgently set up a Working Group to review Clause 4.2.4 of the RSPO certification system and inter-relatedly the Criteria for New Plantings.

- That the above two Working Groups deliver their recommendations to the EB by June 2009 and the recommendations be adopted by the Board if there is unanimity else the recommendations be tabled at GA6.

Action: *DW to start the ball rolling for the formation of the WG with a core group of experts and provisions for stakeholder input. NI, RSB and Fuel experts (such as Neste oil and Petrobas can be included.*

Action: *To organise a New Plantings Working Group with membership such as IZ, CJS, etc.*

6. Certifications

6.1 Colombian NI

Secretariat confirmed receipt. Chair requested the NI be circulated to S&C with a 14 days deadline for feedback to the Secretariat.

Action: *Secretariat to progress above.*

6.2 Accreditation of Certification Bodies

The meeting noted that the (12 months) period of initial accreditation would be coming to an end for CBs that were first to be accredited and that it would be proper, going forward, that the accreditation be done by parties independent of the RSPO as standard holder. The meeting recommended that the Secretariat contact organisations with relevant competencies and interest (such as ASI). The SG noted of a recent request by Standards Malaysia for discussions on the matter and similar interest from KAN in Indonesia.

Action: *Secretariat to follow-up with National and International accreditation organisations*

6.3 Producer certification

The meeting was informed of the current bottle-neck at the review panel stage as it comprised volunteers who time was severely limited. The SG emphasised that the work of the review panel was the most important safeguard as the 3rd party peer review, from the current company, was limited to a technical comparison of what was done against what was required to be done. The peer reviewer did not appear to have sufficient competency in all aspects of the audit matter.

An EB member emphasised the importance of transparency in the timelines involved when dealing with audit summary reports.

Decision: *DW to circulate a proposal to revamp the peer review process to overcome the problem of delays and insufficient competencies.*

6.4 Small holder certification - methodologies

Secretariat informed the meeting that both Utz and Biocert have been contacted for Group Certification Protocols. The former expressed reservations about being involved while Biocert are positive about further engagement. Secretariat to follow-up. The meeting also emphasised that smallholder certification will require FFB certification which can be done based on some agreed oil extraction rates (as decided by NI).

Action: *EB acknowledged urgency of moving forward with involving smallholders in certifications, both as part of schemes as well as independently. Secretariat to follow-up with Biocert and other potential group certifiers such as Rainforest Alliance Network as well as on trial audits.*

Action: *Secretariat to alert Utz and Greenpalm on imminent FFB certification and the extraction rates to be used to convert to oil equivalent.*

6.5 Smallholder certification - funding

Meeting was concerned about funding for smallholder certification and management of such funds. There maybe opportunity for support from the USD1 donation to RSPO from trade in CSPO besides third party support such as the Solidaridad initiative.

Action: *Funding management to be discussed between Sec Gen, HSBC & Rabobank including such details as eligibility, governance, rules, etc. The fund discussed would be aimed at supporting the costs of certification audits. The other mechanisms such as Solidaridad's are aimed at supporting implementation.*

6.6 Dispute settlement mechanism

This matter was touched on before but the modalities, etc. were not well developed then. Much more work has been done since and JV/Bothends will be submitting a report soon including an estimated budget for EB's consideration.

Action: Paul Wolvekamp will provide a further proposal on a Dispute Settlement Facility.

6.7 Initial accreditation of CBs

Based on the checklist guidance, the Secretariat recommended and the meeting approved the initial accreditation of Moody International (Malaysia) and TUV Rheinland (Malaysia) as RSPO accredited certification bodies.

7. PROJECTS

7.1 Integrated Weed Management

SL re-negotiated the contractual sum with CABI who agreed to reduce their charges to Euros 99,499.

Decision: *The meeting agreed to award the contract for the work to CABI at the agreed sum of Euros 99,499.*

7.2 Bio-banking- Proposal from New Forests

The meeting recommended that the proposal be referred to the incoming Biodiversity Coordinator who should make comparisons with other similar proposals and provide guidance to the EB on the matter.

Action: *Secretariat (Biodiversity Coordinator) to look into proposal and others and guide the EB accordingly.*

8 AOB

8.1 Increasing awareness about RSPO

An EB member called for increased efforts to tell about the RSPO and its work to Indonesian stakeholders.

Action: *Secretariat to step up efforts including workshops and seminars, media involvement, etc.*

8.2 RSPO longer term vision and strategy.

JV suggested to spend time during next EB meeting to look into the RSPO longer term vision and strategy.

9 NEXT EB MEETING

Date to be back to back after or before the Price Outlook Conference (POC).

Action: *Secretariat to advise once the dates of the latter confirmed.*