

EB 03-05: Minutes of Executive Board Meeting

DATE: FRIDAY, 23 SEPTEMBER 2005

VENUE: RSPO SECRETARIAT, MONT' KIARA BUSINESS CENTRE, PLAZA MONT' KIARA, KUALA LUMPUR

START TIME: 0850 (MALAYSIA)

PARTICIPANTS

1. JAN KEES VIS (UNILEVER)
2. MATTHIAS DIEMER (WWF SWITZERLAND)
3. DEROM BANGUN (GAPKI)
4. BRYAN DYER (GAPKI)
5. AZIZI MEOR NGAH (MPOA)
6. CHEW JIT SENG (MPOA)
7. RIKKE NETTERSTROM (BODY SHOP)
8. TIM STEPHENSON (AARHUS)
9. FITRIAN ARDIANSYAH (WWF-INDONESIA)
10. STEVE JENNINGS (OXFAM)
11. RUDY LUMURU (SAWIT WATCH)
12. NORMAN JIWAN (SAWIT WATCH)
13. TONY LASS (CADBURY SCHWEPPE)
14. SIMON LORD (NEW BRITAIN PALM OIL LTD, REP. FOR FEDEPALMA)
15. ALVARO CAMPO CABAL (FEDEPALMA)
16. YAP ENG KWEE (PT MUSIM MAS)
17. TEOH CHENG HAI (SECRETARIAT)
18. ANDREW NG (SECRETARIAT)
19. SI SIEW LIM (SECRETARIAT)

ABSENT

1. FAUSTA BORSANI (MIGROS)
2. IAN MCINTOSH (AARHUS)
3. LEA BORKENHAGEN (OXFAM)
4. DIAN KOSASIH (WWF-INDONESIA)
5. JENS MESA-DISHINGTON (FEDEPALMA)
6. BACHTIAR KARIM (PT MUSIM MAS)

AGENDA

1. Introduction
 - 1.1 Timing for meeting
2. Confirmation of minutes of EB telephone conference held on 26 May 2005 (EB02-05)
 - 1.1 Outstanding items
 - 1.1.1 Follow-up with TH Plantations Sdn Bhd regarding overdue subscription fees (MPOA)
 - 1.1.2 Remaining 7 EB members to submit their annual communication of progress to the Secretariat (Fedepalma, PT Musim Mas, Cadbury Schweppes, Body Shop, WWF-Indonesia, Oxfam and Sawit Watch)
 - 1.1.3 Feedback to EB on ProForest Supply Chain Project (Secretariat)
 - 1.1.4 Write-up on progress of 'Implementation of bank risk assessment policies for the Indonesian oil palm and timber plantation sectors' project to the Secretariat (WWF-Indonesia)
3. Secretariat
 - 3.1 Presentation of 2004/2005 accounts
 - 3.2 Update on status of RSPO Jakarta satellite office
 - 3.3 RSPO Anti-trust guidelines

4. Membership
 - 4.1 Update on Honorary Membership
 - 4.2 Update on process for handling outstanding subscriptions
 - 4.3 Update on Annual Communications reporting
 - 4.4 Process for resignation from RSPO
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 - 4.6 Process for handling controversial applicants as well as disciplinary cases and reporting requirements of existing RSPO members (WWF Switzerland and Body Shop)
 - 4.6.1 Case: HSBC Malaysia's recent loan to Ta Ann for a project that involves Native Customary Rights (NCR) land in Sarawak, Malaysia
 - 4.6.2 Case: Malaysian and Indonesian oil palm companies involved in open burning and haze in Riau, Indonesia.
5. RT3
 - 5.1 Update on RT3
 - 5.2 Update on publicizing RT3 in Indonesia (GAPKI)
6. Projects
 - 6.1 Update on Criteria project
 - 6.2 Update on ProForest Supply Chain Project
 - 6.3 Update on other projects
7. Communications
 - 7.1 Update on series of RSPO public fora in Malaysia, Indonesia and Singapore
8. Matters arising
 - 8.1 EB decision-making process (Oxfam)
 - 8.2 Strategic planning
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 - 8.4 Engagement of governments
 - 8.4.1 Case: Haze issue
 - 8.4.2 Case: Oil palm development along Kalimantan/Malaysia border

1. Introduction

1.1 Timing for meeting

Jan Kees Vis (JKV) welcomed RSPO Executive Board members to the meeting and proposed changes to the order of agenda items to ensure priority issues are addressed.

2. Confirmation of minutes of EB telephone conference held on 26 May 2005 (EB02-05)

2.1 Outstanding items

2.1.2 Write-up on progress of 'Implementation of bank risk assessment policies for the Indonesian oil palm and timber plantation sectors' project to the Secretariat (WWF-Indonesia)

Fitrian Ardiansyah (FA) provided an oral report on progress to EB members and shared various issues and challenges related to investment screening in Indonesia. A start-up meeting was held on 18 April 2005 and this meeting was attended by 31 participants including the IFC, international banks ABN AMRO, HSBC, Rabobank, and ING as well as national banks like Bank Central Indonesia. The meeting was also attended by Sawit Watch and Indonesian government agencies. Participants agreed that a model to streamline processes is needed for oil palm and pulp investment screenings. Several banks have undertaken pilot testing, namely HSBC and Rabobank. However, national banks were reluctant to undertake these pilot projects. FA suggested that the RSPO EB should ask these banks to share their pilot-testing results during RT3. Teoh Cheng Hai (TCH) responded that Rabobank is confirmed willing to share their experiences during RT3.

JKV enquired if producers attended the meeting. FA responded by saying that a handful of producers who attended the meeting were merely interested to learn more about investment screening processes. FA added that some banks had very little knowledge of the many mechanisms available for investment screening although some have official policies. JKV offered congratulations to FA for a job well done.

ACTION:

1. WWF-Indonesia to send the Secretariat a list of banking sector contacts who attended the meeting.
2. WWF-Indonesia to forward to the Secretariat, a copy of their project progress report to DOEN.

As of 26 September 2005, WWF-Indonesia has already submitted the progress report to the Secretariat.

5. RT3 & 6. Projects

6.1 Update on Criteria project

Steve Jennings (SJ), who was alternate to Oxfam's Lea Borkenhagen on the Criteria Working Group (CWG), and representative for her at the EB meeting provided a brief summary of the recently held CWG3. The CWG was successful in agreeing to the text for the Principles & Criteria for Sustainable Palm Oil (P&C), which will be submitted to EB. Deliberations were not always easy but the CWG managed to achieve consensus on all issues discussed. There is also an extensive list of follow-up activities, which were raised. This includes the need to develop mechanisms for verification of the P&C and ongoing limited involvement of smallholders. It was recommended that the RSPO continue to support the taskforce for smallholders led by Sawit Watch and Marcus Colchester. Guidance for the P&C also remains unresolved. Tim Stephenson (TS) added that a pilot phase of 2 years was agreed for testing the P&C. Simon Lord (SL) mentioned that the P&C's pre-amble was modified to include a statement on processors supporting producers in the implementation of the P&C.

Jan Kees Vis (JKV) explained that the reason for a 2-year trial period is to complete the guidance section of the P&C. JKV added that a 'Verification Working Group' amongst RSPO members will move forward on the issue of verification. JKV stressed the need to contact people with certification experience as well as the importance of local presence when dealing with smallholders.

JKV concluded that the biggest stumbling block for the CWG, especially amongst Malaysian producers, involved the cut-off date for clearing of HCVF (Criterion 7.3). Azizi Meor Ngah (AMN) explained that from discussions held prior to CWG3, he noticed that awareness of the P&C had not reached people working on the ground (i.e. operations level). AMN also raised the issue of the potential high costs involved in the implementation of the P&C by Malaysian producers. JKV enquired about the MPOA/WWF joint-venture to work on HCVF and BMPs issues. AMN and Chew Jit Seng (CJS)

explained that two meetings were held between MPOA and WWF-Malaysia in January and July 2005 and MPOA is currently awaiting response from WWF-Malaysia. Matthias Diemer (MD) added that it was unfortunate that the Memorandum of Understanding has not been signed between the 2 organizations despite holding talks for over 2 years. MD offered to follow-up with Dionysius Sharma of WWF-Malaysia.

JKV further enquired about the perception of standards being imposed on MPOA members. AMN explained that the speed at which the P&C are developing may have created that perception. From recent road shows organized by MPOA to create awareness of RSPO and attended by over 400 people, AMN felt that Malaysian producers are not ready for implementation of the P&C. JKV disagreed and stressed that implementation of the P&C is an internal responsibility. MPOA members who join RSPO are also dedicated to the process. JKV added that if the P&C are not accepted by the General Assembly in November, RSPO may cease to exist. JKV stressed the importance of preparing the General Assembly to ensure the P&C acceptance by RSPO members. AMN felt that the root cause of the problem is communication. AMN also reassured EB members that Malaysian producers will not walk out on the process although the current perception of the P&C as something imposed on producers by downstream players still remains. Concerns over potential added costs need to be addressed and there is a need for more education. CJS added that MPOA plans to meet with the Malaysian captains of the industry soon to explain the P&C process as well as to get buy-in from them.

JKV agreed that the uncertainty over cost implications of implementing the P&C is a concern. From Unilever's experience working on all commodities, JKV added that addressing sustainability issues resulted in better efficiency and lower cost. JKV added that Simon Lord (New Britain Palm Oil Ltd)'s presentation during RT3 will touch on the costs of implementing ISO 14001 on their estates in PNG.

When asked about the situation in Indonesia, Derom Bangun (DB) explained that there is a moderate amount of awareness amongst Indonesian producers. Smallholders are also interested but they need resources to participate. Bryan Dyer (BD) added that reassurance is needed to allay fears and misperceptions of the P&C. DB suggested that processors should be mentioned in the P&C as it only covers producers at the moment. JKV firmly stressed that the P&C is meant FOR producers. However, a code of conduct for RSPO members (relating to the implementation of the P&C) needs to be discussed today.

Teoh Cheng Hai (TCH) raised the question of who approves the final P&C. JKV responded that since RSPO is a member-based association, important decisions need to be made by the General Assembly. JKV proposed that the P&C should follow the following process:

- Present NOT launch the P&C at RT3
- Share outcome of P&C development process at RT3
- Use RT3 to explain to the public what may be required of them as well as to explain the 2-year trial period of P&C implementation
- Use 2-full RT3 days to discuss the P&C and make sure the public understands what it entails
- General Assembly to decide whether to adopt the P&C or not

ACTION: WWF Switzerland to correspond with WWF-Malaysia on MOU with MPOA.

<Break for press event during 1000-1140 (Malaysian Time)>

JKV suggested that Daabon/Agropalma present their experiences with organic certification during RT3 (including information on costs and benefits of certification). Unilever has also done a cost-benefit study on tea smallholders in Kenya with substantive results. JKV will enquire to see if Unilever is willing to share those results. TCH added that Golden Hope Berhad also has experience on certification to share.

JKV stated that RSPO will need to hold discussions with 2 or 3 professional certifiers. JKV is also in the opinion that in some countries, it is better to work with national accreditation boards.

DB enquired about whether the P&C will be open to another public consultation session during RT3. All agreed that the text of the P&C cannot be changed during RT3. RT3 is meant to be a platform to clarify specifics on the P&C as well as address questions on verification and national interpretation of the P&C. MD added that the purpose of RT3 is to familiarize the industry with the P&C. However, only RSPO members can approve the P&C.

SL suggested adding something in the subtitle of RT3 to help participants understand what to expect during RT3. Tony Lass (TL) supported this suggestion and added that all promotional materials for RT3 should contain the background and history of the P&C to avoid confusion amongst the public. In response, TCH suggested preparing a paper in layman's language for the participants' kit on this topic. ProForest should also provide a 'flashback' of events during the presentation of the P&C. JKV added that he will address expectations of RT3 during his opening speech. With that, JKV concluded that he will forward EB members' suggestions to the RT3 Steering Committee later this afternoon.

ACTION: Secretariat to short factsheet on P&C process, objectives, CWG and purpose of P&C to be produced before RT3.

8.4.1 Case: Haze issue

Note: The governments of Malaysia and Indonesia have been engaged in discussion over the issue of open burning and haze across the Straits of Melaka, but progress on finding a solution that is long-term or sustainable is far from forthcoming. If anything, the recent negotiations drew negative responses due to the unconstructive nature of exchanges between both sides. A recent proposal raised by MPOA to work with the business sectors in both countries, engaging relevant governmental agencies while involving other stakeholders has been made. A response from RSPO on the matter has also been made. In essence, RSPO would be willing to support any such initiative by playing the role of facilitator, mainly through engaging former S-G Mr Teoh Cheng Hai.

However, issues relating to co-operation between both sides and how to engage government through this platform have to be discussed.

Since GAPKI representatives have requested leave from the EB meeting, Jan Kees Vis (JKV) asked Teoh Cheng Hai (TCH) to present the proposed RSPO haze initiative. TCH explained that the following proposal is a follow-up from Andrew Ng (ANG)'s email message to GAPKI, IPOC, APIMI and MPOA. So far, only MPOA has responded positively. ANG explained that according to IPOC, an Indonesian producers' initiative to address the haze issue is going to be carried out and a separate initiative by RSPO is deemed unnecessary.

TCH then gave a short presentation on his proposed methodology to address the issue. He stressed the use of a quality based approach, working with a focused group of stakeholders over a 12-month period from both countries.

Following the presentation, Tony Lass (TL) enquired whether we knew how much of the haze problem is due to oil palm plantations. Fitriani Ardiansyah (FA) explained that based on WWF's investigations in Sumatra and Kalimantan, 50% of the haze is caused by community and smallholders (not all of which involve oil palm crops) and 50% by large-scale plantations (both timber and oil palm). TCH added that the problem is significant as recurring plantation companies have been found guilty of burning. JKV felt that since only 16-17% of fires came from within and around oil palm plantations, the root cause of the haze problem will not be addressed if other sectors are not tackled. JKV asked whether TCH intends to

involve timber plantations. TCH responded by saying that the initiative will begin by focusing on oil palm producers in Indonesia and Malaysia due to the large-scale and scope of the problem. When asked by Steve Jennings (SJ) for a clear statement of what the proposed haze initiative is trying to achieve, TCH responded that the project intends to find out the cause of this perennial problem, determine remedies can be put in place to ensure that by the time of the next haze, there is a reduction of haze caused by oil palm plantations. When asked by MD about the resource needs of the proposal, TCH responded that EB members need to first agree whether this project should go ahead.

JKV requested for feedback from MPOA and GAPKI regarding the proposed haze initiative. AMN felt that an independent 3rd party to facilitate the project will be helpful and hoped that the initiative would focus on education and awareness (i.e. prevention rather than treatment). DB does not see the suggested approach relevant as it is difficult to identify owners of burning land. DB felt that the problem is extremely complex and should involve both Indonesian federal and local governments.

Tim Stephenson (TS) and JKV added that in the past, RSPO has never been involved with work involving governments. Both stressed the need to set priorities since there is only so much the RSPO can do. Simon Lord (SL) felt that it was laudable of the RSPO to tackle the haze issue but felt that RSPO' resource availability needs to be studied prior to undertaking such a project. Rikke Netterstrom (RN), TS and TL agreed with SL. To provide some background on the proposal, TCH explained that since the recent haze has a political agenda, it is currently a very hot issue. TCH added that MPOA initially asked RSPO to play a role in tackling the haze issue and felt that it would be a good test case to see whether zero-burning concepts (included in the P&C) can be implemented. TCH also clarified that in terms of resources, he is not playing an active role within the Secretariat so taking on the haze initiative would not tax the Secretariat of existing limited resources. Finally, TCH suggested that the proposal could take the form of an RSPO-driven internal project to get RSPO members involved with burning to take corrective action. SL and RN supported the counter-proposal as it would have implications on the P&C.

In summary, all agreed to ask TCH to begin by preparing a feasibility study containing quantifiable outputs and resource needs for a project involving RSPO members to tackle the haze issue.

3. Secretariat

3.1 Update on status of RSPO Jakarta satellite office

Note: As of 9 September 2005, the Terms of Reference for the satellite office have been drawn up by MVO. The Tripartite Partnership (TP) has proposed that this post also include 40 man-days for Tripartite-related activities, mainly to act as liaison with key partners in Indonesia for the TP. In addition, it has come to the attention of the Secretariat that IPOC suggested the proposal be a joint RSPO-IPOC to leverage on IPOC's governmental status. In addition, there are concerns over the independence and integrity of the position itself. While there is a need to ensure that RSPO the person is able to be highly accessible by Indonesian stakeholders, and thus the placement of the person at IPOC's offices can be seen as strategic, it may also be too close to industry influence or be perceived as such, diminishing NGO buy-in.

After consultation with IPOC, it has been agreed that a joint proposal between IPOC and RSPO to the TP be made, leveraging upon IPOC's governmental status and being a direct part of the TP.

Andrew Ng (ANG) and Jan Kees Vis (JKV) provided EB members with an update on the status of the RSPO Jakarta satellite office. In response, Steve Jennings (SJ) and Rikke Netterstrom (RN) felt that there should be explicit mention of work on Indonesian smallholders in the Terms of Reference. Rudy Lumuru (RL) provided a briefing on Sawit Watch's smallholder initiatives in Indonesia and offered to work with the new Liaison Officer on smallholders. Since the Terms of Reference has already been submitted to the Tripartite Partnership, ANG and JKV proposed to include smallholder work in the 12-month workplan of the Liaison Officer instead. JKV further reassured EB members that the Liaison Officer will put considerable focus on smallholders via outreach and public fora in his/her workplan.

As of 28 September, discussions with the Dutch government (title) counsel, the point for the TP in the region stated that the initiative would be supported by the TP. However, a strong workplan that is specific, time bound, output driven and with key indicators be provided as a final step to the proposal process.

ACTION:

1. Secretariat to produce twelve-month workplan for the Jakarta Satellite office.
2. Secretariat to contact IPOC on logistical issues and identifying potential candidate that is agreeable to all parties involved and would be ideal (as possible) to deliver on the workplan objectives.

3.3 RSPO Anti-trust guidelines

DECISION:

All agree to endorse the latest draft of the RSPO Antitrust Guidelines (refer to [Appendix 1](#)) distributed by Jan Kees Vis on 6 July 2005.

4. Membership

4.1 Update on Honorary Membership

Jan Kees Vis (JKV) proposed the following changes to the document: 1) Item 1: remove last sentence, 2) Item 4a: 'minimum support of 5 RSPO members,' whereby support is mentioned twice, and 3) Item 4b: Replace dates mentioned with 'no later than 2 months before General Assembly.' Norman Jiwan (NJ) also mentioned some grammatical errors in the document.

DECISION:

All agree to endorse the paper on Honorary Membership containing the changes specified above (refer to [Appendix 2](#)).

<Lunch break during 1315-1425 (Malaysian Time)>

3.2 Presentation of 2004/2005 accounts

Tim Stephenson (TS), with a background in finance, explained the draft audit report of RSPO's accounts covering the periods of 1 October 2004 – 30 June 2005 to EB members. Jan Kees Vis (JKV) suggested that the Secretariat needs to prepare a separate set of accounts of projects to record payments made on project-basis although the current reporting format is fine for financial reporting. TS felt that the section on subscriptions fees received does not reflect reality. Azizi Meor Ngah (AMN) offered for MPOA to assist the Secretariat on financial matters, through MPOA's wholly owned subsidiary dealing with financial services, for a payment of RM200 per month. Teoh Cheng Hai (TCH) reminded EB members that the budget also needs to be approved by November.

DECISION:

All agree to delay approval of the accounts until the 2nd RSPO General Assembly in November 2005.

ACTION:

Secretariat to submit a revised set of accounts and the 2005/2006 budget to EB before November 2005.

4.2 Update on process for handling outstanding subscriptions

DECISION:

All agree to endorse the paper on Membership Fees, Subscriptions, Collection and Defaulting (refer to [Appendix 3](#)).

4.3 Update on Annual Communications reporting

Rikke Netterstrom (RN) requested clarification on whether organizational or company annual reporting (containing elements requested by the RSPO format) can substitute filling in the RSPO Annual Communications form. JKV recalled the discussion and stressed that there is no need for duplication of reports that contain elements pertaining to sustainable palm oil. MD added that it should be avoided that the Secretariat spends unnecessary time to consult with members about completeness, formulations, etc.

DECISION:

All agree that existing annual reports containing elements pertaining to sustainable palm oil can be submitted in place of the RSPO Annual Communications form. However, members submitting reports should (ideally) indicate relevant sections for RSPO reporting. It is in the judgement of the Secretariat to copy-paste relevant parts of the reports into the RSPO reporting forms. If some points are not addressed in the reports, the respective parts in the report form will remain blank.

4.4 Update on filling vacant seats on Executive Board

Note: As of 15 September 2005, the Executive Board still has not gotten members to fill up the posts for:

- *Oil palm grower smallholder; 1 seat*
- *Banks/investors; 2 seats*

Jan Kees Vis (JKV) recapped that there has been no response from the National Association of Smallholders (NASH) in Malaysia regarding RSPO membership. JKV also stated that there is a new person at ABN AMRO, which he will approach regarding this issue. Teoh Cheng Hai (TCH) explained that Rabobank was recently prepared to review their position. However, since the Rabobank candidate in Singapore who was most likely to represent them for RSPO matters has now moved to India, the Secretariat will have to approach them again.

Derom Bangun (DB) revealed that Indonesia's smallholder organization, APKASINDO, via its new Chairman Dr Sumardi Syarif, has accepted the RT3 Steering Committee's invitation to join the committee. DB said that APKASINDO is also willing to join the RSPO as a member. However, they need financial support for RSPO membership as well as funding for 2 people to attend RT3. To recap previous discussions on funding from RSPO, JKV reiterated that applicants need to provide evidence of their financial needs by submitting their organization's income expenditure statement or balance sheet to the RSPO. DB requested Andrew Ng (ANG) to request for financial information from APKASINDO. With regards to attendance of RT3, JKV suggested that ANG ask DOEN Foundation whether APKASINDO qualifies for RT3 funding initially earmarked for grassroots NGOs.

Simon Lord (SL) enquired whether a nation-wide smallholder organization in PNG representing a small community (i.e. 50% of PNG smallholder production) is suitable to fill the RSPO EB smallholder seat. SL added that the smallholder organization has funding and can afford to attend meetings. JKV and Steve Jennings (SJ) felt that since there is no smallholder membership in RSPO, they will be most welcome to join.

On the issue of vacant EB seats reserved for banks and investors, Rikke Netterstrom (RN) enquired if Socially Responsible Investors (SRIs) or Asset Managers can represent the banking sector in RSPO. Tim Stephenson (TS) felt that the decision lies with the applicant.

ACTION:

- Unilever to approach ABN AMRO regarding RSPO membership as well as their potential participation as RSPO EB member representing the banks and investors category
- Secretariat to approach Rabobank regarding playing a role in the RSPO EB
- Secretariat to invite APKASINDO to apply for RSPO membership and request for financial information as they have indicated that they require financial assistance
- Secretariat to contact DOEN regarding the potential of supporting APKASINDO's

As of 19 September 2005, Simon Harris of HSBC Malaysia has verbally indicated to Teoh Cheng Hai and Andrew Ng that HSBC will take up the vacant seat (banks & investors category) on RSPO's Executive Board.

4.5 Process for resignation from RSPO

Refer to Item 4.2 (section on defaulting).

4.6 Process for handling controversial applicants as well as disciplinary cases and reporting requirements of existing RSPO members (WWF Switzerland and Body Shop)

Rikke Netterstrom (RN) opened discussions by stating that Wilmar's recent application for RSPO membership demonstrated that the RSPO's approval procedure needs to be improved and be more consistent. RN also raised the issue of EB members making a decision on applicants prior to the completion of the 2-week public consultation period. RN proposed that EB members should withhold approvals until public comments have come in and if comments are received, applicants should be asked to address claims against them. Azizi Meor Ngah (AMN) disagreed and felt that until the P&C are implemented, RSPO should not set restrictions. AMN further suggested that applicants for RSPO membership can even be requested to sign off on every single P&C once the document is accepted. Chew Jit Seng (CJS) cautioned signing off on the P&C for producers as not all applicants are producers. CJS felt that applicants should be signing up to a commitment to the P&C.

Steve Jennings (SJ) felt that there is a serious risk to the RSPO's credibility as time goes on if there is no improved mechanism for accepting members. Simon Lord (SL) on the other hand felt that the RSPO should be careful about policing as there could be concerted efforts to keep a particular organization out of the RSPO. Matthias Diemer (MD) felt the RSPO needs a filter or procedure to deal with controversial applicants. MD suggested that perhaps a statement should be signed on the RSPO membership application form so that applicants understand what is expected from them. JKV explained that the RSPO membership application form cannot be altered until the General Assembly in November. As an interim measure until the General Assembly, JKV suggested for EB members to request that applicants respond to allegations and invite them to respond to the complainer.

9. Matters arising

DECISION:

All agree that the date for the next all-day Executive Board meeting will be on Thursday, 24 November 2005, in Singapore.

<Adjournment at 1555 (Malaysian Time)>

RSPO Secretariat
26 September 2005

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



Antitrust Guidelines for RSPO Members

The principal objective of the Roundtable on Sustainable Palm Oil (RSPO) is “to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders”. However, being a multi-stakeholder initiative, RSPO also brings competitors together and, in doing so, present potential risks of contravention of antitrust or competition laws and regulations of various countries. Accordingly, the following precautions must be taken to ensure full compliance with those laws.

A) General Principles:

- 1) Participation in RSPO is voluntary. No one will be pressured to participate in it.
- 2) Members of RSPO shall remain free at all times to join other initiatives on sustainable agriculture and shall not be limited in any respect in the ways they decide to conduct their business.
- 3) Membership of RSPO shall be open to all companies within the membership categories specified in its Statutes and By-laws.
- 4) RSPO will not be used in any manner as a vehicle for participating companies or individuals to discuss or seek agreement on any of the subjects mentioned under C) below. It is important to keep in mind that no formal agreement needs to be reached to run afoul of antitrust or competition laws.
- 5) No competitively sensitive information will be exchanged among RSPO members.

B) Meetings:

- 1) All agendas and minutes have to be circulated to all participants well in advance of any meeting.
- 2) The RSPO Secretary-General shall ensure that agendas and minutes of meetings comply fully with these Guidelines. When in doubt, he/she must seek advice of a legal counsel before dissemination.
- 3) All meetings shall begin with a review of these Guidelines by the Chairman of the meeting.
- 4) If a participant is uncertain whether a discussion or conduct does raise antitrust or competition law issues he/she should immediately seek the advice of his/her legal counsel.
- 5) If a participant senses a violation, he/she should dissociate himself/herself from it immediately.



Roundtable on Sustainable Palm Oil

C) Specific Don'ts

In view of antitrust considerations and to avoid any possible restraints on competition, competitively sensitive subjects must be avoided during any discussion between and among competitors, including the following:

Future marketing plans of individual competitors should not be discussed between competitors;

- 1) Any complaints or business relating to specific customers, specific suppliers, specific geographic markets or specific products, should not be discussed between competitors;
- 2) Purchasing plans or bidding plans of companies in competition should not be discussed (except privately between two parties with a vertical commercial relationship such as supplier and customer);
- 3) Current and future price information and pricing plans, refund or rebate plans, discount plans, credit plans, specific product costs, profit margin information and terms of sale should not be discussed between competitors;
- 4) RSPO shall also not be used in any manner as a vehicle for competitors to limit or control production, markets, sources of supply, technical development or investment, nor should it be a platform to agree or discuss joint reactions to specific companies (for example boycott of particular suppliers or customers).



Roundtable on Sustainable Palm Oil

New Membership Type - Honorary Membership for Individuals

1. Rationale

Honorary Membership (HM) with the RSPO is a new category of membership to be granted to those individuals who have made contributions to the RSPO that merit an outstanding form of recognition, and whose contributions are still seen as important for the RSPO.

2. Conditions for Honorary Membership

The individual would need to have made contributions to the RSPO, its goals, missions and/or activities that were outstanding. The potential HM candidate would need to demonstrate a clear role in furthering the goals of RSPO, particularly in a leadership role, promoting sustainable development amongst stakeholders and, a high level of integrity in representing RSPO with external stakeholders.

3. Benefits

The following are the benefits for HM:

- Free lifetime Honorary Membership.
- Observer status at RSPO General Assemblies
- Free entry and participation at all Roundtable meetings and other RSPO conferences, seminars, events, etc.
- Honorary Membership certificate/memento in recognition of the individual's contributions and/or achievements.

4. Process for Admission

The following shall constitute the process for nomination, selection, conferring and publicity for HM.

- a) Nominations for HM: Nominations can be made by Executive Board (or RSPO Members) with the support of a minimum 5 RSPO Members.
- b) Nominations would have to be made via a written nomination to the Secretariat 2 months prior to the General Assembly.
- c) The EB would assess the merits of each nominated individual. Nominators may be required to provide a rationale or justification for their nomination using the basic criteria expressed above.
- d) The EB would make a decision on a potential HM recipient(s) by the General Assembly. It is important to note that no fixed number of HM recipients are set, thus the potential for having no new HM recipients in any given year is possible and acceptable.



Membership Fees, Subscriptions, Collection and Defaulting

The objective of this paper is to fulfil a need raised by the Executive Board (EB) of the Roundtable on Sustainable Palm Oil (RSPO) on the need to streamline the collection of new and existing members as well as procedures for the termination of members who do not pay subscriptions. In order to facilitate the systematic collection of fees for RSPO membership, the following is proposed:

1. Year of commencement: 2006

2. Proposed dates for collection of fees within a calendar year

- Full year fees (€2,000.00): 1 July (to streamline with financial year)
- Half year subscription (for new members €1,000.00): 1 January

3. Streamlining of fee structure and collection for 2006

- All existing members subscriptions due by 30 June 2006, pay full fees for 2006 on 1 Jul 2006.
- All existing members subscriptions due after 30 June 2006, pay half fee on 1 January 2007

4. Collection of outstanding / overdue membership subscriptions and termination due to non-payment / defaulting

- In the event of a member not paying membership fees by the given deadline, a reminder notice will be sent 3-months after the invoice issue date.
- Failure to comply and pay subscriptions would result in a second (2nd) reminder notice to be sent 2-months after the initial reminder notice. The member in question would be notified that payment must be made within 2-months of this notice or the member would face termination of membership.
- If after the 2-months grace period as provided for in the second reminder notice, the member has not paid subscriptions, a membership termination notice would be sent to the member. Simultaneously, a notice would be posted on the RSPO website (<http://www.sustainable-palmoil.org>) for a period of 6-weeks.