



Roundtable on Sustainable Palm Oil

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## EB-03: Minutes of Executive Board Meeting

By Phone Conference on 16 August 2004 at 9.00 GMT

### Participants

1. Jan Kees Vis (Unilever)
2. Sara Clancy (Body Shop)
3. Fausta Borsani (Migros)
4. Tim Stephenson (Aarhus)
5. Patrick Cooper (WWF)
6. Wilko Jan Balkema (IOI Group)
7. Jan Olof Liddefelt (Karlshamns)
8. Vengeta Rao (MPOA)
9. Joseph Tek (MPOA)
10. Khairudin Hashim (Golden Hope)
11. MR Chandran (MPOA)
12. Chris Donough (IOI Group)
13. Ian Rowland (PRPOL)
14. Teoh Cheng Hai (RSPO Secretariat)
15. Si-Siew Lim (RSPO Secretariat)

### Absent with apologies

16. Ian McIntosh (Aarhus)
17. Matthias Diemer (WWF)

### AGENDA

1. Introduction
2. Confirmation of Executive Board meeting 2/04 (28 May 2004) and Matters Arising
3. RSPO Membership and SOIs
  - Update on RSPO membership and SOIs
  - Review of application for membership by
    - Associations
    - Traders
    - Corporations vs subsidiaries
  - To consider requests for discounts or waivers of membership fees for NGOs, etc
  - Review process for evaluating applications for membership
    - Public comments on applications by organizations for Affiliate Membership
    - Appeal procedure for rejected applications for membership
4. Communications
  - Update on RSPO website
  - Effort by RSPO Secretariat to promote RSPO and RT2
  - Effort by EB and RSPO members to promote RSPO and RT2
5. Preparations for RT2 meeting and General Assembly (GA1) in Jakarta
  - Reports from RT2SC and RT2OC
  - RT2 Agenda
  - RT2 Chairmen of Sessions
  - Proposed agenda and process for General Assembly (GA1)
  - Date and time of the Inaugural meeting of the newly elected RSPO Executive Board after GA1
6. Update on RSPO projects
  - Development of criteria for sustainable palm oil
  - IIED proposal on smallholders production
  - CABI project proposal on Learning Guide on IPM
  - Proposals for new projects for presentation at RT2
7. Finance
  - Income and Expenditure Statement for May-July 2004
  - Settlement of deficit of EUR 13,512 arising from the RT Organising Committee account
8. Any other matters
  - Establishment of new RSPO Secretariat and appointment of new Secretary-General after RT2
  - Date of next EB meeting

## MINUTES

### 1. Introduction

RSPO President gave his opening remarks. Teoh Cheng Hai (TCH) suggested that due to foreseeable time constraints, meeting participants should proceed directly to items labeled “discussions” and “decisions.” Items labeled “for information” will be taken as read. All agreed.

Apologies were received from Ian McIntosh and Matthias Diemer. Tim Stephenson replaced Ian McIntosh at the meeting while Patrick Cooper spoke on behalf of WWF in Matthias Diemer’s absence.

All welcomed Sara Clancy who replaced Rikke Netterstrom as Body Shop’s representative on the RSPO EB. After a brief introduction, Sara Clancy informed the Board that Rikke Netterstrom may return to the RSPO EB to represent Body Shop.

### 2. Confirmation of Executive Board meeting 2/04 (28 May 2004) and Matters Arising

**DECISION:** Minutes from the previous EB Meeting were confirmed by all.

RSPO Secretariat:

TCH appealed to several members to submit their outstanding membership forms, as well as personal and organization profiles to the RSPO Secretariat as soon as possible.

**DECISION:** All agreed to submit outstanding items within ten days (by 26 August 2004).

#### **ACTION**

- **IOI Group:** To submit organizational profile and membership form
- **Golden Hope:** To submit organizational profile and EB Member profile
- **Body Shop:** To submit EB Member profile and membership form
- **MPOA:** To submit photo for EB Member profile
- **Migros & PRPOL:** To submit membership forms

### 3. RSPO Membership and SOIs

#### Update on RSPO membership and SOIs

As of 16 August 2004, there are 46 signatories to the SOI; organizations that have signed on since the last EB meeting are:

- Kulim (Malaysia) Berhad
- Consolidated Plantations Berhad (Malaysia)
- Premium Vegetable Oils Sdn Bhd (Malaysia)
- Malaysian Palm Oil Association (MPOA)

The status of RSPO membership as of 16 August 2004 is given in the following table; there are 21 Ordinary Members and 3 Affiliate Members. Five applications for Ordinary Membership and 2 applications for Affiliate Membership are awaiting approval.

<b>Organization (26 Ordinary, 5 Affiliate)</b>	<b>Date joined</b>
<b>Oil palm growers (13)</b>	
Agropalma Group	29 June 2004
Asiatic Development Berhad	3 August 2004
Daabon Organic CI Tequendama SA*	9 August 2004
Golden Hope Plantations Berhad	14 June 2004
IOI Group (Malaysia/Netherlands)	?
JA Russell & Co Sdn Bhd	Pending
Kulim (Malaysia) Berhad	9 August 2004
Malaysian Palm Oil Association (MPOA)	1 June 2004
National Association of Smallholders Malaysia	Pending
PT Musim Mas	Pending
Pacific Rim Palm Oil Limited	?
SIAT SA	3 August 2004
United Plantations Berhad	20 July 2004
<b>Palm oil processors and/or traders (6)</b>	
Aarhus United A/S	17 June 2004
Cargill BV	29 June 2004
Danisco Emulsifiers	9 August 2004
Intercontinental Specialty Fats Sdn Bhd	Pending
Mitsubishi Corporation (Kuala Lumpur Branch)	5 August 2004
Karlshamns AB	30 June 2004
<b>Consumer goods manufacturers (2)</b>	
Unilever	7 June 2004
Walter Rau Lebensmittelwerke GmbH & Co KG	Pending
<b>Retailers (2)</b>	
Migros Genossenschafts Bund	?
The Body Shop International plc	?
<b>Banks/investors (1)</b>	
HSBC Bank Malaysia Berhad	5 August 2004
<b>Environmental/nature conservation NGOs (2)</b>	
WWF Switzerland	10 June 2004
PanEco*	11 August 2004
<b>Social/development NGOs (0)</b>	
<b>Affiliate Members (5)</b>	
Dato' Henry S Barlow	20 July 2004
PalmPool	5 August 2004
Dr Reza Azmi	12 August 2004
qa plus asia-pacific Sdn Bhd	Pending
CIRAD Tree Crops Department	Pending

Note: \* Organisations have been placed in a category (assumption) as they have not clarified their category of application  
 ? Official membership forms have not yet been received by RSPO Secretariat from these organisations

Review of application for membership by:

- Associations
- Traders
- Corporations vs subsidiaries

**Associations:** Should trade/industry associations (i.e. GAPKI, IPOC, MPOA, FEDIOL, NASH etc.) be admitted as Ordinary or Affiliate Members?

Unilever:

Jan Kees Vis was under the impression that there was an agreement on the matter already. Associations have the option of becoming either Ordinary or Affiliate Members.

WWF:

It is important that these associations join RSPO on their own right; they do not represent their members.

Karlshamns:

Jan-Olof Lidelfelt cited the example of FEDIOL. Unless FEDIOL has backing from their members, they can not apply for membership.

MPOA:

In recent discussions, John Goodwin (IASC) informed MR Chandran that a Council decision is required for IASC to join RSPO. In the case of MPOA, MPOA has the approval of its Council members and MPOA is an Ordinary Member of RSPO.

Unilever:

Associations cannot be expected to represent all their members. Associations cannot be held responsible for the actions of all their members.

MPOA:

What about representations on the RSPO Executive Board? For example, MPOA currently represents oil palm growers on the RSPO EB.

Migros & Karlshamns:

As long as the seat is supported by the rest of the oil palm growers, associations should be allowed to sit on the RSPO EB.

**DECISION:** All agreed that associations can join either as Ordinary or Affiliate Members through their own choosing. However, they need to be reminded that they do not represent individual members.

**DECISION:** All agreed that trade/industry associations can represent a particular category on the RSPO Executive Board, as long as there is support from other stakeholders.

**Traders:** At present there is inconsistency in respect of the categorisation of traders in the Statutes and By-laws. Article 5 of the Statutes gave "Palm Oil Processors **and** Traders" as one category while Article 4.1 of the By-laws defined the sector in question as "Palm Oil Processors **or** Traders. So far, Aarhus, PRPOL, IOI Group and MPOA have suggested that the category should be re-worded as "Palm Oil Processors **and/or** Traders".

**DECISION:** All agreed that the category be re-worded as "Palm Oil Processors **and/or** Traders."

**Corporations vs subsidiaries:** A concern has been raised over the effectiveness of national or regional offices of larger corporations taking up membership in RSPO.

WWF:

No objections to subsidiaries joining RSPO as long as it is made clear that a branch organization is applying for membership.

PRPOL:

Ian Rowland agreed with WWF. However, two issues that have to be considered: a) RSPO cannot have larger conglomerates using their branch's membership to their advantage; b) RSPO needs to get the highest level of a particular organization to join.

Unilever:

Jan Kees Vis was hesitant whether RSPO should try to interfere into the internal affairs of multi-national corporations like HSBC, Cargill, etc. It is not RSPO's business. Besides, large companies probably already have approval from their respective headquarters before applying for membership.

PRPOL:

Ian Rowland reiterated that RSPO should not interfere with the internal affairs of corporations. However, RSPO should simply encourage the involvement of main offices of branches/regional offices who are already members.

MPOA:

MR Chandran cited the example of HSBC, which operates from its main office in London. It was with their approval that HSBC Bank Malaysia Berhad became a member of RSPO. It is better to have a regional office/branch join RSPO because a satellite office's capability often depends on the national policy of the country in which it operates in.

**DECISION:** All agreed that regional offices/branches of an organization be allowed to join RSPO and that the RSPO should also leave it to these regional offices/branches to encourage their respective headquarters to take up RSPO membership.

#### To consider requests for discounts or waivers of membership fees for NGOs, etc

WWF:

RSPO needs proof of credibility of organisations before issuing discounts. Two options should be considered: a) fixed discounts or b) discounts given out on a case-by-case basis. Patrick Cooper also mentioned that Indonesian NGOs are less able to afford membership fees as compared to NGOs in other countries.

RSPO Secretariat:

TCH briefed meeting participants on the status of NASH's application whereby NASH is "unable to support RSPO with their income statement or any other financial statement as requested because of internal procedures."

Unilever:

Organizations which are not able to demonstrate their income situation should not be allowed to receive a fee waiver. Jan Kees Vis is unsure whether an income statement, per say, is necessary for organizations to demonstrate their income situation. Should discounts be based on the size of the organization? Jan Kees Vis also suggested that a 50% discount be given to organizations whose total turnover (overall budget) is less than € 100,000 per year and organizations which have a total turnover (overall budget) of less than € 50,000 need only pay a fixed Ordinary Membership fee of € 200.

Migros:

In recent times, Fausta Borsani stated that NGOs are not prepared to release turnover/revenue figures to the public.

## Body Shop:

Sara Clancy briefed EB Members on the practice of bigger corporations subsidizing smaller organizations in some situations. Organizations who wish to join RSPO need to be transparent. The RSPO should follow examples from initiatives such as FSC-WWF and ECO-Trading.

## WWF:

There must be some sort of measure of turnover/revenue that is available to the public in each country. If organizations are requesting for discounts, they need to show some sort of evidence that they cannot afford the fees. On the methods of substantiating that, we can allow some leeway.

## MPOA:

In most countries, NGOs are required to be registered and they have to submit information like revenue, and number of members to their respective governing agencies. We should be able to get this information from registrars of organisations. MR Chandran also mentioned that it is essential that RSPO have a smallholder association onboard. Thus, we would have to make an early decision.

## RSPO Secretariat:

TCH reiterated that it is crucial to get smallholders and social NGOs onboard by RT2.

**DECISION:** All agreed that until further decisions are made on the matter, RSPO will give a 50% discount to organizations whose nominal income is less than € 100,000 per year and organizations which earn less than € 50,000 need only pay a fixed Ordinary Membership fee of € 200. Discounts will be decided on a case-by-case basis.

## ACTION

- **RSPO Secretariat:** To find out if organization/company registrars are public domain information in Indonesia and Malaysia
- **RSPO Secretariat:** To write to NASH regarding RSPO EB's decision on their membership application
- **Sara Clancy:** To provide RSPO EB with more information on practices adopted by FSC, ECO-Trading and others for future reference.

## Review process for evaluating applications for membership

**Public comments on applications by organizations for Affiliate Membership:** Should applications for Affiliate Membership by organisations be posted on the RSPO website for two weeks for public comment, as in the case for Ordinary Membership?

**DECISION:** All agreed on posting applications for Affiliate Membership by organisations on the RSPO website for two weeks for public comment.

**Appeal procedure for rejected applications for membership:** Should a process be put in place whereby candidates which are deemed unsuitable for membership be given the opportunity to respond to the criticisms and be allowed to appeal for reconsideration of their applications by EB?

**DECISION:** All agreed to provide an explanation to rejected applicants (for RSPO membership). The RSPO Secretariat will be responsible for preparing the appeal. Further ideas on the matter are welcome and will be discussed during the next EB meeting.

## 4. Communications

- Update on RSPO website
- Effort by RSPO Secretariat to promote RSPO and RT2
- Effort by EB and RSPO members to promote RSPO and RT2

RSPO Secretariat:

TCH briefed EB Members on efforts by the Secretariat to promote RSPO and RT2 via briefing sessions (in Medan, Jakarta, Sabah, and Kuala Lumpur), the new website as well as sending out periodic e-update (with a distribution list of over 600 recipients) to global stakeholders. A standard information kit has also been assembled and distributed to interested parties. TCH also informed EB that a final briefing session will be held in early September for the financial sector in collaboration with HSBC.

Unilever & MPOA:

RSPO Secretariat has done a good job so far with the website and briefing sessions in particular. However, MR Chandran cited concern whether RSPO updates are reaching international organizations, particularly those in South America.

### **ACTION**

**All EB Members:** To send contact information (i.e. email addresses) of people who may be interested in RSPO's developments to the RSPO Secretariat.

RSPO Secretariat:

The Secretariat needs the help of EB Members to promote RSPO, particularly in consumer countries.

Unilever:

We need to step up efforts to encourage more organizations to join RSPO or else we will fall short of the target of 50 members by RT2. Jan Kees Vis will approach Oxfam Indonesia (social NGOs), as well as Nestle and Mars (consumer goods manufacturers) with personal letters. What happened to Sawit Watch's involvement in RSPO?

RSPO Secretariat:

No response has been received from Sawit Watch. Can WWF help with getting NGOs onboard? RSPO will approach financial institutions during the proposed Singapore briefing session.

WWF:

WWF is making efforts to get NGOs onboard. Efforts to get retailers to join RSPO are also underway.

Unilever & WWF:

Without access to RSPO Secretariat's current mailing list to potential members, EB Members do not know who has been invited so far. MR Chandran suggested for a generic letter of invitation for RSPO Membership to be signed off by the RSPO President and posted on the website.

### **ACTION**

- **TCH:** To send draft letter of invitation (for RSPO Membership) to RSPO President and subsequently, post the letter on the RSPO website
- **Si-Siew Lim:** To send the current list of invitees (for RSPO Membership) to EB Members. The list should be grouped according to the 7 RSPO categories plus one additional category for potential donors
- **All EB Members:** To step up efforts to approach and encourage as many organizations as possible to participate in RT2 and to join RSPO as members

## 5. Preparations for RT2 meeting and General Assembly (GA1) in Jakarta

- Reports from RT2SC and RT2OC
- RT2 Agenda
- RT2 Chairmen of Sessions
- Proposed agenda and process for General Assembly (GA1)
- Date and time of the Inaugural meeting of the newly elected RSPO Executive Board after GA1

RSPO Secretariat:

TCH provided a summary of preparations for RT2 and GA1 in Jakarta. RT2SC held its inaugural meeting on 29 July 2004. RSPO was represented by MR Chandran and Teoh Cheng Hai. RT2OC has been making good progress with the organization of RT2. The Committee meets regularly and once a month, TCH will participate. TCH also briefed EB Members on the latest RT2 agenda and proposed chairpersons of the different sessions.

### **ACTION**

**EB Members who are interested in the RT2 exhibition booths:** To contact Dr Rosediana Suharto (IPOC) as 5 booths have been reserved for international stakeholders.

### **ACTION**

**Jan Kees Vis:** To provide a gift/memento for the Indonesian Minister of Agriculture, to be presented on behalf of RSPO at the Opening Session of RT2.

Unilever:

Jan Kees Vis suggested for the newly elected EB Members (post-GA1) to meet on the morning of 7 October 2004 as a meeting immediately after GA1 on 6 October 2004 will be taxing on participants after 3 days of intense meetings.

**DECISION:** All agreed that the newly elected RSPO EB members will meet on the morning of 7 October 2004.

### **ACTION**

**TCH:** To make logistical arrangements for newly elected RSPO EB members to meet on 7 October 2004.

## 6. Update on RSPO projects

- Development of criteria for sustainable palm oil
- IIED proposal on smallholders production
- CABI project proposal on Learning Guide on IPM
- Proposals for new projects for presentation at RT2

### RSPO Secretariat:

TCH provided a quick brief on latest developments, particularly regarding the development of criteria for sustainable palm oil. Notably, HSBC Bank Malaysia Berhad has agreed to sponsor the project on development of criteria for sustainable palm oil. TCH has been in communication with ProForest regarding their appointment as facilitators for the project and the call for nominations for Criteria Working Group (CWG) members have been revised. In view of the delay in starting the project, it is highly unlikely that the CWG can produce the first draft of the criteria for presentation at RT2.

### MPOA:

Vengeta Rao stated that since the first draft of the criteria may not be ready, it should be called a summary of work in progress. He also noted that each component must be led by someone from the CWG. He suggested an additional component: supply chain. Hence, there should be six working groups.

### RSPO Secretariat:

TCH clarified that the CWG will go back to the findings of the Technical Group last year. The supply chain component was not included in the existing framework, but reference has been made to supply chain issues. TCH stated that the supply chain group could be included in the plenary session or as a separate component in the break-out session. In addition, TCH enquired about progress on projects where EB Members are involved (i.e. WWF and MPOA).

### MPOA:

MR Chandran can only brief EB Members on progress after a proposed meeting with WWF Malaysia on 16 September 2004.

### WWF:

Patrick Cooper has not spoken to Matthias Diemer in detail regarding presentations to be given by WWF at RT2 but anticipates no complications. Patrick Cooper also believes that FoE will not attend RT2, but that it is a good gesture for RSPO to invite FoE (as suggested by RT2OC), and FoE may choose to ask a local representative to speak on their behalf. .

### RSPO Secretariat:

TCH requested the cooperation of EB Members in appointing CWG members. TCH will send the final list to EB Members and a decision has to be made by 27 August 2004.

TCH added that EB Members are invited to provide suggestions on potential projects which could be presented for consideration during RT2. The proposed approach is to provide a 'market place' for proposals by project proponents.

### Unilever:

Jan Kees Vis proposed for TCH to contact Herbert Diemont (Alterra Wageningen UR) and ZERI – Zero Emissions Research and Initiatives with regards to RSPO projects.

### MPOA:

MR Chandran proposed a project: 'Value addition along supply chain'

### RSPO Secretariat:

TCH reiterated that presentations during Session III are only for ongoing projects. Proposals will go to the 'market place' breakout sessions towards the end of Session III. On Jan Kees Vis' suggestions, TCH had already contacted Gunter Pauli of ZERI. TCH plans to invite all who have been previously involved with RSPO to prepare presentations/proposals during the 'market place' session.

## **ACTION**

- **WWF:** To approach FoE regarding their involvement with RSPO and participation in RT2.
- **All EB Members:** To approve composition of CWG by 27 August 2004
- **All EB Members:** To provide suggestions for potential projects for RT2

## 7. Finance

### Income and Expenditure Statement for May-July 2004

RSPO Secretariat:

TCH provided a summary of RSPO Secretariat's income and expenditure for May-July. To-date, expenditure was generally within estimates except for the following:

- Management expenses was about 21% higher than proportionate estimate as it had included fees paid to TCH for work done during March and April. This pre-start up expenditure had not been included in the initial estimate.
- Allocation for contingencies for the 6-month budget had been fully utilised for the purchase of a notebook computer to replace the Toshiba notebook that had been stolen in July 2004.

Income received from membership fees is RM 132,735.06 while total expenditure was RM 139,756.12. Thus, there was a deficit of RM 7021.06 (equivalent to € 1503.43) as at 31 July 2004.

Unilever:

Jan Kees Vis proposed splitting the expenditure to 'pre-30 June 2004' and 'post 30 June 2004.' This needs to be made very clear in RSPO's books. He also suggested for the statement of accounts to be presented in a single currency. Statements should also show proportionate estimates for the period in question to allow easier comparison with actual expenditure.

#### **ACTION:**

- **WWF:** To pay 2003/2004 membership fees to RSPO Secretariat as soon as possible
- **All EB Members except Migros and Golden Hope:** To pay 2004/2005 membership fees to RSPO Secretariat as soon as possible
- **RSPO Secretariat:** To present the accounts for 2 distinct periods – pre-30 June 2004 and for FY July 2004-June 2005.

### Settlement of deficit of EUR 13,512 arising from the RT Organising Committee account

Unilever:

RSPO should wait for any profits from RT2 or any budget surplus from this year to pay off the deficit of EUR 13,512 from the previous OC account.

## 8. Any other matters

### Establishment of new RSPO Secretariat and appointment of new Secretary-General after RT2

#### RSPO Secretariat:

TCH advised EB Members to consider the establishment of a new RSPO Secretariat in early course.

#### WWF:

Patrick Cooper stated that the job (of RSPO Secretary-General) should be advertised internationally with a 2-year appointment. The Terms of Reference (ToR) also needs updating.

#### Unilever:

Jan Kees Vis stated that preparations for a new RSPO Secretariat are premature at this point and the decision is for newly elected EB Members in October 2004. If the RSPO falls short of 50 members by RT2, this whole initiative may need to be re-examined.

#### MPOA:

MR Chandran enquired whether TCH can at least prepare an estimated budget for establishing the new RSPO Secretariat for discussion during GA1.

**DECISION:** All agreed to wait until GA1 or the cut-off point of 50 RSPO members before deciding on the future of the RSPO Secretariat.

#### **ACTION**

**TCH:** To prepare a budget for the RSPO Secretariat for a 12-month period for EB Members' consideration.

### Date of next EB meeting

#### RSPO Secretariat:

TCH suggested an EB Meeting via phone conference in September 2004 before RT2 to finalize arrangements for RT2 and GA1.

**DECISION:** All agreed to an EB Meeting via phone conference at 9.00 GMT on Monday, 13 September 2004

### Adjournment

The meeting was adjourned at 10.45 GMT.