

## Minutes for EXECUTIVE BOARD MEETING EB 04-13

**Date:** 4<sup>th</sup> October 2013

**Venue:** Via Teleconference

### Attendance

#### **EB Members and Alternates**

Unilever Jan-Kees Vis (JkV) - Chair  
AAK – Martin Craven\* (MC)  
AAK – Tim Stephenson \* (TS)  
BothEnds - Paul Wolvekamp (PW)  
Carrefour–Agnes Pondaven (AP)  
Conservation Intl – John Buchanan  
Felda - Norazam Hammed (NH)  
FELDA – Norazam Abdul Hameed (NH)  
HSBC – John Laidlow (JL)  
Indonesian Growers – Edi Suhardi  
IOI - Hidde van Kersen (HvK)  
IOI – Too Heng Liew (THL)  
Mondolez – Neil Lacroix (NL)  
MPOA – Khairudin Hashim (KH)  
MPOA – Simon Siburat (SS)  
NBPOL – Simon Lord (SL)  
Oxfam – Johan Verburg (JV)  
Univanich – John Clendon (JC)  
WWF – Adam Harrison (AH)

\* Left after 30 minutes

#### **With Apologies**

Royal Ahold - Hugo Byrnes  
DAABON – Felipe Guerrero  
ZSL – Michal Zrust  
RPOG – Belinda Howell  
Rabobank – Thomas Ursem (TU)  
Musimas – Gan Lian Tong

#### **RSPO Advisors**

Prof. BungaranSaragih (BS)  
MR Chandran (MRC)

#### **Secretariat Staff**

Anne Gabriel (AG)  
Eileen Ho (EH)  
Desi Kusumadewi (DK)  
SalahudinYaacob (SY)  
Dayangku Mazrianah (DYG)  
Darrel Webber (DW)  
Audrey Lee (AL)

Item	Description	Focal Point
1.1	<p><b>RSPO Antitrust laws</b></p> <p>There will be no discussion on any commercial aspect of the trade in palm oil on premiums, volumes, individual suppliers, individual customers, etc.</p>	FYI
1.2	<p><b>RSPO EB consensus based decision making</b></p> <p>The EB was reminded that they are bound to make decisions by consensus which is the absence of sustained opposition</p>	FYI
1.3	<p><b>Approval of Minutes of previous meeting EB 03-13</b></p> <p>Item 8.0 Complaints:</p> <ul style="list-style-type: none"> <li>• Under Item 8.0 of the Complaints - JKV suggests to have these statements in the minutes of previous meeting 04-13.</li> </ul> <p><i>“Grower members are encouraged to join. Need more NGO’s in the pool.”</i></p> <ul style="list-style-type: none"> <li>• Under Item 8.0 of the Complaints – SL comment is actually SS comment.</li> </ul> <p>EB Minutes 03-13 approved.</p>	DW
1.4	<p><b>Approval of draft minutes of GA9 &amp; EGA</b></p> <p><b><u>Draft minutes of GA9</u></b></p> <ul style="list-style-type: none"> <li>• Page one item number 6 (a) – SL states that the categories of the Oil palm growers consist of only Rest of the World and not smallholders.</li> <li>• Correction of “Khairuddin Hashim” into “Khairudin Hashim” name in the whole draft minutes of GA9.</li> <li>• Page 6 &amp; 7 – If possible need to state specifically the names of the minuted “floor member” that spoke in the GA9.</li> </ul> <p>Draft GA9 minutes of meeting approved to be submitted to the GA.</p> <p><b><u>Draft minutes of EGA</u></b></p> <p>Draft EGA minutes of meeting approved to be submitted to the GA.</p>	

<p><b>2.0</b></p>	<p><b>Co-chairmanship of EB and related statutes changes</b></p> <p>DW states that he proposed some changes to the statute which consists of:</p> <ol style="list-style-type: none"> <li>1. The added clarity on the sub category of the ordinary grower members</li> <li>2. Introduction of allowing more than one chairperson</li> <li>3. Change of terminology from EB to Board of Governors</li> <li>4. The Secretariat will be managing all the membership applications instead of the Board.</li> <li>5. Changes on how to accept membership fees which is now asked upfront.</li> </ol> <p>Agnes – Asks why one or more chairperson in the board and not two?  PW – Suggested the power of the board of governors will need to do some wording regarding its decision making power on suspension and termination of membership otherwise it would be meaningless to comment  DW – states that the wordings to describe the power have already been covered.  KH – States to consult constituents as there is limited time to do the review of the changed statutes because the draft came in late.  AH – Asks if the changes on ACOP submission has been incorporated.  ES – States that the Indonesian grower supported the co-chairmanship.  JKV – States that Oil palm group grower member cast their vote on behalf of their grower member from their own geographical area.</p> <p><b>Decision:</b></p> <p>DW to change the wording of line 247 (See annex 1) to a clearer meaning.</p>	<p>DW</p>
<p><b>3.0</b></p>	<p><b>Compensation Task Force and the way forwards</b></p> <p>SY briefed the EB that the compensation guidance has undergone public consultation. In total, 21 comments were received during the consultation period. The two physical workshops held in Jakarta and Kuala Lumpur were attended by 27 (18 + 9) organizations.</p> <p>Important points are:</p> <ul style="list-style-type: none"> <li>• There are groups of stakeholders who opined that the compensation guidance document should go ahead even though there are gaps in it.</li> </ul>	<p>SY</p>

	<ul style="list-style-type: none"> <li>• Sticky points are the Nov 2005 cut-off date where some members thought that the compensation should only start after May 2010.</li> <li>• The issue on monetary compensation where it was thought to be excessive is required for further details.</li> <li>• Issues on governance and operation of Compensation Panel</li> <li>• Proxy approach for determining the coefficient is thought to be too simplistic and does not represents the reality</li> </ul> <p>Compensation Panel Co-Chairs recommends that:</p> <ul style="list-style-type: none"> <li>• The guidance is revised based on the comments made/received through the public consultation process.</li> <li>• The document is submitted to the EB for endorsement and will allow a one year trial period</li> <li>• Improvement to be made (based on comments/findings made) before a final document is produced after a one year trial</li> </ul> <p>Discussion:</p> <p>AH – States that the big issue is the request of cut-off date that needs to be moved from Nov 2005 to May 2010. Will the EB allow this?</p> <p>KH – Told the Board that the growers walk out from the KL meeting due to the cut of date and the monetary compensation.</p> <p>SS – States that between the periods, there was no adequate resources and system to conduct the assessment.</p> <p>KH – States that this issue could break RSPO.</p> <p>AH – Asks on how to treat the non-compliance at different periods?</p> <p>JL – Gave an sliding scales as an opinion.</p> <p><b>Decision:</b></p> <p>JKV states to continue the discussion in another time as the time given for the teleconference is not enough.</p> <p>The EB opines that the compensation task force has no mandate to shift the 2005 HCV clearance cut-off date.</p> <p>The meeting of the compensation task force and the way forwards will be between now and RT11. Need to bring the discussion into a conclusion.</p>	
4.0	<p><b>Proposed Resolution for E-Voting</b></p> <p>DW states that the proposal for E-Voting remains the same. If it were</p>	DW

	<p>to include in the revise statute then the proposal needs to be changed. It is up to the board whether or not to resubmit or to incorporate it in the changes.</p> <p>Indonesian Caucus doesn't support the resolution for E-Voting MPOA including FELDA doesn't support the resolution for E-Voting.</p> <p><b>Decision:</b> To submit the resolution as an Individual member and not as a board member.</p>	<b>DW</b>
<b>5.0</b>	<p><b>RSPO Beyond</b></p> <p><u>Discussion:</u></p> <p>AH – Presented his paper on RSPO plus via teleconference.  JL – States to request more buyers. Need to add it into the strategies.  KH – Told AH that RSPO needs to be business driven. If there is no economic sense to it, then the Grower is shouting “Please help us”. Cost sharing is required.  JKV – Advise to not debate this now. Three different grades are not acceptable. It should be business to business  JL – States that RSPO plus is not going to work. The paper only addresses environmental challenges. The real challenge is the core standard. TBP for people to leave after 3 yrs.  HvK – Explains that the paper is to invite others into the discussion.  SL – Said that the paper came quite late. In part radical, in part innovative. Discuss this under certification system document review. Need to include other elements, social, and wider group, supply chain, as well.  JKV – Explains that it is voluntary. Can flag through voluntary reporting which need to set a design. TBP should be included in ACOP. Segregated was not agreed and that we still need to rely on GP.</p> <p>Growers to set up a pilot under certification system review</p> <p><b>Decision:</b></p> <p>Growers to take up and discuss the formation of task force and to discuss this issue.</p>	
<b>6.0</b>	<p><b>Certifying Destruction Report Discussion</b></p> <p>DW explains that Greenpeace is using an inaccurate analysis. Greenpeace will constantly use wrong public maps and wrong information as it is the only public information that is available for</p>	<b>DW</b>

	<p>them to refer and use.</p> <p><b>Discussion:</b></p> <p>JKV – States that the report is negative and the message that they made is that GP is not anti RSPO. He also states that the level of control of the member is not good enough. He also asks why the report was put in the agenda as it has not created a lot of noise.</p> <p>KH – Suggests that RSPO got to respond since it says that RSPO is not good enough because to them (GP), CSPO is not good enough. He also states that we should not confuse our customer further because of this.</p> <p>PW – PW states that the GP greet report does not coincide with social discontent express at community levels. It states that the board should distinguish the RSPO’s standard with the operational realities on the ground.</p> <p>AG – Said that RSPO responded to the haze issue. There will be a live debate with GP soon and a monthly update on haze. She said that we are struggling a bit on the Deforestation matter.</p> <p>AP – Need to have active communication with GP.</p> <p>DW – Said he had various dialogues with GP. They still support RSPO but not in public statement. They focused on using the wrong map. We need to ask our members to give us the map so that we can be proactive.</p> <p>JKV – Ask that the Secretariat to keep the line of communication with GP open.</p> <p>KH – Suggests the need to prepare in advance for the live debate.</p> <p><b>Decision:</b></p> <p>DW and Anne to draft respond according to Johan’s suggestion which referred to Page 1 of the GP report that quoted the issues surrounding 3 RSPO member companies which are Genting, Suria Dumai and Wilmar) as the board expects the draft from DW and AG.</p>	DW/AG
7.0	<p><b>Finance and Administration</b></p> <p>TS presented a summary of the:</p> <ol style="list-style-type: none"> <li>a) FY2013 Financial results (pending audit completion)</li> <li>b) FY2014 Budget</li> </ol> <p><u>FY 2013 Financial Summary</u></p> <ul style="list-style-type: none"> <li>• Anticipating surplus before tax of RM4.3M</li> <li>• Budget 2013 RM763K</li> </ul> <p>Higher surplus attributed to :</p>	EH/TS

	<ul style="list-style-type: none"> <li>• Lower project cost</li> <li>• Satellite offices budgeted but none in operation during the financial year.</li> </ul> <p><u>FY 2014 Budget</u></p> <ul style="list-style-type: none"> <li>• Income : budgeting income of RM25M <ul style="list-style-type: none"> <li>- Subscription: budget 25% growth in membership numbers</li> <li>- CSPO trade contribution : forecast 10 million metric tons production with 50% uptake</li> </ul> </li> <li>• Operating expenses : budgeting RM12M increase due to the roll out of new satellite offices</li> <li>• Project costs budgeted by division: <ul style="list-style-type: none"> <li>- Technical : RM4.9M</li> <li>- Impact : RM1.3M</li> <li>- Communications : RM3.0M</li> <li>- Secretariat : RM0.4M</li> <li>- Satellite Offices : RM0.3M</li> </ul> </li> <li>• Budgeted surplus before tax of RM2.6M</li> <li>• Forecast allocation to smallholder fund of RM2.0M</li> </ul> <p>Discussion:</p> <p>JL – JL states that the RSPO budget must reflect the Mckinsey’s studies into the budget.  KH – KH also states that the Berlin event budget is a useful strategic way to do and the current budget should take example of that strategy. He also states that the Berlin budget strategy should be followed often.  AG – The Summit Berlin was in the budget</p> <p>Decision:</p> <p>Budget has been approved and the budget statement can go out to the GA</p>	
8.0	<p><b>Discussion on McKinsey Study</b></p> <p>AG – The McKinsey report recommends the following</p> <ol style="list-style-type: none"> <li>1. Conduct survey of supply chain members</li> <li>2. Developing proposals on the trademark license model.</li> <li>3. Physical supply chain model. Need to wait for results of ACOP.</li> <li>4. Develop a strategy in demand market in Thailand, India and</li> </ol>	DW

	<p>China.</p> <p>JKV – Asks if there is a resource issue during the discussion on the McKinsey study.</p> <p>DW – States that there is no resource issues at the Secretariat to follow up on the recommendations made</p> <p>AP – Asks if it lead to supply chain associate as well. She also pointed out that with no membership they are still able to get certification and trade certified palm oil products.</p> <p>AG – Explains that it will be part of the survey process itself.</p> <p>JL – Express that the McKinsey report made great comments. He also states that HSBC is happy to join any group to discuss the issue on moving forward to increase demand on CSPO.</p> <p>DW- Said that they would need to make a Survey first then they can make a decision.</p> <p><b>Decision:</b></p> <p>DW to draft the framework in responds for the survey on participant engagement model: Collaboration and supply chain model</p>	
<p><b>9.0</b></p>	<p><b>Brief on RT11</b></p> <p>DW states that the preparations of RT11 are well on the way and that the people attending the event will hopefully not exceed 900 people as the convention hall will only be able to support an event which does not exceed 900 people.</p> <p>DW also states that he has invited Professor Tim Benton as the key note speaker and he will be presenting his presentation on the challenges on how to feed the world by 2015.</p> <p>There is another speaker from CIRAD.</p> <p>Preparations are all good to go for RT11.</p> <p>JKV – JkV asks if there are any Netherlands government delegation that might participate in Medan.</p> <p>JV – states that the Minister may be interested to participate but not the Prime Minister.</p> <p>DK: Desi states that the VIP has not confirmed for RT11, but we have invited the ministry of trade and have yet to receive confirmation from them.</p>	<p>DW</p>



<p><b>10.0</b></p>	<p><b>AOB</b></p> <p>AP – States that she is not available for re-election. She has already discussed the issue of re-election with Belinda to ensure that there is no empty seat.</p> <p>ES – Pointed two points:</p> <ol style="list-style-type: none"> <li>1. Number of Indonesian growers joining RSPO is declining. He asks whether RSPO is focusing on quantity or quality.</li> <li>2. Concern on establishment of POIG. He also asks if the member of EB involvement in POIG is a breach of code of conduct. He suggests reviewing the code of conduct.</li> </ol> <p>DK – Gave a statement that there has been no withdrawal of Indonesian grower however there are termination towards the Indonesian grower due to unpaid fees. She also states that RILO still do receive new application (more than 5 companies in the pipeline for joining RSPO).</p> <p>JKV – Answered ES that he did not see joining another group as a breach of the code of conduct.</p>	
<p><b>11.0</b></p>	<p><b>Next Meeting Dates</b></p> <p>11<sup>th</sup> November 2013 15<sup>th</sup> November 2013</p> <p>Venue: Medan</p>	