

EB 01-05: Minutes of Executive Board Meeting

Participants

1. Jan Kees Vis (JKV) Unilever
2. Fausta Borsani (FB) Migros
3. Ian McIntosh (IM) Aarhus
4. Matthias Diemer (MD) WWF-Switzerland
5. MR Chandran (MRC) MPOA
6. Azizi Meor Ngah (AMN) MPOA
7. Tony Lass (TL) Cadbury Schweppes
8. Rikke Netterstrom (RN) Body Shop
9. Fitrian Ardiansyah (FA) WWF-Indonesia
10. Rudy Lumuru (RL) Sawit Watch
11. Derom Bangun (DB) GAPKI (until 1:00pm)
12. Teoh Cheng Hai (TCH) RSPO Secretariat
13. Si-Siew Lim (LSS) RSPO Secretariat

Absent with apologies

1. Lea Borkenhagen (Oxfam GB/Novib NL)
2. Gine Zwart (Oxfam GB/Novib NL)
3. Jens Mesa-Dishington (Fedepalma)
4. Dian Kosasih (WWF-Indonesia)
5. Bachtiar Karim (PT Musim Mas)

Date : 17 February 2005 (Thursday)

Time : 0930 – 1700

Venue : Golden Hope Academy (Library)
42960 Carey Island
Selangor Darul Ehsan, Malaysia

Agenda:

1. Introduction
2. Confirmation of Minutes of Executive Board meeting EB 07-04 held on 9 December 2004 and Matters Arising
3. Secretariat
 - 3.1 Appointment of new Secretary-General
 - 3.2 Proposal for the establishment of a RSPO satellite office in Jakarta
 - 3.3 Statement of Accounts for July to December, 2004
4. Membership
 - 4.1 Update on status of membership
 - 4.2 Proposal for periodic reporting by members
 - 4.3 Proposed Anti-trust Guidelines
 - 4.4 Activities for members
5. Strategic Planning
 - 5.1 Strategic plan for RSPO for the next 2 years
 - 5.2 Planning for RT3
 - 5.3 RSPO's participation in 8th Meeting of the Conference of the Parties to the CBD (COP-8) from 8 -19 May 2006, Brazil.
6. Projects
 - 6.1 Update on progress of the CWG on criteria development
 - 6.2 Update on progress of implementation of projects from RT2
7. Communications
 - 7.1 Public forum/briefing sessions/conferences
 - 7.2 RSPO Members' newsletter
8. Any other matters
 - 8.1 Date of next EB meeting
 - 8.2 Wageningen UR proposal on non-food uses of agro-residues

1. Introduction

Unilever: Jan Kees Vis (JKV) gave his opening remarks and welcomed the RSPO Executive Board (EB) Members to the meeting. Apologies were received from Lea Borkenhagen (Oxfam GB/Novib NL), Jens Mesa-Dishington (Fedepalma), and Dian Kosasih (WWF-Indonesia), who could not attend today's meeting. EB was introduced to Azizi Meor Ngah (AMN), who will be M.R. Chandran's (MRC) replacement as Chief Executive of the Malaysian Palm Oil Association (MPOA) and RSPO EB Member starting May 2005.

JKV informed EB that Gine Zwart (Oxfam GB/Novib NL) who was to represent Oxfam at the Criteria Working Group (CWG) and EB meeting had to return immediately on account of the untimely demise of her father. EB Members expressed their sincere sympathies and condolences to her.

GAPKI: Derom Bangun (DB) requested for Item 8 (Any Other Matters) to be discussed shortly before the lunch break to decide the date and time of the next EB Meeting as he will be leaving Carey Island soon after that.

RSPO Secretariat: Teoh Cheng Hai (TCH) briefly suggested the approximate time allocation for various agenda items for today's meeting.

2. Confirmation of Minutes of Executive Board meeting EB 07-04 held on 9 December 2004 and Matters Arising

Unilever: JKV suggested for EB Members to go through the text of the draft minutes EB 07-04 and comment where necessary.

RSPO Secretariat: TCH advised that specific action points have been captured in the Notes for EB 01-05.

GAPKI: DB informed EB that his position as RSPO Vice President II has been clarified.

RSPO Secretariat: TCH stated that the position of RSPO Vice President II has been corrected in all RSPO literature including the website and offered apologies for the earlier mistake in referring to DB as Vice President III.

GAPKI: DB stated that GAPKI is currently working on the Bahasa Indonesia translation of the RSPO Factsheet but was unsure if GAPKI was required to produce hardcopies of the translated document.

RSPO Secretariat: TCH clarified that only translation of the text is required and the RSPO Secretariat will produce the final version of the Factsheet. However, hardcopies will not be produced.

ACTION: Derom Bangun to translate the text of the RSPO Factsheet to Bahasa Indonesia.

DECISION: All agreed to confirm the Minutes of the Executive Board meeting EB 07-04.

RT2 follow-up actions

RSPO Secretariat: TCH informed EB that the RT2 Organising Committee (RT2OC) held its final wrap-up meeting on 13 January 2005 at PT Asian Agri's office in Jakarta. The meeting was chaired by Rosediana Suharto and RSPO was represented by the Secretary-General. Main items of the agenda were adoption of the final RT2 accounts and review of lessons learned from organisation of RT2. The meeting endorsed the accounts as presented and agreed that 50% of the surplus amounting to US\$ 4532.46 should be credited to RSPO and the other 50% to IPOC to support its activities to promote production of sustainable palm oil. TCH informed EB that RSPO's share of RT2 profits has not yet been transferred to RSPO's bank account as EB had earlier indicated that RSPO may wish to keep the money in Jakarta for the purpose of funding a satellite office in Indonesia.

Unilever: JKV stated that matters regarding the proposed satellite office should be discussed under Item 3 (Secretariat) of the agenda.

RSPO Secretariat: On the need for a 3rd party audit on the RT2 accounts, TCH informed EB that RT2OC members were of the view that this could be an expensive undertaking which could cost more than the total surplus obtained. Instead, it was agreed that: Rosediana Suharto and Eddy Lukas formally certify that the accounts are true and correct and would be jointly responsible for the accuracy of the accounts. All records of receipts and payments were also made available for inspection by any RT2OC member until 31 January 2005, after which the accounts would be considered final.

MPOA: MRC mentioned that although RT2 was conducted in Indonesia, the Malaysian auditors of RSPO's accounts may want to see supporting financial documents to verify the surplus realised. Thus, Rosediana Suharto needs to make available, all original receipts and financial records at least until the next RSPO audit.

ACTION: RSPO Secretariat to request Rosediana Suharto to retain, all original receipts and financial records from RT2 at least until the next RSPO audit before the end of June 2005, for the possible inspection by auditors of RSPO accounts.

African Smallholder Associations

RSPO Secretariat: TCH stated that details for various smallholder organizations in Africa have been provided by various EB members. Besides keeping them in the RSPO mailing list, TCH enquired if there were specific actions to be taken.

Migros: Fausta Borsani (FB) suggested that these organizations should be contacted individually by the RSPO Secretariat.

Unilever: JKV informed EB that he had asked SIAT for information on smallholder organizations in Nigeria but has received no response from them so far.

ACTION: RSPO Secretariat to contact various African smallholder organizations whose details have been provided by EB Members.

Informing governments regarding RSPO developments

RSPO Secretariat: TCH informed EB that based on the recommendation of GAPKI, TCH has written to the following ministers in the new Indonesian Cabinet to inform them of developments in RSPO and to solicit their support in promoting production of sustainable palm oil in Indonesia:

- Minister of Agriculture Republic of Indonesia
- Minister of Forestry Republic of Indonesia
- Minister of State Owned Enterprises Republic of Indonesia (Menteri Negara BUMN)
- Head of National Development Planning Board Republic of Indonesia (Kepala BAPPENAS)
- Coordinating Minister for Economy Republic of Indonesia
- Minister of Environment Republic of Indonesia
- Minister of Trade Republic of Indonesia
- Minister of Industry Republic of Indonesia

MPOA: MRC informed EB that RSPO has been discussed at the Tripartite WSSD Partnership comprising Indonesia, Malaysia and the Netherlands. Although the group is aware of the objectives of RSPO, it has not yet formally endorsed the potential role of RSPO in the partnership. MRC will keep EB informed on future developments in the partnership.

Unilever: JKV suggested that RSPO wait and see what happens. He mentioned that the platform presents a good opportunity for RSPO to communicate its work and that the Dutch government is very supportive.

Cadbury Schweppes: Regarding the working paper prepared by the RSPO Secretariat on how to proceed in engaging governments, Tony Lass (TL) suggested perhaps waiting for the Criteria for Sustainable Palm Oil to be ready before discussing the topic.

Unilever: JKV suggested including the topic of how the RSPO engages governments as an element in the strategy planning session, under Agenda Item 5.1.

WWF Switzerland: Matthias Diemer (MD) enquired whether it was appropriate for EB to discuss EU procurement policies.

Unilever: JKV responded by stating that he had been instructed in the past by Fediol not to discuss the subject of EU procurement policies.

DECISION: All agreed to consider how the RSPO should proceed in engaging governments during the strategic planning session.

Retailer representation in CWG

Migros: FB proposed that Claude Hauser, President of Migros, who is also Chairman of CIES (www.ciesnet.com), The Food Business Forum, writes a letter to the Board of Directors of CIES informing them of RSPO's activities. She suggested that the CIES World Food Business Summit to be held in Budapest, Hungary, from 22 to 24 June 2005 could also be a good platform for RSPO to communicate its activities.

Body Shop: Rikke Netterstrom (RN) supported the idea and informed EB that she was also thinking of engaging the British Retail Consortium, which includes major UK retailers like Sainsbury and Tesco.

Cadbury Schweppes: TL reiterated the importance of getting Tesco onboard.

Unilever: JK stated that the RSPO should create awareness as well as invite CIES members to comment on the 2nd draft Criteria and to join the RSPO as members.

WWF-Indonesia: Fitrian Ardiansyah (FA) lauded the idea and mentioned that this could motivate additional Indonesian producers to come onboard.

Aarhus: Ian McIntosh (IM) cautioned that the wording and tone of the letter is important and it needs to clarify that sustainable palm oil will not be available in the near future (i.e. at least for the next 12

months). IM also stated that elements regarding individual companies activities related to sustainable palm oil should not be mentioned in the letter.

Cadbury Schweppes: TL suggested integrating the letter with the Budapest Summit in June 2005. Is the letter aiming to lead us to this forum?

Unilever: JK stated that if there is interest from CIES, then RSPO will organize a side event during the summit. JK also offered to meet Claude Hauser to discuss this further. He reiterated that the letter should inform CIES on RSPO's existence, its activities, invitation to comment on criteria and what happens in the future.

Migros: FB enquired about approaching major retailers who are not part of CIES like TESCO, etc.

Unilever: JK stated that other EB Members are welcome to send the same letter to their respective individual retailer contacts.

MPOA: MRC suggested writing a similar letter for the British Retailers' Consortium or at least adopting a parallel approach towards engaging these two retailer organizations.

Body Shop: RN stated that she will continue to create awareness of RSPO during her participation in meetings or working groups, etc. However, sending official letters may not be the best approach in this case.

ACTION: RSPO Secretariat to draft a letter to CIES and forward it to Migros for comments and later to other EB Members for further action.

3. Secretariat

3.1 Appointment of new Secretary-General

Unilever: JKV, representing the RSPO Interview Committee which comprised representatives of Unilever, MPOA, GAPKI, WWF and Oxfam, recommends Andrew Ng to be the new RSPO Secretary General. The Interview Committee has also asked TCH to be a "coach" to the new Secretary General. In this arrangement, TCH would allocate 1 day/week for the first 3 months, then 2 days/month for the next 3 months and finally 1 day/month for the final 6 months to help the new Secretary General assume his role. Thereafter, EB can review the performance of the new Secretary General. Meanwhile EB Members were requested to assist the new Secretary General whenever possible. After 30 April 2005,

TCH will assume the position of “Advisor to the RSPO Executive Board.” JKV would like to discuss the salary of the new Secretary General based on this proposed arrangement.

MPOA: MRC and AMN stressed that protocol is important, especially when dealing with government representatives in Asian countries. An older and more experienced person may be needed to make an impression on government.

Unilever & WWF-Switzerland: JK and MD explained that Andrew Ng was the best candidate among the interviewees and that the rest did not have sufficient experience on the global palm oil supply chain.

Body Shop: RN suggested that EB Members could support the new SG with regards to negotiations with the government sector.

Unilever: JKV clarified that negotiations with the government sector is the job of EB. However, the Secretary General is responsible for paving the way and setting up these meetings.

WWF-Indonesia: FA suggested that the new Secretary General could benefit from extra training and orientation. For example, training could be provided in the areas of engagement with government and CEOs of major companies.

RSPO Secretariat: TCH suggested training for improving facilitation skills.

Unilever: JKV suggested that as a first activity, Andrew Ng could go through introductory meetings with all RSPO members. A trip to Europe to meet RSPO Members based in Europe could be included as part of the training package.

DECISION: All agreed after some discussion to offer Andrew Ng the position of RSPO Secretary General.

ACTION: Jan Kees Vis to discuss the proposed arrangement for the new Secretary General with Andrew Ng.

Proposal for the establishment of a RSPO satellite office in Jakarta

Unilever: JKV would like to see more involvement of Indonesian stakeholders in the RSPO. He stressed that it will help to have a physical presence in Jakarta. Proceeds from RT2 are roughly US\$ 9,000 and since US\$ 45,000 was proposed for a 2 year period, he is unsure if the Dutch Embassy in Indonesia is

willing to sponsor the entire amount. If not, RSPO will have to come up with extra funds either from the RSPO budget or via a proposal to DOEN Foundation.

Aarhus: IM is in favour of a satellite office in Indonesia. However, he cited concerns about management, governance, function of the office, as well as time commitment from the current Secretary General, etc.

RSPO Secretariat: TCH reiterated the need for Indonesian stakeholders to take ownership of the initiative. He also mentioned that the Dutch Embassy in Indonesia is very supportive, so co-funding may not be necessary.

Unilever: JKV stressed that RSPO needs a presence in Jakarta because there has not been many Indonesian organization's applying for RSPO Membership despite a large presence during RT2. The satellite office's function is to make links with Indonesian NGOs, producers, etc. The satellite office could also help the RSPO Secretariat prepare for forums and events. The person heading the satellite office is responsible to the Secretary General and should work closely with him.

WWF-Switzerland: MD stated that cost of renting office space should be included in the budget and TCH confirmed that this had been done with the earlier draft proposal.

MPOA: MRC enquired if Jakarta is the best place to set up an RSPO satellite office? How about the rest of Indonesia?

GAPKI: DB clarified that most plantation companies have head offices in Jakarta.

Unilever: JKV suggested that the revised budget be included in the draft minutes. Thereafter, EB Members will be given one week to comment/approve before sending a proposal to the Dutch Embassy in Indonesia.

RSPO Secretariat: TCH cautioned that the RSPO cannot assume that IPOC will contribute their share of profits from RT2 to the establishment of the satellite office. TCH will assume only RSPO's share of about US\$ 4,500 will be made available.

TCH also mentioned that he will revise budget to US\$ 45,000 and send to everyone.

DECISION: All agreed that the person heading the satellite office is responsible to the RSPO Secretary General and should work closely with him.

ACTION: RSPO Secretariat to revise the existing budget for the proposed satellite office to US\$ 45,000 and distribute it to EB Members for comments; after which an application should be made to the Royal Netherlands Embassy in Indonesia for funding.

3.2 Statement of Accounts for July to December, 2004

RSPO Secretariat: TCH stated that as members join at various times during the financial year, it may be necessary to regularize the membership year to coincide with the financial year of RSPO.

Unilever: JKV suggested that it may be useful to create a chronological list of RSPO members showing when they applied for membership, when membership dues were received, etc.

MPOA: MRC stated that in MPOA, membership expires on 30 December each year. MPOA charges new applicants the full membership fee regardless of when they apply. However, the extra fees paid from the remainder of the current year are then credited into the following year's membership dues. This is how MPOA regularizes its membership.

RSPO Secretariat: TCH clarified that both RSPO Statutes and By-laws have been silent on the issue of the period of RSPO Membership.

Unilever: JKV stated that if membership is for a period of 2 years (stated in RSPO's Statutes and By-laws), then RSPO should invoice existing members for the 2nd year of membership. Finally, membership should be regularized as suggested by MPOA. This will give RSPO sufficient time to adjust.

Aarhus: IM stated that the statement of accounts presented was essentially a receipts and payments statement. In order to monitor the financial status of RSPO, profit and loss as well as cash flow statements should also be included.

Unilever: JKV requested for an updated actual Income and Expenditure which includes costs of the 2nd CWG meeting in Carey Island. JKV also stated that as actual income from membership is higher than what was estimated, the surplus should be sufficient to repay the outstanding loan of €13,512 from Unilever.

ACTION: RSPO Secretariat to update the Income and Expenditure Statement and prepare Profit and Loss as well as Cash Flow Statements based on the above request and distributes it to EB Members.

ACTION: RSPO Secretariat should settle the amount of €13,512 owing to Unilever, when invoiced.

8. Any other matters

8.1 Date of next EB meeting

Unilever: JKV advised EB that the upcoming PIPOC Conference will be held on 26 September 2005. He suggested that a phone conference be held 3 months from now. How about the week of 23 May 2005?

DECISION: All agreed to have the next phone conference on 26 May 2005 (Thursday) at 1200 GMT and to tentatively have another phone conference on 18 August 2005 (Thursday).

4. Membership

4.1 Update on status of membership

Unilever: JKV pointed out that there is currently very low participation in RSPO from social NGOs, retailers, banks/investors, and environmental NGOs. He informed EB that he is currently engaging ABN AMRO regarding RSPO membership. Body Shop and Migros are also actively working towards getting more retailers involved.

Sawit Watch: RL mentioned that PNG-based NGOs have different positions compared to Sawit Watch regarding the RSPO. Sawit Watch has had to create awareness of the RSPO and its activities amongst these concerned stakeholders.

Migros: FB suggested approaching the Fair Trade Labelling Organization (FLO) for membership.

Unilever: JKV felt that it was more useful to approach locally-based social NGOs. This remains an area of concern.

Migros: FB stressed that active steps to encourage participation from NGOs need to be taken. She enquired if WWF or Oxfam could prepare a list of NGOs for RSPO to approach.

WWF-Switzerland: MD mentioned that he has spoken to Friends of the Earth, Greenpeace, and Rainforest Alliance while WWF-Indonesia has approached Walhi. However, these organizations have not expressed interest to join the RSPO. Similarly, Conservation International (CI) and The Nature Conservancy (TNC) are interested in the work of the RSPO but have not indicated that they plan to join. He stated that he could push WWF-Malaysia to approach Malaysia-based NGOs.

RSPO Secretariat: TCH informed EB that a recent discussion with Friends of the Earth UK, they have shown support for the RSPO. However, Friends of the Earth will not be a member of RSPO because their national constituents like Walhi (Indonesia) and Celcor (PNG) have declared that they will not support RSPO. TCH also provided a quick update on the status of NASH's application for RSPO membership.

4.2 Proposal for periodic reporting by members

RSPO Secretariat: TCH suggested looking at WWF-Switzerland's version of the draft format for communication of progress by RSPO Members.

Body Shop: RN stated that the overall document looked fine. However, she would like to underline that it was possible for RSPO Members to include their CSR reports, and other existing reports to avoid duplication. She also proposed reducing the number of examples of relevant documents to be submitted by RSPO Members. For instance, being a signatory to the Global Compact and WBCSD has nothing to do with sustainable palm oil. She proposed to remove any reference to sustainable development or agriculture in the document and to focus on sustainable palm oil. Point B should be deleted and the rest of the document can be reworded to reflect her point above.

Migros: FB agreed and stated that the document should be simple and not more than one page in length.

WWF-Switzerland: MD suggested removing point E.

Unilever: JKV suggested combining certain items together to simplify the document.

Cadbury Schweppes: TL proposed that it should be made known that the RSPO only expects a page or two from its members and that the report will be posted on the RSPO website. This can be stated at the end of the document.

Migros & Unilever: FB and JK insisted that the documents submitted should state for which period it is reporting on.

ACTION: RSPO Secretariat to revise the draft document for communication of progress based on the above comments and distribute it to EB Members.

4.3 Proposed anti-trust guidelines

Unilever: JKV provided some background on this particular agenda item. In response to concerns raised by Cognis when they joined RSPO and Nestle, which is now considering membership, over potential anti-trust risks arising from RSPO activities, the RSPO Secretariat has drafted guidelines for the Board's consideration. The draft guidelines are based mainly on the SAI Platform guidelines with some ideas from the DSL Forum guidelines. Unilever's legal counsel has advised him that anti-trust guidelines primarily aim to prevent the formation of cartels and specifically any discussion on prices. Some companies even require lawyers to be present during meetings. Other organizations prefer to remind their members of anti-trust principles at the start of each meeting. He suggested that the RSPO keep the document simple. However, he understands that some companies are concerned about this issue.

Migros: FB enquired about the consequences of not having anti-trust guidelines.

Cadbury Schweppes: TL gave the example of a corn syrup company which was fined for not complying with anti-trust guidelines. He suggested that the document should include "social gatherings" on top of meetings. TL agreed to use SAI Platform's document as a guideline.

Aarhus: IM agreed to TL's suggestion and added that the document must include members. He also cautioned that when more detail is included, the less specific the document becomes.

Unilever: JKV proposed to adopt the SAI Platform model. He also proposed running the document by Unilever's legal counsel and Nestle. Once it is acceptable, the document will be tabled at next RSPO General Assembly.

RSPO Secretariat: TCH suggested that the RSPO Secretariat could similarly send to the draft RSPO anti-trust guidelines to Cognis while Unilever obtains feedback from their lawyers.

ACTION: RSPO Secretariat to send the latest draft of the RSPO Antitrust Guidelines to Cognis for comment.

ACTION: Jan Kees Vis to discuss the latest draft of the RSPO Antitrust Guidelines with Unilever's legal counsel.

4.4 Activities for members

RSPO Secretariat: TCH briefed EB on recent activities that were organized specifically for RSPO members to get more mileage out of their membership. These activities were mostly opportunistic. TCH also mentioned the RSPO Newsletter for members as a possible vehicle for communication.

Cadbury Schweppes: TL cautioned that the RSPO Secretariat should be careful not to overload themselves with such activities.

Unilever: JKV commended TCH for his initiatives but felt that there are also many major activities that the RSPO Secretariat has to organize, particularly RT3.

MPOA: MRC suggested disseminating information to people on the ground. Could the RSPO Secretariat go down to operational levels to brief relevant personnel?

WWF-Switzerland: MD stated that this issue was more of a communications issue. Once the Criteria for Sustainable Palm Oil are completed, RSPO could organize criteria implementation workshops for members or at a discount to members.

MPOA: AMN suggested creating a web-based information portal as a service to members. The information portal could contain information on labor and human resources, procurements, fertilizer, etc.

Unilever: JKV suggested that making information on sustainable practices for smallholders, etc. available could be more beneficial.

5. Strategic Planning

5.1 Strategic plan for RSPO for the next 2 years

RSPO Secretariat: TCH briefed EB on the proposed strategic planning process and later requested feedback from EB on how to move forward? While individual members have their own organizational visions, a vision for RSPO that is shared by all members had yet to be developed. He proposed that EB Members brainstorm for a vision for RSPO.

Body Shop: RN agreed for everyone to write down their ideas for the RSPO vision and collate this information at a later stage.

Unilever: JKV agreed on the need for a strategic plan driven by a vision, mission, and strategies for RSPO. As there would be insufficient time to do this at the meeting, he asked if TCH could arrange to do this by email.

RSPO Secretariat: TCH mentioned that it was important that after EB goes through the process, it was important that members get a chance to comment on it as this will encourage ownership of RSPO's vision and mission and strategies.

ACTION: RSPO Secretariat to compile results from EB's suggestions regarding the RSPO vision and mission and facilitate a discussion via email.

5.2 Planning for RT3

Unilever: JKV stated that there are certain things that need to be done before RT3. RSPO needs to present results to members and stakeholders by RT3, such as implementation of projects endorsed at RT2.

RSPO Secretariat: TCH informed EB that IPOC and IIED have decided not to collaborate on the smallholder project.

WWF-Indonesia & Switzerland: FA informed EB that a kick-off meeting with banks will be held sometime in April 2005. The meeting aims to discuss investment screening and produce a workplan for future activities. HSBC is officially onboard while Rabobank has verbally agreed to attend the meeting. IFC will send an observer while ABN AMRO and FMO are still discussing its participation internally. MD stated that the meeting aims to analyze existing investment screening plans of some banks.

Aarhus: IM suggested that WWF's meeting with the financial sector could be presented as a progress report during RT3. He mentioned that the supply chain could also deliver some results by RT3.

RSPO Secretariat: TCH proposed a session during RT3 for the 13 projects that were endorsed by participants of RT2. RSPO Secretariat would request for another feedback from project proponents soon.

Aarhus: IM stated that RSPO needs to set a meeting date and have project proponents attend to provide updates on their projects. There needs to be a strict deadline for project proponents to deliver results by RT3.

Cadbury Schweppes: TL enquired if ProForest is moving fast enough on the Criteria project. The recent public consultation process has attracted much interest from stakeholders. Now RSPO needs to deliver by RT3.

RSPO Secretariat: TCH stated that ProForest has met the milestones set for the initial 6 months of the project, although sometimes he had the impression that their resources were rather stretched.

Aarhus: IM stressed that the Criteria Working Group (CWG) also needs to know that they need to deliver the final Criteria by RT3.

Unilever: JKV mentioned that the final day of the 2nd CWG meeting is extremely important. By then, RSPO will know which elements need more work and which ones have been clearly accepted. He observed that very few public comments require major changes to the document.

Aarhus: IM suggested that the CWG be informed at the start of the meeting that they will need to deliver the final criteria by RT3.

Unilever: JKV does not agree in adding to the pressure of working in the CWG. The reminder should take the form of parting words instead. Besides, there is an agreed timetable and all CWG members are aware of that. Perhaps RSPO needs to consider contingency actions in case the criteria are not complete. RSPO may even need to change the nature of the organization and face a situation where not everyone may agree to criteria that are only 80% accurate. JKV will bring this to the attention of CWG Members at the end of the 2nd CWG Meeting on Carey Island.

Cadbury Schweppes: TL stated that RSPO must have RT3 no matter what happens. Our intention to complete the document needs to be communicated publicly.

MPOA: MRC briefed EB on MPOA's experience with getting Malaysian stakeholders to comment on the criteria. MPOA had to organize an internal forum to maximise participation. He stressed that there was much to be done.

Unilever: JKV responded by saying that it is EB Members' responsibility to ensure and encourage their stakeholders to participate in the process.

WWF-Switzerland: MD mentioned that as long as the overall framework is agreed upon by RT3; that would be a big success in itself.

WWF-Indonesia: On the selection of venue, FA suggested that RT3 be held neither in Indonesia nor Malaysia as there is much sensitivity amongst Indonesian and Malaysian stakeholders. He suggested a neutral venue such as Singapore.

Sawit Watch: RL agreed with FA and mentioned that Sawit Watch is concerned that very few Indonesian producers have joined the RSPO.

Unilever: JKV stated that the venue of RT3 is completely irrelevant to downstream players of the palm oil supply chain.

RSPO Secretariat: TCH reminded EB that if RT3 was held in Indonesia, there will be pressure on the RSPO Secretariat due to unreliable communications and logistical arrangements and limited facilities. If RT3 were held in Kuala Lumpur, it would be easier for the RSPO Secretariat.

MPOA: While MRC agreed with FA, he mentioned that having RT3 in Singapore will potentially double the organizational expenses. However, Singapore will be relatively easy in terms of logistical arrangements for the RSPO Secretariat.

Migros, WWF-Switzerland & Cadbury Schweppes: FB, MD and TL felt that it was premature for RT3 to be held in China or India.

Unilever: JKV suggested that RSPO waits for support from India or China before holding a Roundtable meeting there. Singapore seems to have a neutral theme. However the RSPO needs to look at financial consequences. JKV requested the RSPO Secretariat to produce a rough budget for organizing RT3 in either Kuala Lumpur or Singapore. This will help EB make a decision.

RSPO Secretariat: TCH proposed that RSPO should have differential cost for RSPO members and non-members to attend RT3. TCH also suggested that the EB consider out-of-town venues in Singapore, which are relatively cheaper.

MPOA: MRC is concerned that non-members of RSPO will not go to Singapore.

WWF-Switzerland: MD suggested that the RT3 Organising Committee comprise of MPOA, IPOC, etc. to encourage their members to attend?

Unilever: JKV suggested hiring a conference organizer to handle logistical arrangements for RT3. This could help reduce the pressure on the RSPO Secretariat. He was also agreeable to have RT3 at a cheaper location in Singapore. However, if there is interest from Indonesian companies, RSPO can offer to organize a separate conference in early 2006 in Indonesia.

RSPO Secretariat: TCH proposed the formation of a Steering Committee comprising of major players from various countries. RSPO Members Pacific Rim Palm Oil Ltd (PRPOL) and Rabobank, who are based in Singapore, could also be involved. This could help remove the sensitivities involved due to venue selection. The executing body will be the RSPO Secretariat with or without help from a professional event organizer.

Unilever: JKV stated that the last meeting of the CWG to finalise criteria could be held one week before 26 September 2005. ProForest will need time to prepare document. RT3 can realistically be held towards the end of November or perhaps early December. JKV suggested 22-23 November 2005 for RT3. The RSPO General Assembly could be held at the end of Wednesday, 23 November 2005 while EB meets the following morning on 24 November 2005.

Expected outputs from RT3 should be ownership and awareness of the criteria, as well as commitment to the adoption of criteria. Participants of RT3 need to spend some time going through the criteria. The issue of smallholders may also need to be discussed further during RT3 as well as group work on certification. Results of the supply chain project looking at 3 different methods facilitated by ProForest needs to be presented. Depending on whatever projects are ready, they could also be presented meaning a general session on projects endorsed during RT2. Other elements which need to be included are the way forward, verification/certification issues, and commitment to projects on trial implementation of criteria.

RSPO Secretariat: TCH enquired about who are the key players who should be in the steering committee?

Unilever: JKV suggested GAPKI, MPOA, IPOC, WWF, Unilever, RSPO, Rabobank, PRPOL, Sawit Watch, etc. to be members of the RT3 Steering Committee.

DECISION: RT3 will be held in Singapore from 22-23 November 2005.

ACTION: RSPO Secretariat to draft the Terms of Reference for the RT3 Steering Committee as well as a proposed budget for RT3.

5.3 RSPO's participation in 8th Meeting of the Conference of the Parties to the CBD (COP-8) from 8 to 19 May 2006, Brazil

Unilever: JKV provided EB with a brief background on RSPO's participation in a recent CBD meeting. The meeting focused on how the business sector can get involved in the convention. The outcome of

the meeting was unclear. However, one proposal was for RSPO to run a side event during the upcoming COP-8. RSPO is seen as an example where biodiversity issues play an integral part of its activities and was invited to participate in COP-8, Brazil. RSPO responded that subject to availability of funds, RSPO will be present.

WWF Switzerland: MD enquired about the added value and expectations from RSPO's participation.

Unilever: JKV responded by saying that there is traditionally a big audience at a COP meeting, mainly consisting of NGOs and governments. The Business Council on Sustainable Development of Brazil are the organizers of COP-8 so perhaps there will be more business involvement this time.

RSPO Secretariat: TCH added that RSPO's involvement in COP-8 is mainly for improving engagement with governments. The organizers see RSPO as a new initiative seriously looking at biodiversity issues.

Unilever: JKV requested the RSPO Secretariat to prepare a concept paper of what the RSPO proposes to do at COP-8 as well as a budget for the event.

ACTION: RSPO Secretariat to prepare a concept paper and corresponding budget for RSPO's participation at COP-8, 8-19 May 2006, Brazil.

7. Communications

7.1 Revised RSPO Factsheet – production of multilingual versions

RSPO Secretariat: TCH explained that the revised version of RSPO's Factsheet was posted on the RSPO website on 22 November 2004. As agreed at the EB meeting on 7 October, the Factsheet should also be produced in various languages. Appreciation is due to Fausta Borsani and Jens Mesa-Dishington providing the translation of the Factsheet to French, German and Spanish. The Bahasa Indonesia version will be produced as soon as the translation of the text has been received from DB.

7.2 Proposed public forum/briefing sessions

RSPO Secretariat: TCH enquired if there was any interest for conducting similar public fora in Europe?

Cadbury Schweppes: TL responded by saying that it is currently not the right time to do so in Europe.

Unilever: JKV reminded EB of Reinier de Man's proposal (his appointment as 'Ambassador for Sustainable Palm Oil' in Europe) during RT2. He enquired if there was any interest in a revised version of the position to focus on key stakeholders in China and India.

WWF-Indonesia, MPOA & RSPO Secretariat: FA, MRC and TCH expressed that it was vital that the person is familiar with the situation and has connections in China and India.

Aarhus: IM enquired about the downside of endorsing Reinier de Man's proposal. He felt that it was going to generate publicity and costs nothing to the RSPO.

Migros: FB felt that if it was not done the right way, results can be counter-productive. Sometimes, connections are frailed and doors are closed.

Unilever: JKV stated that if there was no majority support for Reinier de Man's proposal, perhaps MRC could look into it.

MPOA: MRC responded by saying that the Malaysian Palm Oil Promotion Council (MPOPC) has offices in India and China. If DOEN Foundation is willing to sponsor the project, MPOA could potentially find somebody to undertake a project such as this. One probably needs separate personnel, one for India and one for China.

Unilever: JKV agreed to inform Reinier de Man and DOEN Foundation that RSPO is not interested in endorsing such a project for the time being. However, would EB still want to discuss ways to engage players in China and India?

Migros: FB suggested putting the item on the agenda after RT3.

DECISION: All agree to inform Reinier de Man that RSPO is not interested in endorsing his project proposal. However, engagement with India and China will be on the agenda for after RT3.

7.3 RSPO Quarterly Newsletter

RSPO Secretariat: TCH enquired if EB Members would like to kick-start the next issue of the RSPO newsletter by submitting articles related to sustainable palm oil.

Unilever: JKV suggested for Billy Ghansah to submit an article on his experience in Ghana.

Body Shop: RN agreed to submit an article.

ACTION: Interested EB Members to submit articles to RSPO Secretariat for the next issue of the newsletter due to be published in March 2005.

8. Any other matters

8.1 Appreciation to MR Chandran

Unilever: JKV expressed thanks to MR Chandran on behalf of RSPO and he was described as a benevolent power from the start. Without the support of MR Chandran and MPOA, the RSPO would not exist.

MPOA: MRC felt that acknowledgements were unexpected and unnecessary. He in turn expressed thanks to WWF-Switzerland and stated that the organization was instrumental in the beginning stages.

8.2 MPOA/University of Malaya supply chain study

MPOA: MRC briefed EB Members on a project that MPOA has embarked on with the University of Malaya. MPOA and the University of Malaya are proposing a supply chain study encompassing oil palm from the estate to the production of palm cooking oil from a Malaysian context. MPOA has already received the corporation of companies involved in this study that has not been undertaken before. MRC noted that Unilever's past projects did not cover value-addition. The cost of the project is approximately RM 50,000. Does the RSPO want to consider endorsing this project under its own set of projects? Results from this project could be presented during RT3.

Cadbury Schweppes: TL enquired about the sustainability aspect of the study.

MPOA: AMN responded by saying that since palm oil is a perishable product, it was important in terms of sustainability, for the industry to optimize efficiency. He cited post-harvest losses of oil as an area that needs to be looked at.

MPOA: MRC volunteered to distribute a project guideline to EB. He requested for EB Members to take a look at the project and endorse the project if they decide that it fits into RSPO's goals. MPOA and the RSPO could then raise funds for the project together.

ACTION: MR Chandran to distribute information on the proposed MPOA/University of Malaya supply chain study project to EB Members.

8.3 Amendments to the RSPO Statutes and By Laws

Unilever: JKV informed EB Members that FB has confirmed that the RSPO has tax exemption under Swiss law but the RSPO will need to make changes to the existing RSPO By-Laws.

Migros: FB added that the RSPO basically needs to prove that EB Members are not paid to do work.

Unilever: JKV suggested compiling all proposed changes to the RSPO Statutes and By-Laws and making those changes simultaneously.

8.4 Engaging local government

Sawit Watch: RL suggested including district and provincial-level government bodies on top of national governments in RSPO's list of target stakeholder groups, especially the provinces of Kalimantan and Papua where oil palm expansion is expected to be the most prominent in the near future.

WWF-Indonesia: FA added by requesting the RSPO Secretary General to travel to Kalimantan to give briefings to local government representatives on the condition that they support such a move.

8.5 Simplification of RSPO literature

Cadbury Schweppes: TL suggested that the information on RSPO's website be simplified to attract potential supporters.

RSPO Secretariat: TCH enquired if the currently available RSPO Factsheet is sufficient in terms of content.

Cadbury Schweppes: TL responded that the Factsheet should contain the RSPO's mission, vision, etc.

Unilever: JKV felt that the Factsheet focuses too much on what the RSPO is currently doing instead of what the RSPO plans to do in the future.

DECISION: All agree to re-examine RSPO's literature and webpage content after vision and mission planning exercises are conducted.

8.6 Wageningen UR proposal on non-food uses of agro-residues

Unilever: JKV briefed EB Members on a proposal from Wageningen University titled “Non-food use of agro-residues: Potential areas of sustainability improvement for the palm oil production chain.”

RSPO Secretariat: TCH stated that this subject was also discussed during the RSPO meeting with Saraya/ZERI Japan on 6 January 2005 and he recommended that EB Members refer to a relevant chart titled “Road map to zero emissions in the oil palm industry” from Golden Hope’s “Towards Zero Emissions: Maximising the utilization of the biomass of the oil palm industry in Malaysia.”

WWF-Switzerland: MD stated that the project could be presented under “project updates” in RT3.

Unilever: JKV will reply to the project proponent, Professor Jan EG van Dam, stating that 90% of the work has already been done in the past and recommended that the document be kept for information only. JKV enquired about progress on the Better Management Practices compendium by MPOA/WWF-Malaysia.

MPOA: MRC responded by saying that in order for the manual to be acceptable to all, WWF's stamp of approval should be included in the document. MPOA has had two prior meetings with WWF-Malaysia but have yet to hear from them. For information, MRC explained to EB that MPOA is also involved in crop specific studies under SIRIM (the Malaysian governing body on certification and standardization).

WWF-Switzerland: In response, MD stated that he will raise the issue with WWF-Malaysia during a meeting with them on 19 February 2005.

Adjournment

The meeting was adjourned at 1810.

Additional EB Meeting on 18 February 2005

Date : 18 February 2005 (Friday)

Time : 1235 – 1300

Venue : Golden Hope Academy

42960 Carey Island

Selangor Darul Ehsan, Malaysia

RSPO Secretariat: TCH explained that this meeting was called to discuss the following additional issues not covered during the 17 February 2005 EB Meeting: 1) Proposed work on verification and control of claims of RSPO Criteria, 2) Confirmation of new RSPO Secretary General, 3) Change in signatories of RSPO's bank account, and 4) Endorsement of palm oil supply chain project.

1. Proposed verification and control of claims of RSPO Criteria

MPOA: MRC enquired about the reason why ProForest was selected as the project implementer and was in the opinion that more competitive rates for the consultancy could have been sought.

Unilever: JKV explained that DOEN Foundation would only fund the project if it included elements covering certification and verification of sustainable palm oil. Owing to limited time and budget, the proposal needed to be ready by RT3. JKV will approach Neil Judd of ProForest to clarify.

RSPO Secretariat: TCH suggested getting back to EB on the topic once the wording on the proposal has been clarified.

Unilever: JKV reaffirmed that on the topic of certifiers, all recognized certification bodies covering a broad range of commodities like tea, and cocoa will be included in the document. These organizations include SKAL International, SmartWood (Rainforest Alliance), ProForest and others.

ACTION: RSPO Secretariat to confirm the terms and DOEN's funding for the CWG project with regards to verification of claims of RSPO Criteria.

2. Confirmation of new RSPO Secretary General

Unilever: JKV explained that he has spoken to Andrew Ng on his appointment as the new RSPO Secretary General and has discussed with him, the proposed coaching arrangement, salary as well as other details. Andrew Ng has requested for the weekend to think about it and will get back to him on

Monday, 21 February 2005. As Andrew Ng will be employed as a consultant, JKV enquired if consultants in Malaysia need to be registered with a governing body.

RSPO Secretariat: TCH responded that in general, free-lance consultants in Malaysia need not be registered.

3. Change in signatories of RSPO's bank account

RSPO Secretariat: TCH stated that in view of the pending transition of Secretary General, EB should consider a resolution to change the signatories to operate the RSPO bank account.

Unilever: JKV stated that it was wise to begin the process, which could be ultimately time-consuming as it will require original copies of signed documents. However, he recommended that a clause stating that the resolution will not be passed in the event that Andrew Ng does not accept the position of RSPO Secretary General should be added.

DECISION: All agree to a resolution to change the signatory for RSPO bank account from Teoh Cheng Hai to Andrew Ng with effect from 1 May 2005. However, the resolution will only be effective if Andrew Ng accepts the position of RSPO Secretary General. Accordingly, the Executive Board unanimously agreed to pass the following resolution:

The meeting resolved that the RSPO account with HSBC Bank Malaysia Berhad (Damansara Heights Branch) under Account Number: 359-170750-101 will be replaced by the following signatories with effect from 1 May 2005:

- A. FOR AMOUNTS UP TO AND INCLUDING RINGGIT MALAYSIA TWENTY-FIVE THOUSAND (RM25,000) IN A SINGLE TRANSACTION:

To be signed solely by Andrew Ng Soon Heng (NRIC: 720726-10-5211)

- B. FOR AMOUNTS EXCEEDING RINGGIT MALAYSIA TWENTY-FIVE THOUSAND (RM25,000) IN A SINGLE TRANSACTION:

To be signed JOINTLY by

*Andrew Ng Soon Heng (NRIC: 720726-10-5211) AND
Fausta Borsani (Passport No: F0409586)*

ACTION: RSPO Secretariat to advise HSBC Bank Malaysia Berhad of the above resolution.

4. Endorsement of palm oil supply chain project

RSPO Secretariat: TCH provided brief background information on the palm oil supply chain project which arose from discussions at RT2. The presentation by Mr Ian McIntosh on the Book and Claim method led participants to consider other approaches on traceability of palm oil from producer to user. During the discussion, DOEN Foundation indicated its interest in providing financial support for a project on developing a mechanism to allow consumers of palm to link the oil they purchased to the consumer. Subsequently, ProForest, on behalf of prospective participating companies submitted a proposal for co-funding from DOEN for the sum of EUR 34,700 which is about 33% of the total project cost. The participating companies have agreed to provide the remaining matching funds required, in the form of personnel expertise and time and cost of facilities provided.

Unilever: JKV insisted that the final report from the project should be clearly produced as an RSPO document. He will also recommend to ProForest to include other companies.

RSPO Secretariat: TCH suggested posting the project brief on the RSPO website and also distribute it to RSPO Members. They should inform ProForest directly if they would like to be a part of the project.

ACTION: RSPO Secretariat to post details of the palm oil supply chain project on the RSPO website and distribute relevant information to RSPO Members. They should advice within 7 days of publication if they wish to participate in the project.

5. Appreciation to Golden Hope

Cadbury Schweppes: TL enquired about registering appreciation to Golden Hope for kindly hosting the 2nd CWG Meeting and RSPO Executive Board Meeting on Carey Island.

DECISION: The RSPO Executive Board records its appreciation and gratitude to the Group Chief Executive of Golden Hope for graciously hosting the 2nd CWG Meeting and RSPO Executive Board Meeting as well as the provision of accommodation and other amenities on Carey Island from 14-19 February 2005.

Adjournment

The meeting was adjourned at 1300.

RSPO Secretariat

22 February 2005

Jan Kees Vis

President, Roundtable on Sustainable Palm Oil (RSPO)

Date :

Verified by:

Name :

Date :