

EB 01-06: Minutes of Executive Board Meeting

Date : Monday, 20 February 2006
Venue : Seminar Room, Mont' Kiara Business Centre, Kuala Lumpur
Start Time : 0900 (Malaysia)

Participants:

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| 1. Johan Verburg (Oxfam/Novib) | 16. Tony Lass (Cadbury Schweppes) |
| 2. Bryan Dyer (GAPKI) | 17. Tim Stephenson (Aarhus Karlshamns) |
| 3. Fausta Borsani (Migros) | 18. Simon Lord (POPA - Observer) |
| 4. Rikke Netterstrom (The Body Shop) | 19. Teoh Cheng Hai (RSPO Secretariat) |
| 5. Dian Kosasih (WWF-Indonesia) | 20. Andrew Ng (RSPO Secretariat) |
| 6. S Palaniappan (FELDA) | 21. Lim Si Siew (RSPO Secretariat) |
| 7. Rudy Lumuru (Sawit Watch) | |
| 8. Norman Jiwan (Sawit Watch) | |
| 9. Alan Southworth (PT Musim Mas) | |
| 10. Tan Tian Sang (PT Musim Mas) | |
| 11. Matthias Diemer (WWF Switzerland) | |
| 12. Jan Kees Vis (Unilever) | |
| 13. Simon Harris (HSBC Bank Malaysia Bhd) | |
| 14. Chew Jit Seng (MPOA) | |
| 15. Azizi Meor Ngah (MPOA) | |

Absent (substantive EB members):

1. Lea Borkenhagen (Oxfam/Novib)
2. Derom Bangun (GAPKI)
3. Jens Mesa-Dishington (Fedepalma)
4. Bachtiar Karim (PT Musim Mas)
5. Ian McIntosh (Aarhus Karlshamns)
6. Murtaza Ibrahim (FELDA)

Agenda:

1. Introduction, order of agenda and RSPO Antitrust Laws

2. Confirmation of minutes of EB meeting held on 24 November 2005 (EB 04-05)

- 2.1 Outstanding items not addressed in the current agenda
 - Outstanding membership application (Borneo-International)

3. Strategic planning

4. Membership

- 4.1. PT Musim Mas and Golden Hope cases
- 4.2. Code of conduct and grievance procedures
- 4.3. Membership category for biofuel/energy companies

5. Secretariat

- 5.1. Secretariat contracts
- 5.2. Secretariat expansion (new staff and office space)
- 5.3. Accounts & finances
- 5.4. RSPO Jakarta Satellite Office
- 5.5. Revamping of www.rspo.org and branding exercise

6. Projects & working groups

- 6.1. P&C guidance
- 6.2. Two-year trial implementation of P&C
- 6.3. Verification Working Group (VWG)
- 6.4. Smallholder Task Force (STF)



Roundtable on Sustainable Palm Oil

6.5. National Interpretation Groups

6.6. BACP/RSPO collaboration

7. Matters arising

7.1. Next EB meeting

7.2. RT4

7.3. EB decision-making process (Oxfam: if time permits, else to be discussed during next EB meeting)

Minutes:

1. Introduction, order of agenda and RSPO Antitrust Laws

Jan Kees Vis (JKV), as President and Chairman of the meeting, welcomed RSPO Executive Board members to the meeting. RSPO Antitrust laws were also covered at the start of the meeting. All agreed to move the RSPO strategic planning exercise to the end of the agenda. A smaller group of volunteer EB members agreed to participate in the strategic planning exercise from 1600-1800.

2. Confirmation of minutes of EB meeting held on 24 November 2005 (EB 04-05)

2.1 Outstanding items not addressed in the current agenda

- Outstanding membership application (Borneo-International)

Several points were raised by EB members with regards to the minutes of the last EB meeting. Matthias Diemer (MD) enquired about the copyright status of RSPO. Andrew Ng (ANG) responded that it had not been done and the Secretariat will look into it as soon as possible.

Fausta Borsani (FB) clarified that page 5 of the recent EB meeting minutes should state that guidelines are important and 'minimum variation to general guidelines when localized' should be added.

MD enquired about the status of contacting African smallholders. ANG responded that response from Africa has been dismal so far. Bryan Dyer (BD) suggested that both RSPO members SIPEF and Socfin have contacts in Africa and that the Secretariat should use the RSPO membership as an avenue to contact African smallholders.

Jan Kees Vis (JKV) requested an update on RSPO's involvement in the upcoming COP8 event. In response, ANG said that the official invitation to participate in COP8 is forthcoming. Teoh Cheng Hai (TCH) stated that contacts made with the CBD Secretariat after the meeting in January 2005 in London indicated that they were interested in RSPO holding a side event at COP8 but the initiative for this rests with RSPO. In view of the short time left for preparing an eventual trip to Brazil, it was concluded that RSPO would not organise a side event at COP8.

Dian Kosasih (DK) reiterated WWF-Indonesia's reservations about Borneo-International's application for RSPO Affiliate Membership. DK advised that RSPO should be cautious of Borneo-International due to the feedback received by WWF-Indonesia from their local NGO contacts. Rudy Lumuru (RL) added that Sawit Watch's contacts in Kalimantan, Indonesia, also have no knowledge of Borneo-International's activities (as stated in their website). Simon Harris (SH) and Si Siew Lim (SSL) explained that recent company searches on Borneo-International did not reveal any significant information. Tony Lass (TL) felt that 'not knowing' is weak grounds for rejecting an applicant. JKV suggested that the Secretariat contact Borneo-International for more details on their work, partners and fund providers.

FB announced that she is leaving Migros and thus, the RSPO EB (likely date of departure being April 2006). FB added that a successor will be named in due course. However, the person will not take over FB's current RSPO Treasurer Position and instead, Ian McIntosh has been approached and has expressed interest. FB's successor will represent Migros during the next EB meeting.

ACTION

- Secretariat to explore options for copyrighting and/or protecting the RSPO label
- Secretariat to engage African stakeholders via RSPO members with current operations and contacts in Africa
- Secretariat to request for more details and further evidence of Borneo-International's work on the ground, partners and fund providers
- Secretariat and Migros to ensure the transition of the Treasurer position is undertaken smoothly

3. Strategic planning

This agenda item has been moved to the end of the agenda. Please refer to the end of this document for meeting minutes.

4. Membership

4.1. PT Musim Mas and Golden Hope cases

4.2. Code of conduct and grievance procedures

Andrew Ng (ANG) provided a brief on latest developments pertaining to the PT Musim Mas (PTMM) case. Alan Southworth (AS) reminded the EB about decisions made during the last EB meeting. RSPO does not have a mandate to be involved in labor disputes. AS also provided the EB with PTMM's updates on developments since the last EB meeting. According to AS, seven hundred and one workers have resigned and this has been endorsed by the Indonesian labor court. The court had also recommended a severance package for the workers. However, 244 workers have not accepted the package and have also appealed the verdict. PT Musim Mas will respect the results of this appeal. All except 2 workers have relocated their homes. PT Musim Mas allowed workers to stay until alternative housing is found. AS added that the evacuation process was done in a peaceful manner. The 6 people in prison were charged by the police under Indonesian criminal law. Five have received sentence and have appealed the verdict. PT Musim Mas cannot have any influence in this matter. PT Musim Mas respects this process and recommends that the EB members similarly respect the sovereignty of Indonesian criminal legal process in this matter.

AS also said that the allegation that PT Musim Mas does not respect workers rights to establish unions is quite simply not correct.

Jan Kees Vis (JKV) repeated that it is unclear what the IUF wants from RSPO, based upon correspondence already received. Bryan Dyer (BD) stated that GAPKI endorses and supports PT Musim Mas. BD added that the law lies above RSPO's decision and that this case is a test for the RSPO.

Tan Tian Sang (TTS) said that there is an independent multi-stakeholder team formed by the State Government of Riau looking into the matter. An investigation was conducted and a letter from the team stating that allegations are false is available.

Matthias Diemer (MD) informed the EB that the PT Musim Mas case has been raised with the ILO. In a mail sent to MD and JKV prior to the EB meeting IUF were making the case that PT Musim Mas is going against the RSPO Statutes and By-laws but again, this group has not clarified their expectations of PT Musim Mas and/or RSPO. AS clarified that the IUF has not approached Musim Mas with hard evidence. AS added that on the contrary, PT Musim Mas is prepared with evidence if needed. MD felt that it is impossible for the EB to make judgement on the matter as the EB's mandate is still unclear. However, MD noted that this case has a lot of implications for the reputation of RSPO as well as the NGOs who are part of RSPO. Tony Lass (TL) added that the case was not simply a reputational challenge for NGOs alone. Businesses are also affected. TL felt that at this stage, response and/or action is vital. Azizi Meor Ngah (AMN) argued that national sovereignty needs to be respected and that RSPO cannot be a court of law and thus make judgements.

EB members agreed to a 15 minute break to allow an unsolicited and unscheduled approach to the meeting by a team from IUF, BWI and MTUC who gave a set of documents, with a covering note from the 3 organisations outlining their support of the SP KAHUTINDO PT MM union action and attached copies of already sent documents to RSPO.

After the break, Rikke Netterstrom (RN) suggested to look at the next agenda item, grievance procedure and code of conduct, after which EB will resume deliberations on the PT Musim Mas case. All agreed to do so.

RN commenced code of conduct discussions by explaining her proposed draft RSPO Code of Conduct (RSPO-CoC). RN added that she had not noted Unilever's initial draft code of conduct when preparing her version. Fausta Borsani (FB) stated that the RSPO-CoC should explain what is expected from members, how members comply with the P&C and very importantly, what happens when members do not comply. JKV explained that this version of the RSPO-CoC makes reference to the P&C whereas his is based upon the Unilever Code of Conduct, which is general in nature due to the size of Unilever's operations, more targeted to suppliers and multi-national nature. RN's CoC clarifies what people expect from RSPO as an organization and what people can expect from RSPO members. BD voiced his agreement with both JKV and RN. BD enquired if the RSPO-CoC can influence the behaviour of RSPO members and encourage them to settle problems internally before the RSPO is involved. BD cited the example of NGO campaigns conducted during RT3. In response, RN stated that her draft document addresses this issue.

Subsequent discussions on the RSPO-CoC mainly revolved around RN's version of the CoC. TL finds the draft documents very helpful and promises a good start. However, TL enquired if the EB should strengthen the RSPO-CoC to enable RSPO to deal with the current cases made against its members. RN responded that this goes to the next step beyond the RSPO-CoC, which is an internal document. In contrast, the grievance procedure is useful for external cases. RN added that RSPO cannot make requests of stakeholders outside RSPO but RSPO can ask PT Musim Mas, as an RSPO Member, to take action(s).

AMN, enquired if there is anything the RSPO can do if such is the case. RN and MD reiterated that external parties cannot be influenced. The RSPO can simply state the requirements of her members and the RSPO-CoC and grievance procedure is the process for handling disagreements.

Chew Jit Seng (CJS) sought clarification on the applicability of the RSPO-CoC to Affiliate Members. RN replied that the EB needs to decide whether 2 versions are necessary for both Ordinary and Affiliate members. JKV felt that the purpose of the document is to make matters explicit and added that most of the items in the RSPO-CoC are already obvious. Inputs into the RSPO-CoC was provided by FB, JKV, MD, RN, ANG, TL, Simon Harris (SH), Dian Kosasih (DK), and Teoh Cheng Hai (TCH). This will be reflected in draft 2 of the RSPO-CoC (refer also to action points below).

ACTION

- Secretariat to produce draft 2 of the RSPO-CoC (initially prepared by Rikke Netterstrom) taking into consideration, all points made during this EB meeting
- Draft 2 to reflect application of CoC to all RSPO members (OM and Affiliate)

NOTE: Draft 2 was distributed to all EB members on 23 February (EB response deadline is 9 March). A working draft RSPO CoC will then be distributed to all RSPO members by 16 March and eventually be tabled for official endorsement at the next RSPO General Assembly in November 2006.

ANG provided a brief explanation of the grievance procedure suggested below:

The grievance procedure is meant to provide external stakeholders and RSPO members with a focal point for registering official complaints against RSPO members and for RSPO to have a clear, transparent, efficient and impartial means to address complaints.

Grievances should be raised against members who have allegedly taken action or omitted to in such way that it goes against the Principles & Criteria or the proposed Code of Conduct, as they provide a holistic coverage. A draft is not ready, but the framework is proposed as follows:

Key structure proposed:

- a) *Grievance Panel made up of EB members charged with reviewing grievances brought to the EB.*

- b) *Linkage to an independent arbitrator or body for referral in cases where Grievance panel is unable to provide a mutually agreed resolution.*

Grievance Procedure flow:

- *Initial official notification is made to the RSPO Executive Board and/or Secretariat against a member of RSPO.*
- *Clarification, provision of information, etc. made within 2 months.*
- *Panel (or EB) decides on legitimacy of grievance lodged based upon all material submitted. Onus upon complainant to demonstrate case.*
- *In case where the Panel (or EB) finds a clear case, notification of grievance to member in question for response to be made within (to be determined) timeframe to the Panel (or EB).*

(Recommendations or options for resolution can also be made at this stage to said member at this stage)

- *Upon response by said member, the Panel (or EB) would make recommendations to either or both parties on resolving issues.*
- *In cases where resolution is unachievable, independent arbitrator will be requested to manage further discussions and resolution.*
- *In cases where said member is shown to have committed or omitted to act in a way that is deemed as “serious grounds” for termination (as provided under Article 7 of the RSPO Statutes), that member would be required by the Panel (or EB) to take action to remedy or resolve the situation to the satisfaction of the Panel (or EB).*
- *Failure to do so would result in commencement of termination of membership as provided under Article 7 of the RSPO Statutes.*

Andrew Ng (ANG) added that the Secretariat could create a flow chart to clarify the grievance procedure as well as add timelines. Tim Stephenson (TS) voiced concern over additional financial resources required to carry out investigations on the ground.

Alan Southworth (AS) stated that any grievance procedure cannot be undertaken if a particular case is undergoing the legal process. Simon Harris (SH) stated that this may not be so as courts and legal processes differ from country to country. However, Rikke Netterstrom informed EB that if for example, The Body Shop International plc is currently undergoing court judgement; The Body Shop personnel would be barred from speaking on the matter, thus parallel discussions regarding the case cannot take place.

Matthias Diemer (MD) cited concerns over the fact that some court judgements could take years. SH agreed. Bryan Dyer (BD) warned EB about the risks of the RSPO passing judgement (i.e. expelling members) before the official court judgement as this could result in companies taking action against RSPO if the latter's action has unduly prejudiced the case.

Johan Verburg (JV) insisted that the RSPO should prevent matters from going to court by initially dealing with issues and resolving them on a bilateral platform or with the assistance of an independent investigator.

MD added that an internal screening process in between initial notification and clarification of the grievance procedure needs to be in place. Jan Kees Vis (JKV) added that the EB must be the body where any grievance procedure starts and ends (“the buck stops with us, the EB.”). The complainant must also make the case. Teoh Cheng Hai (TCH) felt that the RSPO is beginning to go beyond voluntary action and may be raising expectations with regards to RSPO's involvement in conflict resolution. JKV disagreed, stressing that the RSPO needs a procedure to handle grievances internally and should not be seen as raising stakeholder expectations.

ACTION

- Secretariat to prepare a grievance procedure for the consideration of the EB based on points made in discussions above:
 - EB to appoint a permanent grievance panel whose composition is still undetermined
 - Additional panel members may be included on a case by case basis
 - Genuine producer representative on the panel is necessary as majority of cases will be against plantations (i.e. one producer from the country involved plus one other)

Jan Kees Vis (JKV) urged the EB to return to the cases made against RSPO members PT Musim Mas and Golden Hope Plantations Berhad. In line with the new grievance procedure, Simon Lord (SL) suggested that the EB should screen the PT Musim Mas case and decide whether the case warrants the formation of a grievance panel to look into matters. If there is insufficient evidence, the RSPO should ask for more details. This suggestion was supported by Simon Harris (SH) and Bryan Dyer (BD). Johan Verburg (JV) on the other hand, suggested that RSPO should request for a resolution that brings the employer and the union together instead of asking for more evidence. Alan Southworth (AS) explained that PT Musim Mas has made contact with local unions but not with the IUF. Rikke Netterstrom (RN) expressed support for the IUF and PT Musim Mas to engage each other. Tim Stephenson (TS) cautioned against looking into every single case that comes up as the RSPO may get distracted from its objectives.

<Lunch break from 1230-1330>

At this point, PT Musim Mas representatives were asked to leave the meeting room while EB deliberated and decided on further action with reference to the PT Musim Mas case. The key elements of discussion were taking cognisance that the issue raised here has only been aired by PTMM to the EB. The EB agreed that the response had to be made to IUF/BWI/MTUC and any recommended engagement should be carried out between PTMM and IUF, because the demands made to the RSPO EB originated from IUF. Further, the EB explored further actions that can be taken by EB members in facilitating a sustainable and mutually agreeable resolution to the matter. In particular, the EB called upon Indonesian EB members to take up the matter collaboratively in engaging both PTMM and SP KAHUTINDO PT MM in constructive discussion. After deliberating further on the matter, the following was agreed as the proper course of action for RSPO to take.

ACTION

- EB to respond to letter from representative of unions (IUF/BWI/MTUC) with the following points:
 - Explain the role of RSPO as a voluntary association who are neither police or judges
 - RSPO recognizes that local government (district and provincial) have found no breach of labor law
 - Recommend open dialogue between appropriate representative of workers and PT Musim Mas

Andrew Ng (ANG) provided background information on the Golden Hope case. All agreed that the RSPO should write a letter to Golden Hope requesting that they look into the matter.

ACTION

- EB to write a letter to Golden Hope Plantations Berhad regarding the case made against them by United Steelworkers

4.3. Membership category for biofuel/energy companies

DECISION:

- All agreed that no changes will be made to RSPO's membership categories to accommodate the recent influx of biofuel/energy companies

- All agreed that membership categorisation should also be strictly adhered to in the vetting of future applicants. Affiliate membership be strictly controlled to cater to individuals and companies or organisations that clearly cannot be admitted under one of the 7 OM sectoral categories
- For consistency, Renewable Fuel Supply Ltd (RFSL), which had been admitted as an Affiliate Member, has been informed that they will be required to upgrade their membership to Ordinary Member once trade in palm oil commences (RFSL had informed the RSPO that they are currently only researching the potential of using palm oil in their products)

5. Secretariat

5.1. Secretariat contracts

Jan Kees Vis (JKV) stated that discussions with Secretariat staff will take place on 23 February. Matthias Diemer (MD) enquired if the 2-year Secretariat workplan will be distributed to all EB members. JKV responded that he had seen the workplan and suggested that it contained too much information at the moment.

ACTION

- Secretariat to modify and distribute the Secretariat workplan to all EB members

5.2. Secretariat expansion (new staff and office space)

Andrew Ng (ANG) provided a brief update on developments (i.e. no alternative office space has been found, potential expansion of existing Secretariat base, new computer hardware acquisitions, etc.). On the issue of premises for the Secretariat, ANG said that if no suitable alternate was found, the default of using the present premises could be made. ANG also stated that a search for potential new premises would be carried out and a decision was not needed till one month prior to the end of the lease period on the present Mont Kiara office premises.

Azizi Meor Ngah (AMN) suggested that it was important that the Secretariat is supported by a senior person who has experience with palm oil and the business sector. Bryan Dyer (BD) endorsed AMN's suggestion and further added that the senior person could contribute to a warning system for EB by identifying vital issues that may crop up. JKV then suggested that he and AMN discuss further on the matter and revert to the Secretariat and EB on the matter.

5.3. Accounts & finances

Tim Stephenson (TS) explained that the Secretariat is working towards reconciling the RSPO accounts and finances. ANG added that a meeting between TS and Joseph Nixon (JN) (RSPO Secretariat Finance Advisor) would take place within the week to address outstanding matters.

NOTE: TS, JN, Slim, and ANG held a meeting on 22 February to discuss the financial position of RSPO, its accounting and cash position. The issue of invoicing members was raised by TS. JN explained that the new accounting software system was in place and that the data input was completed and invoicing exercise was only held back by the final editing of the invoicing format that had to be customised by the software vendor. On the availability of JN, he confirmed that he would be able to provide his services monthly to RSPO to reconcile accounts and provide the EB with monthly reports on the RSPO accounts. The following were the outcomes and action to be made:

ACTION:

- Invoicing would commence by the week ending 27 February
- A new bank account for projects funds and allocations would be requested with RSPO's bankers to minimise confusion and enhance financial transparency

- A service contract to retain the services of JN on a monthly basis to carry out monitor and manage RSPO's accounts would be suggested to the EB for approval. The contract would be from March to December 2006 as an initial phase
- The reconciled accounts for FY 2004-2005 would be re-submitted for auditing

5.4. RSPO Jakarta Satellite Office

Andrew Ng (ANG) provided a status update on the RSPO Jakarta Satellite office to EB. Bryan Dyer (BD) relayed the lingering concerns raised by Derom Bangun over transparency in the process of selecting the Jakarta Satellite Officer. BD stressed the importance of transparency in choosing a person to man the Jakarta office and recommended that the EB make the appointment process open. Teoh Cheng Hai (TCH) added that since the Jakarta office will be located within the IPOC office, it would be advisable to consult Dr Rosediana Suharto on the candidates selected for the satellite office. JKV suggested that an interview panel comprising Rosediana Suharto, Derom Bangun, Rudy Lumuru, Hans van der Zijden and ANG be formed when the time is appropriate.

ACTION

- Secretariat to pursue final approval of the proposed RSPO Jakarta Satellite office workplan

DECISION:

- All agreed that there will be an open advertisement for the person who will man the RSPO Jakarta Satellite office once the proposed workplan is approved by the fund provider

5.5. Revamping of www.rspo.org and branding exercise

Si Siew Lim (SSL) provided a brief explanation of the Secretariat's proposal to revamp the current RSPO website. It is a timely activity as the basic architecture of the existing website has been unchanged since April 2004 and there is a clear foreseen expansion of the website's role as a global platform for information exchange. Tony Lass (TL), Simon Lord (SL) and Matthias Diemer (MD) suggested that the revamped RSPO website should contain a 'members only' section to cater for the needs of the various technical working groups who are expected to take shape soon.

DECISION:

- All agreed that the Secretariat will begin the process of revamping the RSPO website
- All agreed to retain the existing RSPO logo and corresponding identity

ACTION

- All to send suggestions for improvement of the RSPO website to the Secretariat

Simon Harris (SH) suggested that RSPO may wish to consider hiring the services of a professional public relations agency in light of recent media campaigns by various stakeholders mentioning RSPO. Bryan Dyer (BD) expressed reservations as most professional public relations agencies are costly to hire. Jan Kees Vis (JKV) added that perhaps when the RSPO has products to offer in the market in 2-3 years time, we can start spending money on public relations.

6. Projects & working groups

6.1. P&C guidance

Andrew Ng (ANG) provided an update on the status of the P&C guidance. CWG members are expected to finalize the guidance document during CWG4 scheduled for 21-22 February.

6.2. Two-year trial implementation of P&C

6.5. National Interpretation Groups

Andrew Ng (ANG) provided an explanation of the Secretariat's suggestion on ways forward with regards to the 2-year trial implementation of the P&C:

- a) *Need for the setting of an overarching body to manage and co-ordinate the pilot projects, including taking responsibility for acquiring progress reporting, communicating to stakeholders, minimising overlaps, facilitating partnerships, fundraising and accessing results of pilot projects.*

Recommendation: *Secretariat to take responsibility to co-ordinate projects, in close collaboration with the EB on areas like fundraising, facilitating partnerships and communications.*

- b) *Structuring pilot projects into manageable thematic or Principle based clusters.*

Recommendation: *It would be undesirable to impose the types of projects on the volunteers, but there needs to be clarity to ensure that there is an even spread to cover the majority of the P&C. "Difficult" areas would need more attention (e.g. P6). It is proposed that for the purposes of reviewing the P&C, results of pilot projects are organised or collated in direct relation to specific criteria. This is more an internal exercise to ensure better monitoring by the Secretariat. Reporting back from projects would be required every 6-months, and based upon a modified version of the self-assessment format (see proposals by CABI and NBPOL above).*

- c) *A forum that can be used commonly to share results, post up progress, list issues, publicise projects and generate discussion.*

Recommendation: *The RSPO website can provide dedicated pages for posting of progress reports, etc. for this purpose.*

- d) *A review process that would primarily act as the mechanism to feedback pilot project results to a review of the P&C at the end of the two-year period.*

Recommendation: *A review panel or body should be explored. This body would act in an advisory capacity in addition to reviewing project progress. Ideally it would be made up of a multi-stakeholder group, mirroring RSPO's sectoral groups and technical expertise to cover the P&C. This body should be tasked with critically reviewing pilot project progress and making recommendations as needed.*

Teoh Cheng Hai (TCH) enquired if Simon Lord's audit checklist based on the RSPO P&C is suitable for early assessment. Simon Lord (SL) clarified that the checklist is suitable and can also identify gaps as well as identify areas to focus efforts on in the future. SL added that field-testing of the checklist will be done by March and generously stated that the checklist will be made available to RSPO sometime in April.

Jan Kees Vis (JKV) envisions that there should be one National Interpretation Group in each producer country, as well as perhaps one each in South America and Africa. JKV added that national interpretation for Papua New Guinea is currently being carried out by Simon Lord and requested for status updates from Malaysia and Indonesia representative on the EB.

Azizi Meor Ngah (AMN) suggested that the RSPO national interpretation work should be linked with current work by the Malaysian palm oil industry on defining Good Agricultural Practices for Malaysia. ANG added that briefly, the Secretariat's proposal is similar to the CWG process, which includes stakeholder consultation and fair representation. ANG enquired if the national interpretation work needs to be endorsed by EB. Bryan Dyer (BD) responded that EB endorsement is necessary. BD added that GAPKI could set up sub-committees under GAPKI to look into national interpretation of the P&C for Indonesia. BD also mentioned that there is concern amongst Indonesian producers regarding the

guidance document. It needs to be as objective as possible as the guidance will be the document that informs verifiers. JKV stressed that EB needs to consider who are important to be in the national groups. JKV immediately suggested the need for plantation worker unions' representation.

DECISION:

- All agreed to endorse the Secretariat's proposal on national interpretation above

ACTION

- Secretariat to prepare a briefing paper on national interpretation and implementation of the P&C

6.3. Verification Working Group (VWG)

Andrew Ng (ANG) explained that the Terms of Reference for the VWG work had not been finalized ahead of the VWG kick-off meeting on 22 February 2006. Jan Kees Vis (JKV) clarified that the VWG work is not about passing an audit and instead should be about setting up a certification scheme, training auditors, control of claims, etc. Bryan Dyer (BD) noted that duplicate representatives for each organization in the VWG should be avoided. BD also pointed out the absence of Malaysians in the initial list of participants and stressed the need for experts and not enthusiastic (albeit well intentioned) "amateurs" that had no real grasp on the intricacies of the issues needing deliberation. Teoh Cheng Hai (TCH) suggested considering the CWG model. Jan Kees Vis (JKV) felt that the CWG model is not suitable for the VWG and that the RSPO needs to get people from certification bodies involved. These questions will be discussed during the VWG kick-off meeting on 22 February.

6.4. Smallholder Task Force (STF)

Andrew Ng (ANG) explained that the Smallholder Task Force kick-off meeting is scheduled for 22 February.

ACTION

- Secretariat to record Simon Lord's participation in the Verification Working Group and Smallholders Task Force on behalf of PNG POPA (Palm Oil Producers Association of PNG)

6.5. National Interpretation Groups

Refer to item 6.2 (Two-year trial implementation of P&C) above.

6.6. BACP/RSPO collaboration

Andrew Ng (ANG) explained that a draft Memorandum of Understanding between RSPO and BACP has been proposed to the EB. Jan Kees Vis (JKV) suggested for Matthias Diemer, ANG and himself to negotiate further with IFC/BACP on the proposal.

ACTION

- All to send comments on the draft BACP/RSPO MoU to Jan Kees Vis
- Jan Kees Vis, Matthias Diemer and Andrew Ng to negotiate further with IFC/PWC on the MoU proposal

NOTE: BACP has requested for EB feedback on the draft proposed MoU by 8 March.

7. Any other matters

7.1. Next EB meeting

7.2. RT4

DECISION:

- All agreed that the next EB meeting will be held on Wednesday, 19 July 2006
- All agreed that RT4 will be held during 21-22 November 2006 with GA3 scheduled for the afternoon of 22 November
- All agreed that the newly elected EB during GA3 will meet on 23 November 2006

Simon Harris (SH) raised concerns over the ongoing proposed oil palm development along the Malaysia-Kalimantan border. SH strongly cautioned that the RSPO needs to be prepared when this issue takes off and enquired about when the RSPO should make an official statement on this matter. Jan Kees Vis (JKV) responded that this issue was discussed in past EB meetings. However, Dian Kosasih (DK) added that WWF-Indonesia would appreciate RSPO's statement on the issue.

ACTION

- WWF-Indonesia, GAPKI and Sawit Watch to get together to discuss and prepare a statement on the proposed oil palm development along the Malaysia-Kalimantan border

Matthias Diemer (MD) noted that the number of EB meeting participants is growing and suggested that the EB discuss who should be allowed as observers. Jan Kees Vis (JKV) felt that the matter is clear as only substantive EB members are allowed to attend any EB meeting and if they are not able to attend, an alternate would need to be nominated to represent the substantive in advance for the EB's knowledge. EB members are also expected to respect the rule of notifying the Secretariat if more than one representative is coming and the justifications for such.

DECISION:

- All agreed that only substantive EB members are allowed to attend EB meetings and should more than one representative wish to attend future EB meetings, the Secretariat needs to be notified in a timely manner

Teoh Cheng Hai (TCH) explained a project proposal to publish a book on oil palm BMPs. The concept note and supporting documents were subsequently distributed to EB members on 23 February. TCH also informed the EB that this will be his last physical meeting with the Board before his term as Advisor to the Executive Board expires in April, 2006 and he took the opportunity to thank all members for their support and cooperation.

ACTION

- EB Members to respond to Teoh Cheng Hai's BMP book proposal by 7 March 2006
- Secretariat to record PT Musim Mas' interest in joining the Indonesian National Interpretation Group

<EB Meeting adjourned at 1615 with a group of EB volunteers continuing to work on strategic planning>

3. Strategic planning

The strategic planning session was attended by Jan Kees Vis, Tony Lass, Simon Lord, Matthias Diemer, Dian Kosasih, Azizi Meor Ngah, Rudy Lumuru, Andrew Ng, Fausta Borsani, Johan Verburg, Simon Harris, S Palaniappan, and facilitated by Teoh Cheng Hai (TCH). Members deliberated on the suggested vision and mission statements that were made during the preparatory electronic discussions among EB members during December 2005 and January 2006. The members had unanimous

decisions on the Vision and Mission statements for RSPO. However, there was insufficient time to identify key strategies that would support the vision and mission.

DECISION:

All participants agreed that the following would be the RSPO Vision and Mission and recommend the full EB's approval:

- **RSPO Vision:** RSPO assures palm oil contributes to a better world
- **RSPO Mission:** To advance the production, procurement and use of sustainable oil palm products through:
 - the development, implementation and verification of credible global standards and,
 - the engagement of stakeholders along the supply chain

<Strategic planning exercise completed at 1820>

RSPO Secretariat
24 February 2006

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