



Roundtable on Sustainable Palm Oil

RSPO Secretariat
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EB 02-05: Minutes of Executive Board Meeting

By Phone Conference on 26 May 2005 at 1200 GMT

Participants

1. Jan Kees Vis (JKV) Unilever
2. Derom Bangun (DB) GAPKI
3. Rikke Netterstrom (RN) Body Shop
4. Stuart Small (SS) Body Shop
5. Azizi Meor Ngah (AMN) MPOA
6. Chew Jit Seng (CJS) MPOA
7. Vengeta Rao (VR) MPOA
8. Zurain Madon (ZM) MPOA
9. Tony Lass (TL) Cadbury Schweppes
10. Lea Borkenhagen (LB) Oxfam GB/Novib NL
11. Matthias Diemer (MD) WWF-Switzerland
12. Ian McIntosh (IM) Aarhus
13. Dian Kosasih (DK) WWF-Indonesia
14. Andrew Ng (ANG) RSPO Secretariat
15. Si-Siew Lim (LSS) RSPO Secretariat

Absent

1. Fausta Borsani (FB) Migros
2. Jens Mesa-Dishington (JMD) Fedepalma
3. Bachtiar Karim (BK) PT Musim Mas
4. Rudy Lumuru (RL) Sawit Watch

Date : 26 May 2005 (Thursday)
Time : 1200 – 1407 GMT

Agenda:

1. Introduction
2. Confirmation of minutes of EB meeting held on 17 February 2005 (EB 01-05)
3. Secretariat
 - 3.1. Briefing on handover of Secretariat functions from TCH to ANG
 - 3.2. RSPO Jakarta satellite office progress and update
4. RSPO membership
 - 4.1. Update on membership base
 - 4.2. Update on subscriptions by members, outstanding balances and next steps to recover outstanding subscriptions
 - 4.3. Update on Annual Communications reporting as well discussion on enhancing wider uptake and ease of use
 - 4.4. Provision for Honorary Membership
5. RT3
 - 5.1. Update on progress of RT3 organisation and establishment of RT3SC
6. Projects
 - 6.1. Update on Criteria Working Group
 - 6.2. ProForest Supply Chain Project
 - 6.3. Project proposal by AIDEnvironment
 - 6.4. Update on 4 selected projects for fast-tracking
7. Communications
 - 7.1. Convention on Biological Diversity COP-8
 - 7.2. Planning for series of Public Fora.
 - 7.3. Update on PNG NGO statement against RSPO
8. Matters arising

1. Introduction

RSPO Secretariat: Andrew Ng (ANG) gave his opening remarks and welcomed the RSPO Executive Board (EB) to the telephone conference. Mr Azizi Meor Ngah, Chief Executive of MPOA, was formally introduced to the rest of EB as the new RSPO Vice-President III.

2. Confirmation of minutes of EB meeting held on 17 February 2005 (EB 01-05)

RSPO Secretariat: ANG enquired if there were any outstanding issues or additional comments on the minutes from the last EB Meeting held on 17 February 2005.

Aarhus: Ian McIntosh (IM) was concerned that page 7 contained information of a personal nature and wondered if it were appropriate to publicly post such information.

Unilever: Jan Kees Vis (JKV) responded by saying that details of discussions do not need to be included in the minutes. He requested the Secretariat to follow-up on the action points and also to send him a copy of the final minutes to be signed.

ACTION: RSPO Secretariat to amend EB 01-05 accordingly and forward a copy to JKV.

3. Secretariat

3.1 Briefing on handover of Secretariat functions from TCH to ANG

RSPO Secretariat: ANG briefed EB on developments within the Secretariat since the handover of duties from Teoh Cheng Hai to ANG. ANG has renewed the current lease, which allows the current Secretariat office to continue to be at its present site until the end of October 2005. RSPO's bank account signatory has also been handed over to ANG successfully.

3.2 RSPO Jakarta satellite office progress and update

RSPO Secretariat: ANG explained that The Royal Netherlands Embassy (RNE) has recently provided an indication of support for the Jakarta satellite office proposal. The RSPO has been invited to a meeting by the Tripartite Partnership of Indonesia, Malaysia, and the Netherlands in Putrajaya, Malaysia, on 15 June 2005. It is likely that a decision on funding for the Jakarta office would be made at this time.

4. RSPO membership

4.1 Update on membership base

4.2 Update on subscriptions by members, outstanding balances and next steps to recover outstanding subscriptions

RSPO Secretariat: ANG provided a breakdown of current RSPO members, membership subscriptions, and outstanding subscriptions of existing members. He explained that a decision is needed on the next course of action for recovering outstanding subscriptions of members. ANG also mentioned the need to address the issue of carry-forward membership and suggested that we follow MPOA's current process.

Cadbury Schweppes: Tony Lass (TL) stated that membership dues cannot exceed more than 3 months and recommended that some effort be made to recover what is due to RSPO. He recommended ceasing the membership of members who fail to pay up.

Unilever: JKV suggested that a reminder be sent 3 months after initial invoices are issued. An additional reminder should then be sent 2 months after that period and finally, the particular membership would be terminated if no response is received after 2 months through a final notice to the defaulter. Regarding the issue of carry-forward membership, JKV suggested that a company or organization should join RSPO either on 1 Jan or 1 July of each year. Since the fiscal year of RSPO is from July to June, members admitted in 1 Jan need only pay 50% of the yearly subscription fee. However, JKV stressed the need to streamline existing memberships.

RSPO Secretariat: ANG asked if EB has any suggestions on how to streamline existing memberships.

Oxfam: Lea Borkenhagen (LB) stated that a mechanism for checking members and making sure those terminated are not advertising their RSPO membership is also needed.

MPOA: Azizi Meor Ngah (AMN) responded by saying that MPOA's membership process cannot be used for RSPO. Regarding TH Plantations Sdn Bhd's (also an MPOA member) outstanding membership dues, AMN will approach TH Plantations Sdn Bhd personally. AMN also agrees with 3+2+1 month system for handling outstanding subscription fees.

WWF-Indonesia: Dian Kosasih (DK) agrees with the 3+2+1 month system.

Aarhus: IM suggested that in addition to the 3+2+1 month system, RSPO should post on www.sustainable-palmoil.org, which organizations are no longer members.

MPOA: Vengeta Rao (VR) cited concerns over the length of which 'resignations' are posted on the website.

Aarhus: IM suggested 6 weeks since that is also the amount of time it takes to admit a member.

ACTION: MPOA to approach TH Plantations Sdn Bhd regarding overdue subscription fees.

ACTION: RSPO Secretariat to prepare a paper to outline the process for handling outstanding subscriptions based on discussions above and distribute to EB for approval.

4.3 Update on Annual Communications reporting as well as discussion on enhancing wider uptake and ease of use

RSPO Secretariat: ANG briefed EB on the current situation with annual communications reporting by RSPO members. As of 17 May 2005, only 13 members have submitted reports and a position is needed on whether to pursue reporting by all members by RT3. ANG also briefed EB on the concerns of MPOA members regarding the annual communications reporting.

Unilever: JKV enquired about MPOA's latest position regarding annual reporting.

MPOA: AMN and VR responded by saying that the matter was discussed during an internal meeting and it was decided that individual MPOA/RSPO members will each be responsible for submitting their own reports. AMN is optimistic that most MPOA/RSPO members will submit their reports. VR added that MPOA members were initially not clear about what was expected from them.

WWF Switzerland: Matthias Diemer (MD) suggested that EB members should lead by example and therefore, should submit their reports by a deadline of 31 August 2005.

Aarhus: IM suggested contacting members again and reminding them that their reports are due. Three or four samples of existing reports should also be sent to them to demonstrate how easy the process is.

Unilever: JKV agreed with IM and added that RSPO should put together a booklet of RSPO members' annual communications of progress. JKV stated that by the end of August 2005, EB members' reports should be combined into a booklet and distributed to remaining members to encourage reporting. Ideally, each member would be allocated 1 page for their reporting. Members who have not submitted reports should also be listed in the booklet.

ACTION: Remaining EB members Fedepalma, PT Musim Mas, Unilever, Body Shop, WWF-Indonesia, Oxfam and Sawit Watch to submit their annual communications of progress to the RSPO Secretariat by **31 August 2005**.

ACTION: RSPO Secretariat to compile a booklet consisting of EB members' annual communications reports after 31 August 2005. A reminder will then be sent to RSPO members who have not submitted their reports along with the booklet.

4.4 Provision for Honorary Membership

RSPO Secretariat: ANG briefed EB about Unilever's proposal to have an Honorary Membership, in particular to recognise the role played by out-going MPOA Chief Executive, Mr M R Chandran. ANG requested for guidance regarding the 'conditions' under which someone be awarded an honorary membership, the process with which honorary memberships are approved as well as the benefits of being an honorary member of RSPO.

Aarhus: IM felt that free membership, observer status for RSPO General Assembly, free participation at RT meetings and other RSPO conferences as well as a memento to recipients of RSPO honorary membership are satisfactory. However, IM cited concerns regarding setting 'conditions' under which honorary memberships are awarded. The decision should be at the discretion of EB.

MPOA: VR voiced concerns over required amendments to the RSPO Statutes and whether decisions on honorary memberships should be in the hands of EB or all RSPO members during the General Assembly. VR felt that the issue of withdrawals of honorary membership also needed to be discussed.

Cadbury Schweppes: TL warned that if changes are needed to the RSPO Statutes and By-Laws, these should not be done on a frequent basis. RSPO may end up with too many versions of the Statutes.

RSPO Secretariat: ANG explained that the current Statutes do not contain any clause covering honorary membership.

Oxfam: LB stressed that honorary membership cannot be awarded based on work outside of RSPO.

Cadbury Schweppes: TL insisted that EB has to move fast on the issue of honorary membership to allow Mr M R Chandran to participate in meetings in September.

ACTION: RSPO Secretariat to prepare a paper regarding RSPO Honorary Membership and distribute to EB members for approval.

5. RT3

5.1 Update on progress of RT3 organisation and establishment of RT3SC

RSPO Secretariat: ANG provided a briefing on latest updates regarding RT3. ANG also mentioned that the 1st RT3 announcement has been released on 26 May 2005. Hardcopies of the announcement will be printed and sent to EB members for further distribution to stakeholders. ANG stated that the issue of allocating each sponsor to a different element of RT3 due to a particular sponsor's reputation with other stakeholders remains urgent.

Oxfam: LB explained that Oxfam is unable to accept the invitation to serve on the RT3 Steering Committee (RT3SC). However, LB strongly suggests that smallholders be involved in the RT3SC.

RSPO Secretariat: ANG explained that the Malaysia's National Association of Smallholders (NASH) has been approached. However, there has been no response from them so far.

Oxfam: LB enquired if resources have been set aside to encourage smallholders to participate in the RT3SC. She explained that even small amounts of funding makes a difference in such groups. LB suggested that the projected RT3 surplus of about US\$ 1,900 can be used for this purpose.

Unilever: JKV explained that the RSPO definitely encourages the participation of smallholders and has taken clear steps to facilitate this. However to date, RSPO has found it extremely difficult to get smallholders onboard.

MPOA: AMN proposed that MPOA approach NASH regarding RT3SC participation.

Unilever: JKV stated that the 1st RT3 announcement has no mention of sponsors. A new version, which includes information on sponsors needs to be posted on www.sustainable-palmoil.org as soon as possible.

MPOA: VR stressed the importance of informing sponsors that they will be sponsoring different elements of RT3.

Cadbury Schweppes: TL agrees and added that sponsors should be informed before anything is posted on the website.

RSPO Secretariat: ANG requested for guidance on how sponsors should be allocated to different elements of RT3.

Body Shop: Rikke Netterstrom (RN) felt that organizations must have options to decline a particular sponsored element of RT3 so this information needs to be distributed as soon as possible.

Unilever: JKV suggested that we come up with 5 elements that need sponsoring. These elements could include the dinner, lunches, hospitality pack (bag, hand-out, etc.), keynote speaker (travel and accommodation) and exhibitions. Sponsors should not be attached to the segments within the actual RT3 programme.

WWF Switzerland: To save time, MD suggested that sponsors be informed what their money is being used for rather than awaiting their choices.

Aarhus: IM agrees with WWF Switzerland's suggestion. The announcement should not be delayed any longer. This is to ensure people can take advantage of potential savings from registering early.

Oxfam: LB voiced concerns over risks faced by RSPO if EB members are not clear about the decisions being made. She suggested that either more time is allocated for EB decisions or a decision is required from individual EB members before the Secretariat takes any actions.

RSPO Secretariat: ANG stressed that despite the pressure put on EB members to often make decisions on short notice, there is an urgency to take action in timely fashion. ANG suggested that EB members who are unable to handle email traffic should nominate alternates to make decisions on their behalf when primary representatives are not available.

Body Shop: RN agrees with ANG and stated that EB members have a responsibility to manage their own mailboxes.

Unilever: JKV suggested that the issue of EB decisions be put on the agenda for the next physical EB meeting.

MPOA: VR agreed with Unilever's suggestion.

GAPKI: Derom Bangun (DB) informed EB that he is keen to publicize RT3 in Indonesia to get more participation from Indonesian stakeholders. DB also suggested that the RSPO Secretary-General approach the Director-General of the World Trade Organization (WTO) and invite him to be the RT3 keynote speaker.

Body Shop: RN warned that having a representative of WTO as the RT3 keynote speaker may attract anti-globalisation demonstrations, diverting attention from the real purpose of RT3.

Unilever & Cadbury Schweppes: JK and TL both shared their experiences with the coffee initiative, particularly regarding the involvement of governments.

MPOA: Chew Jit Seng (CJS) stressed the importance of engagement with various government sectors and reminded EB that this topic was previously proposed by Teoh Cheng Hai (TCH) to be discussed during the RSPO strategic planning exercise. He also enquired if any response has been received from the Malaysian Palm Oil Promotion Council (MPOPC) regarding their invitation to serve on the RT3SC.

RSPO Secretariat: ANG informed MPOA that no response has been received from MPOPC so far.

ACTION: MPOA to approach NASH regarding their invitation to serve on the RT3SC.

ACTION: RSPO Secretariat to assign sponsors to different elements of RT3 based on discussions above and also informs the sponsors accordingly. Once confirmation is received from all sponsors, RSPO Secretariat to update the RT3 announcement to include information on sponsored elements.

ACTION: RSPO Secretariat to include the issue of EB decisions raised by Oxfam in the next physical EB meeting. Meanwhile, EB members are encouraged to nominate alternates to be added to the EB mailing list to help manage EB decisions via email.

ACTION: GAPKI to further publicize RT3 in Indonesia via GAPKI's various communications networks.

6. Projects

6.1 Update on Criteria Working Group

RSPO Secretariat: ANG provided a briefing on CWG updates, which covered Unilever's offer to translate the Criteria document into Bahasa Indonesia and also to conduct stakeholder consultations in Indonesia with relevant smallholders with the assistance or participation of Forest Peoples' Programme (FPP) and Sawit Watch. ANG also mentioned that funds may not be sufficient to have the 3rd and final CWG meeting in Sabah, as suggested by ProForest.

Oxfam: LB proposed the following actions: 1) start email discussion for CWG to discuss the issue of smallholders as they play an enormous part in the palm oil supply chain, 2) a task group to consult with

smallholders and report back to the CWG, and 3) smallholders be included in field testing of the Criteria.

MPOA: In addition to Unilever's proposal to work with FPP and Sawit Watch, VR was concerned that those organizations may not be able to cover all smallholders in Indonesia. He suggested for IPOC, GAPKI and the Indonesian Ministry of Agriculture to also take this on.

Unilever: JKV added that a good time to conduct stakeholder consultations will be after the 2nd public consultation period. Between the end of July 2005 and RT3, there will be 4 months to conduct stakeholder consultations.

Oxfam: LB enquired if ProForest would be suitable to field test the Criteria.

RSPO Secretariat: ANG responded by saying that within the present budget of this current phase, RSPO cannot pilot test the Criteria before RT3. However, this activity should be incorporated in the next phase of the Criteria project.

Oxfam: LB was in the opinion that DOEN foundation could possibly fund some work with regards to oil palm smallholders. However, funding applications need to be submitted by 15 June 2005. LB also felt that RSPO will be taking a high risk if it does not attend to the issue of smallholders. There is currently very little or no information on the sustainability of smallholders.

Unilever: JKV felt that decisions on criteria development (and smallholder involvement) belong to the CWG. It is not necessary for EB to discuss these issues as there was already a policy decision that smallholder involvement was very important to RSPO's activities.

Oxfam: LB responded by saying that if EB does not work towards enabling funding, etc., it is not fulfilling its function. LB explained that Oxfam is looking for support from EB for CWG to work with smallholders.

RSPO Secretariat: ANG added that the CWG already has a smallholder taskforce. However, it remains to be seen how successful this taskforce will be. He added that upcoming public fora should also be focused on smallholders. ANG reminded EB that availability of resources was also another issue that needed to be factored in.

DECISION: All endorse proposals made by Oxfam to improve smallholder engagement in the Criteria process.

ACTION: RSPO Secretariat to communicate relevant parts of the minutes regarding smallholders to the CWG as soon as possible.

6.2 ProForest Supply Chain Project

RSPO Secretariat informed EB that the supply chain project has commenced. However, some concerns and issues are being raised by the producer members.

WWF Switzerland: MD enquired if ProForest can meet the deadline to present results at RT3.

RSPO Secretariat: ANG responded by saying that ProForest must meet the deadline. It is clearly stated in the contract.

MPOA: VR requested that the RSPO Secretary-General get feedback regarding this matter from ProForest.

ACTION: RSPO Secretariat to request for feedback from ProForest regarding matters raised by EB members above related to the supply chain project and forward information to back to EB.

6.3 Project proposal by AIDEnvironment

RSPO Secretariat: ANG provided a brief explanation of the project proposal by AIDEnvironment. He requested feedback from EB members who have yet to respond to this matter.

Oxfam: LB would like the proposal to be revised to include practical outcomes.

ACTION: RSPO Secretariat to contact AIDEnvironment and request that they include practical outcomes into the project proposal before redistributing the proposal to EB for a decision on possible endorsement by RSPO.

6.4 Update on 4 selected projects for fast-tracking

RSPO Secretariat: ANG explained that since there were only weak responses received so far from the majority of project proponents, the following 4 projects were fast-tracked for project advancement and support from RSPO: 1) Introductory Oil Palm IPM Discovery Learning Manual (CABI), 2) Guidelines to Better Management Practices (BMPs) (MPOA), 3) Implementation of bank risk assessment policies for

the Indonesian oil palm and timber plantation sectors (WWF), and 4) Supply Chain Project (ProForest). Out of these 4 projects, ANG explained that only CABI has responded with updates that noted progress. He requested for guidance from EB on this matter.

WWF-Indonesia: DK briefed EB on progress regarding the 'Implementation of bank risk assessment policies for the Indonesian oil palm and timber plantation sectors' project.

RSPO Secretariat: ANG requested that WWF-Indonesia provide a write-up on updates from their bank assessment policies project to the Secretariat.

WWF-Indonesia: DK agreed to ANG's request.

MPOA: CJS provided an update on the CABI project. He also mentioned that MPOA's anticipated Memorandum of Understanding with WWF-Malaysia (which involves the 'Guidelines to Better Management Practices' project) is currently awaiting action from WWF-Malaysia.

Unilever: JKV was in the opinion that if no response has been received from project proponents since RT2 despite several calls for updates, we can assume that the project does not exist anymore. He also suggested that SKAL International's project proposal (led by Mr Johan Maris) be linked to the supply chain project.

RSPO Secretariat: ANG added that the RSPO Secretariat also anticipates a meeting with Mr Johan Maris sometime in July 2005. ANG proposed that the Secretariat pick out projects to be dropped from RSPO's current portfolio of projects and also select projects that are worth contacting one last time.

ACTION: WWF-Indonesia to provide the RSPO Secretariat with a write-up on progress of their 'Implementation of bank risk assessment policies for the Indonesian oil palm and timber plantation sectors' project.

ACTION: RSPO Secretariat to revisit RSPO's portfolio of projects and take the appropriate actions, as specified above.

7. Communications

7.1 Convention on Biological Diversity COP-8

7.2 Planning for series of Public Fora

RSPO Secretariat: ANG briefed EB on the current situation regarding RSPO's involvement in the upcoming Convention on Biological Diversity (COP-8) as well as the Secretariat's proposal to conduct a series of public fora in Malaysia, PNG, Indonesia and possibly Thailand.

Body Shop: RN offered to get in touch with Body Shop's franchises in Sabah and Sarawak to create possible synergies during the organization of RSPO's public fora in those areas. She also mentioned that Tenaganita may have good networking resources in terms of engaging workers and social NGOs.

MPOA: CJS enquired if the RSPO has any funds to support MPOA's anticipated road shows during the public consultation period.

RSPO Secretariat: ANG responded by saying that funding for these activities are limited but perhaps MPOA and RSPO can synergize and work together to organize these road shows in the coming months.

MPOA: VR expressed concern that current public fora sites suggested by the Secretariat do not include stakeholders in Africa and South America.

Aarhus: IM mentioned that he has been invited by the Mexican oil federation to be in Mexico sometime in October 2005. He suggested that there will be opportunities there for side meetings to discuss RSPO.

7.3 Update on PNG NGO statement against RSPO

RSPO Secretariat: ANG briefed EB on the latest situation regarding the recent PNG NGO statement against RSPO and enquired if this issue requires any further action.

DECISION: All agree to maintain RSPO's 'open door' policy to the group of PNG NGOs. Meanwhile, RSPO will continue to engage with other NGOs to promote sustainable palm oil.

ACTION: RSPO Secretariat to respond to Mr David Mather of Hargy Oil Palms Ltd on the matter of NGO audits in PNG.

8. Matters arising

Aarhus: IM enquired if EB is still plans to complete the exercise to define RSPO's Mission and Vision, which was started during the last EB meeting. IM also enquired about RSPO's financial situation.

RSPO Secretariat: ANG explained that the exercise to define RSPO's Mission and Vision was stopped due to lack of response received. ANG suggested that EB revisit the matter during the next EB meeting. Regarding RSPO's financial situation, ANG explained that the Secretariat anticipates doing an audit on the accounts sometime next month. ANG suggested that the production of a projected cash flow can also be included during the audit.

Unilever: JKV stated that the Mission and Vision exercise only makes sense to resume if all EB members are committed. Otherwise, he suggested creating a sub-group within EB to go through the exercise in November and make a final proposal to the rest of EB.

ACTION: RSPO Secretariat to include RSPO's Mission and Vision in the agenda for the next EB meeting.

8.1 Next EB meeting

DECISION: All agreed that the dates for the next EB meetings are as follows:

- 1) Thursday, 18 August 2005 (if needed)
- 2) Friday, 23 September 2005 at location of CWG3 meeting
- 3) Thursday, 24 November 2005, in Singapore

8.2 Tripartite Partnership of the Netherlands, Indonesia and Malaysia

RSPO Secretariat: ANG explained that RSPO has been invited to attend and present new ideas to the Tripartite Partnership of the Netherlands, Indonesia and Malaysia to raise other proposals at this meeting on 15 June 2005, as well as to provide a briefing on the progress of developing Criteria and its eventual implementation.

8.3 Oxfam's proposal for RSPO's response to the tsunami

Oxfam: LB explained Oxfam's suggested wording and explanatory note for RSPO's proposed response to the recent tsunami.

GAPKI: DB was concerned about issuing such a statement because he felt that most of the areas damaged by the tsunami were townships and not areas under forest or plantations. DB was reluctant to raise an issue without sufficient evidence.

Oxfam: LB responded that she spent 3 weeks on the ground in Aceh. She noticed quite a few hectares of damaged oil palm plantations and agreed that mostly townships and rice land were affected. However, LB stressed that the issue is not about land but instead, land rights and peoples' welfare.

MPOA: VR felt that the statement was ambiguous as it does not state in detail, which areas were damaged by the tsunami.

RSPO Secretariat: ANG suggested that EB look over Oxfam's proposed statement and send any comments and changes to the Secretariat.

ACTION: All to send comments on Oxfam's proposed tsunami statement to the Secretariat.

Adjournment

The meeting was adjourned at 1407 GMT.

RSPO Secretariat

7 June 2005

Jan Kees Vis

President, Roundtable on Sustainable Palm Oil (RSPO)

Date :