

EB 03-08

Minutes of Executive Board Meeting

Date : 6th October, 2008
Venue : Video Conference -Pusat Telekom Raja Chulan, Lumpur Lumpur,
i-Office (RILO, Jakarta) and Unilever House (Rotterdam)
Starting Time : 15.00 (WIB), 16.00 (M), 10.00 (NI)

Attendees:

- Derom Bangun (GAPKI)
- Darrel Webber (WWF- Malaysia)
- Ian McIntosh (AAK)
- Johan Verburg (Oxfam)
- Jan Kees Vis (Unilever)
- Chew Jit Seng (MPOA)
- Mamat Salleh (MPOA)
- Tim Stephenson (AAK)
- MR Chandran (RSPO EB Advisor)
- Thomas Barano (WWF- Indonesia)
- Christophe Liebon (Intertek)
- Rudy Lumuru (Sawit Watch)
- Chong Wei Kwang (HSBC Malaysia)
- Simon Lord (Kulim Malaysia Bhd)
- Paul Norton (HSBC Malaysia)
- Vengeta Rao (VR, Secretariat)
- Yap Seng Chai (RILO - Secretariat)
- Ali Baizuri (Secretariat)
- Roslinda Sarmin (Secretariat)

Apologies:

- Don Grubba (IOI)
- Robert Keller (MIGROS)
- Tony Lass (Cadbury)
- Mohd Nor Kailany (Felda)

AGENDA

1. Introduction and RSPO Antitrust Laws

2. Minutes of previous meeting

To confirm and approve the minutes of the Executive Board meeting (EB 02-08) held on 27th May 2008.

3. GA 5

3.1 Election of new EB members.

3.2 Proposed resolutions

4. RSPO Certification

4.1 Supply Chain Certification

4.2 Guidelines on Communications & Claims

4.3 Producer certification

5. RT6

5.1 Sponsors

5.2 Exhibitors

5.3 Programme:

6. Secretariat

6.1 Staffing

6.2 Accounts & 2008/09 Budget

6.3 Projects: (updates)

- TFS (SG/CJS/DK)
- FPIC (SG)
- BACP (SG)
- IWM (SL)
- Ina-HCVWG (DK) & Biodiversity offsets (SL)
- GHG (DW)
- Comm support (Europe)

7. AOB

MINUTES:

1. INTRODUCTION AND RSPO ANTITRUST LAWS

The President welcomed all to the meeting. RSPO Antitrust laws were read and the proposed meeting agenda confirmed.

2. CONFIRMATION OF MINUTES OF EB 02-08

Confirmed and approved.

3. GA 5

3.1 Election of new EB members.

There was some uncertainty as to which members were up for re-election this year and those for next year under the staggered system for EB members – which would require half the seats to go for election each year .

Action: Secretariat to re- confirm with EB members and inform the membership as well as seek nominatins when sending out the notes to GA5.

Secretariat to amend the Statutes (e.g. add a footnote).

3.2 Proposed resolutions for GA5 (see attached):

a) Unilever: Draft resolution withdrawn.

Action: Unilever proposes to request EB to step up work on GHG criteria.

b) Wetlands International: To advise them that their resolution as submitted has intenal contradictions and some statements which maybe construed as violating national legislation.

Action: DW to inform Wetlands International accordingly.

c) PanEco: Cross-references the UL resolution which is only a draft, runs afoul of antit-trust laws, etc.

Action: Secretariat to inform PanEco that their resolution as stands unsuitable for tabling at GA5.

d) Discussions about a possible resolution by NBPOL – withdrawn.

e) Proposal for a resolution about a time-bound plan upon members to live up to RSPO standards/ideals (Oxfam)

Action: Oxfam to submit if firmed up.

4. RSPO CERTIFICATION

4.1 Supply Chain Certification

Member for retailers raised the following points and comments from other EB members are shown in italics below.

a) Why not physical mass balance (as against administrative mass balance)? Retailers are willing to continue work on mass balance.

Concept was considered more than a year ago and was not feasible as it will not lead to credible claims.

b) Due diligence and certification may not be sufficiently robust.

Existing CoC and traceability should suffice else the GreenPalm route may be considered.

c) How will the **end** markets work with the various SC options?

If the EB meeting cannot accept the supply chain document / proposals, there will be no supply chain for the oil that is already certified at the producer's end.

d) There seem to be insufficient elements for auditing and certification bodies.

First year auditing will be self-assessments during which time the necessary elements will be put in place. Any proposals from the retailers on improvements to the document are welcome and if a new version has to be issued, say in 6 months time, RSPO will do so.

Relatedly the retailer representative enquired if RSPO should have a European office / person for support of supply chain certification. The EB meeting post RT6 will review the financial position of the RSPO to look into such a possibility/role.

Decision: The meeting adopted the Supply Chain document with strong representation and reservations by the retailer's representative, specifically that issues arising during implementation will be dealt with.

Action: Secretariat to inform of EB's approval of the document on the website as well as upload it and minute the reservations raised by the retailer member.

4.2 Guidelines on Communications & Claims

Some members reiterated concerns that claims around mixing in the supply chain allow for greenwashing, and that such claims should be based on absolute quantity of CSPO. There was a suggestion that claims should mostly focus on the supply chain model that will be most used. Proposed a review within 6 months of implementation especially of the mixed claims section.

The retailer's representative emphasised the importance of control of claims a) upon RSPO members and b) protect the RSPO name, logo and trademark (against false use). Relatedly another member suggested that details like the colour, font and relative dimensions specification of the logo be fixed.

Noted that for claims of 'contains only CSPO' the compromise of 95% (between 90% and 100%) was agreed.

Decision: Adopt Guidelines on Communications & Claims document with proviso for review within 6 months of implementation.

Action: Secretariat to inform all members and upload document on website.

4.3 Producer certification

Secretariat recommended that Sucofindo be approved as an RSPO accredited certification body for an initial period of 12 months. Chair noted that in the accreditation checklist the CB was only partially compliant for some criteria. The SG clarified that additional documents have been received, since the first checklist was done, and these address the partial compliances. It was also noted that all accreditation is only for an initial period of 12 months, after which there must be applications for renewal.

Decision: Meeting approves accreditation of PT Sucofindo as an RSPO accredited CB for an initial period of 12 months.

Action: Secretariat to inform PT Sucofindo and obtain necessary declaration letter.

4. Greenpalm

Greenpalm required approval of the following changes to the Greenpalm rules with the understanding that Greenpalm will revert to the EB if there are any further changes or consequences from the changes to the rules.

- a) To allow for off-trading (i.e. anonymous bidders and sellers) besides known-party trading.
- b) To include PK and PKO as these are co-products of CPO with a fixed quantitative relationship between them.
- c) To allow the use of the GP trademark in certificates transactions
- d) That retailer claims do not have to be linked to redeeming claims.
- e) Yield allowance for CPO to RBD to be agreed at 94%. GP will change yield allowances to be in line with Utz.

The following points were raised in the ensuing discussions. That while PKO is produced at off-site kernel crushing plants there was no intention just now that they be audited. The formulaic yield of PKO from PK/FFB or relationship between CPO:PKO should suffice. It was emphasised that it is crucial that PKO volumes agree. The Greenpalm website does not show names in lines with normal free market mechanisms. The Greenpalm trademark claims will be similar to RSPO trademark claims. That Utz also track PKO on its website as GP proposes to do.

Decision: The EB meeting agreed for the change of rules in the Greenpalm mechanism.

5 RT6

5.1 Sponsors:

The following have offered to sponsor RT6: Sime Darby, Neste Oil, Rabobank, HSBC, Cargill, Agropalma, Unilever and PT Musim Mas.

Decision: The EB meeting agreed to accept all 8 sponsorships.

5.2 Exhibitors:

The following applied for exhibition booths: Rabobank, Kulim, GreenPalm, Sawit Watch, Sime Darby, NBPOL, Utz certified, Borneo Child Aid Society, Wild Asia, Wetlands International, CRIEPI, Control Union, PT Mutuagung, TUV Rheinland Malaysia.

Decision: The EB meeting approved the following for the 11 booths available at the RT6 venue: Rabobank, Kulim/NBPOL, GreenPalm, Sawit Watch, Sime Darby, Utz certified, Borneo Child Aid Society, Wild Asia, Wetlands International, Control Union, PT Mutuagung. It was suggested that Kulim and NBPOL take up only one booth (rather than separate applications) and CRIEPI and TUV Rheinland were excluded because the work of the first was not central to RSPO work and the second were not yet accredited.

5.3 Programme

The EB were updated on the tentative programme. The meeting advised that if possible the plenary sessions include the presentations from Australia National University and Solidaridad.

6. SECRETARIAT

6.1 Staffing

Proposed appointments of Accounts Executive (Yap) as Office administrator, Susila Murugiah as Communications Officer and Mariam Poetz as Biodiversity Coordinator noted. The proposal for Certifications Manager is to seek candidates from both Jakarta and KL and appoint wherever location results in the more suitable candidate.

6.2 Accounts & Budget 2008/09

The allocation for GHG working group (MYR50K) was considered insufficient. The Secretariat clarified that at the time the budget was being drawn up it was too early to provide more accurately. It was also not clear if the project would be completed in 08/09 or spill over into the next financial year.

On the allocation for the IWM project the Chair of the Working Group (SL) opined that it was untimely to discuss the allocation of MYR300K as the WG were awaiting replies from the potential contractor (CABI).

7 AOB

7.1 GHG TOR

DW went over the draft TOR for the GHG WG noting that the study would be very wide and cover carbon scorecards as well as LCA for palm oil. The meeting were of the view that as the TOR were only sent out recently, the EB needed more time to study the document and agreed that discussion be continued by email and to take up at the next EB meeting.

Decision: to discuss the proposed TOR for the GHG WG by email and to take it up at next EB meeting.

7.2 Biodiversity Offsets

SL had circulated a document on the above to Secretariat and JKV but it was agreed that it will be discussed at a later meeting as time was short at the present.

7.3 RSPO Certification claim by Daabon

The Secretariat clarified that the matter will be discussed when the RSPO President and SG attend the 1st Latin American RSPO meeting (16-17 October, 2008).

8 NEXT EB MEETING

On 17th November, 2008 on eve of RT6.