

Roundtable on Sustainable Palm Oil

NEWSLETTER

For RSPO Members

Issue #12
July-October 2007



RSPO in the spotlight

The RSPO European Conference in Brussels.
Full report on page 8.

Contents

Features

Page 02

President's Welcome Message

Page 03

- RSPO Statement: RSPO Certified Sustainable Palm Oil To Become a Reality

Pages 03-04

- RILO Update: Field Trial and P&C Application with Smallholders

Pages 04

- RSPO Principles & Criteria Review Meeting in Bogor

Pages 05

- UPDATE: National Interpretation in Malaysia & Indonesia
- Consolidated Consultation Draft Guidance on Smallholders

Page 06

- Article: A Management System for Sustainable Palm Oil Production

Page 07

- Report: MVO Organised Technical Meeting on Traceability of CSPO and Mass Balance Model
- RSPO to Consider Approval of First 2 Certification Bodies

Pages 08

- Report: Report of RSPO European Conference in Brussels

Columns

Page 07 Secretary-General's Report

News & Views from Members

Page 09 Kick off Meeting IG-Biotech Project

Page 10 PT Musim Mas

RSPO

Roundtable on Sustainable Palm Oil

RT5

Just around the corner!!

Read more about RT5:

www.rspo.org

See you there!!

RSPO

Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) is a global multi-stakeholder initiative on sustainable palm oil that was formally established under Article 60 of the Swiss Civil Code on 8 April 2004. The not-for-profit Association will have members representing major players along the palm oil supply chain. The RSPO is a unique platform for pragmatic co-operation to contribute to the expansion of sustainably produced palm oil and its uses.

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*Ali Baizuri Razali - Projects Co-ordinator /
Communicator*

RSPO Secretariat

Suite A-06-04, Plaza Mont Kiara

2, Jalan Kiara, 50480 Kuala Lumpur

MALAYSIA

Telephone : +60 3 6203 5969

Fax : +60 3 6203 5869

Email : rspo@rspo.org

Website : www.rspo.org

President's Welcome Message



Dear Sustainable Palm Oil supporters,

The clock is ticking and November 20 is only a heart-beat away. As usual, when preparing for one of our Roundtable conferences, we find that we would like to have more time. This is a good thing, because it means that things are developing as we speak. Almost every week someone comes up with a new result, a new concept, or of course a new question. At the time of writing, early October, the counter of people registered for RT5 is already at 220. And we have a hard capacity limit at the Shangri-Lah hotel in Kuala Lumpur of 500 people. We almost wished we had chosen something bigger.

We feel confident, as RSPO Executive Board, that we can present a certification framework to the world that is good, solid and reliable. It will not be perfect, refined and elegant. There will surely be a number of questions at RT5 that we will not be able to answer. Personally, I have no problem with that. In business, we often refer to the 80-20 rule, right? 80 % of problems can be traced back to 20 % of root causes. 80 % of palm oil trade will follow a standard pattern, 20 % might not. The certification framework we will present is aiming at the standard 80 %. Refining it to accommodate the 20 % that is not standard can follow later. We hope we will be able to show how both trade in RSPO CSPO (RSPO Certified Sustainable Palm Oil) and RSPO certificates will be administered in practice. We hope we will have good discussions about how consumer marketing will have to take place.

As an aside, the Soy Roundtable has appointed a Criteria Working Group, who will work for 18 months now on the development of Principles & Criteria for responsible soy production.

The RSPO Secretariat is back on strength, now that there is a successor to Si Siew Lim. His name is Ali Baizuri, and he will be responsible for communications and project management. Please join me in welcoming him, you can all meet him at RT5.

Looking forward to seeing you all there.

I will keep you informed.

Jan-Kees Vis

RSPO Statement:

RSPO Certified Sustainable Palm Oil To Become A Reality

KUALA LUMPUR, 9th October, 2007: The Roundtable on Sustainable Palm Oil (RSPO) is pleased to announce that preparations are being finalised to launch the RSPO Certification Scheme for Sustainable Palm Oil at the 5th Roundtable Meeting (RT5) on Sustainable Palm which will be held in Kuala Lumpur from 20th to 22nd November, 2007. Developed over the past 18 months by an international working group of experts representing various stakeholder interests, the scheme will facilitate the independent assessment and certification of palm oil growers against the RSPO Principles and Criteria for Sustainable Palm Oil Production. Compliance to the Principles and Criteria (comprising 8 principles and 39 criteria) would mean that the palm oil has been produced sustainably with regard to the economic, environmental and social requirements and considerations. With the certification in place, producers will be able gain better market access, particularly in consuming countries where there is increasing pressure to meet stakeholder demands relating to environmental and social concerns.

RT5 is part of the continuing series of annual multi-stakeholder meetings to address sustainability issues related to the palm oil industry. This year's event is expected to attract attendance by stakeholders and representatives along the palm oil supply chain, including oil palm growers, palm oil processors and/or traders, consumer goods manufacturers, retailers, banks and investors, environmental NGOs and social/developmental NGOs, research and development organizations, government agencies and international organizations. Based on experience from past RT meetings, RT5 is expected to attract about 500 participants from about 30 countries. Details of the RT5 meeting are given in the attached document.

RILO Update: Field Trial and P&C Application with Smallholders

The Smallholder Task Force (STF) Indonesia has just successfully completed field testing of its 2nd draft with smallholders. The objective of field test was to test if the indicators set are applicable for smallholdings. It was an important progress of the working group since it was established on 18th January 2007. This has also become the first time ever that field testing of RSPO P&C was done with smallholders.

Despite a very tight budget to run the STF Indonesia works, it was indeed an amazing progress that they finally could undertake such field testing activities. A number of oil palm growers, namely PT.Inti Indosawit Subur, PT. Sampoerna Agro Tbk and PT. Sime Indo Agro, and organization in social interest (Sawit Watch and Oil Palm Smallholders Union) as well as environmental interest (WWF-Indonesia) have contributed in kind to make the field testing a success.

STF-Indonesia was established with objective to develop a set of applicable P&C for sustainable palm oil production for smallholders in Indonesia. In order to achieve its goal, STF-Indonesia has set preliminary term of reference as follows:

The Roundtable on Sustainable Palm Oil (RSPO) is an international multi-stakeholder organization dedicated to bringing sustainable palm oil to the marketplace, as both a source of good for those in producing regions as well as for those consuming the end product. RSPO's objective is to advance the production, procurement and use of sustainable palm oil through:

- development, implementation and verification of credible global standards and,

- engagement of stakeholders along the supply chain

- to produce draft of national interpretation of RSPO P&C for smallholders – scheme and independent smallholders.

- to conduct public consultation on developed draft of P&C for smallholders

- to conduct pilot testing for the application of developed criteria in smallholders' plantation

- to produce final NI document of RSPO P&C for smallholders in Indonesia (based on public consultation and pilot phase results) for further endorsement by RSPO Executive Board..

STF-Indonesia work is equivalent with the national interpretation process of RSPO P&C in Indonesia currently developed by INA-NIWG, but scaled and modified to the smallholders' needs and situations in Indonesia while maintaining verifiable indicators for auditing and eventual certifications against RSPO P&C. The document will also form an integral part with the International Smallholders Task Force documents.

The working group concluded its 2nd draft during a 2-day meeting in Mirah Hotel, Bogor on 7-8 August 2007 and has included major (compulsory) and minor indicators discussion as requested in Certification System Protocol.

The working group appointed 5 Evaluator Teams, each of which consists of 4 people of different interest, to evaluate field testing of 2nd draft of NI of P&C with both scheme and independent smallholders in 5 different locations during period of 3rd to 20th September 2007:

1. On 3-7 Sep, field tested the draft with independent smallholders in Bodok, Sanggau West Kalimantan.

2. On 9-12 Sep, field tested the draft at PT. Sampoerna Agro Tbk, South Sumatra, covering both scheme and independent smallholders

3. Concurrently on 9-12 Sep, field tested the draft at PT. Inti Indosawit Subur, Riau, Sumatra, covering both scheme and independent smallholders.

4. On 17-20 Sep, field tested the draft with scheme smallholders at PT. Sime Indo Agro, West Kalimantan.

5. Concurrently on 17-20 Sep, field tested the draft with independent smallholders in East Kalimantan.

The working group will conduct a public consultation workshop on the drafted smallholder P&C

The schedule is as follows:

Date : Tuesday, 13th November 2007 (tbc)

Venue : Hall of Ministry of Agriculture, Jakarta

This also serves as invitation to all interested RSPO members to attend the workshop. Please contact the secretary of STF-Indonesia, Mr. Norman Jiwan at: norman@sawitwatch.or.id, for further information.

The public consultation aims to receive further feedbacks and inputs into the draft from a wide range of stakeholders concern or involve in oil palm smallholdings. Based on the inputs from this public consultation and findings from the earlier field test, the document will be refined prior to become final document for submission to RSPO. It is hope that the document can facilitate for further audit and certification of smallholder plantations against RSPO P&C..

An effort to bring and engage smallholders to also take an active part in producing sustainable palm oil!



Field testing drafted smallholder P&C with smallholders in South Sumatra

RSPO Principles & Criteria Review Meeting in Bogor

RSPO Principles and Criteria (P&C) were adopted in November 2005 and the indicators and guidance finalised in March 2006. P&C have then been applied for pilot implementation period of 2 years, with scheduled review at end of this period. The pilot implementation period has also enabled field testing and national interpretation to start.

This year P&C is due for a review since it was adopted 2 years ago. The RSPO Executive Board has decided to convene a meeting in October 2007 to undertake review of the P&C. ProForest was appointed to

facilitate the review process.

The rain city, Bogor, West Java, Indonesia was honored to be chosen as the place for this important review meeting. Famous by its botanical garden and fresh air, Bogor has always been chosen as ideal place for meeting, including the recently meeting of President of the United States of America and President of the Republic of Indonesia.

The P&C review process consisted of two elements – public consultation period and physical meeting of Criteria Working Group (CWG). The physical meeting of CWG has been successfully undertaken on 8-10 October 2007 at Novotel Bogor. The objective is to review current RSPO P&C, with particular attention to indicators and guidance.

Comments collated during consultation period considered by CWG. Inputs from national interpretation process, smallholder taskforce and pilot field trials were also taken into consideration. For this purpose, on day 1 (8th October 2007), representatives from national interpretation working group, smallholder taskforce and pilot field trial volunteers were invited to present the process and lesson learned relating to international P&C and specific suggestion for amendments with particular attention to indicators and guidance.

The CWG meeting resulted in some changes to the original generic RSPO P&C. The final document will be submitted to RSPO Executive Board and General Assembly at RT5 for further approval and endorsement, after which it then can be used as certification basis



P&C Review Meeting in Novotel Bogor, 8-10 October 2007

Malaysia

2 October 2007

The final MY-NIWG meeting was held from 26-27 September 2007 in KL and attended by more than 60 members of the MYNIWG.

The final draft of the document was submitted to the EB for approval on the 4th of October 2007.

Download Final draft MYNIWG document [PDF/90.5 KB]
http://www.rspo.org/resource_centre/My-NIWG_Draft%203.pdf

Indonesia

9 October 2007

INA-NIWG reconvened on 28th September 2007 at the Paseo Room, Plaza BII Tower 2, 39th Floor, Jl.M.H. Thamrin No. 51, Jakarta, to discuss inputs received from 2nd public consultation workshop held earlier on 24th September 2007 at PT.SMART Tbk premises. The working group received a total of 87 inputs from public on their 2nd draft document.

The meeting on 28th September was crucial since it aimed to produce final draft of National Interpretation of RSPO P&C for Indonesia to be submitted to RSPO for further Executive Board approval. The meeting was attended by 26 members. Each criteria, indicator and guidance was discussed again thoroughly and considered the inputs received from public. The working group finally reached agreement by consensus in all issues and the meeting adjourned late at night at 10 pm.

Download Final draft INANIWG document [PDF/261 KB] (Bahasa Indonesia)
http://www.rspo.org/resource_centre/INA%20NIWG_Final%20Draft%20NI_Bahasa%20Indonesia.pdf.

Download Final draft INANIWG document [PDF/198 KB] (English)
http://www.rspo.org/resource_centre/INA%20NIWG_Final%20Draft_English_1.pdf.



INA-NIWG in session.

The RSPO Task Force on Smallholders has been mandated by the Executive Board of the RSPO to carry out consultations to develop special guidance suited for oil palm smallholders.

The aim of this Guidance is to clarify how the RSPO Principles and Criteria should be applied by smallholders seeking certification of their holdings and produce. Additional guidance is deemed to be necessary for two main reasons. First because the RSPO Principles and Criteria were elaborated mainly with large-scale plantations in mind and, secondly, because the scale of smallholdings means it is unrealistic to expect them to have the kind of documents and management tools at hand that auditors would normally look for in assessing compliance with the RSPO P&C.

A challenge facing the Task Force is that it has, from its inception, recognised that smallholders operate in very different contexts and with very different systems for organising their relations with mills and creditors. In very general terms, two types of smallholding can be identified. Independent smallholdings established by farmers through their own initiative who may be free to sell their produce to mills offering advantageous prices. And scheme smallholders established as part of wider schemes including mills, sometimes also with nucleus estates, who are often contractually obliged to sell to the mills or estates to which they owe credit.

This draft is a consolidated consultation draft. It is still not definitive and sets out the alternative texts proposed in the original consultation draft and by the various respondents. The original text drew on the previous work, publications and discussions of the members of the RSPO Task Force on Smallholders as well as the pre-final draft of the Papua New Guinea national interpretation. The current compilation includes as far as possible all the specific comments and textual suggestions made on the initial draft during the two month consultation period between 15th June and 15th August.

Download Consolidated consultation draft guidance on smallholders document [PDF/97.3 KB]
http://www.rspo.org/resource_centre/Consolidated_Consultation_Draft.pdf

A Management System for Sustainable Palm Oil Production

by Teoh Cheng Hai and Tan Tian Sang

In November, 2005, the Roundtable on Sustainable Palm Oil (RSPO) adopted the Principles and Criteria (RSPO P&C) for Sustainable Palm Oil Production to provide the foundation for the sustainable production of palm oil that takes into consideration long term economic viability, environmental protection and conservation and recognition of the rights of workers and local communities. While the RSPO P&C are designed to guide individual plantations towards sustainable production of palm oil and provide the basis for product certification, they could also be used to develop a system for driving the entire enterprise towards achieving corporate excellence in sustainable production of palm oil. This paper describes a management model to achieve this objective.

Introduction

In November, 2005, the Roundtable on Sustainable Palm Oil (RSPO) adopted the Principles and Criteria (RSPO P&C) for Sustainable Palm Oil Production to provide the foundation for the sustainable production of palm oil that takes into consideration long term economic viability, environmental protection and conservation and recognition of the rights of workers and local communities. The RSPO P&C consist of eight principles listed below that are supported by 39 criteria, details of which are available from www.rspo.org, or the February 2006 issue (Vol. 82 No. 959) of The Planter. Pilot testing of the RSPO P&C is currently being done by producer members of RSPO. Based on the results of these trials and national interpretations by the palm oil producing countries, the RSPO P&C are scheduled to be reviewed at the 5th Roundtable Meeting on Sustainable Palm Oil in November, 2007 and adopted as the basis for certification.

Principle #1 Commitment to transparency

Principle #2 Compliance with applicable laws and regulations

Principle #3 Commitment to long-term economic and financial viability

Principle #4 Use of appropriate best practices by growers and millers

Principle #5 Environmental responsibility and conservation of natural resources and biodiversity

Principle #6 Responsible consideration of employees and of individuals and communities affected by growers and mills

Principle #7 Responsible development of new plantings

Principle #8 Commitment to continuous improvement in key areas of activity

The RSPO P&C provide the definition of sustainable palm oil production comprising of "legal, economically viable, environmentally appropriate and socially beneficial management and operations". This is essentially in line with the definition of sustainable agriculture and the concept of sustainable development (SD) which is characterised by three inter-related value systems pertaining to the society,

the economy, and the ecosystem. In business, this is translated to the "Triple Bottom Line" – the economic bottom line, environmental bottom line and the social bottom line. In the broader sense, the term is used to capture the whole set of values, issues and processes that companies must address in order to minimise any adverse impact resulting from their activities and to create economic, social and environmental value. (Elkington, 1997).

While the RSPO P&C are designed to guide individual plantations towards sustainable production of palm oil and provide the basis for product certification, they could also be used to develop a system for driving the entire enterprise towards achieving corporate excellence in sustainable production of palm oil. This paper describes a management model to achieve this objective.

The Business Case for Sustainable Palm Oil

During the course of development of the RSPO P&C and after its adoption for pilot implementation, a recurring concern, particularly among producers is the cost of compliance to the various criteria. Two trends of thought have emerged; one supports the view that implementation of the RSPO P&C would improve operational efficiencies, lower costs and enhance market access. Compliance, particularly with regard to legal and regulatory requirements would also secure the company's license to operate. The opposing view is "there are certain components in the RSPO P&C that require significant additional costs to implement because they are extraneous to normal costings of estate operations and there should be premiums to offset these costs". (Incorporated Society of Planters, 2006). The second line of thinking appears to reflect the sentiments of many in the plantation industry, as seen from the presentations and discussion at the International Planters Conference, 2006, and other recent meetings. (Rao, 2006 and Incorporated Society of Planters, 2006b). Besides the additional costs, the other concern expressed was the 'dilution of management time' as planters have to respond to the requirements set in the RSPO P&C.

If pessimistic thinking prevails, then the RSPO P&C may not make business sense as it is apparently putting the environment and people ahead of profits. The RSPO P&C are seen as a prerequisite for trade in sustainable palm oil and it would become the de facto global standard for certification of palm oil. Thus, compliance invariably involves costs, mainly, the costs for the audit and certification process and expenditure incurred to address non-compliances identified.

As stated earlier, the RSPO P&C consist of the legal, economic, environmental and social components. Most of the concerns raised to-date have been on the requirements relating to the social and environmental aspects as many of the issues are relatively new to producers and there is naturally much apprehension over how to comply with them. In our opinion, the requirement for the producer to be economically viable and successful is under-appreciated or even taken for granted.

Download "A Management System for Sustainable Palm Oil Production" article. [PDF/85.90 KB]

http://www.rspo.org/resource_centre/SPO%20Management%20system%20_ver3__Planter.pdf

MVO organised technical meeting on traceability of CSPO and Mass Balance model

On 12 September 2007 MVO organised a technical meeting with European supply chain representatives on the traceability of certified sustainable palm oil. The meeting was meant to get more clarity on the questions:

- How do we verify traceability of Certified Sustainable Palm Oil (CSPO)?
- How do we define the Mass Balance approach?

The RSPO has approved three supply chain models for sustainable palm oil: Full Segregation, Mass Balance and Book & Claim. The Full Segregation approach and the Mass Balance approach both require traceability from the plantation to the certified end product.

The meeting was meant to get more clarity on possible ways to organise this traceability under the Full Segregation model and the Mass Balance model and on defining the Mass Balance model. The meeting was facilitated by Proforest.

During the meeting it was concluded that the Mass Balance model could offer a stepping stone to come to the trade in sustainable palm oil and that a Volume Credit approach would probably be the most straightforward way to organise a Mass Balance model. Results of the meeting may be taken into account in the RSPO document on Supply Chain requirements that is due to be finalised by RSPO.

The Product Board for Margarine, Fats and Oils (MVO) represents all trade and production companies in the Dutch oils and fats chain and is an RSPO member since 2005.

For more information on MVO see: www.mvo.nl

Download Full Report of the 12 September Meeting [PDF/97.3 KB]

http://www.rspo.org/resource_centre/Report%20Technical%20Meeting%20on%20Traceability%20of%20Certified%20Sustainable%20Palm%20Oil%20rev%202.doc

RSPO to consider approval of first two certification bodies.

19 October 2007

In accordance with the process detailed in the RSPO Certification Systems, Annex 2, RSPO have now carried out evaluations of two applicant certification bodies. The certification bodies are SGS Malaysia and Control Union. The evaluation has found that both certification bodies are in compliance with the RSPO requirements, with some partial exceptions. The RSPO Secretariat can now announce that they are recommending that both SGS Malaysia and Control Union are approved by the RSPO Executive Board, subject to the following:

All outstanding areas of partial compliance are addressed prior to approval;

A peer review process for all certification reports will be implemented by RSPO for an initial period, until sufficient rigour relating to implementation of RSPO certification systems has been demonstrated by the certification body.

RSPO welcome stakeholder comments on these recommendations. Stakeholder comments should be addressed to Andrew Ng at RSPO, and must be received by 18 November. The Executive Board will then consider the approval of SGS Malaysia and Control Union for an initial period.

RSPO will also be discussing in due course the development of specific RSPO accreditation with national accreditation bodies.

Secretary-General's Report



RT5 promises to be a major point of RSPO's evolution in its 3-and-a-half years existence. We have now reached the point where the organisation's major goal of producing and procuring sustainable palm oil can be met. We stand to see the results of the review of the Principles & Criteria.

The review meeting in Bogor this October brings to perspective how far RSPO has gone in the 3 years since its birth.

The progress can be seen in outputs and processes. There is a catalogue of outputs, from the Criteria Working Group (CWG) developing the initial Principles & Criteria (P&C) to establishing the certification process that will address demands for certified sustainable palm oil by consumers and stakeholders.

However, underpinning our success has been a tremendous effort by stakeholders operating under the RSPO name to make the concept of a multi-stakeholder, inclusive, constructive and voluntary approach work. To simply acknowledge the wide participation of RSPO Members and others in RSPO's various initiatives tells only one part of the success story for RSPO.

Which leads me back to the P&C review meeting in Bogor earlier this month... whilst the diverse group of producers, agronomists, researchers, community representatives and others that constitute the CWG met, the comfort with which they deliberated made me aware of how far CWG has come in terms of dynamics and negotiation. The tension, wariness and apprehensiveness of the first CWG meeting has evolved into relaxed, common-sense discussions. If anything, the CWG is an illustration of RSPO at work.

So as you greet various friends, contacts and counterparts at RT5 do take a second to appreciate the fruits of a concerted effort to meet a common goal of promoting the growth and use of sustainable palm oil. Within the same spirit, we hope that open, constructive dialogue will prevail through the carefully crafted agenda. This RT meeting has been extended and it will be engaging, absorbing and rewarding.

I look forward to seeing Members at my last RT meeting as Secretary-General. It has been a privilege and a memorable experience working for RSPO. I wish all a successful RT5.



News & Views from Members

This column provides the platform for discourse among members to share experiences and ideas on the achievement of RSPO's objective of promoting the growth and use of sustainable palm oil.

Members could use this space to:

- Communicate their views and experiences on sustainable palm oil
- Critique on RSPO activities or decisions
- Provide suggestions for new projects
- Provide ideas for funding of new projects or activities
- Solicit partners for collaborative projects or activities
- Network, etc.

We invite contributions from all members, in any form they consider appropriate. Articles could include pictures, graphs, figures, etc. For inclusion in the next issue of the RSPO newsletter (Nov-Dec 2007), please submit your contributions to us by **15 Dec 2007**.

Kick-off Meeting IG-Biotech Project:

High value added products for the coating and plastics industry from by products of biodiesel production by industrial white biotechnology processes

Indonesia Fraunhofer IME, WKI, ICT [linked with Fhi-Seite] Partners : FAL- BMA – Synthopol – GLYTEC (Germany); BPPT – LIPI – Sinarmas – IOPRI (Indonesia)

Date : 14/06/2007

Event Character: Kick-off Meeting of IG-Biotech Project

Summary: The kick-off meeting of the IG-Biotech project "High value added products for the coating and plastics industry from by-products of biodiesel production by industrial white biotechnology processes" was attended by German parties of Fraunhofer-WKI, Fraunhofer-ICT, Fraunhofer-IME, FAL, and BMA. Indonesian parties are BPPT, LIPI, IOPRI, and Sinar Mas. The MoU for this cooperation was signed by the head of the German delegation, Dr. Stefan Friebel from Fraunhofer-WKI, and Dr. Koesnandar from BPPT Bioindustry, representing the Indonesian parties. The project is funded by BMBF (Federal Ministry of Education and Research) and Ristek (Indonesian Ministry of Research and Technology) with a total amount of 3.3 million € of which 1.66 Mio. € are allocated to the three Fraunhofer institutes. The German industry partners are granting approx. 500 000 € to the project. The project is addressing the whole production chain of the biotechnological conversion of biodiesel based glycerol to 1,3-propanediol (1,3-PDO) and 3-hydroxypropionic acid (3-HPA). These two basic chemicals are utilized to generate coatings, construction resins and thermoplastics applications. The purification of the biodiesel

glycerol is performed by GLYTEC and IOPRI. Two kind of biobased products, 3-HPA and 1,3-PDO, are produced from aerobic and anaerobic fermentation of glycerol. Fraunhofer IME, FAL and LIPI are involved in fermentation processes and will conclude which processes are most economically feasible. Fraunhofer-WKI, Synthopol Chemie and BPPT are involved in utilizing palm oil polyols and 1,3-PDO and/or 3-HPA for coatings or construction resins.

Fraunhofer ICT is involved in the bioproduct purification and thermoplastic synthesis based on 3-HPA, 1,3-PDO and furan dicarboxylic acid. Finally the pilot plant conception is performed by an engineering company BMA. The project duration is three years. The official project duration is from May, 1st 2007 to June, 31st 2010. Annually, there will be an exchange of scientific staff scientist involved in this project. The background of this is to foster the relationship between Germany and Indonesia and to gain knowledge of the local research facilities.



The MoU for this cooperation was signed by the head of the German delegation, Dr. Stefan Friebel from Fraunhofer-WKI, and Dr. Koesnandar from BPPT Bioindustry, representing the Indonesian parties.



News & Views from Members

Musim Mas Group Plantations Stakeholders' Engagement Activities

In the previous RSPO Newsletter, Musim Mas Group Plantations presented its management system for sustainable palm oil production which entails top management commitment and a management structure to steer the sustainability journey. The key driver in this journey is Musim Mas's long term economic viability and continuous improvement which are built on RSPO Principles 3 and 8 respectively. Other processes in the production of sustainable palm oil are defined by Principles 2, 4, 5, 6 and 7 of the RSPO P&C. In the implementation process, these are realigned as standard operating procedures for the group estates and palm oil mills.

Besides developing the management approach as the means of achieving sustainability throughout the company, Musim Mas Group Plantations has also embarked on other programmes such as community development, supporting NGOs' projects and engagement with internal and external stakeholders. In this issue of the RSPO Newsletter, Musim Mas's stakeholders' engagement activities during the period of July to October, 2007, are reported demonstrating the Group's commitment to transparency as per RSPO Principle 1.

1. Visit by International Labour Organization, Geneva Switzerland and Ministry of Manpower and Transmigration, Republic of Indonesia.

A delegation from International Labour Organization (ILO) from Head Office in Geneva, Switzerland and ILO Jakarta, and Senior Officials from the Ministry of Manpower and Transmigration, Republic of Indonesia visited Musim Mas Group Plantations in Sorek, Riau Province, Sumatra, Republic of Indonesia on 24th August, 2007.

The delegation from ILO comprised of the Director of International Labour Standard Department, Dr Cleopatra Doumbia-Henry and Legal Officer Ms Katerina Tsotroudi, Freedom of Association Branch both from ILO Geneva Switzerland and Ms Lusiani Julia ILO Program Officer from Jakarta. The delegation from the Ministry of Manpower and Transmigration, Republic of Indonesia was headed by the Director, Bapak Dr Sutanto Suwarno, Centre for Administration of International Cooperation, Jakarta and 10 senior officers from Manpower Department, Riau Province and Palalawan District.

The visitors were welcomed by the senior management team of PT Musim Mas Bapak Surja, Corporate Affairs Director, Mr Tan Tian Sang, Director of Estates, Mr Alan Southworth, Production Director, General Managers, Production Controller, Estate/Mill Managers and Industrial Relation Manager. Following a briefing on the company's operations, the visitors visited the field, palm oil mill, school, smallholders' corporative, clinic and workers' housing complex. The visitors also conducted discussions independently with representatives from various workers' unions without the presence of Musim Mas management or staff.



ILO Delegates met representatives of Musim Mas Worker's Union independently.



Welcoming the ILO Delegates by Musim Mas' Senior Management Team.



Dr Cleopatra Doumbia-Henry congratulated the Drum-Major for the fine band performance.



ILO Delegates met the students.



ILO delegates visit the estate's clinic



Dr Cleopatra Doumbia-Henry making a point during the visit.



ILO delegates were briefed on palm oil mill operations.



ILO delegates visited the workers' housing complex.

2. Visit by United States of America Department of Agriculture Foreign Agricultural Services

Mr Jim Crutchfield, Crop Assessment Analyst, United States of America Department of Agriculture Foreign Agricultural Services, Washington DC and Bapak Aji K. Bromokusumo, Agricultural Specialist from U.S. Embassy, Jakarta visited Musim Mas Group Plantations in Sorek, Riau Province, Sumatra, Republic of Indonesia on 7th August, 2007. Mr Crutchfield is responsible for global crop production estimates for Indonesia and other countries in the region. The main objective of the visit was to have first-hand information on how an Indonesian plantation functions.

Entertaining the visitors were the Director of Estates, Mr Tan Tian Sang, the Head of Sustainability Department and the Advisor, the General Managers and Production Controller. Dr Gan Lian Tiong, Musim Mas Group Head of Sustainability gave a presentation on the global trends on palm oil production and consumption and the challenges faced by the palm oil industry in general and in Indonesia in particular. Examples on the best management practices and corporate social responsibility in Musim Mas Group Plantations were also highlighted during the presentation. The visitors were taken round the fields to have first hand information on oil palm harvesting, integrated pest management, palm oil mill effluent land application and the estate's school.



USDA delegates visited Musim Mas Sorek Plantations, Riau Province.



The Director of Estates, Mr Tan Tian Sang illustrating a point to Mr Jim Crutchfield



Exhibitions on Musim Mas' IPM Programme



Mr Jim Crutchfield in the estate's school.

3. Visit by WWF, Switzerland and WWF Indonesia

Musim Mas Group Plantations hosted the visit by Ms Elizabeth Roetheli of WWF, Switzerland and Bapak Purwo Susanto, WWF Indonesia on 7th June, 2007.

The purpose of the WWF visit was to have a better understanding of the oil palm operations and practices in Indonesia. The visitors had a bird's eye view of the surrounding areas and Sorek Plantations on the company's helicopter to and from Pekan Baru to Sorek Plantations.

The itinerary includes discussions with the smallholders and visits to the smallholders' development project, smallholders' cooperative, oil palm nursery, field demonstrations on biological control in the plantations and a tour of palm oil mill.



Ms. Elizabeth Roetheli in Musim Mas helicopter from Pekan Baru Airport to Sorek Plantations



The Production Controller briefed the WWF delegates on mill operations



The WWF delegates visited the estate's school library



Ms Elizabeth Roetheli with the workers' children in the workers' housing complex



The WWF delegate visited the Smallholders' Cooperative (KKPA) office complex



Ms Elizabeth Roetheli and Bapak Purwo Susanto visited Musim Mas' smallholders development project



Bapak Purwo Susanto of WWF Indonesia examined the oil palm nursery seedlings.

4. Customer's Review of Musim Mas' Sustainability Initiatives

Bapak Eko Aspriano, the local representative from Biofuel Merchants, USA visited Estates II, III and the palm oil mills in Sorek Plantations to have first hand information on PT Musim Mas' sustainability programmes on 19th July, 2007. The customer was briefed on various aspects of the plantation's efforts on sustainability including nursery practices, biological control of leaf eating pests, social integration with the smallholders, estate's school and mill processing operations.



The General Manager briefed Bapak Eko Asprianto on Musim Mas' IPM programme.



Bapak Eko Asprianto was briefed on oil palm nursery practices.

5. External Review on Agronomic Practices

The President Director, Bapak Bachtiar Karim and the Director of Estates, Mr Tan Tian Sang played host to Dr Nelson from PT London Sumatra on 6th June, 2007. This visit was part of Musim Mas Group Plantations external review in the field of oil palm agronomy for continuous improvement in agronomic practices and yield improvement. A similar review was also conducted by Dr Xavier Bonneau of CIRAD from France from 23rd to 25th May, 2007 in Musim Mas estates in Kalimantan Tengah and 28th to 29th May, 2007 in Sorek Plantations, Riau Province.



Bapak Bachtiar Karim, the President Director of Musim Mas Group with Dr Nelson



Bapak Bachtiar Karim, the President Director of Musim Mas Group with Dr Nelson

6. External Review by Bankers

Musim Mas Group Plantations made separate presentations to Rabobank, DBS (Indonesia), Mandiri Bank on its activities and answered questionnaires from FORTIS bank on palm oil sustainability issues.

7. Engagement with Internal Stakeholders

The quarterly Management – Union Representative bipartite interaction session was organized on 20th July, 2007 in the meeting room of Estate II, Sorek Plantations, Riau Province. The full Management team of Sorek Plantations led by the Director of

Estates was present in this meeting. Present in this session were the General Managers, Estate and Palm Oil Mill Managers and the Head of Sustainability.

The annual presentation of Hari Raya goodies to the all workers in Sorek Plantations was held on 3rd October, 2007. This event was held in conjunction with the pay-day when all workers were present.



Musim Mas Management Team - Union Representative Quarterly Meeting in progress.



A token of appreciation for winning the Riau Governor's Harmony Award 2006.



Musim Mas Sorek Management Team with some workers from Sorek.