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Roundtable on Sustainable Palm Oil

RT6 CONFERENCE 2008 BALI, INDONESIA, 18 - 20 NOVEMBER 2008

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As the 6th Annual Roundtable for Sustainable Palm Oil draws to a close, for its many stakeholders and yet many other interested parties, the way forward is to reflect on its theme, 'The Gathering Momentum'. A total of 551 participants from 27 countries around the world attended the conference.

The global journey towards sustainable palm oil production is evolving rapidly and the 6th annual roundtable conference (RT6) reviewed this rising tide. The conference which was held in Bali, Indonesia, from 18 – 20 November 2008 saw a diverse range of issues presented and discussed. The conference with the theme, '**RSPO Certified Sustainable Palm Oil - the Gathering Momentum**' provided a platform for all participants to actively contribute views on the evolution of the palm oil industry with a special focus on sustainable production and development.

The RT6 laid emphasis on several key areas which include:

- the trading in RSPO certified sustainable palm oil and keeping track of it.
- promoting honest communications about RSPO certified sustainable palm oil.
- bringing small holders more centre stage in sustainable production.
- working closer with governments

One of the main topics discussed was the involvement of Governments. The Indonesian government's commitment to RSPO and its objective was clearly reflected in the message from the Minister of Agriculture. The creation and reviewing of laws pertaining to plantation, forestry, environmental, high conservation value analysis and pesticide handling is certainly an encouragement for the industry. The incentives for smallholders which saw over 90% of their debts forgiven is a reflection of the Indonesian Government's Millenium Development goal: towards the eradication of poverty.

The attendance of a large delegation from China that culminated in meetings with the Malaysian Palm Oil Association (MPOA) and Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI) allowed for information exchange between all parties. The delegation also met with the Executive Board members of RSPO where details of the RSPO Principals and Criteria, among others, were discussed. From Malaysia, the recent allocation in the Government budget for 2009 of RM50million to assist smallholders in RSPO certification is certainly a welcome move. Specifically for RSPO, it reflected the small yet encouraging progress made thus far. RT6 also saw participation from India and South America.

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Issues of global warming, climate change and deforestation were highlighted by the many NGOs present, both members and non members of RSPO. The inputs were welcomed in the spirit of Principal 8 of the RSPO P & C, to seek continuous improvement in our processes in order to live up to the diverse expectations.

The 8 sessions of the conference provided a wide and even platform for discussions and idea exchange. For a large producer, the road to certification is much easier to achieve than a small holder and session 1 presented views from those who had undergone the process. Details about sustainable and global markets were discussed with speakers from many large global organisations sharing their observations and experiences. An entire session was dedicated to smallholders who form an integral part of RSPO. Finally, the challenges in the supply chain saw detailed presentation from certification bodies.

The annual roundtable conference is a much appreciated platform for members and non members alike to discuss further the RSPO journey. The road to sustainability is certainly not smooth, yet with the first shipment of sustainably produced palm oil into Europe on November 11, 2008, a milestone has been reached by this young yet vibrant initiative. Its presence, while welcomed by many, also attracted questions and demands. The RSPO aims to take all the challenges in its stride and if details discussed at the RT6 is any indication, ever increasing volumes of sustainable palm oil will be produced and used.

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Roundtable on Sustainable Palm Oil

Overview of RSPO

In response to the urgent and pressing global call for sustainably produced palm oil, the Roundtable on Sustainable Palm Oil (RSPO) was formed in 2004 with the objective **of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders**. The seat of the association is in Zurich, Switzerland, while the secretariat is currently based in Kuala Lumpur, a liaison office in Indonesia as well as a proposed liaison office in South America. RSPO is a not-for-profit association that unites stakeholders from seven sectors of the palm oil industry - oil palm growers or producers; palm oil processors or traders; consumer goods manufacturers; retailers; banks and investors; environmental or nature conservation NGOs; and social or developmental NGOs - to develop and implement global standards for sustainable palm oil.

Such multi-stakeholder representation is mirrored in the governance structure of RSPO such that seats in the Executive Board and project level Working Groups are fairly allocated to each sector. In this way, RSPO lives out the philosophy of the “roundtable” by giving equal rights to each stakeholder group to bring group-specific agendas to the roundtable, facilitating traditionally adversarial stakeholders and business competitors to work together towards a common objective and making decisions by consensus. Starting from 10 founding members in 2004, industry support for RSPO has grown steadily over the years. Today, RSPO’s membership has grown to 257 Ordinary and 92 affiliate members (as of October 2008).

Why sustainable palm oil?

Top-selling vegetable oil

Palm oil is so versatile that we don’t realise just how much we use it in our everyday lives. It is found in our food, soaps, detergents, cosmetics, plastics and more recently, as a renewable alternative to fossil fuel (biofuel).

Palm oil is today the largest vegetable oil commodity in the world in terms of production - 37 million metric tonnes (Oil World, 2006).

Oil palm is entirely GMO-free and produces up to 10 times more oil per hectare than soybean, rapeseed or sunflower. This means that, to produce the same quantity of oil, oil palm requires less land area and less energy (Basiron, 2007).

Although oil palm is a comparatively more sustainable source of vegetable oil than other oilseeds, there is concern that the growing demand of palm oil for food and biofuel could lead to rapid and ill-managed expansion of palm oil production and result in serious environmental and social consequences.

“Every minute, a forest the size of 6 football pitches is gone in Indonesia” WWF, 2007

Deforestation, illegal fires and land conflicts

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In Southeast Asia, the conversion of large areas of forests into oil palm plantations could exacerbate the illegal logging and burning of rainforests and threaten the rich biodiversity in these ecosystems. Deforestation's most drastic effect in this region is on endangered animal species such as the orang-utans, rhinoceros, elephant and tigers in Borneo and Sumatra, all of which are heading towards extinction due to the loss of natural habitats.

New oil palm plantations have also given rise to social conflicts with local communities where land clearing infringes on customary rights land and other villagers' land without prior consultation.

“There's been a very significant increase in land conflict since demand for palm oil shot up” Sawit Watch, 2007

Food versus Fuel

Driven by the agenda to reduce dependency on fossil fuel and greenhouse gas emissions, the United States, the European Union and, more recently, some Asian countries are demanding more biofuels. There is concern that the competing uses of vegetable oils for food and fuel are driving up agricultural commodity prices and encouraging farmers to replace their lower earning food crops with biofuel crops, which could eventually lead to higher food prices and food shortages for the poor.

NGO campaigns

As a result of all the above mentioned issues, some environmental and social NGOs are actively campaigning against palm oil. There is a risk that the adverse publicity might lead the European Union to stop buying palm oil for biodiesel blending or remove tax support for palm biodiesel until palm oil meets the minimum sustainability criteria. Consumer outcry for sustainably produced palm oil in their food, soaps, detergents and cosmetics is also growing louder and must not be ignored.

What is sustainable palm oil?

Through project-driven Working Groups formed by voluntary RSPO members, RSPO is spearheading the following initiatives in order to fulfil its objective of promoting the growth and use of sustainable palm oil.

Defining sustainable palm oil

RSPO has developed a set of standards called the *Principles & Criteria (P&C)* that define practices for sustainable palm oil production. These standards address the legal, economic, environmental and social requirements of producing sustainable palm oil. RSPO's Principles and Criteria (P&C) for sustainable palm oil production are based on these principles:

1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Commitment to long-term economic and financial viability
4. Use of appropriate best practices by growers and millers
5. Environmental responsibility and conservation of natural resources and biodiversity
6. Responsible consideration of employees and of individuals and communities affected by growers and mills
7. Responsible development of new plantings
8. Commitment to continuous improvement in key areas of activity



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Respecting national differences

The National Interpretation is a process where representative stakeholders in a country form a Working Group to ensure congruence between the *P&C* and a country's laws, norms and values.

Engaging smallholders

RSPO views oil palm smallholders as important stakeholders and is developing special guidance for smallholders to apply the *P&C* in their production of palm oil.

Authenticating sustainable palm oil

The RSPO Certification System is a framework for formally recognising and authenticating producers or growers who are producing palm oil according to the RSPO Principles and Criteria (*P&C*). The Certification System also verifies that any claims of using or supporting RSPO certified palm oil made by end product manufacturers or processors are genuine. Three types of claims can be made depending on how the palm oil is traced and traded in the supply chain:

- i. Segregation
In the Segregation model, palm oil from certified plantations is segregated from palm oil from non-certified sources at every stage of the supply chain. End products using segregated certified palm oil are allowed to make the claim, "This product contains RSPO certified palm oil."
- ii. Controlled Mixing
Controlled Mixing does not segregate certified palm oil from non-certified palm oil but allows mixing of the two at known quantities through every stage of the supply chain. End products using this supply chain model are allowed to make the claim, "This product supports the production of RSPO Certified Sustainable Palm Oil"
- iii. Book and Claim
With this model, certified palm oil is represented by tradable certificates, which are traded separately from the physical oil. The producers of certified oil sell these certificates, via a broker, to end-users who wish to support the production of sustainable palm oil. End products using certificate-traded palm oil are allowed to make the claim of supporting the production of sustainable palm oil.

When will RSPO certified palm oil be available?

Sustainable palm oil is already being traded in the global market and an estimated 1.5 million tonnes of certified palm oil will be produced by the end of 2008.