

Minutes of the 5th General Assembly (GA5) of the Roundtable on Sustainable Palm Oil (RSPO)

Date: Thursday, November 20, 2008

Venue: Hotel Grand Hyatt (ABC Room), Bali, Indonesia.

Time: 2.00 p.m. - 6.00 p.m.

1. President's opening address

The President, **Jan Kees Vis**, welcomed everybody to the meeting, and announced that a count of the members registered was 50 percent of the votes, satisfying the quorum. He reminded the members of the RSPO antitrust rules – no discussion of any commercial items, individual contracts, prices and premiums.

1.1 Membership

Membership stood at 353 on November 14 - 261 ordinary and 92 affiliate members. There was considerable growth in the sectors of *Growers* and *Processors and Traders*. However, there is need for more *Consumer Goods Manufacturers and Retailers*.

Membership payment was a problem, in part because the Secretariat did not have the billing addresses. But, **Yap Seng Chai** (RSPO KL Secretariat), the new accounts executive, had considerably reduced the sums owing. After GA5, another reminder will be sent to those six months delinquent with one or more than one year's payments. If no reply is received, they will be delisted on the RSPO website. At GA6 in 2009, members who have not paid will be denied entry.

1.2 The Board

Board elections had to be held as half the members retire every year. A list (Appendix 1) was shown of the current members. Those with an asterisk were retiring, and those with two were retiring and available for re-election. In the sector of *Growers*, both FELDA and NBPOL were retiring, with FELDA available for re-election. For the other seat (allotted to the *Rest of the World*), Agropalma was the candidate. In *Processors and Traders*, AAK was stepping down and available for re-election, with Royal Dutch Shell also contending. In *Manufacturers*, Cadbury was stepping down and available for re-election; Neste Oil and Henkel were also interested. In *Retail*, Migros was stepping down with, unfortunately, no candidate for the seat. In *Banking*, RaboBank was retiring and available for re-election. In *Environmental NGOs*, both WWF International and WWF Indonesia were stepping down. WWF International was available for re-election and Conservation International available to fill the other seat. For *Social NGOs*, Sawit Watch was stepping down and available for re-election.

1.3 RSPO Secretariat and RILO

The President updated the meeting on the RSPO Secretariat. In Kuala Lumpur, **Ms Aemelia Kalsom** and **Ms Roslinda Sarmin** had left, and both were thanked for their contributions. A Biodiversity Coordinator **Jutta (Ms Jutta Poetz)** had been appointed to start 1st January 2009. Rao (Vengeta Rao) is the Secretary-General, **Yap (Mr Yap Seng Chai)** the administrator with **Ms Susila Murugiah** for Communications. **Ali (Mr Ali Baizuri)** remains as communicator/project coordinator and also to deal with membership affairs. In Jakarta, **Desi (Ms. Deuxiemi Natallia Kusumadewi)** runs the RSPO Indonesia Liaison Office with now an assistant, **Ayu (Ms Rahayu Harjanthi)**. The Latin American members of RSPO have asked for more support at closer range, so it is being considered if someone can be placed in Quito, Ecuador or Bogota, Colombia.

RSPO needs communication support in both Southeast Asia and Europe. At present, the support in Europe is under a temporary arrangement. The RSPO requirements will be tendered before the end of the year to establish a more formal / permanent relationship. As Advisor to the EB, **MR Chandran** was available for another year.

1.4 Progress Made 2007 - 08

The P&C Review and NI Review were finalized at beginning 2008. There is an accreditation process for certification bodies with nine already accredited. The accreditations are valid for one year, after which they are reviewed. The first audits were done, first certificates of conformance issued, first Green Palm certificates traded and first CSPO shipped to Europe. There was the first ever Latin American meeting of RSPO in Colombia.

1.5 Problems faced 2008 - 09

Some challenges were faced in certification. The quality assurance on audits is taking more time than expected. However, the EB has to insist on quality from the word 'go' – which was why Independent Observers were put in at least the first audit of each CB. A peer review process was also set up for the Audit Reports, and to do the job an Audit Review Panel of EB members. However, as the programme progresses, the work load will increase for some, risking the reviews becoming a bottle neck. A way out would have to be found from that.

Despite all the quality assurances, the audit of United Plantations was challenged. The soft spot in the audit procedure at the moment is the requirement for partial certification, inviting the question 'What minimum requirements must the other operations comply with?' - the ones that belong to the same group but are not part of the current certification audit. The minimum requirements were summarized – they were about the legality of the claim or concession, high conservation value assessment, use of fire and FPIC. The CBs would have to make some subjective decisions which is troubling.

1.6 Projects

There was a fairly long list of potential projects. The likely ones were summarized. The long awaited *Integrated Weed Management Strategy* had finally had its Terms of Reference (TOR) drawn up. CABI will undertake the project. **Simon Lord** (EB member) had negotiated with CABI and other stakeholders for the TOR and costs. The EB were expected the next day to approve the project.

Through BACP, there is now a Biodiversity Task Force, or Working Group, about to start. Projects can be submitted at any time but there are certain deadlines for certain parts of the money – the details available on the BACP website, but which can also be placed on the RSPO website as well.

The Task Force for Smallholder Certification Support Network can start with the money received from the Dutch government's Sustainable Trade Initiative. The work will involve providing training in chemical handling and FPIC.

There were discussions while the Presidential group were in Colombia on whether Latin America should use the Colombian NI as regional NI. The palm oil production in countries like Guatemala and Honduras Ecuador is small and may not justify drawing up their own NIs.

There will be challenges ahead, mainly about the markets – the need to grow the demand for CSPO. The big question is how big the market for CSPO, and how to sustain the incentives for oil palm growers to join. There're quite a number of initiatives on the way for multiple income streams - from forested landscapes and plantation landscapes, etc. - so CSPO will not be the only way to benefit from sustainable practices. But most of these programmes are still in the offing, unlikely to generate any income soon from biodiversity, freshwater and carbon storage values. Since RSPO is a biomass business-to-business initiative, its first task would be to bring China and in India into the market for CSPO. How to do that is another question. Maybe it can be discussed with the RSPO multinational members as their on-going operations in China and India are the logical places to start.

Traceability is a challenge for straight palm oil, stearin, olein and also derivatives like fatty alcohols. Much palm oil is used in non-food applications, like making soap, soap bars, detergents like facial cream, shampoo or gel. Usually, the raw materials used are derivatives of fatty alcohols that could have come from palm oil, tallow, rapeseed oil, sunflower oil, etc. Organizing traceability there is going to be a big, big challenge. It is not top priority now, but some of the big detergent companies – household cleaner companies like Unilever, Henkel, Procter and Gamble and personal care companies like L'Oreal – may want to discuss the matter soon.

Growth in demand for CSPO is expected, begging the question of how to meet the demand in a sustainable way. Sustainable growth in the production of palm oil must be primarily through yield improvement which will take a long time. Opening more forest should be avoided, which brings up the question of how to develop idle land - waste lands, along-along lands, etc. The link between palm oil and climate change must be

broken. All this was nothing new. IFC had said the same thing before - higher production from higher yield and less new areas. Yet, **Thomas Fairhurst** presenting for WWF International had showed an almost stable – not rising – oil palm yield graph over the last 30 years. There must be a reason for the stagnating yield. The link between palm oil and climate change exists because of deforestation and development of peat lands. RSPO has already placed a limit - no expansion on HCV forest - but perhaps this should be extended to peat lands as well. Another thing to do is to plug the hole in the certification procedure by awarding partial certification only an after-the-facts check.

The next morning, the (partially) new EB would discuss a number of things arising from this conference, one of which was the proposal by Unilever for the EB to ask the Criteria Working Group or Greenhouse Gas Working Group to come up with recommendations for tighter GHG criteria in the RSPO P&C.

Finishing his presentation, the President invited questions / comments from the floor.

1.7 Q & A

Venugopal (Cargill) asked for clarification on the candidates (for EB member) in the *Processors and Traders* group. The President's presentation only showed AAK and Royal Dutch Shell, but in the Agenda, Cargill was in as well.

Jan Kees Vis (President) acknowledged the error. The addition of Cargill was a last-minute change that he could not enter in his presentation as his lap-top had crashed. But, yes, Cargill was a candidate as well.

There being no other questions / comments, the meeting moved to Item 4 - confirming the minutes of GA 4 held on November 22, 2007. The minutes were flipped through page by page for any query to be made. There was none, and the minutes were confirmed by a show of hands.

The President then invited **Ian McIntosh** (Treasurer), to present the audited accounts of RSPO (Appendix 2).

2 Presentation of 2007-8 Accounts

Ian McIntosh first thanked Dr. Rao (RSPO SG) who had made his (**McIntosh's**) life easier by strengthening the Secretariat Administration. **Yap Seng Chai** who joined as accounts executive was acclaimed for doing a super job. And having made **Tim Stephenson** (AAK UK) beast of burden for most of his work, he also thanked Tim.

The convolutions of the accounts could only be understood by understanding the organizational structure of RSPO, so the Treasurer explained the set-up.

The RSPO Secretariat is a separate company from RSPO Switzerland – basically a subsidiary although not technically so. The Secretariat Company is registered in Malaysia, the shareholders and directors being the (RSPO Switzerland) President, Vice-Presidents and Secretary-General. The Secretariat has separate accounts for legal compliance and tax in Malaysia. The income of the RSPO Secretariat is basically its operating expenses transferred from RSPO Switzerland, and it's only that surplus, if any, that is liable to Malaysian income tax. It is only a very small sum and the tax is largely a technical issue. The accounts of both the Secretariat and RSPO Switzerland have been audited by Parker Randal.

Then the accounts were presented for the whole organization. They included the operating expenses of the Secretariat and all the money related to RSPO Switzerland. The Secretariat came into effect on 1st January 2008 (although the slide presented erroneously showed 1st February). The net assets were at 30th June 2008, the fiscal year end. The numbers shown were in RM'000 (1US\$ = RM3.5 approx.)

Debtors at the end of the year was RM851,000 – largely unpaid membership fees. There was cash of RM3.191 million, mostly in a deposit account earning interest. Then, there was deferred income - membership fees collected for the running year, so *deferred*. And there was a small adjustment for *other items*, leaving net assets considerably improved from the previous year of RM2.9 million. RM1.2 million of the money was from sponsorship - it wasn't all membership money.

The budgeted income for the last fiscal year was just over RM2 million, and the actual income also just over RM2 million. Running costs were budgeted at RM934,000, and turned out to be RM716,000. Thus, RSPO ran more or less to budget, under spending a bit because some anticipated staff positions were not filled. The surplus for the year was nearly RM1.3 million.

The project costs were RM413,000 – the money spent on various issues, not operating costs. That left a balance of RM875,000 for transfer to reserves. The projects during the year were listed but not gone through. The critical issues were an adjustment for RT5 which made a net profit of RM225,000, and RM61,000 profit from a conference in Brussels. So, the net project cost was RM413,000, after the gains from the two conferences.

That finished the presentation of the accounts, which needed to be confirmed / approved. Parker Randal also needed to be approved as auditors for the running year, their remuneration to be at the discretion of the EB. The Treasurer signed off by asking for a vote on them.

Jan Kees Vis (President) then opened the Accounts for discussion.

Daud Dharsono (PT Sinar Mas) asked about the sponsorship fund. In 2007, there was a RM261,000 deficit charged to the membership fund. In 2008, there was RM1.2 million from sponsorship but placed off balance sheet. What were the details of the *sponsorship*?

And what was the likely surplus or deficit? If a deficit, would it also be charged again against the membership fund in 2009?

Ian McIntosh (Treasurer) replied that there wasn't actually a deficit, but, unfortunately, the details of the RM1.2 million were not listed in the accounts. He could provide them but did not have them then.

Jan Kees Vis (President) clarified that the sponsorship fund is money given to RSPO for specific projects, not to be used for anything else.

Daud Dharsono (PT Sinar Mas) said that although the sponsorship funds were earmarked, the 2008 projects may still run into deficit. The sponsorship fund of RM1.3 million approximately had only RM123,000 spent to June, leaving a surplus. But what would be the possible deficit at the end of the programme? Would this deficit then be charged against the membership fund? He didn't think that the membership fund should finance the deficit in sponsored projects.

Ian McIntosh (Treasurer) reiterated the clarification by **Jan Kees Vis** (President) that sponsorship money is funds given by various organizations for very specific things. They are designated funds. Membership fees are used first to run the organization, but the surplus used to fund certain activities. This could be seen more clearly in the budget for the running year. So, there was no deficit made up. The sponsorship funds are not running the organization. The membership fees are more than sufficient to cover the expenses of the organization.

Daud Dharsono (PT Sinar Mas) asked about the 2007 deficit of RM261,000 transferred to the membership fund.

Ian McIntosh (Treasurer) hadn't the facts at hand, and offered to get back to **Pak Daud** (PT Sinar Mas) on that.

MR Chandran (RSPO Advisor) offered a clarification. In the notes to the accounts, Item 6, the auditors explain how the sponsorship fund works. The RM261,000 deficit incurred for the last period was transferred to the membership fund - as an auditing decision. But, what **Daud Dharsono** (PT Sinar Mas) was asking was that that year, there were surplus funds. But what was the likely situation at the end of the year - would it be a deficit? If so, would the deficit again be absorbed by the membership fund? That was his concern, although RSPO may be unlikely to run a deficit.

Jan Kees Vis (President) then invited more questions / comments. There was none, and he moved to approve the audited accounts, and appoint Parker Randal as RSPO auditors for 08/09 by simple vote. Both items were approved by a show of hands. He then invited **Ian McIntosh** (Treasurer) to present the budget for the current year.

Ian McIntosh (Treasurer) showed a projected income from membership of RM2.5 million for the year ending 30 June 2009. The running cost is RM1.5 million, the increase largely due to more staff. Of the surplus of just over RM1.0 million, RM977,000 will be used on projects, leaving RM46,000 for transfer to reserves.

The budget assumptions were:

- a) RSPO to attract four new members a month – three ordinary and one associate – so giving an increase in membership fees along the year.
- b) The membership fees (for both associate and full members) remain unchanged.
- c) No income for RSPO from certified palm oil sales, which will contribute US1/tonne traded. Any income from this would, therefore, be a boon.
- d) RILO in the past was sponsored, but not this year. So, RM246,000 is budgeted for it.
- e) Consultancy fees of RM200,000. This seems a lot and, indeed, is more than what had been spent in the past. It includes the PR agency in Rotterdam that RSPO is using and for some communication work in Malaysia.
- f) There is also more staff, more traveling, including the new Communications Officer, and so there is a budget increase for their overheads.
- g) RT7 will be break even, although, in fact, some income should be realized.

The projects, at RM977,000, was a figure set in summer that year and now under review. There was no point to go through the individual projects because they themselves are under revision as funds are reallocated to the most appropriate ones.

Generally, RSPO is in good financial shape, and should be able to carry out some interesting projects this fiscal year. That concluded the budget presentation, and questions were invited.

Daud Dharsono (PT Sinar Mas) pointed out that one project was missed out - the HCV RSPO Indonesia Working Group.

A **Speaker from Floor** suggested that Indonesia needs some projects to communicate to members and members-to-be the achievements of RSPO. He proposed some additional projects with the details and money to be worked out by the EB, e.g., seminars in various parts of Indonesia – Sumatra, Kalimantan and Sulawesi – to disseminate information about RSPO.

Jan Kees Vis (President) thanked **Ian McIntosh** (Treasurer) for the budget. He added that the biggest changes are that RILO is now financed out of membership funds / fees,

and no longer sponsored. Since staffing is expected to be full in the running year, RSPO will be able to spend more on projects than it was able to in the past years. The Board will discuss what to do once trade in CSPO kicks off because a new revenue stream then becomes available.

3. Resolutions

Moving to Item 7 on the Agenda, the President reminded the members that the statutes state that all resolutions and items that need decisions in the RSPO GA are to be distributed to members three weeks in advance of the meeting. So changing or adding resolutions after that date is not possible, the reason being the allowing of proxy voting. If the resolutions are changed, added to or withdrawn then the people holding proxies wouldn't know what to do.

Wetlands International (Sarala) proposed that, in view of the changes made to its resolution (Appendix 3), it'd rather the EB consider the resolution at its meeting after GA5, since voting on it is no longer possible.

Jan Kees Vis (President) announced the withdrawal of the Wetlands International resolution from voting, and moved to the next item on the Agenda – the resolution by Oxfam (Appendix 4).

However, before any action on the Oxfam resolution, there was a request from **The Floor** for **Wetlands International** to explain its resolution because, the next day, in a different setting the EB may perceive the issues differently. Some discussion then would help the EB members consider the points better.

Jan Kees Vis (President) stated to Wetlands International that the request was a *de facto* invitation to explain its resolution, and why it preferred the EB to look at it rather than the GA vote on it.

Wetlands International (Sarala) explained that it tried to change the resolution - too late. However, the changes are deemed necessary to incorporate because of the challenges ahead, for example, the link between deforestation and development - expansion should not happen on peat land - and as the RSPO EB has the discretionary power to ask the RSPO Criteria Working Group to develop new certification criteria.

Jan Kees Vis (President) thanked **Wetlands International** for the additional information, and moved on to the second resolution by **Oxfam International** (Appendix 4). He called on **Johan Verburg** (Oxfam International) to present his case.

Johan Verbug (Oxfam International) explained that the resolution was put up because RSPO had become more mature. There are many very high ambitions that can only be achieved if all progress together. But to progress, members must subscribe to a code of conduct and be seriously transparent in their intentions and actions, for instance,

producers who want specific market signals, retailers or consumer goods manufacturers who want refineries and traders to help set up segregated supply chains, NGOs who want banks to publicly share their investment and investment policies. The NGOs are expected to keep RSPO sharp while, at the same time, remain constructive. These examples explain why there was wide support for this resolution from the individual EB members. In addition to the co-signatories (Kulim, IOI, WWF International), these included MPOA, FELDA, NBPOL, MIGROS, Unilever, Cadbury, Rabo, HSBC and Intertec representing British retailers. The support from the *Traders and Processors* – AAK, IOI – was especially important as they depend on supply and demand, and they can hold the key between supply and demand, and facilitate RSPO move towards segregated supply chains and, eventually, to a new commodity grade.

He then called on his fellow Board Member, **Don Grubba** (IOI), to further explain the reasons behind the resolution and to ask for the members' support.

Don Grubba (IOI) explained that his company is a grower, refiner and owner of a supply chain, and that he sits in the European market which has the strongest demand for CSPO. The growers and producers joined RSPO in a common belief in sustainable development and its benefits – to the environment and social community - and in financial success from improving productivity. They are now in the process of putting four years of hard work and preparation to task.

It is not easy, as much time and resources have to be committed. To grow, process and deliver CPO to the world requires planning and discipline. But that is what growers and producers are very good at and what they do. That is what they must do to be successful and, for that, planning and implementation is key. The resolution requires no additional effort by the growers or supply chain actors and the market itself needs to plan for the use of CSPO. To do that, the users must know how much might be available, how the oil will arrive in the market place, in other words, which of the supply chains will be used and when the type of oil will begin to arrive in significant quantities. The growers and producers are planners and doers. They must show the market that they are serious about making this happen. To those members in the market, he said that four years ago, they began to communicate the growing demand for SPO. The need at the start of this process arose out of their concern and their view of the future demand for CSPO in the world markets. They, therefore, came together with the growers, producers, NGOs and others to develop what is perhaps the most rigorous agricultural certification programme in the world. Now, the growers and producers are asking for help from those in the market place.

For the growers and producers to continue to inspire their organizations forward, they must know the demand, expected amounts and the arrivals of RSPO CSPO. They also need to know that the demand for CPO is real, and also by when and how much and what supply chains are to be required. Their view of the market place is certainly much clearer than his is at the supply end. Therefore, considering the clear needs of both the end users and the growers and producers of CSPO, he could see and recommend no other option other than to vote for the resolution.

Jan Kees Vis (President) thanked **Don Grubba** (IOI), and moved to take the vote. The members were instructed on the procedure to vote. They would receive a ballot on which they have to indicate *Yes*, *No* or *Abstain*. Anyone carrying proxies must show the number of votes they were carrying for which they would be given the number of ballots. The ballots would be collected in boxes, and counted immediately after.

While the votes on the Oxfam resolution were being counted, he called for the explanation for the second resolution (by WWF International) (Appendix 5).

Darrel Webber(WWF International) gave a slide show on its resolution proposed jointly with NBPOL, the title of the resolution being:

Procedure to Assure Compliance with RSPO P&C concerning New Plantings.

He stated that the credibility of RSPO was being attacked and he hoped to offer a solution with this resolution. The proposal was essentially for a process that **comes** in prior to actual development, i.e. the developer, after drawing up his plans, verifies them through a third party and post the results of verification on the RSPO web for 30 days. He also agreed for the EB to change the footnote on peat depth in the resolution

Simon Lord (NBPOL) inveighed support for the following reasons – It is risk management to protect each and every producer member. It also does not require any additional work as it could be part of the document check during the normal auditing. He also did not think that it would add to costs because it would be part of the pre-audit.

Before distributing the ballots for the second resolution, **Jan Kees Vis** (President) announced the result of voting on the Oxfam resolution:

Addition to the Code of Conduct that Members Specify Their Commitment Through Annual Communication Progress.

Yes – 88 No – 8 Abstain – 33
The Oxfam resolution was accepted.

The President then asked if there were any clarification needed for the WWF International resolution.

Chew Jit Seng (Asiatic Development) asked if supporting the WWF International and NBPOL resolution confers any guarantee that there will be no further disputes and accusations? He disagreed with the contention that there won't be additional cost unless the CBs can actually guarantee the pre-assessment to hold for future development. A

problem is that the CB used later can be different from the original one. Would then CB₂ accept the pre-audit done by CB₁?

Darrel Webber (WWF International) sighed at the impossibility of the question – nothing will pre-empt future criticism!

Chew Jit Seng (Asiatic Development) asked what happens if there is an accusation even after certification. He stated, “ ... we’re spending a lot of unproductive time if we face all these kinds of accusations whereas we can spend that time and resources in improving the systems and improving the certification process.”

Simon Lord (NBPOL) explained that there are no final assurances to satisfy everyone - it is just an additional step going towards a fuller assurance of what is being done. But this step is merely posting on the web. He did not foresee any problem with the second auditor group not accepting the audit plan as most CBs would accept the views of other CBs although he could not guarantee that. He also disagreed on the extra cost.

Darrel Webber (WWF International) added that time and time again in RT6, they had seen a soft target in Criterion 4.2.4. They see a risk, and the resolution was their proposal to manage the risk.

Jan Kees Vis (President) added that there is only one point in time where one has to meet the requirements of Criterion 4.2.4 – when opening new land. The resolution doesn’t ask to do anything that the P&C don’t already ask growers to. All it asks is that at the moment one has done his AMDAL, monitoring assessments, HCV assessments, that he makes the documents publicly available as proof that they have been done, rather than doing so years later when the estate goes for certification. He invited the members to imagine what the world without would think of RSPO if they voted ‘No’ instead of ‘Yes’ to the resolution. Again, it simply asks nothing more than what is already in the RSPO P&C.

Syed Mahadar (Sime Darby) said that Sime Darby supported the proposal, but called on the RSPO EB to set up a Working Group to develop all the necessary and practicable procedures that emphasize that all RSPO stakeholders are committed to the RSPO P&C on new plantings because the most important component there is to follow the proper RSPO grain.

Jan Kees Vis (President) thanked **Syed Mahadar** (Sime Darby) for his support.

Daud Dharsono (PT Sinar Mas) pointed out that the RSPO P&C just came out in January 2008, the HCV Toolkit in June 2008 and the HCV Monitoring Working Group for Indonesia in July. In addition, Principle 7.3 for opening new land is quite clear, as are the Indonesian national P&C ... and detailed as well. The Indonesian laws and regulations are also very clear. He therefore could not agree on the resolution as it would be an added burden. He suggested:

That the matter be first discussed at an EB meeting and be brought up at RT7/GA6, as it appeared to be another audit which will add time and costs, in particular for small companies and smallholders. He suggested self assessments and reporting to the RSPO of any proposed new plantings and which reports can be verified by the RSPO, before the actual development is allowed, and also verified again during the main auditing.

Another point that was unclear is what documents / plans will be posted. Obviously, financial documents are confidential.

Derom (GAPKI) suggested that the resolution be rephrased.

Jan Kees Vis (President) thanked **Daud Dharsono** (PT Sinar Mas) and asked for further questions / comments before voting on the resolution..

Francoise de Hoovef (Sipef) and her company fully supported the resolution, but RSPO should not paint its planter members into a selected class. By adding more and more rules, potential members can be scared off joining RSPO which purpose should actually be to get more and more members. So, while supporting the resolution, she asked the Board not to make things ever more complicated because it is important that RSPO grows bigger and stronger towards the world.

Simon Lord (NBPOL) concurred about not making things more complicated, but reiterated that his resolution was something required at that particular time to deal with a particular issue.

Pat Baskette (Socfindo) was rather aghast at how the resolutions were proposed. One of them had just a teeny weenie footnote about peat soils. He noted that the principles of FPIC, expounded by the RSPO, for example, by giving 30 days notice, are not being followed.

He also lamented the resolutions. RSPO had a CWG which spent 2 – 3 years drawing up the P&C. Now, in rapid fire, changes are being made without proper information.

Jan Kees Vis (President) explained that the statutes require that 21 days before the GA, the final text of any resolution had to be with the members. If nothing untoward had happened, all the members would have received the resolutions 21 days ago by e-mail. There's a better chance of people reading their e-mail than visiting the RSPO website everyday for new resolutions. However, both could be done.

Darrel Webber (WWF International) said the even without the resolution, estates would be certified and HCV assessments, etc. done. All the resolution asks is that on finishing the identification and assessment and management plans, to submit the documents – without waiting for the estate to be certified. So, there shouldn't be any impact at all. The resolution has nothing to do with the estate's current operations.

A **Speaker from Floor** commented that with the RSPO requirement to report the development of new areas annually, there is already a mechanism to do what the resolution requires to be done.

Darrel Webber (WWF International) countered that that mechanism is at risk at the moment, which was why they proposed a risk-management tool.

Derom Bangun (GAPKI) said the RSPO was established to promote sustainable palm oil for which, to be more effective, it has to attract as many companies as possible to join. No one abhors the raising of standards, but this must not be burdensome on the members, especially as adopting the resolution will not end all criticism. Too onerous standards will discourage new members. Changes can be made more easily in some countries. But, Indonesia, with more than 200 tribal groups, is not one of them. So, the Indonesians are unhappy for change to be forced on them – as would be the case if the resolution was voted on as the Indonesians would lose, being outnumbered. If the resolution could not be changed, he suggested a compromise – have a working group delve into it so there is time to consider and devise a more proper way of doing it. If not, he regretted that the Indonesians would not be able to join the voting.

Jan Kees Vis (President) thanked **Pak Derom** (GAPKI) and invited further comments.

MR Chandran (RSPO Advisor) saw the resolution as an amendment to strengthen the P&C. But, because the P&C cannot be amended without going through the EB, it is asking the Board to look at it – as Pak Derom (GAPKI) said, to reconvene the Criteria Working Group or whatever and look at the points raised from A to H.

Simon Lord (NBPOL) disagreed with MR Chandran's (RSPO Advisor) take on the resolution. He could not see anything in the resolution asking for the P&C to be changed. The P&C, he said, are set in stone until such time there is a full review by the Criteria Working Group. The resolution simply asked for a change in the process of information. The P&C require independent assessment anyway. All the resolution asks is that the information be posted in a transparent manner – Principle 1 – on the website for 30 days. He reiterated that they were not asking for changes in the P&C.

Jan Kees Vis (President) invited more questions / comments. As there was none, he moved for the voting on the resolution.

At this stage, there was a walkout by some members.

Rudy Lumuru (Sawit Watch) advised that it was not wise to vote because one group would lose. He felt the resolution good, but time was needed to understand it. So, the decision to vote should be rescinded as a way out of the difficult situation.

Jan Kees Vis (President) thanked **Rudy Lumuru** (Sawit Watch) and sagely said that tea might just as well be had. A recce was ordered to espy whether coffee and lemonade were on offer outside.

*(There were, so exeunt the assembly.
Then, with calm restored, walk-in and resumption of GA5)*

Daud Dharsono (PT Sinar Mas) asked if a vote was still necessary as the EB had already decided to discuss the resolution the next day and set up a working group to report by June.

Jan Kees Vis (President) explained that any resolution entered and not withdrawn had to be voted on. But the meaning of the resolution could be changed to the way he (Jan Kees) had suggested.

Daud Dharsono (PT Sinar Mas) suggested someone, preferably the Secretary-General, write down the wording. Only after that should the vote be taken.

Jan Kees Vis (President) said that the resolution cannot be changed. Its text was:

Call upon the RSPO Executive Board to take all the necessary steps to introduce a new procedure incorporating the requirements set out below, etc., etc., etc.

The President noted that the EB will follow this request if this motion is carried.

Daud Dharsono (PT Sinar Mas) asked for what the President suggested to be minuted by the Secretary-General. Some additional understanding should be given to the EB for its discussion on the topic the next day and for it to report back in not more than six months.

Jan Kees Vis (President) read out the text he drafted (Appendix 6) which he would pass to the Secretary-General later for inclusion in the minutes:

The resolution calls on the RSPO Executive Board to take all necessary steps to introduce a new procedure incorporating the requirements below, etc. The RSPO EB will do so through establishing a multi stakeholder working group which will come up with recommendations for such procedure by June 2009. Depending on the unanimity in the RSPO EB on the recommendations of the working group, the EB will either endorse or take the recommendations to GA6 in November 09 to take immediate effect if accepted.

The RSPO EB will do so through establishing a multi stakeholder working group which will come up with recommendations for such procedure by June 2009. Depending on the unanimity in the RSPO EB on the recommendations of the working group, the EB will either endorse or take the recommendations to GA6 in November 09 to take immediate effect if accepted.

On that basis, he asked for the voting to begin.

However, Dwi Asmono (PT Sampoerna Agro) asked that as the resolution had already made a conclusion, would there still be any point in voting?

Jan Kees Vis (President) explained that all resolutions are for voting. He'd not object to a move to accept the resolution barring any objections. Also, a paper vote need not be used. But a decision – whichever way – is needed, to decide whether the resolution can be carried out in the way described in the addendum or not.

Ismu Zulfikar (PT Smart) asked whether it could be unanimously accepted.

Daud Dharsono (PT Sinar Mas) said that with the changed wording, he would support the resolution.

Jan Kees Vis (President) thanked **Pak Daud** (PT Sinar Mas) for his support, and asked the Assembly whether the voting should be by a show of hands. This was agreed after arrangements were made for the proxy votes. The result was:

Yes – 80 No – 0 Abstain – 6.
The motion was therefore carried.

A **Speaker from Floor** stated that while the change had left a bad taste in his mouth, he felt it a good and fair compromise.

Jan Kees Vis (President) then went on to the third resolution submitted by **PanEco** (Appendix 7) on Tripa Forest. **PanEco** was asked to present its case.

Denis Ruyschaert (PanEco) stated that the issue was a small one made big, and had been brought to RSPO two years ago. As the unacceptable things have continued, the issue had had to be dealt with again. He presented his case:

Tripa is coastal peat swamp forest in Aceh, part of the Leuser ecosystem. This Leuser ecosystem is so important that its systematic management is a requirement in the 2005 Peace Agreement. Tripa is also a buffer against tsunamis, and its conservation is therefore necessary for post-tsunami reconstruction – it is in the Indonesian Master Plan. In fact, there're at least 11 Indonesian national / provincial policies and laws to protect Tripa.

In 2006, in the RSPO GA, it was proposed to plant oil palm there as 'fallow' land due to oil palm concessions having to be relocated to satisfy the RSPO P&C for encroaching on HCV forest. Oil palm is being planted in Tripa now by an RSPO member - PT Socfindo – which has an MOU with the local district and the local community to do so.

There is a campaign to save Tripa by both local and national interests. There are letters of support from the local district, Aceh senators, governor, UNEP, UNESCO, etc. A broad coalition of organizations has formed of fallow concession holders. And we have

developed an alternative way to plant oil palm on other lands for carbon and forest conservation.

In the broader picture, the Aceh Forest Strategic Redesign Theme is drawing up a new plan for development of the whole of Aceh in a sustainable manner, and will indicate the areas to conserve and for planting oil palm. On 3rd December in Aceh, we are holding a RSPO workshop to present what can be done and to implement it, if possible, in Aceh.

However, on the ground, the forest is being cleared and the local communities complaining – rather surprising since they had agreed the development. Friction is increasing and things are getting a bit unruly. The RSPO should step in to cool things down by civil action, and participate in the new Aceh redesign, which means RSPO should write to the Ministers responsible for forestry, agriculture, environment and land to inform them of the current situation and the friction with the locals. Also, RSPO could write to the company and its owners expressing its concern over their activities and telling them that they are contravening many policies which may put its RSPO membership at risk.

Thirdly, the RSPO members in the different categories - buyer, supplier, creditor – dealing with the company planting Tripa should lean on it to stop. Maybe, RSPO can act in its next EB meeting on 3rd December, and the members pressure the Board to act.

Please vote for the resolution as the development is continuing. I have just heard that the Minister of Forestry is today going to issue a letter to the company to get out of the place. Things are moving but I have to place clear and steady pressure.

Pak Derom (GAPKI) said that the matter had been discussed before, but in the interest of audience, the PanEco speaker should elaborate on the meetings he had had with the company together with other NGOs in Medan a few months back. Some of the NGOs in that discussion were present in the Assembly then. Could he tell the outcome of the meeting and what the company had agreed / disagreed? He (Pak Derom) was informed that the company is not in RSPO but a member of GAPKI so he had requested them to explain.

Pak Derom (GAPKI) recalled that following the meeting, out of about 12,000 hectares, the company agreed not to touch about 6,000 hectares. However, it seems that PanEco offered to swap the Tripa land with another piece elsewhere. Could PanEco elaborate on this because Mr. Lumuru, of Sawit Watch, was also present in the meeting?

Denis Ruyschaert (PanEco) stated that there were two points. A coalition of eight organizations (PanEco, Sawit Watch, FFI, etc.) met with the company and told it that its forest clearing was contravening many policies with a moratorium on against forest logging to boot. The company was asked to pause awhile and also questioned about its future plans. Nothing was ever received in writing. What Pak Derom had told was a *behind the doors* story. At meetings, verbally, it offers a lot, but has never committed to anything in writing.

For local governments, PanEco has developed fallow land - small pieces like 100 ha. - to show what can be done with them, and also to discover the implications on land rights, sustainability and the economics of it. Then, it passes its expertise to the Bupati but they are not PanEco's land. From the possibilities shown, the Bupati and Governor will formulate plans – for the broader issue of overall development of Aceh. **Denis Ruyschaert** (PanEco) reiterated what he had said before – that Aceh is trying to develop correctly, which means that it has to allocate its land correctly, after deciding where and what can be planted. PanEco only provides technical assistance showing where and how it can be done.

Thomas Frickie (Biofuels Merchants, and one of the members of the Aceh Working Group on Sustainable Palm Oil) said that he had met with the company the previous day, together with a senior official from the Ministry of Forestry and Plantations for Aceh. He felt a shift in the atmosphere, that common ground and a compromise could be found. RSPO's best bet would be to support the process by participation of its RILO head or Secretary-General. Also, the RSPO members can actively support the resolution as a genuine multi-stakeholder effort. He thought that the way the resolution was worded was relatively generic and, therefore, worth supporting. On the other hand, the parties directly involved should be encouraged to engage in dialogue and mollify their somewhat confrontational atmosphere with recognition that a compromise and solution can be found. He did not think that the resolution would aggravate the situation, but rather help contribute to a solution.

Jan Kees Vis (President) thanked **Thomas Frickie** (Biofuels Merchants / Aceh Working Group on Sustainable Palm Oil), and agreed that the resolution was indeed phrased rather generally, leaving room for the RSPO Board to discuss with PanEco and other RSPO members on how to follow up should it be accepted.

Daud Dharsono (PT Sinar Mas) posited some points. **From Pak Derom** (GAPKI), the company was not a member of RSPO, but rather a member of GAPKI. And the company is actually legally operating in Tripa. So, why have the resolution to stop it? Should the GA discuss a specific area? Not global, not common, unlike maybe the whole Indonesia or the whole case of new plantation opening, especially when the errant company is not even a member of RSPO? Has RSPO descended to nit-picking? Next time 200 ha are opened somewhere in Sulawesi or Borneo, would a resolution be made to stop it also?

Jan Kees Vis (President) thanked **Pak Daud** (PT Sinar Mas) and explained that although the company in question was not a member of RSPO, a number of RSPO members are involved in trying to resolve the conflict, so that could be a reason to support the resolution. He suggested taking a vote.

The voting was conducted

After the voting and while the votes were being counted, he suggested going into the election of EB members. The situation was presented. In the *Producers* sector, New

Britain Palm Oil was retiring and the only nominee, AgroPalma, was therefore elected by acclamation. Marcello Brito was appointed EB member as representative of the *Rest-of-the-World Growers* constituency. He thanked **Simon Lord** and New Britain Palm Oil for their sterling service for RSPO.

The second seat in the *Producers* sector was the *Smallholder* seat. FELDA had held it for two years and was retiring, but available for re-election. As the only candidate, it too was reelected by acclamation.

In *Retail*, Migros was retiring. Unfortunately, there was no candidate, so the EB would have to fill it by search.

In *Banking*, RaboBank was retiring and available for re-election. They were the only candidate, so Thomas Bauer of the Bank was re-appointed for another two years.

WWF International, represented by Darrel Webber, was stepping down and available for re-election. WWF Indonesia was also retiring. The only nomination for *Environmental NGOs* to replace WWF Indonesia was Conservation International. So, Darrel Webber was appointed for another two-year term and Conservation International as well. There was a need to stagger the membership terms of the *Environmental NGOs* as both the members have concurrent terms at present.

In *Social NGOs*, Sawit Watch was retiring and available. As the only candidate, it was re-appointed.

In *Processors and Traders*, **AAK's** term was up. It was available for election, with two other nominees – Royal Dutch Shell and Cargill.

At this juncture, the election was briefly interrupted to present the results of voting on the PanEco resolution on Tripa Forest.

Yes – 38 No – 30 Abstain – 61
The resolution was carried.

Jan Kees Vis (President) asked PanEco to leave its suggestions, on what RSPO should do, with the Secretary-General for discussion the next day. After that, RSPO will contact PanEco to see what exactly can be done.

Returning to the election, there was one vacancy and three candidates for Board member in *Processors and Traders*. The only people who could vote were the members of that category. The results were:

AAK – 9 Cargill - 8 Royal Dutch Shell – 3 Abstained - 1
Thus, AAK was returned for another two years.

In *Consumer Goods Manufacturers*, Cadbury was stepping down and available for re-election. But Neste Oil and Henkel were also nominees, so voting was necessary.

The initial results were:

Cadbury – 2 Neste Oil - 2 Henkel – 1 Abstained – 1 Invalid - 1

With the tie between Cadbury and Neste Oil, a recount of the votes was taken. One missing vote was found for Cadbury, giving the new results:

Cadbury – 3 Neste Oil - 2 Henkel – 1 Abstained – 1 Invalid - 0
Cadbury / Tony Lass was welcomed back for another 2 years.

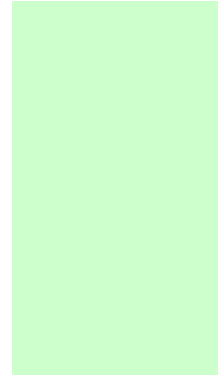
The President then reminded both old and new EB members of the Board Meeting the next morning at 9 o' clock upstairs. In closing the GA, he complimented the Assembly for being tremendously patient. A couple of tough decisions were made, and a couple of tough discussions held as well. He thought that RSPO was making good progress, and wished all safe travel home.

Appendices:

- 1) List of Board Members at Start of GA5 (including those retiring* and available for reelection**)
- 2) Accounts by Ian McIntosh
- 3) Wetlands International Resolution (Original)
- 4) OXFAM International Resolution
- 5) WWF International Resolution (Original and Revised)
- 6) PanEco Resolution

Appendix 2

REPORT OF THE TREASURER



CONTENTS

GENERAL INFORMATION

ANNUAL REPORT

PRINCIPAL ACTIVITIES

The principal activities of Roundtable on Sustainable Palm Oil during the financial year was to organise programmes which involve the promotion of growth and the use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. It is a non-profit organisation.

AUDITED REPORT

Roundtable on Sustainable Palm Oil has the pleasure in submitting their annual report together with the audited financial statements for the financial year ended 30 June 2008.

AUDITORS

The auditors, Messrs. Parker Randall, Chartered Accountants (Malaysia) have expressed their willingness to continue in office.

Signed on behalf of Roundtable on Sustainable Palm Oil

Kuala Lumpur, Malaysia

Dated:

STATEMENT FROM SECRETARY-GENERAL

I, *Dr. Vengeta Rao A/L K. Appanan*, representing **Roundtable on Sustainable Palm Oil**, do hereby state that the accompanying financial statements are drawn up in accordance with approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs as at 30 June 2008 and of the results of the operations, changes in accumulated fund and cash flows for the financial year then ended.

Signed on behalf of Roundtable on Sustainable Palm Oil

Kuala Lumpur, Malaysia

Dated:

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements of **ROUNDTABLE ON SUSTAINABLE PALM OIL** as at 30 June 2008. These financial statements are the responsibility of the management of **Roundtable on Sustainable Palm Oil**.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by **Roundtable on Sustainable Palm Oil** as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the undersigned having had access to the relevant books and financial statements of **Roundtable on Sustainable Palm Oil** for the financial year ended 30 June 2008 and having examined the foregoing statements as set out on pages 5 to 11 and verified the same with the financial statements and vouchers relating thereto, now sign the same as found to be correct and duly vouched.

The financial statements give a true and far view of the state of affairs of **Roundtable on Sustainable Palm Oil** as at 30 June 2008 and of the results, changes in accumulated fund and cash flows of **Roundtable on Sustainable Palm Oil** for the financial year then ended, and have been properly drawn up.

Selangor Darul Ehsan, Malaysia
Dated:

_____	_____
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NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2008

□□ SIGNIFICANT ACCOUNTING POLICIES

☛☛ Accounting convention

The financial statements of Roundtable on Sustainable Palm Oil are prepared under the historical cost convention and complied with applicable approved accounting standards in Malaysia.

☛☛ Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

It is the policy of Roundtable on Sustainable Palm Oil to fully write off each asset as and when incurred, due to their immateriality in value.

Income recognition

Subscription from members is recognised on the accrual basis.

Receivables

Receivables are stated at anticipated realisable values. Known bad debts are written off and specific provision is made for those debts considered to be doubtful of collection.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Liabilities

Payables are stated at cost which is the fair value of the consideration to be paid in the future for good and services rendered.

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. The recognition methods adopted are disclosed in the respective accounting policy statements.

PROPERTY, PLANT AND EQUIPMENT

SUNDRY RECEIVABLES, DEPOSITS AND PREPAYMENTS

☐ **FIXED DEPOSITS WITH A LICENSED BANK**

The average effective interest rate of the fixed deposits is between 3% and 3.7% per annum and the average maturity period is between 1-month to 12-month.

☐ **SUNDRY PAYABLES AND ACCRUALS**

Included in sundry payables and accruals is an amount of RM 1,025,000 (2007: RM 791,000) which relates to deferred subscription income.

Also included in sundry payables and accruals is an amount of RM 35,000 (2007: RM Nil) due to Roundtable on Sustainable Palm Oil (RSPO) where the Secretary-General is a director of the Company, has beneficial interest. The amount is unsecured, interest free and has no fixed terms of repayment.

☐ **SPONSORSHIP FUND**

6. **SPONSORSHIP FUND** (Continued)

The purpose of the sponsorship fund is to meet specific project costs by way of sponsorship income. The Board of Roundtable on Sustainable Palm Oil is of the opinion that any deficit from excessive project costs, forms part of the normal ongoing function of Roundtable on Sustainable Palm Oil. Any deficit is absorbed into the membership fund during the financial year.

7. **SUBSCRIPTION**

The total annual subscription of RM 2,004,000 (2007: RM 1,436,000) was receivable from members worldwide during the financial year.

The number of members registered as at 30 June 2008 is 321 members (2007: 247 members).

8. **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to current year's format of presentation.

9. FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments in respect of cash and cash equivalents, receivables and payables approximate their fair values due to the relatively short term nature of the said financial instruments.

Appendix 3

Wetlands International Resolution (Original)

Proposed Resolution to be adopted at the
5th General Assembly of the
Roundtable of Sustainable Palm Oil
20 November 2008

TITLE: A moratorium on palm oil from tropical peatlands

SUBMITTED BY: Wetlands International

Recognising peatlands as the most efficient and the largest terrestrial carbon store. Accounting for less than 3% of the global land surface, it stores more carbon than all terrestrial biomass, and twice as much as all forest biomass.

Acknowledging that peatland ecosystems and their natural resources are under great threat as a result of large scale reclamation, deforestation and drainage, causing degradation and soil carbon oxidation.

Noting with concern that emissions of CO₂ from the degraded tropical peatlands contribute disproportionately to climate change, equivalent to 8% of global fossil fuel emissions.

Further noting that an estimated 20 to 25% of current palm oil is produced on peatlands and the majority of new plantations is planned to be on peatlands.

Recalling that at the World Café forum session on “Peatland and idle land” on 21 November 2007 at RT5 in Kuala Lumpur, members of RSPO recommended to put a moratorium on any further peatland development

Further recalling that the Executive Board of the RSPO was mandated by members to establish a committee to investigate and develop principles and criteria for greenhouse gas emissions from land use change.

The 5th General Assembly of the Roundtable of Sustainable Palm Oil, on 20 November 2008, resolves that:

The precautionary approach, one of the key principles in the RSPO Principles & Criteria, should be applied in the case of tropical peatlands and a moratorium placed on any further development of palm oil on tropical peatlands.

The RSPO adopt that palm oil produced on peatlands be henceforth considered unsustainable until proven otherwise.

Any new development of palm oil plantations should submit their plans in advance, providing clear information on overlaps of the concession with peatlands and how they will ensure that the peatlands will not be negatively affected by the plantation in order to avoid peat related GHG emissions. The submissions should be centrally registered by RSPO and be made public for at least 60 days prior to conversion of the land.

The Executive Board will act on the Terms of Reference that have been prepared and submitted to the Board, and will consequently appoint a committee to investigate the issue in the next 6 months and present recommendations at the 7th Roundtable on Sustainable Palm Oil in 2009.

Appendix 4

OXFAM International Resolution

Resolution to the RSPO General Assembly to add to the Code of Conduct that members specify their commitment, through the annual communication of progress.

RSPO credibility will eventually depend on delivery of sustainability outcomes in production, trade and use of sustainable palm oil.

Considering that the RSPO Principles and Criteria have been confirmed in November 2007 and supplemented with approved Guidance and Indicators and subsequently National Interpretation documents have been adopted, allows growers to understand and implement the requirements; and

Considering that RSPO Certification systems have been established and started operating, and that trade in RSPO certified sustainable palm oil has started, allows traders, manufacturers, retailers and banks to integrate implementation and certification as a positive performance measure when assessing growers;

It is in the members' interest to prevent other members – existing or new – undermine credibility of RSPO, and to have comparable requirements to all members (a "level playing field");

However, the current RSPO Code of Conduct requires little from members in terms of « Promotion and commitment » (RSPO Code of Conduct requirement 1.), other than "acknowledge their membership" (1.1) and "promote and communicate this commitment" (1.2). With respect to « Implementation » (3.) the RSPO Code of Conduct requires to "work towards implementation and certification of the P&C" (3.1), or to "implement parallel standards" (3.2), or to "promote sustainable palm oil and ... give support" (3.6).

Therefore, the purpose of this resolution is to specify the membership rules in order to safeguard that member commitments are true and real.

Taking into account the diversity of RSPO members and the voluntary-based RSPO system; and applying the RSPO Principle of transparency as well as the RSPO Principle on continuous improvement;

Signatories are proposing the following amendment to the RSPO Code of Conduct:

Add to the RSPO Code of Conduct for members the following text:

3.7 - In the required annual communication on progress (see 3.2), existing RSPO members are required to specify steps taken last year, specific steps intended for the coming year and for the long term in the form of a time-bound plan of working towards producing or buying certified sustainable palm oil, applying any or a combination of the RSPO approved supply chain mechanisms and relevant to the scope of the member's operations (e.g. specifying volume or percentage targets, or a commitment to above-average proportions of trade or investment volumes in comparison to production or demand trends);

3.8 - New members are required at the latest in their first annual progress report to specify a time-bound plan of working towards producing or buying certified sustainable palm oil, relevant to the scope of the member's operations;

3.9 - Subsequently, members need to report progress against the time-bound plan annually as part of the mandatory progress report;

3.10 - Members who meet these requirements will be contained in the annual RSPO publication collating or summarising progress reports. Members who fail to meet these requirements will be listed as such in the same publication.

Oxfam International (contact person: Johan Verburg, RSPO EB member),

Co-signed by:

IOI Group,

Kulim,

Sawit Watch,

WWF International.

Appendix 5

WWF & NBPOL REVISED RESOLUTION

Procedure to assure compliance with RSPO Principles and Criteria concerning new plantings

The RSPO Executive Board (EB) will do so through establishing a multistakeholder (working group) WG, which will come up with recommendations for such procedure by June 2009.

Depending on unanimity in the RSPO EB on the recommendations of the WG, the EB will either endorse or take the recommendations to GA6 in November 2009, to take immediate effect if accepted.

WWF & NBPOL RESOLUTION

PROCEDURE TO ASSURE COMPLIANCE WITH RSPO PRINCIPLES AND CRITERIA CONCERNING NEW PLANTINGS

Background

Noting that the RSPO Principles and Criteria prohibit new plantings that replace primary forest or any area containing one or more High Conservation Values.

Noting that the RSPO Principles and Criteria prohibit new plantings on local peoples' land without their free, prior and informed consent.

Considering that new plantings are at risk of being permanently disqualified from RSPO certification if they are not established in accordance with relevant RSPO Principles and Criteria related to new plantings.

Considering that there is currently no formal procedure for producer RSPO members to obtain assurance plans for new plantings are in compliance with RSPO Principles and Criteria.

Considering that the expansion of palm oil plantations into primary forests and high conservation value areas is the single greatest source of controversy in the palm oil sector, and thus the RSPO's credibility is closely linked to its ability to assure stakeholders that its members are not associated with such expansion.

WWF-International and New Britain Palm Oil Ltd propose the resolution set out below.

THE RSPO GENERAL ASSEMBLY GATHERED IN BALI ON NOVEMBER 20TH 2008 AGREES THE FOLLOWING:

To call upon the RSPO Executive Board to take all necessary steps to introduce a new procedure incorporating the requirements set out below, to enable and assure RSPO member compliance with RSPO Principles and Criteria concerning new plantings. This procedure will apply to all RSPO members and shall be made operational as soon as practicable procedures can be set in place, but in any event no later than June 30, 2009.

- a. A requirement for oil palm growers to notify the RSPO of their intention to commence new plantings or associated development and the proposed location.
- b. A requirement that prior to giving such notice, a comprehensive third-party social and environmental impact assessment of the area concerned shall be made and the results incorporated into relevant plans (see RSPO criteria 5.1, 6.1, 7.1 & 7.4). The assessment must include the identification of:
 - all primary forest
 - any area required to maintain or enhance one or more High Conservation Values (HCVs)
 - all areas of peat soils
 - local peoples' lands
- c. A requirement that the notice be accompanied by an implementation plan for the new plantings and related development that:
 - is based on the free, prior and informed consent of any local peoples whose lands are affected (see RSPO criterion 7.5)
 - provides for the maintenance and enhancement of all identified HCVs (see RSPO criteria 5.2 & 7.3)
 - excludes all identified primary forests from clearance (see RSPO criterion 7.3)
 - maintains the carbon storage function of all identified peat soils (see RSPO criteria 4.3, 7.2 & 7.4)

- d. A requirement that the notice be accompanied by written verification from an accredited RSPO certification body that the assessment process and the content of the plan are comprehensive, of professional quality and in compliance with relevant RSPO principles, criteria and indicators.
- e. The grower should have the option of seeking such verification based on either -
- A documentation audit by the certification body (with associated lower cost and lower degree of assurance that the plantation will satisfy RSPO criteria when it becomes operational), or
 - A field audit by the certification body (with associated higher cost and higher degree of assurance that the plantation will satisfy RSPO criteria when it becomes operational).
- f. A requirement that a summary of the assessment, a summary of the plan, and the verification statement, shall be posted on the RSPO website for a period of 30 days.
- g. A requirement that the grower shall not commence any land clearing, any new planting or infrastructure development, prior to the expiration of the 30 day period.
- h. Any party, aggrieved by the assessment or plan, or wishing to dispute the verification statement, may pursue this through the relevant RSPO complaints and disputes procedures.

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I Peat soils are defined as soils with a peat layer deeper than 25cm

Appendix 6

PanEco Resolution

The Tripa Resolution at the RSPO General Assembly

The primary rainforests of Tripa, peat swamp forests of exceptional high conservation value, are presently being destroyed for palm oil plantations. The palm oil companies concerned, among them suppliers to RSPO-members, damage the reputation of the palm oil industry as a whole and query the efficiency of the RSPO.

Proponent:

PanEco Foundation, RSPO member since 2005.

Request:

Presentation at General Assembly 5, max. 10 minutes.

Summary of Proposal:

Several palm oil companies are logging primary rainforest and establishing palm oil plantations on peat in Tripa, Aceh Province, Indonesia. This contravenes many existing Indonesian policies and laws, and international conventions. Tripa is an area of exceptional high conservation value that provides important ecosystem services both for the region and worldwide. Palm oil plantations in Tripa increase disaster risk, contribute to climate change and are driving a unique Sumatran orangutan population to extinction. Stakeholders have engaged in a dialogue, but logging has to be stopped immediately to save Tripa for its social, environmental and economic values. Some of these palm-oil companies are suppliers to RSPO-members.

In cooperation with governments and NGOs PanEco Foundation has initiated the following actions to stop the destruction:

- In 2007, the head of the involved district requested the central government to review the legality of the concessions in Tripa. The activities these concessions contravene 15 policies & laws.
- A broad consensus to save Tripa has emerged: the authority for the management of the Leuser Ecosystem in Aceh (BPKEK), United Nations Environment Programme (UNEP), UNESCO, IUCN, Aceh's senators, the Governor of Aceh and the local District governments all provided support letters to restore and protect the coastal peat swamp forests of Aceh, including Tripa.
- A national media campaign was launched informing about the Tripa case and questioning the legal status of the plantations in Tripa.
- A broad coalition of national and international organisations against Tripa's destruction (Eye-on-Aceh, Fauna and Flora International, Greenpeace South-East Asia, Leuser International Foundation, Oxfam GB, PanEco, Sawit Watch, Wetlands International Indonesia Programme and YEL) has been established. The coalition has entered a dialogue with some of the stakeholders requesting clarification on their policy for the development of Tripa.
- The coalition urged the most significant of the palm-oil concessionaires in Tripa to review its corporate policy and to assume its corporate social and environmental responsibility, not only in Tripa, but in the broader context of their current plantation expansion in Indonesia. Possibilities are explored, to close Tripa concessions down and replace for others on fallow land with land development licences elsewhere.

Action on legal and political level:

PanEco engages actively with local governments' planning agencies to include certain criteria in land use planning policies and in the procedures for granting plantation concessions. Indonesia's governance regarding management of its natural resources is poor. Tripa is an example for multiple legal breaching. However, it is costly and time-consuming to enter into legal issues, let alone to develop good governance. The emergency of the situation in Tripa calls for immediate action.

Relocating palm oil concessions onto fallow land:

There are an estimated 2 million hectares of fallow land in Aceh alone! With the pilot study "Palm Oil Cultivation according to RSPO Criteria and Principles on Fallow Land in the Context of Relocating Palm-Oil Concessions Threatening HCVM", endorsed by RSPO in 2006, PanEco has started a programme to support the responsible development of RSPO plantations on fallow land and to develop technical and legal mechanisms for relocating concessions on forested land onto fallow land. In cooperation with UNEP and ICRAF, PanEco is preparing Tripa for REDD and forest carbon stock retention with multiple benefits. The sale of carbon credits provides a chance to develop a financial model to protect areas, which fall inside legally awarded concessions.

We herewith urgently request the RSPO to take action to stop the destruction of Tripa peat swamp forests.

Furthermore we request the RSPO to adhere to the credibility of its role and drastically improve its efficiency by implementing an effective mechanism to control bad practices of the palm oil industry.

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