



Roundtable on Sustainable Palm Oil

RSPO GENERAL ASSEMBLY 6 (2009)

Venue: Grand Ballroom, Hotel Istana, Kuala Lumpur, Malaysia. Time: 2.00 pm on 5 November 2009.

MINUTES (approved at GA7)

PRESIDENT'S REPORT

Jan Kees Vis (President, RSPO and Chair GA6) welcomed everyone and bade them good afternoon. He reviewed the year that was.

Membership. There has been a healthy growth in membership, the details available on the new website. The largest groups are still the Growers and the Processors and Traders categories. He showed the membership developments over the last three years. In some sectors, membership has declined, but overall membership grew in 07 – 08 with quite a few affiliates joining. A fairly large number of Growers and Processors joined in 08 – 09. Also, quite a number of manufacturers entered, partly because CSPO became available. But some members were lost from non-payment of fees. This was discussed in GA5 - if the member is 6 months late, RSPO will approach it one last time and if it still does not respond, it will be delisted. As a result, 19 members were delisted, their names on the RSPO website.

There will be an election of board seats. RSPO rotates half its Board members every year, so that it has continuity. He showed the current Board composition and pointed out a possible error in the members' papers – The retailers seat occupied by Intertek is not up for the re-election, but as shown in his presentation in the members' handouts the Manufacturer's seat occupied by Unilever is up for re-election.

The seats to be vacated are:

Growers: MPOA and GAPKI. Both available for re-election and are the only candidates;

Processors: IOI. It is available for re-election and is the only candidate;

Manufacturers: Unilever. It is available for re-election but Neste Oil is also a candidate;

Banks: HSBC. It is available for re-election and is the only candidate;

Social NGOs: Oxfam. It is available for re-election and is the only candidate.

So, the only contest is for the Manufacturers' constituency.

He then showed the composition of the Secretariat, which has grown from the increased work load - the certification process requires a lot of questions to be answered and differences of opinion to resolve, sometimes leading to grievance procedures. So, a lot of coordination needs be done. With the physical mass balance segregation, the physical supply chain options are coming into play, raising questions as well, including about chain-of-custody certification, etc. Mr. Yap is to retire. He (Jan Kees) thanked him (Yap) for the help he had given the RSPO Secretariat in financial administration. RSPO are now in much

better shape than two years ago. Ms. Desi Kusumadewi has taken a year's sabbatical to go back to University in the Netherlands for her MBA.

He then briefly reviewed the progress over the past year. CSPO is in the market, and drafting the National Interpretations started in Ghana, Thailand and Solomon Islands. Work is still going on for local indicators in Colombia and Brazil. The Greenhouse Gas Working Group is work-in-progress, and the Board meeting the next day will discuss how to set up Greenhouse Gas Working Group #2. The New Planting Procedures is also work-in-progress – the subject of a resolution filed. The Secretariat in both Kuala Lumpur and Jakarta have moved office, and Communications have been boosted both in Europe and Kuala Lumpur. The Taskforce on Smallholders completed the generic Principles and Criteria for associated smallholders. The Biodiversity Technical Committee is now in place, and also the Integrated Weed Management Strategy. Mr Rutherford of CABI has requested that growers complete and return their survey forms as they (completed forms) are essential for progress of the programme. The Supply Chain Certification System documents have been published, and reviewed, as also the Communications & Claims documents.

Because of the slow response time of the RSPO website in Europe, another little website was set up – just a couple of pages under rspo.eu. When the new RSPO website, www.rspo.org, is launched, the response time to the renewed RSPO website will be gauged, and if good, the European website can be dropped.

A list of approved certification bodies has been drawn up - the ones in italics are still being accredited - and also a list of mills and their production capacities certified up to about a month or two ago - 1.4 million tonnes CPO, 360,000 tonnes of PK and 8,600 tonnes of PKO.

The President then touched on trade. As of May, trade in CSPO has picked up. From figures collated on October 26, the preceding 12 months saw 1.1 million tonnes CSPO available in the market and 261,000 tonnes purchased, or 23 per cent. But purchases since have been steadily rising. The CSPO production capacity in that period has grown – to the current 1.4 million tonnes. He showed the volumes of CSPO traded through the various schemes – Green Palm and UTZ. Most of the UTZ oil is mass balance with only a very small volume segregated. He then touched on the challenges. Much time had been spent on the Greenhouse Gas Working Group but to no avail to date. Nevertheless, the discussion must be kept open and continue. The market for CSPO must be expanded. RSPO must work very hard to convince buyers in Europe, US, India and China to join it (RSPO) and commit to CSPO. Smallholder organizations must be involved in the market for CSPO, and good progress has been reported by both the Malaysian and Indonesian smallholder working groups. The certification process must be streamlined. At the moment, it takes months to get certified and the Board will discuss the next day whether it can be speeded up, whether the bottlenecks can be reduced by committing more resources in the organization. And producer countries must be supported in developing their national interpretations so that more countries can join the market for sustainable palm oil.

CONFIRMATION OF MINUTES OF GA5 Having finished his Presentation-in-Chief, he moved to confirm the Minutes of GA5 held on 20th November 2008. Unfortunately no print copies were available as soft copies had already been posted on the RSPO website but many members had not downloaded and brought along. So, he went through page by page to ease question asking. Despite that, there were no questions so he asked for the minutes to be approved.

A member from the floor protested that there were no minutes in the handouts given to members and the chair concurred that the omission was not helpful. To avoid a repetition of the same he advised the Secretariat to keep an inventory for the handouts next year to make sure that nothing is forgotten. The Minutes were approved and the Chair invited the Treasurer to present the financial report.

TREASURER'S REPORT

Tim Stephenson (f. Treasurer) started off by assuring all that the finances of the RSPO are healthy, and will present more details as required by the statutes and by-laws of the RSPO and in the interest of transparency in work, in finances, as well as other areas. He personally thanked Dr Rao and Yap Seng Chai for their help during the year.

He will talk, first of all, on the RSPO organizational structure which Ian McIntosh touched on last year. Then, he will move to the summary audited accounts included in the handout. There were, in fact, two sets of audited accounts – one for the RSPO and one for the RSPO Secretariat. There's also a Treasurer's written report included. He apologized for the fact that the documents weren't sent earlier and that the members only got them recently, and had not had much time to study them. He'll also talk about the budget for 2009 – 2010, then already three months' old. It is only a planning tool, of course, and there'll be changes, and he'll try to give a little update on where RSPO is in the year to date.

He reminded the members that the financial year for the RSPO runs to the 30 of June. RSPO is a not-for-profit organization registered in Switzerland in 2004 as a members' organization. In 2007, RSPO satisfied the requirements to be a legal entity in Malaysia so that it can employ staff. Thus, there's a separate set of accounts for the Secretariat company. The income of the RSPO Secretariat is entirely management fees paid by RSPO which, for the 2008/9 year, amounted to RM720,000. The cost for running the Secretariat was RM694,000, leaving a small 'profit' of RM25,000. Both sets of accounts had been audited by Parker Randall. RSPO has RILO in Indonesia, which has similar requirements in Indonesia as RSPO in Malaysia, and advice is being sought on how best to comply with them. It is hoped that everything would be in place by the end of the year.

He ploughed into the numbers. The surplus for the year was RM741,000 vs. RM875,000 in 2007/8. Subscription income was up 30 percent to RM2.6 million, reflecting the 389 members. Running cost increased from RM800,000 to RM1.2 million, inclusive of RM220,000 subscriptions that could not be collected from members unwilling or unable to pay. Nineteen members have been suspended for non-

payment of fees and are listed on the website. That left an operating surplus for the year of RM1.4 million, with other income of RM381,000, mainly the surplus of RT6. Project costs were RM1.1 million, a substantial increase over 2007/8.

He then went into some detail on the projects. The largest cost was for communications in Europe – to pay Schuttelaar and Partners. RILO is still considered a project with some support for it in 2008/9, but not anymore. A list of the various projects and their costs was displayed. Overall, there was a good surplus for the year for transfer to reserves. The budget was only to break even as RSPO is a not-for-profit organization, but both costs and project expenditure turned out to be slightly lower than expected. RSPO also have a sponsorship fund with designated funds provided by DOEN Foundation and LNV, Netherlands for specific projects. The expenditure was RM905,000, giving a total of RM2 million spent on projects during the year, spread fairly evenly between Free, Prior and Informed Consent, Malaysian Smallholders' Working Group, Task Force on Smallholders and Indonesian Smallholders' Working Group.

In the Balance Sheet, the membership fund is increased by the RM700,000 surplus he mentioned earlier to RM2.5 million. The sponsorship fund is reduced by the RM900,000 spent, but then RM100,000 was received, so it stands at RM457,000. The 'donation' fund - income from trading CSPO on the Green Palm and UTZ systems – was just RM47,000 at 30th June but had increased significantly since; it is currently about RM900,000. All the funds are represented in cash and other assets, and have increased pretty much in line with the income, net of provision for bad debts.

The Secretary-General will be pursuing all members who are more than six months overdue. Some are more than a year already. He urged members to pay their subscriptions although cash is fairly high at RM3.2 million. There is RM1.4 million subscription income from invoices mainly raised during 2008/9 year and partly for 2009/10 which will not be taken until the period lapses. In summary, the cost control and increasing membership fees have resulted in another year of surplus. The balance sheet is strong with reserves in excess of the Executive Board policy of having ~RM900,000, the approximate annual operating cost of RSPO.

The budget for 2009/10 was prepared around July and approved in September by the Executive Board. It assumed 5 new ordinary members a month and membership fee maintained at E2,000 a year which it has been from the start of the RSPO, and having a membership fund equivalent to one year's running cost of around RM2 million. The budget shows subscription income up to RM3.2 million, running cost significantly increased - a large part for RILO which come into operating cost this year from a 'project' previously, and with increased expenditure to boot. The income from Green Palm/UTZ is RM700,000, but this has already been exceeded just four months into the financial year. Other income not budgeted for include the surplus from RT7 – not expected but now likely from the figures just in. The project cost is greatly increased – up to RM2.5 million. The projects are split in two – RM1.5 million and RM1 million. The figures are not cast in stone, and are only estimates for indication. The Greenhouse Gas Working Group may incur a little bit more than budgeted. The allocations may be discussed at the Executive Board

meeting the next day. A second set of projects relate to smallholders, and are expected to be paid for from the income from trading CSPO, the US\$1 tariff a tonne transacted. The projects include the Group Certification Task Force for Smallholders and various working groups.

In summary, revenue is increasing in line with the membership numbers, significant revenue is expected from the trade in CSPO, costs are increasing with the increasing demands on the Secretariat and as the RILO costs are taken in full. Some major projects have been budgeted for but yet to incur costs for the year, but some large invoices are expected soon. He invited questions on the financial report.

Member from the Floor asked for clarification. Can he explain the project costs under 'Communication Europe'?

Tim Stephenson (f. Treasurer) said that they are mainly to pay Schutelaar and Partners.

Jan Kees Vis (President) explained that RSPO has a communication partner in Europe. It had considered opening an European office but found it to be too expensive. So, RSPO opted instead for a phone number, web address and e-mail address in Europe run by a professional communications company so that companies in Europe can direct their questions there.

Member from Floor asked why the accounts were not signed by the auditor. Surely, they should be signed before being tabled? He also asked about the US\$1 income from trading CSPO. Is it a donation, and if so, is RSPO a Foundation to be able to accept donations? Should it properly be a commission instead?

Tim Stephenson (f. Treasurer) replied that the audited accounts were actually signed, but it was just that an unsigned copy was given to members. He assured that signed accounts will be distributed next year.

Member from Floor repeated his unanswered question: Under the main (Swiss) RSPO account there is 'Donation'. Is the company a private limited company or a Foundation? Normally, 'donation' pertains to a Foundation; a private limited company cannot accept donations. It is therefore not a donation.

Chair (Jan Kees Vis) explained that RSPO is not a private limited company, but a not-for-profit organization and that's why it is 'donation'.

Member from Floor accepted the explanation, then asked about the Directors' remuneration. In the Malaysian RSPO (RSPO Sdn Bhd) accounts, last page, it was RM151,877 in 2008/9 and more than double this year. Why the leapfrogging?

Chair (Jan Kees Vis) explained that the RSPO Secretariat was set up half way through the year (2007/8), so the salaries were only for six months, and it was, of course, for 12 months for 2008/9. It was not so much a salary increase, but 12 months are rather longer than 6 months. Also it has been wrongly shown as Director's remuneration and this is wrong as the Directors, except for the Secretary General, are non-remunerated.

Chew Jit Seng (MPOA) said that the income/donation from Green Palm was RM46,907. What did UTZ give?

Tim Stephenson (f. Treasurer) replied that just over \$50,000 is due from UTZ. They tried to pay but couldn't do so because of an error in the bank account. It should be paid within the next week.

Chair (Jan Kees Vis) There being no other questions on the accounts asked for a vote on the Treasurer's report. The vote would be valid because the quorum is sufficient - there were 176 votes in the room, 49 of them proxies. As the total vote-bearing members is 301, there is attendance of 58.5 percent making decisions by the Assembly legal and valid. The vote was taken by a show of hands. There was none against the report and several in support. It was therefore taken that the report was passed unanimously.

Chair (Jan Kees Vis) then asked if the same auditors should be retained. They have been the RSPO auditors for the last four years. There were no objections.

RESOLUTIONS

Chair (Jan Kees Vis) then moved on to resolutions. Seven resolutions were tabled, two of which were withdrawn, leaving five resolutions to be voted on; one of which (*here numbered Resolution 1*) was in four parts. A number of resolutions were submitted jointly by GAPKI and MPOA. He invited Pak Derom Bangun (GAPKI) to comment.

Derom Bangun (GAPKI) The two resolutions withdrawn, which concerned respectively GHG criteria and amendments to New Planting Procedures, were jointly proposed by MPOA and GAPKI and withdrawn following discussions at the EB meeting on Sunday 1st November.. The GHG issue had been hotly debated earlier at the Public consultation meeting in KL in September. It was considered there were many problems and that any acceptance must be voluntary and introduced in stages. A second GHG WG is to be formed in the light of this and of the Copenhagen conference to discuss further aspects. The RSPO ROW group are to take up the GHG issue on a voluntary basis. This is less onerous for them due to e.g. absence of major peat soil areas. He then commented on another resolution - the rotational Presidency. RSPO has grown up with so many members in seven categories of membership. In the United Nations, the Secretary-General is a rotating one – from Europe to Africa to Asia, etc. – called Continental Rotation, Regional Rotation. He would like that after 15 years, all categories of members have had the opportunity to be President. He explained that it is not that he loves Jan Kees Vis (President) less but RSPO more, so

whoever is elected President now will continue. But, after that, the change can be made with the EB tweaking some bylaws to have rotational representation from all categories of members. He believed that the growers do not aspire to be President and denied any interest of GAPKI to be President – which perhaps can be verified by MPOA – to maintain its credibility. The essence of the resolution is merely an option for RSPO to be like the United Nations, or to ASEAN closer home. He then called for Datuk Mamat Salleh (MPOA) to talk about the resolution on New Plantings and then later, with Chew Jit Seng (MPOA), on the other two resolutions.

Mamat Salleh (MPOA) thanked the President, and everyone. MPOA too will withdraw the two resolutions mentioned by Derom Bangun (GAPKI) - Resolution #3 on GHG Criteria and Resolution 4 on New Plantings. The GHG criteria were hotly debated during the working group session on September 11 at Petronas Twin Towers, and in the EB meeting on Sunday and even during the open discussion. And the discussion is not confined to RSPO as it also occurs in the EU and will occur at the IPCC in Copenhagen in December. So, the controversy and discussion is something on-going worldwide, and not only something within RSPO. During his Opening Address, the President of RSPO stated the decision of the Executive Board to form Working Group II, WG2, to deal with the issue of greenhouse gas since it is not been resolved. It will also be taken up at the Committee level by the EB and the Technical Working Group, which will look at it in the light of developments in IPCC, EU, Copenhagen and, possibly, the US too as to which direction and which criteria, qualitative and quantitative, that RSPO should go into. In terms of participation and technology, a lot of things are involved, not just one or two criteria of carbon intensity, carbon stock or carbon offset. Even ISO has ISO14064 which deals with the issue. As it is being discussed, and as it is the tradition of the RSPO to reach consensus to go forward, they (MPOA and GAPKI) withdraw the resolution. The Rest-of-the-World has made a statement on GHG: They will take up the issue on a voluntary basis. Indeed, even in Malaysia, there are already two or three companies taking voluntary measures on GHG emissions. The national figures show 115 voluntary companies involved and 14 mills, despite the immense problems faced – methodology, scope, areas, stock assessments.

Resolution 1

This resolution was in four parts, two concerned with promoting use of CSPO and the other two concerned with spreading the costs of certification.

Chew Jit Seng (MPOA) tabled the resolution. The first part of this resolution concerns the need for all CSPO and PK/PKO to be purchased and used by RSPO non-producer members. The second requires that those members not directly involved in trade become committed to actively support and promote use of CSPO. The third and fourth parts call for establishment of working groups to define ways to share (i) the costs of certification of smallholders and (ii) the costs of certification and verification of new plantings, between those directly concerned and non-producer RSPO members. The rationale for these proposals follows from the OXFAM resolution put forward at the previous GA. This was endorsed by the members but only now do we see that there is an increase in uptake of CSPO. There is a need to further strengthen this commitment otherwise there is little incentive for producers to seek certification. Similarly, financial as

well as technical support is needed to assist smallholders to achieve certification. Similar support is required for growers undertaking new plantings due to the additional requirements and costs of certification that are being imposed. We cannot progress unless CSPO attracts a premium. It has been proposed by OXFAM that the cost of certification for smallholders be shared as they also need to benefit. An RSPO fund is required to encourage smallholders to become certified. A similar scheme is needed to defray the costs of re-planting.

Chair (Jan Kees Vis) Before proceeding to the vote there is the question as to whether the resolution should be voted on as a single issue or whether each part should be considered separately. [The latter procedure was adopted after a vote was taken showing the majority to be in favour of separate decisions.]

*Result of initial vote on procedure: For: 109; Against: 15; Abstentions: 9. **Separate voting adopted***

Resolution 1, part a. *That RSPO develop a mechanism to ensure that all certified sustainable palm oil (CSPO) and certified sustainable palm kernel oil (CSPKO) (broadly termed as CSPO) produced by producer (growers and millers) members are purchased and utilized by RSPO non-producer members i.e. palm oil processors/traders, manufacturers and retailers.*

Discussion on Resolution 1a.

Syed Mahadar (Sime Darby) Some companies have been taking environmental measures since the 80's and RSPO has spent the last 4 – 5 years drafting the P&C on everything except GHG emissions, and someone now says palm oil is not sustainable.

Member from floor: Is this resolution possible to implement?

Marieke Leegwater (Product Board Margarine, Fats and Oils Netherlands). The current code of conduct and progress reporting seem to cover this.

Member from floor: What happens to the certified oil that is not bought and are companies that are committed to purchase it not being penalized?

Derom Bangun (GAPKI) The problem can probably be overcome given sufficient thought and help from the EB.

Marcello Brito (Agropalma) How can we dictate that the market gives preference to CSPO?

Adam Harrison (WWF International) We have a mechanism agreed at the last GA to get all members to commit to CSPO and to publish those commitments. So, I do not believe this resolution is needed.

Member from floor: Agreed with the point Adam Harrison made. He thought that all the NGO members support CSPO. There had been several calls during the Conference for more NGOs to join RSPO and participate from within rather than from without. Some may disagree with the majority opinion of RSPO on certain sustainability aspects. But by requiring all RSPO NGO members to support CSPO, some may become critical and others, hitherto not very much involved in palm oil, alienated, and that would be a shame. So, he agreed with Wetlands International – to fully commit to CSPO, yet to welcome even critical NGOs to participate from within in democratic dialogue and not keep them out by requiring them to be non-critical inside. It is, after all, the role of NGOs to critique, but the NGOs should do so within rather than without RSPO. For that reason, he could not vote for the resolution although he fully supports and promotes sustainable palm oil.

Chew Jit Seng (MPOA) The reason for submitting the resolution was because of lack of support from the market. We feel that non-producers must be induced to support the producers.

Chair (Jan-Kees Vis) I fully understand the reasons for submitting this resolution.

Result of vote for Resolution 1a: For: 66; Against: 57; Abstentions: 29. Adopted after a recount of votes.

Resolution 1, part b. *That RSPO require RSPO members not directly involved in the trade e.g. NGOs, banks & investors to commit to actively support and promote CSPO.*

Discussion on Resolution 1b.

Marcel Silvius (Wetlands International) While in many respects the resolution is quite laudable, it cannot be considered sustainable in the absence of GHG criteria. In the case of the Biofuel sector, they do require such criteria to be met for their customers.

Mamat Salleh (MPOA) When we defined sustainability previously, it did not involve GHG. The growers were considered to be producing sustainable oil. Now it seems that there is insufficient demand for CSPO. Thus, the sustainability of RSPO may be in question as no one will consider being re-certified if there is no demand.

Adam Harrison (WWF International) I hope there are no doubts about the commitment to CSPO by WWF. Again, I'm not sure we need another resolution, when, as members we have all signed up to the concept of sustainability.

Member from floor. I'm concerned that PO is now considered unsustainable because of GHG emissions, despite all the 'sustainable' practices having been followed for so many years.

Member from floor. There has been a call for more NGOs to join RSPO and participate in it rather than remain outside. Some may have good reasons to disagree with majority opinion of the membership and it would be a shame if they were to be discouraged in taking part due to some important issues of sustainability not being addressed.

Member from floor said that it was truly memorable that opinions had been put forward by NGOs. By actively committing their support NGOs, investors, banks demonstrate a closing of ranks and support for CSPO and can do something to encourage membership and promote sustainable practices. If they consider that some RSPO members are failing to honour their commitments to sustainability then they can use the platform within RSPO to bring this up. It is desired to engage positively with the NGOs. But the NGOs would have to commit to supporting the efforts of producers.

M R Chandran (Advisor to RSPO EB). The wording of Resolution 1b is badly expressed. Banks are part of the business and are needed to finance the trade and should not be included. Another point regarding NGOs. The case of the WWF scorecard shows they can make a considerable positive contribution. We should be focusing on nonmember NGOs and asking them to support RSPO rather than continually criticising us.

Chew Jit Seng (MPOA) We are referring to members not directly involved in production. The WWF score card should be extended to NGOs, banks and investors.

Johan Verburg (Oxfam International). NGOs do support the RSPO. For example, last year we had a resolution that allowed members, including bankers and NGOs to account for their actions through their annual progress reports. However, it is not possible to force support by a resolution. Also, I fail to see the difference between this resolution and that already in the GA approved Code of Conduct which states the members to whom the P&Cs do not directly apply will actively seek to support sustainable palm oil and will give support to those members engaged in implementing the RSPO P&Cs.

Michelle Desillets (Orang utan Land Trust) As far as we are aware, no NGO member has ever called for a ban on PO at any time and instead, have always sought to promote the development of sustainable palm oil.

Chair (Jan Kees Vis) thanked the commenters and proposed that the resolution be put to vote.

Result of vote for Resolution 1b: For: 61; Against: 64; Abstentions: 27. Not adopted

Resolution 1, part c. *That RSPO commission a working group to establish a system to share the cost of certification for smallholders.*

Discussion on Resolution 1c.

Catherine Cassagne (International Finance Corporation) We have an issue with the formulation of the resolution. The wording 'to establish' is a bit strong – we would rather have the words 'to look into it' and it should examine the benefits as well as the costs.

Chair (Jan Kees Vis) explained that the intention is to establish a working group, or commission a working group, to develop a system for sharing the cost so that once the system is there it will be a proposal to the GA. He didn't think that the General Assembly wants to delegate the responsibility for implementing a cost sharing system to a Working Group. The RSPO would rather keep that responsibility itself. The problem is more with interpretation than anything else.

Catherine Cassagne (International Finance Corporation) stated that her group are very interested in the matter, and that it is very important. It's just that just the wording is a little strong.

Johan Verburg (Oxfam International). Are we referring to the cost to growers and smallholders or just the cost to smallholders?

Ian Mcintosh (Aarhus Karlshamn) sought clarification as the the summary on screen was different from the text sent to him and others the last week was that the resolution asks for a system to share the cost of certification of growers, including smallholders. Was what was proposed the certification cost for growers and also a little bit for smallholders? Or was it specifically to support certification for smallholders which could be a totally different thing involving totally different sums of money and totally different financial commitments to delegate the money to. Can MPOA and GAPKI explain the difference between the original text and the summary on the screen?

Derom Bangun (GAPKI) Requested Mr Fadil Hassan or Mr Proboyo to clarify.

Fadil Hassan (GAPKI) Clarified that Resolution C applied to smallholders, not to growers.

Chair (Jan Kees Vis) reminded the meeting that Resolution C applies to smallholders, while Resolution D applies to costs for growers of the new plantings certification. He then invited more comments and questions on Resolution C which was on the screen.

Adam Harrison (WWF International) What has emerged from the present Task Force on Smallholders with regard to sharing the cost of Group certification? Could the resolution not be achieved through the existing Task force?

Member from floor. Requested for a definition of who is a smallholder?

Chair (Jan Kees Vist) . Someone with a holding below 50 hectares. He'll know a smallholder when he sees one!

Member from floor. Why does Resolution 1c omit the word 'verification' while Resolution 1d (for growers) includes the costs of both certification and verification. Do smallholders not incur verification costs?

Chair (Jan-Kees Vis). Only with the New plantings (Resolution 1d) is there a verification cost. - Environmental Impact Assessment, Social Impact Assessment, Free Prior and Informed Consent – and that the reports are verified by an independent verifier. In the case of smallholders (Resolution C), it is simply the cost of getting certified against RSPO P&C.

Jan Maarten Dross (Solidaridad) Stated his favour of the resolution, and lauded RSPO for being the first multi-stakeholder initiative that he was involved in that was developing social mechanisms. He hoped that it would be possible that the working group comes up with a mechanism soon as his group is already testing the RSPO Principles and Criteria in the field and the Conference made clear that there are serious issues on the certification and technical assistance to smallholders in order to keep them motivated to become certified under RSPO. Solidaridad has matching funds to complement the funding brought in from the trade of CSPO, and is ready in 2010 to work with RSPO to start smallholder certification together. He hoped that it would not be necessary to wait for the next General Assembly to approve the scheme, and that the process can move forward as soon as the required documents and protocols of RSPO have been finished, which, he thought, was already the case for schemed smallholders in Indonesia, Malaysia and Papua New Guinea.

Chair (Jan Kees Vis) thought that funding is not a problem to support smallholder certification. However, the outcome of the working group has to be looked at to see whether its outcome needs be carried to the next GA, or whether it is something that can be endorsed at the EB level. He suggested that the vote be taken.

*Result of vote for Resolution 1c: For: 140; Against: 1; Abstentions: 11. **Adopted***

Resolution 1, part d. *That RSPO commission a working group to establish a system to share the cost of certification and verification of new plantings currently borne solely by growers.*

Discussion on Resolution 1d.

Chair (Jan Kees Vis) then moved to Resolution 1d which came on screen. He asked for comments/questions, but there was none. The vote was then taken, with the results:

*Result of vote for Resolution 1d: For: 62; Against: 60; Abstentions: 30. **Adopted***

He moved to the next joint resolution by GAPKI, MPOA and IOPRI:

Resolution 2 *That RSPO establish a Protocol for Development, Review and Amendment of RSPO Standards, Guidelines and Procedures.*

Discussion on Resolution 2.

Chair (Jan-Kees Vis). There are six components to the proposal. The first calls for the process to be prudent, fair, balanced, participatory, transparent and accountable. The second concerns the need for a time frame for review, amendment and revision of the generic standards after at least a five-year implementation period. Thirdly, the review team should reflect the composition of RSPO membership. Consultation should involve those parties most affected by the issues under review. National laws and regulations should be taken into account and any proposed recommendations should be based on well-accepted methodologies including field testing and validation.

Chew Jit Seng (MPOA) This resolution put forward by GAPKI, MPOA and IOPRI concerns the establishment of a protocol covering development, review and amendment of RSPO standards, guidelines and procedures. RSPO P&Cs were adopted only in Nov 2005 at the GA3 in Singapore and at that time comprised only 8 principles and 39 criteria. These then went through a two-year period after which the first National interpretations were implemented less than two years ago in April 2008. Since then there has been a lot of pressure for producers to adopt yet more stringent standards and requirements keep changing. This may be a deterrent both to new and existing members. There needs to be more certainty with respect to requirements and a proper time frame for reviewing the generic P&Cs, perhaps at five year intervals. Furthermore, changes should be based on strong logical and scientific grounds and involve accepted and proven methodology and be verified field tests that are representative of the majority of production units.

Bob Norman (GreenPalm UK Ltd). I appreciate the reason for this resolution as presented by Mr Chew but I am concerned that adopting the resolution as a whole may hinder the ability of RSPO to respond quickly to developments. RSPO needs to maintain this flexibility.

Marcel Silvius (Wetlands International). had reservations against the time frame which would make RSPO a stagnant organization. He reiterated the greenhouse gas issue which has been a hot topic for several years. It emerged quite rapidly and there is tremendous urgency to resolve it. He reminded the RSPO members that there is currently being tested through certification audits a number of the current Principles and Criteria. And from the feedback, several changes are needed. If the resolution is adopted, and review limited to once in five years, there's no practical way of making the changes. He reminded the members that the issue of bio-fuels is possibly not much more than five years old, so the 5-year period is a long period in this time of globalization where changes are taking place fast. He was not in favour of making the RSPO system rigid, only to be reviewed every five years. Moreover, 2013 is six years after adoption of the P & C by the GA in 2007, so the proper deadline is 2012. So, he recommended not adopting the resolution.

Johan Verburg (Oxfam International). While there is a need for some level of certainty and predictability, we have to allow for cases where P&Cs are tested for the first time and found lacking. If this Resolution is adopted then flexibility for adjustment will be lost. A five year period is too long.

Syed Mahadar (Sime Darby) explained that RSPO is primarily a voluntary scheme, not mandatory - no one is forced to join. He knows that there are changes to be made, but the goal posts cannot always be changing in this voluntary certification scheme. If the rules are changed too frequently it creates problems for the growers and deters new members. Producers need to know where they stand. A five-year period allows for proper testing of P&Cs. The existing Principles and Criteria already address a lot of 'blind spots' from the growers, allowing them to move forward. But if things are always changing with new technicalities which are not proven, much concern will be caused to the growers. With this protocol, they are saying "Do not change the P & C". However, there can be working groups working on various issue(s) in that five years, and with solid scientific ground, the change can be effected after the five years. It is not an absolute 'no change' or not to address possible changes. It is just to provide some stability. The P & C was established in 2008. It should be tested for the next 2 or 3 years, and more people encouraged to join RSPO. If it's always changing, there would be a problem.

Chew Jit Sing (MPOA) inveighed that the issues on greenhouse gasses are already being dealt with at the working group level. So, RSPO is already doing something - engaging in a process to come out with something on a voluntary basis. So, there is progress, and members should not be paranoid about any restriction on the time period because the mother P & C already contains some restrictions, although whether they are adequate or not is moot. But on global developments, RSPO needs guidance. It may be easy to sit down and discuss ... voluntarily ... but it's not easy to adopt any methodology because none has been agreed. RSPO is already making good progress by agreeing, at the EB level, to develop a TOR for the next Greenhouse Gas working group so that something can come up on a voluntary basis while it prepares for more concrete changes that are coming. That's in the true spirit of RSPO ... the members have agreed to develop things on a consensus level, test them and adopt subject to everyone's agreement.

Member from the Floor said that at one of the World Café sessions it was asked whether RSPO is relevant. It's relevant now but if it freezes development of the P & C, refuse to make any amendments, in 5 years it will not be relevant.

Ken Barlow (GEC) stated that five years is too long. There's a lot of developments, e.g., greenhouse gasses, smallholders. Are the proposers of the resolution saying, "Delay their involvement in certification until 2013?" That's unacceptable. He proposed instead to have a framework which can be adopted by those who are going for certification, so they have a period for the validity of their certificates. The changes being discussed in working groups, once endorsed by the General Assembly, can be applied the next year. But those already be certified will remain certified until the end of their certification. It has to be like so, so that the people certified are comfortable. They would know that, that year, they won't have to

commit to a new thing. But, those to be certified after certain decisions have been made in the GA would have to satisfy the changes. Rather, if RSPO waits and pushes things to a later period, it will encounter problems and it'll be very, very stagnant.

Jan Maarten Dross (Solidaridad) Stated that although certification has been mentioned to be voluntary, the fact is that several important companies were certified with, he thought, a commitment, maybe even an obligation, to get their smallholders certified. Also, the National Interpretations for smallholders have been approved but feedback received in the World Café and other sessions during the Conference indicated that it will be very challenging for some smallholder groups to meet the Principles and Criteria. Indeed, many smallholders indicated a need for more flexibility and, probably, some adjustments to the smallholder standard for them to qualify. Not having had the opportunity to make such modifications based on the first trials carried out the past few months, it would mean that the changes can be made only after 2013, and this will jeopardize the existing certifications of mills supplied by smallholders. He asked for the views of Apkasindo - whether it is better for Indonesian smallholders or smallholders in the rest of the world to work with the current National Interpretations for smallholders or that they prefer some degree of flexibility asked for by several parties at the Roundtable yesterday.

Chair (Jan Kees Vis) invited Apkasindo to give its views.

Jan Maarten Dross (Solidaridad) Continued. There has been a lot of talk about Point B - the time frame. He alerted the members to Point C which requires a proportionate representation of RSPO membership in the Review Team. That effectively means departure from the system of balanced stakeholder representation, and would crowd out the social and environmental NGOs, which, he thought, would reflect negatively on the credibility and accountability of the Principles and Criteria. The second point he made was over Points C and E, which say, In respect to national laws and regulations, any proposed recommendations should be in coherence in taking into consideration different local and national laws and regulations of RSPO members. He felt the expectation is unworkable. There are currently three National Interpretations, with another three coming on board. How would it be possible to interpret all the national laws and integrations into generic revisions of P & C? He did not think the Resolution workable, nor its purpose any good. He had no problems with Point E, as that's what the National Interpretations are for.

Member from floor sought to make a clarification. Growers look at ISO as the most widely adopted among international standards. ISO is reviewed every five years. Oil palm is a crop planted for 25 years, but every year there seems to be a flurry of new P & Cs, changes which are difficult to budget for and manage; it frightens off a lot of growers. They feel that RSPO is a runaway train. He suggested that any P & C revision, like in ISO, be preceded by a process of sufficient discussion, trial implementation to see if it's workable, practical and scientific, so much has to be done. It does not mean that the next review is only in 2013. What it says there is that the National Interpretation is in 2008, and any major changes should rightfully be in five years. The period of five years is sufficient time ... unlike what happened

recently with the Working Groups on Greenhouse Gas and New Plantings, provoking severe reactions from growers who had hitherto engaged very positively in all the P & C's. The breaking point comes when something is pushed too hard, too fast and the thing is not sound. For smallholders, it does not mean that their P & Cs will take to 2013. It just means that any changes to the RSPO P & C for each country will be in five years, every five-year period. Meanwhile, the working groups can be started, and can work for five years to ensure that everything is really good, workable and very sound. Another point he made was that RSPO cannot over-ride national laws, cannot infringe national sovereignty. Finally, he questioned why proportionate representation of the RSPO membership is needed. Should it not rather go with the issue? If, say, an issue affects the growers very much, then they should be given sufficient voice – not just one grower swamped by all other parties. There must be such balance.

Marcel Silvius (Wetlands International) asked whether RSPO certification was being compared with ISO certification. Is ISO9001, which is a quantitative certification, being said to be the equal of sustainable certification? Such comparison is not possible. In our daily business, in our daily lives with our families, we have to be able change every day according to the new issues faced. Everyday, he thumped! And they are all there come to say, 'No, let us wait five years without doing anything.'? He could not believe such rot! On the laws, he agreed with his colleagues that RSPO cannot tell anyone to do anything. That's why they're a voluntary programme. If you don't agree, you don't have to come. So there!

Matthias Diemer (WWF Switzerland). ISO regulations are reviewed every five years. This should also be the case in RSPO to allow sufficient time for discussion and testing. If new criteria are introduced too quickly, this will present problems and may also infringe National sovereignty. Finally, the composition of the review bodies needs to reflect the interests of those most affected by new requirements.

Marcello Brito (Agropalma) We must be careful here. Is ISO really comparable to RSPO P&Cs?. This is not so. There is a need to be flexible and allow for rapid response to changing conditions. We cannot wait five years. Regarding National sovereignty I agree that RSPO cannot enforce anything as we are a voluntary organisation.

Denis Ruyschaert (Pan Eco Foundation). Referred to the time frame. Flexibility is needed to deal with challenging issues such as GHG, biodiversity and bio-fuels that are constantly arising. Another thing is the *raison d'être* of RSPO. It is to deliver sustainable palm oil. Thus, RSPO has to fit into the world agenda. There're so many issues - climate change, biofuels, etc. It's quite obvious that RSPO needs flexibility to address all the issues.

Michelle Desillets (Orang Utan Land Trust) brought up a couple of points. Firstly, she was concerned over the long time frame. Much of the international criticism levied at RSPO is about its slow progress. If RSPO slows down even more, no changes will be made in the next five years regardless of the global situation; it will not put RSPO in very favourable light. This is a bit like saying, 'Well, we don't know how much carbon is in peat, so let's go find out.' In five years' time, there'll be no more peat, and there'll be no

more orang utans, etc. She was also concerned with the issue of proportional representation. If there is something that is seriously going to impact the environment, she hopes that there is enough representation of the environmental NGOs.

Chew Jit Seng (MPOA) explained that, as stated earlier, there isn't going to be 'no flexibility' for any changes. The EB of RSPO has always dealt with flexibility. What is being asked for is some certainty. In the RSPO P & C on Certification System Requirements, it is clearly stated that once a company is certified, it remains so for five years notwithstanding the yearly verification. For the smallholders, through the national interpretation process, through the engagement process, their standard for certification is very much reduced – just compliances with legal requirements, e.g., land title, user rights. The most important area is good agricultural practices. The main issue there, he thought (and possibly others too) is the cost element insofar as smallholders are concerned. So, really, already in the RSPO systems, even in the RSPO P & C when it was adopted, is clearly stated that the RSPO P & C will remain for five years but the EB has an option to amend it as and when it is necessary, which is already being done in practice. So, RSPO is already responding to the global needs on greenhouse gasses, etc. He didn't understand why there is such great difficulty in favouring a proposal for not shifting goal posts every now and there. Regarding the composition of the review team as Matthias pointed out, there may be a departure from the make-up of the original CWG, if based on sectoral representation because of the different membership of RSPO today – there's a bigger group of processors, followed by the growers, etc. The original composition was thought to be fair, but if it's not fair, then the EB can decide what to do.

Irene Fernandez (PAN Asia Pacific) agreed with what was earlier said in there seeming to be a change in the concept of sustainability. She opined that 'sustainability' means that people must respond, respond to what is happening to ensure that they sustain. So, RSPO itself must be bold to respond. Instead, to put on a five-year moratorium is not acceptable at all because if there're practices that're not sustainable, then there is a need to respond. Tying themselves down is not the road forward. Another point is that RSPO is in a global multi-stakeholder dialogue. The issue of national sovereignty should not arise. If a country's laws violate the fundamental rights of people, then RSPO must respond. National sovereignty should not be taken as an excuse for not being sustainable. It's a global response that is demanded, and they're not there by force but because they want to respond, and she'll like the response to be for sustainability.

Chair (Jan-Kees Vis). Let me point to three issues that have been raised. One, we need to have flexibility in order to respond rapidly to new issues that arise. Two, we need stability because as a grower or investor there is a problem with too much uncertainty. If in this resolution we agree to freeze the P&Cs to 2013, then we lose credibility. I understand the intentions but there were some unfortunate choices in wording and time lines suggested in the resolution. There is definitely a need for a protocol as to how we review P&Cs but this resolution does not deal with this. Can we now vote on this resolution?

*Result of vote for Resolution 2: For: 52; Against: 60; Abstentions: 40. **Not adopted***

He said there remained a lot of work and decreed that tea/coffee not be taken. The next resolution was broached – by GAPKI, MPOA and IOPRI, on the term of Presidency of RSPO.

Resolution 3 *That RSPO adopt new procedures respecting the Rotation and Duration of Presidency of RSPO.*

This is a joint resolution submitted by MPOA, IOPRI and GAPKI and calls for the election of the Presidency of RSPO to be done on a bi-yearly basis, the Presidency to be restricted to one term of two years and the President to be re-elected from among the EB members. He asked to be allowed to comment. Unilever allows him much time to spend on RSPO because it (Unilever) thinks it important that the RSPO Board has sufficient resources to do things. The current election procedure is staggered elections for the Board - half the seats are elected every year. Every year we conduct an election of office bearers (i.e. the President) within the Board. Last year, he was the only candidate for President. The year before that, there was another. The year before that, he was the only one. If he declines re-election, the Board must come up with a candidate. So, the question is not so much whether they want the Presidency to rotate. It is rather whether the Presidency can be rotated (given the lack of willing candidates). He, himself, will vote for the resolution, but that means that the other constituencies must then come up with a candidate. The growers have declined, which is odd - to force the Presidency to rotate and being reluctant to step up themselves.

Discussion on Resolution 3. Denis Ruyschaert (Pan Eco Foundation). Can you clarify the procedure for election of RSPO office bearers?

Chair (Jan-Kees Vis). It is all writ in the statutes of RSPO. The GA elects the Board of 16 people, The EB then elects, from among themselves, the office bearers namely the President, Vice-President and Treasurer.

Member from floor It is common practice in many associations to have a President-in- Waiting to the President to become the next President. It is a big advantage in the system because it grooms the waiter/waitress into his/her future job. He suggested that a similar scheme be introduced in RSPO. Could this be considered by RSPO?

Chair (Jan-Kees Vis). This is an option to consider. In RSPO there are four vicepresidents, the producers have three and the other is from WWF, and so in the event of an emergency there is someone to take over the role.

Jan Marten Dross (Solidaridad). A term of two years is not too long and we should not exclude the possibility of re-electing a President who is willing to serve another term and who has proven capacity. The term of two years is not too long and it's all complicated work. So, although he appreciated

the reasons for rotating the Presidency he'd rather have the possibility of re-electing a President of proven mettle.

Michelle Desillets (Orang utan Land Trust) I have a similar comment. If we are prevented from electing someone who is the most suitable candidate it's too restrictive of the democratic process.

Derom Bangun (GAPKI). Just to clarify. If this resolution is adopted the current President will be eligible to stand for another term. Now, he is only President yearly. After that EB will have to change the by-laws to provide for rotation by category of membership, the term will be changed to two years, and it is only after that that the rotation starts.

Chair (Jan Kees Vis) thanked Pak Derom, and as there were no further comments, moved for the vote to be taken.

*Result of vote for Resolution 3: For: 62; Against: 64; Abstentions: 26. **Not adopted***

Resolution 4 *That RSPO impose a moratorium on land clearance in the Bukit Tigapuluh Ecosystem.*

Discussion on Resolution 4. Helen Buckland (Sumatran Orangutan Society). In an ideal world conservationists would wish for a total moratorium on deforestation, in Indonesia. However, we are pragmatic, and not anti-development nor anti-palm oil. We want to focus our efforts on protection of high biodiversity, high conservation value areas. One such area is the Bukit Tigapuluh Ecosystem, one of the most important conservation areas in Sumatra. Part of the area we are referring to is designated as a National Park. The Bukit Tigapuluh Ecosystem is also the site of the only Sumatran orangutan re-introduction program which constitutes the largest orangutan habitat outside that in Northern Sumatra. The area is also an important habitat for other critically endangered species including Sumatran elephants and tigers. Three indigenous tribes live in the area who rely on the forest for their livelihoods. There are 450,000 ha of natural forest of which 29% is officially protected. Thus, this area contains many high conservation and high biodiversity sites that have been confirmed by surveys carried out by multiple stakeholders. In view of the significance and high conservation value of this area it is necessary to preserve its integrity if it is to support viable populations of key endangered species, the majority of which are outside the park area. Since HCV is a cornerstone of the RSPO standards, we call upon RSPO to recognize the Bukit Tigapuluh Ecosystem as an area containing HCVs. We also ask that any RSPO member who is found to be undertaking land clearance in the area should be considered to be contravening the principle of maintaining HCVs and so be expelled from the RSPO. The reason we ask for this is that the area is too valuable to risk and no compensation is possible once it is lost. We cannot wait for complaints procedures to have an effect – this is too slow.

Derom Bangun (GAPKI). Is it true that originally the area contained no orangutans and that these were introduced? How much does the total area differ from that designated as a National Park?

Helen Buckland (Sumatran Orang utan Society). Yes, the orangutans were introduced from other areas due to habitat loss. The National Park lies within the wider ecosystem and we are talking to the local Government to change the land status so that all the area is protected. This is a long complex process and meanwhile there is a need for measures to protect the area. There are already three concessions currently proposed in this area by the parent company of an RSPO member.

Purwo Susanto (Indonesian Sustainable Palm Oil) volunteered that he had actually lived in the jungle for five years. It is the last remaining big forest in Sumatra right now, besides the National Park. All other big forests in Sumatra have disappeared. There are still some critical endangered species, like Sumatran tiger, in the area and just only in the area, plus it being the home for indigenous peoples. He therefore supported the resolution to save this last remaining forest in Sumatra.

Member from the floor wanted to set the record straight. He said that the Bukit Tiga Puluh National Park had no orang utan originally, the species being introduced lately. He asked how much of the area is National Park. Comparing with the Leuser Forest, the Leuser ecosystem has a different status as national park – the Leuser National Park is 18 million hectares and the entire ecosystem 28 million hectares. So there is more ecosystem than National Park, and the ecosystem area has a different status and is subject to different regulations from the National Park. His group would like to assist in the conservation and will communicate the matter to the government.

Johan Verburg (Oxfam International) Stated his support for the resolution especially as it demonstrates co-operation and constructive involvement with RSPO by an NGO who have undertaken the difficult technical work using their own funds and resources.

Helen Buckland (Sumatran Orang utan Society) wished to give credit to ZSL and Frankfurt Zoological Society who have undertaken most of the work on the ground.

Daud Dharsono (Sinar Mas) spoke of the necessity to first clarify the legal status of the land before the resolution is brought to the meeting: Is it a National Park or not? If it is a National Park, it follows that the area cannot be touched. But if it's for 'other uses', then it can be opened for economic use according to the laws of Indonesia. Also, if the company seeking to use the land for other purposes is a parent of a RSPO member but not the RSPO member growing oil palms, it is a different matter. The details of the resolution seemed vague - What is the exact location? What is the legal status of the land? What company is doing that? With sufficient details, he will support the resolution, but cannot do so then with incomplete information.

Helen Buckland (Sumatran Orang utan Society) said that the area in question is indeed beyond the National Park. According to Indonesian land use law some of the area may be available for economic use. Our point is that there are HVC areas that must be preserved and hence precluded from use by

RSPO members. On the map displayed, she showed the National Park, and the much wider area of the Bukit Tiga Puluh ecosystem. Beyond the National Park boundaries lie many areas with High Conservation Values. The point of the resolution was not to sanction parental companies of RSPO members; it is to conserve as much of the areas as possible through RSPO camaraderie.

Daud Dharsono (Sinar Mas) wanted to make two points. (1) If the area mentioned is 'beyond the National Park', then, if the legal status is 'can be used', the RSPO member has to carry out a HCV assessment according to Criterion 7.3 before planting oil palms and assuming the necessary permits from the local Government. The assessment may well indicate areas that should be preserved and conserved while the rest can be used. (2) He regretted the statement that RSPO is superior to Indonesian laws. As an Indonesian, he could not accept that and no sovereign country would. RSPO should not be a super body but seek to work within countries.

Derom Bangun (GAPKI) is concerned that the area is not marked on the ground. Without demarcation, how would people know not to trespass?

Helen Buckland (Sumatran Orang utan Society). High resolution maps are available to anyone considering working in the area.

Derom Bangun (GAPKI) said that the availability of maps is a good thing. They can be used as a tool. He then mentioned the Leusier National Park. It was originally 18 million hectares, with orang utan , harimau (tiger), etc. Then, it was expanded to 28 million hectares with cultivation allowed for the villagers already there. But, not in the National Park proper, which remains sacrosanct. Now, there are additional precautionary measures as mentioned by Pak Daud. If a company, a RSPO member, wants to plant there, it would have to undertake a HCV assessment. This measure would prevent the company from infringing on sensitive areas. The matter should not be made more complicated by identifying the areas and so on.

Helen Buckland (Sumatran Orang utan Society). As I mentioned we already know where the HCVs are and if there is RSPO use of the land it will create a lot of problems in the management and maintenance of them.

Chair (Jan Kees Vis) interjected to clarify that the resolution was not about the legal status of the land. Rather, it was about recognizing the fact that HCV assessment has been done, and sensitive areas found in the ecosystem. So, any RSPO member should not operate in the region.

Member from the floor. I suggest members look at the draft HCV on the RSPO website where they can see the proposals for management of the HVC areas that are proposed for planting.

Agung Prawoto (PT Biocert Indonesia). I have done an assessment of the area at the landscape level. The status of the area is limited protection forest and has not been changed to a conversion forest. There are two provinces in Indonesia that do not have land use planning, Riau and Central Kalimantan so Central Government designations still apply. The company concerned has not yet done an HCV assessment at the unit level.

Daud Dharsono (Sinar Mas) suggested that members go to the RSPO website and the reports of the RI-HCVWG for the details of managing and monitoring HCV areas. The member can have some ideas of what is involved in managing and monitoring HCV areas if the investor still wants to plant.

Purwo Susanto (Indonesian Sustainable Palm Oil) Said that he has done a HCV assessment at the landscape level in the area. The status of the area is hutan produksi terbatas or 'limited production forest' which can never be changed to hutan konversi or conversion Forest, because there are two provinces in Indonesia – Riau and Central Kalimantan – without land use planning. So, the land status from the Central Government is still 'forest'. The problem is the companies, the RSPO members there. There is no evidence that they have done HCV assessments at the unit management level. At the landscape level, WWF Indonesia has already identified the area as High Conservation Value forest.

Tim Killeen (Conservation International). There is another issue, namely the relationship between a holding company and its subsidiaries. In the example given the parent and its subsidiaries are in different sectors. The subsidiary involved is not an oil palm company and hence unlikely to be an RSPO member. This poses a question of good faith of the Companies that are involved.

Helen Buckland (Sumatran Orang utan Society). This is not a sanction against any particular company, but is a resolution to ensure that no development by RSPO members is allowed because the land is HCV.

Abdul Halim Ashari (PT BW Plantation Tbk) cautioned that care has to be exercised in making the resolution because the sovereign state has to be recognized, the elected government of Indonesia. There are legislations, land legislations as mentioned by Pak Daud, to conform to. If the resolution introducer is indeed concerned over conservation in the area, he/she should also perhaps go to higher authorities. RSPO should not be used as a tool to sanction members because sometimes they have a corporate responsibility to the government. As long as the members have conformed with the HCV requirements, they have complied with the RSPO requirements. Otherwise, RSPO will be overstepping its role by being a super organization challenging Indonesian laws. Indonesia is one of the largest countries in the world with a democratically elected government and that should be respected by RSPO members. RSPO should not be seen to overstep its boundaries by acting as a 'super power'.

Ian McIntosh (Aarhus Karlsham) expressed his respect for people like Michelle and her colleagues who are trying to do something positive. However, RSPO has spent much time formulating certain procedures

and protocols, some on High Conservation Value Assessments, Impact Assessments, etc., and, last year, the time-bound plan requiring plantation groups to be fully certified within a certain time. So, much time has already been spent deciding on how to certify/not certify plantations. So, there already exists a system that should work and it should be applied to the area, and, presumably, the area then wouldn't be planted by a RSPO member. If we have a policy, long negotiated through a multi-stakeholder process, and then start allowing moratoriums here and there with relatively little discussion, that would not be RSPO's mandate. The mandate is to work out a consensus approach to certification. That was what RSPO has done and that's the members should stick to.

Helen Buckland (Sumatran Orang utan Society). I would argue that the mandate of the RSPO is to help the members meet their commitments. By presenting this information to you it can be seen we have done the hard work needed to identify the HCV in this area.

J C Jacquemard (PT Socfin Indonesia). We find ourselves in a quandary. This is the last intact forest with one of the last tiger populations. Cannot we bend the rules and adhere to the original spirit of RSPO and be proactive?

Chair (Jan Kees Vis) moved for the vote

*Result of vote for Resolution 4: For: 64; Against: 29; Abstentions: 58. **Adopted***

He then moved to the last resolutions by calling on Wetlands International to introduce its resolution.

Resolution 5 *That RSPO establish a working group to provide recommendations on how to deal with existing plantations on peatlands.*

Marcel Silvius (Wetlands International). We are very concerned about the GHG issue especially in the light of the EB's decision for a voluntary scheme to reduce emissions linked possibly to a financial compensation mechanism and without a cut-off date. We are afraid this could provide opportunity for miss-use and affect the credibility of RSPO. However, it is good that a way forward has been found, and we are pleased to provide support for this in the coming year. With regard to existing plantations on peat the situation is more problematic. We are not blaming those who have already planted on peat as there was no information on peat emissions until recently, the first report being in 2006. Growers using peat are unsure on how to deal with this issue. The problem needs expertise additional to that needed to tackle GHG emissions alone, e.g. use of compensation mechanisms such as REDD, economic assessments such as cost-benefit analysis and use of experience from other sectors such as forestry and mining operating elsewhere on peat, including Europe and America, who have had to deal with similar issues. Recognizing the importance of peat as the largest terrestrial global carbon store that is under great threat as a result of drainage, deforestation and degradation, and that the RSPO WG on GHG failed to arrive at a consensus of how to deal with the issue of existing plantations on peat, and that even the minimum

estimates of CO₂ emissions from peat mean that palm oil from these plantations is inherently unsustainable and that and furthermore that there can be significant on- and off-site hydrological impacts as a result of subsidence and reduced water retention capacity. We therefore propose that RSPO establish a committee to explore and develop business models to optimize sustainability of existing oil palm plantations on peatlands, including options for restoration and alternative economic uses and after-use of plantations on peat, and that the outcome of this work should be ready for presentation at the next RSPO meeting in 2010. This means that by the 7th RSPO General Assembly in 2010, the Executive Board has developed the terms of reference for this committee and appointed its members. The committee will then develop business models for sustainable options for management regimes, appropriately to reduce emissions, mechanisms that facilitate restoration of peatlands and make recommendations for after-use of plantation areas on peat, the recommendations to be ready for presentation to members at the 8th RSPO General Assembly in 2011.

Discussion on Resolution 5.

Chair (Jan Kees Vis) explained that the resolution called for support for companies with existing palm oil plantations on peat - to help them work out sustainable business models.

Simo Honkanen (Neste Oil Singapore Pte Ltd.), supported the proposal but wished to comment that lately in the EU Renewable Energy Directive all plantations established on peatland before 2008 are 'legal' so we don't need a business model for these plantations, although there may well be other reasons for looking at this.

Marcel Silvius (Wetlands International). Legality is not the issue here; we are concerned how we can optimize sustainability of the palm oil of RSPO members.

Tim Killeen (Conservancy International) emphasized that the proposal is really a distinct issue from that addressed by the Greenhouse Gas Working Group and to be addressed by the second iteration of the Group. The Greenhouse Gas Working Group deals with carbon accounting and new plantations and forward-looking scenarios, and also compensation mechanisms which are all very important. But peat is also about water – peat land is wetland, with water being the most important natural resource. There are effects on hydrology to consider as well as the impact of rising sea levels on lowlying peat areas. Peatlands themselves serve as a natural protection against rising sea levels. The latter will have a particularly large impact in Indonesia with more than one million hectares affected in the next 100 years.

Dato Mamat Salleh (MPOA) Stood up for a comment and a question. On Best Management Practices for reduction of greenhouse gases – he thought there is research on it. But the phrase, 'Recommendations on **after use** of plantation areas on peat.', what does 'afteruse' mean?

Marcel Silvius (Wetlands International). The problem can only be resolved over time. It may include only one or several crop cycles. At some stage plantations on peat become unsustainable and in some case un-drainable. So first we need to find out how to optimize management to reduce emissions and then also look at alternative uses after a period of growing oil palm. Here we could perhaps benefit from the experience of other industries such as the mining of peat, after which alternative uses are required. This is after-use.

Mamat Salleh (MPOA) Is it therefore being implied that oil palm cultivation on peat would have to cease after one or two crop cycles?

Marcel Silvius (Wetlands International). explained that they believe that the issue can only be resolved over time. It may take one crop, or several crops. At some stage, considering the water situation, the plantation will become unsustainable, or uneconomic because it can no longer be drained, at least in many situations, if not all. So, they believe it wise to first explore how to optimize management to reduce emissions in plantations – keep the plantations on peat but reduce their gaseous emissions. Secondly, to look at the alternatives. They had talked to growers, and some feel that they should gradually phase out oil palm on peat, and use the peat for other things because it cant be just left there. But, what are the alternatives? That's why it is good to look at after-use possibilities. This is the same thing as in peat mining practiced by some countries – what to do after the mining stops? There may be quite a lot of parallels there for RSPO to learn from.

Mamat Salleh (MPOA) Said that he had visited south Holland to see peat mining, but did not see any 'after-use'. He felt that the Resolution is just to get growers to stop planting oil palm on peat after one or two cycles.

Chair (Jan Kees Vis) opined that the matter is for the committee to discuss. Members should not pre-empt the committee's work because any conclusion would depend on the cost-benefits of specific situations. For example, if the carbon credit is \$20/tonne and if one is making \$1,000/hectare profit from oil palm, in the process emitting 50 tonnes/hectare/year carbon dioxide, then there is as much money from the carbon credits as from the oil palm.

Ian McIntosh (Aarhus Karlshamm) congratulated Wetlands International for the resolution – its good wording, sensibility and being what should be done. If RSPO is being asked to take responsibility over environmental issues, then it has the task to explore what is possible and come back next year with the recommendations. This is what should be done - a pragmatic way forward rather than calling for a ban which others have done. They should be talking and finding a consensus way forward, so he congratulated Wetlands International for that.

Marcel Silvius (Wetlands International). Thank you but I do need to remind you that we think there should be a stop to expansion on peat, but this is a separate issue.

*Result of vote for Resolution 5: For: 95; Against: 4; Abstentions: 22. **Adopted***

ANY OTHER BUSINESS

Denis Ruyschaert (Pan Eco Foundation). Last year there was a resolution concerned with protecting the Tripa peat swamp forests in Aceh and I was glad to have the support for this of all the stakeholders, as this is a very important area to conserve given its high biodiversity and carbon stocks. There is also support from the local Government for sustainable development of the Province. What has happened in the light of this Resolution? Despite it being adopted there have been more peat fires than in the previous year. The Secretariat and EB were informed of this via our reports and those of Sawit Watch. So why no action? I would like to have a report from RSPO on what has been done and what is intended to be done.

Vengeta Rao (Secretary-General) Said that the matter was brought up immediately after the General Assembly, at the first Board Meeting, in the early part of the year. And two RSPO members – WWF International represented by Darrell Webber and Sawit Watch represented by Norman Jiwan – followed up with the parties concerned.

Norman Jiwa (Sawit Watch) said that Sawit Watch had indeed followed up on Tripa, and would like to thank Astra for affording them the opportunity to visit the site(s), especially the company mentioned in Resolution SPS2. On the field trip, they met with NGOs in Aceh, together with Astra, for two hours. And after the Aceh meeting, three of them - Pak Derom (who, he hoped can also give an update), Pak Joko Supriyono (Astra Group) and he himself – discussed a proposal, the key points to be informed the EB. After the trips, he sent his report to NGOs, Astra and the others involved in the meeting with NGOs, and, after that, to the EB members. There has been no response yet from the parties and the EB and a resolution to the issue is still awaited.

Derom Bangun (GAPKI). I can confirm being present at the meetings just mentioned. The company concerned has surveyed the land and identified the HCV areas and has excluded about 50% of the area (around 6000 hectares) from their plantings. The question now is who is going to manage this 'set-aside'? They need to have a decision from RSPO in order to move forward. This will be part of the agenda in the EB meeting tomorrow.

Chair (Jan-Kees Vis) Can we leave this at present rather than take up more time?

Denis Ruyschaert (Pan Eco Foundation). Not really. The company concerned indicates on its website that it follows RSPO and so its actions risk damaging the credibility of RSPO. If so, RSPO's credibility has to be wondered at. If RSPO is no longer RSPO, it should not refer to itself as RSPO. There is another company directly involved that is linked to an RSPO member. There is not just one but five concession issues.

Chair (Jan Kees Vis) thanked Denis and asked for the discussion to be continued elsewhere in order not to take time off 400 people?

APPOINTMENT TO THE BOARD OF A REPRESENTATIVE FOR THE MANUFACTURING SECTOR.

Chair: Jan-Kees Vis. There are two nominations, one from Unilever and the other from Neste Oil.

*Result of voting. For Uniliver, 16; for Neste Oil, 2 **The representative from Unilever was therefore elected.***

Simo Honkanen (Neste Oil Singapore Pte Ltd.). We are not disappointed with the outcome. Our candidature was aimed to increase focus on the challenges facing palm oil related companies. We have been following developments in legislation in the USA and Europe for more than three years and we have a substantial NGO, IGO and political stakeholder engagement program and are one of the major companies familiar with developments concerning the sustainability of palm oil. We believe there is a strong market for palm oil, even in Europe. Yesterday we discussed the coming legislation and we believe that GHG challenges are basically very easy and the new requirements are not too complicated. What it calls for is joint effort, planning and leadership and that is where RSPO has a clear role. A dialogue is needed and we are happy to contribute with the knowledge we have gained in this area and we congratulate Unilever for securing the place in the EB and will continue our support as before. We are committed to use only sustainable palm oil by the year 2015. Thank you.

Concluding remarks. Chair (Jan-Kees Vis) The fact that Neste Oil was a candidate is greatly appreciated. I thank you all for attending the GA, for your support, questions, criticisms and comments and look forward to meeting you again for the RT8 in Yogyakarta in Indonesia in November 2010. The General Assembly was closed.

END OF GA6