Good afternoon, ladies and gentlemen.

The RSPO president has given a broad presentation of the RSPO, its past and present. I will now go over one particular aspect, which as the president mentioned is somewhat technical: the principles and criteria. I believe most of you are familiar with the principles and criteria, so I will review them very briefly and then later we can take any questions that you may have.

Most of you are aware that there are 8 principles, 39 criteria and 119 indicators. The exact number of indicators varies: there may be a few more or a few less, depending on which national interpretation is involved. However, the RSPO’s basic principles and criteria have 119 indicators.

The 8 principles are: transparency, legal compliance, economic viability, best practices, environmental responsibilities, community responsibility, responsible new plantings and continuous improvement.

We will start with the first principle, commitment to transparency. In this principle there are two criteria, 1.1 and 1.2. As the wording suggests, the principle refers to transparency. Criterion 1.1 says that full information is available to stakeholders in appropriate languages, allowing timely and effective participation. Criterion 1.2 says that management documents are publicly available, except where prevented by commercial confidentiality.

Principle 2 is another universal principle: compliance with applicable laws and regulations. This means that all applicable local, national and international
laws and regulations should be complied with. In the case of international norms, this refers to those which have been ratified by the country, which later develops a national interpretation.

Criterion 2.2 is fundamental in agriculture. It says that the right to use the land can be demonstrated and is not legitimately contested. The key phrase is right to use the land. This does not necessarily mean land ownership; rather, there must be sufficient evidence that there is a right to use the land. 2.3 is similar: there must be evidence that the use of the land does not diminish another person’s right, especially in areas where there are land-rights conflicts.

Principle 3 refers to planning. Here I must pause to say that the RSPO principles and criteria is a certification of the product as much as of the process. These are questions that we are asked by certification bodies which use either product certification or process certification, like ISO 14000. You will see in the RSPO criteria a series of requirements regarding planning and the series of requirements regarding a particular product. So 3.1 is about long-term productivity and quality of the products produced, and 3.2 about grower and processing plant practices which are optimal in maintaining production of high-quality CPO. The latter is, of course, the basis for one of the 3 Principles of sustainability and this underpins profitability.

Principle 4 is familiar to all producers. It refers to best practices for growers and for processing plant engineers. These are areas where traditional oil palm agriculture is nearly always common. However, it is important to look at specific indicators because there are some with which many agricultural companies may not be able to comply, even though they have been growing oil palm for a long time.

Under Criterion 4.1, operating procedures are documented. This includes planting manuals and standard operating procedures. 4.2 relates to soil, one of the fundamental resources in agriculture. The RSPO requires that soil fertility is not diminished and therefore that soil degradation, in particular erosion, is controlled. Practices should also consider water, an equally important resource both globally and in agriculture, especially palm oil agriculture. Both the quality and the availability of surface water and groundwater should be maintained. There are parts of the world, such as India, where much of the oil palm is grown under irrigation, and in such contexts that the issue of groundwater will be particularly pertinent.

Principle 4 has the largest number of criteria because it regards the essence of the production itself. This includes pests and diseases, the movement towards responsible use of agrochemicals, and the incorporation of integrated pest management techniques. Of course, the use of chemicals can endanger both human health and the health of the environment. As in all companies, occupational health and safety measures must be implemented. There should be relevant national indicators or requirements; otherwise, the generic RSPO Principles and Criteria provide some guidelines.

Criterion 4.8 states that staff, workers, smallholders and contractors should be appropriately trained. This comes up again in Principle 8, which talks about continuous improvement.

Principle 5 moves away from questions of profitability and towards questions of environmental responsibility and the conservation of natural resources and biodiversity. Companies should begin with an assessment of the environmental impacts, both positive and negative, of the agriculture and processing, and the results must obviously be taken into management planning and implemented in operational procedures.

Criterion 5.2 refers to biodiversity. An understanding of plant and animal species and habitats inside and around the planted area must be established. When reference is made the planted area, there are generally national guidelines and indicators about how this should be interpreted. The national interpretation will define what is meant by the planted area, because there are obviously large differences between a small farm and a large plantation.

Once 5.2 has been satisfied, then obviously there must be a plan to manage the biodiversity which has been identified; the Principle 5 is an environmental responsibility. I think we have all seen, even here outside this conference hall, three bins – one for paper, one for plastics, and one for miscellaneous waste. I think oil palm agriculture should also be able to take responsibility for all the waste that it produces. Almost always the biomass produced at the processing plant
is recycled, but the disposal of solid waste from the housing located within the plantations should also be taken into account.

Criterion 5.5 refers to energy use and renewable energy. Many oil palm mills use oil palm shells for energy, but few take care to record the quantity of shells used, the quantity of energy produced, and so on. The RSPO would like processing plants to be able to provide information about their energy use. Of course, some energy is used for lighting plantation housing and other purposes.

Criterion 5.6 has just been addressed by the president of the RSPO. In a broad sense, the use of fire should to be controlled. In the case of Southeast Asia which has adopted a regional zero-burn policy, the only exception will be when fire is required to get rid of disease, for example with authorization from the national sanitation authorities. Criterion 5.7 states that plans to reduce pollution and emissions, including greenhouse gas emissions, are developed. We will return to these two criteria later.

Principle 6 addresses the human aspect of palm oil production, whether on the farm or in the processing plant, as well as in society and local communities. Again the first step is an assessment of the impacts of processing plants operating in a certain area, with a certain community, both within and outside the plantation. In the preparation of this social impact assessment, there must obviously be open and transparent methods for communication and consultation between growers and mills. Many of the first certifications in Southeast Asia suffered from the problem that the social impact assessments were not sufficiently inclusive. The plantation or farm prepared a record of what it perceived as social impacts, but very often there was insufficient consultation with local communities, workers, and others who were affected. As a result, this is something that needs more attention.

Criterion 6.3 refers to fact that, while in many countries there are laws that determine how some of these issues will be dealt with, for example through complaints, there will also be some that are outside the law (...). One example is right of passage through a farm enjoyed by a community or village which lies behind a plantation. Local people may have traditionally used a road through the farm, but it is unclear what document contains this right of passage. Such issues recur in Criterion 6.4, particularly in the case of land right issues, in which the RSPO is concerned about what compensation mechanisms exist and that they are well documented, transparent and so on. Principle 6 is one of the more extensive principles because it includes all those found in or around the community, plantation or farm.

Criterion 6.5 talks directly about those who contracted by the farm, whether as employees or contractors, and Criterion 6.6 talks about the right that these people have to organize themselves into trade unions in the place where the oil palm is cultivated.

Criterion 6.7 refers to child labor. This is universal. If a company requests RSPO certification, it is something for which the certifier or auditor will require evidence.

Criterion 6.8 addresses discrimination based on race, caste, or other factors. Discriminatory hiring policies should not be in place or supported. In some countries, there may be policies to benefit minorities, affirmative action policies, and so on. If so, this criterion will be addressed more directly by the national indicator.

Criterion 6.9 is about smallholders and other local businesses. Smallholders in particular... This will reappear when organizations request certification. If a mill receives crops from some smallholders, then this business of dealing fairly and transparently with them as well as local businesses will come up during the audit.

Criterion 6.10 addresses the fact that, when palm or oil plantations are present in the area for many years, they become an integral part of the community and geography of the region. Hence, the company has the opportunity to contribute to growth and development and, once again, this will be something that will be
examined during the certification process. In fact, tomorrow’s presentation on certification… Auditors are also required to note any positive aspects that the farm or the plantation is contributing to the community and to society, also addressed under this criterion.

Principle 7 is about the development of new plantations. I would probably say that this is most sensitive and most relevant to Indonesia. Nevertheless, there are new oil palm developments throughout the world’s tropical regions, so the issue will be of increasing relevance.

Criterion 7.1 requires a Social and Environmental Impact Assessment (SEIA), which, once again, must be comprehensive and participatory. Different countries have different requirements that will be included in the national interpretations.

Criterion 7.2 refers to soil surveys and topographical information. 7.3 states that new plantings since November 2005 have not replaced primary forests or one or more zones of High Conservation Value (HCV). November 2005 is known as the RSPO cut-off date. At the meeting in February 2008, when Indonesia presented a case with some plantings between November 2005 and November 2007, the RSPO board decided that the November 2005 date remained. There is a misconception that the date has moved to November 2007; it has not. What the RSPO board did decide is that, for plantings between 2005 and 2007, a subset of RSPO criteria should apply. This subset is detailed here in blue lettering. This is something that has been done well in terms of HCV compensation, so that if… Fundamentally, if land planted between 2005 and 2007 was previously forested, it is incumbent upon whoever planted that land to prove whether there is a conservation value or not and, if there is, what compensation mechanisms should apply.

Under Criterion 7.4, steep terrain and marginal and fragile soils are considered. The details will be in the national indicators. For example, in some countries steep soils are considered as those with 25° slopes, whereas in others the standard is 20° slopes. In some countries, marginal and fragile soils are peat, in others they are acidic soils or coral soils, and so on. Again, this depends on the national interpretation.

Jan Kees touched on Criterion 7.5, the concept of free, prior and informed consent (FPIC). This has now become a well-developed mechanism within the RSPO. Extensive work has taken place in the last two years so there are very good guidelines within the Secretariat for any organization, farm or community that wants to review such recommendations.

Criterion 7.6 follows on from this, referring to compensation for land acquisition and relinquishment of rights. 7.7 addresses the avoidance of the use of fire other than in specific situations, which should be explained… A significant proportion of Southeast Asian palm oil producers are members of the RSPO. The great haze that the world witnessed in 1997-98 no longer occurs today. There may be some burning here and there, but the lack of a haze has been attributed to 7.7 taking effect.

Lastly, Criterion 8.1 states that growers should regularly monitor and review their activities and develop and implement action plans that allow continuous improvement to be seen. I have listed - this is not in the Principles and Criteria - some of the things that certifying bodies and auditors look for when they look for continuous improvement. Pesticide use is obviously an area where I think much of agriculture can re-examine its records and, of course, take into account improved productivity. One should not think that the RSPO is all about placing a burden on producers and growers: it is also an opportunity to improve productivity. This is something the auditing body or certifier notes – whether there is something very positive that the farm, plantation or estate is doing that undoubtedly improves its productivity.

The same applies to recycling and maximizing waste usage, restoration of water reserves, and greater conservation efforts. There may be mountainous and steep areas within a farm that have not been planted. If the plantation owner or grower does not simply neglect them, but rather takes more proactive steps and looks into what can be done to improve their biodiversity, this will be noted during the certification.

To restate, social and environmental aspects start off with a survey and then improvements are made against this baseline. Nobody is saying that this baseline must be the best in the world. Instead, the survey will record the situation at a given moment, what should be done, what improvements can be made and simple things like budgetary and human resource allocations for
them. These are sustainability improvements, which I have written as RSPO improvements. Criterion 8.1 is, I think, a conscious effort to devote time, energy and perhaps money to improve things substantially.

There are three areas that are being looked at by the RSPO:

- Greenhouse gas emissions
- HCV and biodiversity indicators
- Integrated weed management / review of agrochemicals

The agrochemical usage comes in Criterion 4.6. The present criterion talks about WHO Type 1A and 1B Stockholm Rotterdam Conventions, and growers are actively seeking to identify alternatives. For example, a key agrochemical being debated is paraquat, but the RSPO study goes beyond this one substance. What the RSPO study is hoping to achieve is a review of the agrochemical usage in palm oil production.

With regards to tropical crops, except in Africa, palm oil is a relative latecomer, compared to rubber, cacao or other crops, such as maize and rice. The agrochemical usage in the palm oil industry is generally a “borrowed” usage: that is, it has been taken from rubber, cacao, coffee or rice growing. There has not been a truly comprehensive review of which agrochemicals are being used, which are appropriate and which are not. The way the RSPO is taking this forward is to do a review of total agrochemical usage. The terms of reference for such a review have been drawn up. At the moment, the RSPO is in negotiations with CABI, a world-renowned research institute for tropical agriculture, to see if it can conduct the review on the RSPO’s behalf.

The outcome of the review will have effect Criterion 4.6. The president mentioned earlier a multi-stakeholder process which is going forward. The terms of reference for this have been accepted by a multi-stakeholder group. There are organizations which do not like a particular agrochemical; there are multi-billion dollar chemical companies which want to see the continued use of their chemicals. The terms of reference have put both parties around the same table to agree that this will be the way forward.

The next area has a number of criteria, referring to high conservation value and biodiversity. These terms are easy for many to say. However, when it comes down to defining biodiversity and getting tools which allow growers to measure it, most people at least are left in a daze. The RSPO is not about flying very expensive consultants halfway around the world to tell a small farmer what is biodiversity and what is not. So, there is work in progress to look into this particular area; it touches on both Principle 5 and in particular Criterion 7.3. Because of new plantings, and as oil palm expands into new areas, the concern is, will biodiversity be the victim? If it is, then the world is not better off. It may be that oil palm initially feeds more people but that food’s own sustenance is going to fall into the trap and biodiversity is going to suffer.

The issue is how we can properly integrate such considerations into the RSPO Principles and Criteria, in particular national indicators. There are problems of spatial planning; sometimes it is not just a farm or a plantation, but a larger landscape issue. Then, there is link to forest conversion and there should be very clear guidance for “Allowed” and “Not Allowed” areas. Of course, it is not just about the extinction of species or the identification of threatened species: it is about ecology, sustainable systems, and so on.

The RSPO is working with an organization under the international finance cooperation mechanism known as the Biodiversity and Agricultural Commodities Program (BACP). BACP covers 4 commodities: palm, soy, cotton and cocoa and sugar cane, I believe. What is important for us is that it covers palm, so we have a collaborative program with the BACP which will obtain funding to support this area of further investigation, studies, etc.
The way this works is that the RSPO-BACP program will be requesting a number of research and outreach projects to talk about biodiversity to develop toolkits and so on. Announcements published on the RSPO and the BACP websites called for project proposals, proposals for studies, proposals for development, proposals to produce educational material and so forth. We believe this is a long-term program, a 5-year program. However, as we go forward, we believe there will be outcomes in terms of products that will better address biodiversity and high conservation value issues in the production of all four commodities but of palm oil in particular. I say palm oil in particular because, of the four commodities, the BACP program has started with palm oil. It did so because it works with the relevant multi-stakeholder organization and in this case the RSPO is available for to join forces with it.

A biodiversity technical committee is being set up and a biodiversity coordinator has been recruited. These will be some of the outcomes that we will see in this area of work. The definition of HCV methodology for conducting HCV, etc.

Under Criterion 5.7, plans to reduce pollution and emissions, including greenhouse gases, are developed. This is the third criterion that is being reviewed.

The terms of reference for the greenhouse gases working group are now being finalized. Once this is done, the working group will begin its task. The following is a description of the general methodology within the RSPO when criteria, principles or indicators are being reviewed. There is a multi-stakeholder process, with terms of reference with which all stakeholders are comfortable. Stakeholder concerns are addressed, and then the process will move from emotion and politics to involve people who are knowledgeable in the issues and whose expertise covers particular issues. The RSPO looks to such working groups to point the way forward. So this is what is taking place at the moment.

In this sense, if we look at the RSPO principles and criteria, the first version was announced in 2005 and subsequently adopted by the Third General. The second version came last year after a two-year trial audit. We are now probably looking at a third version for 2009 or 2010 to address any of these three issues. How version 3 will look will only be known as the three working groups have begun their work. If a working group has completed its work and all the stakeholder concerns are accepted, the General Assembly adopts the work and a new criterion or a change to an existing criterion is then established.

In RT5, RT4 and others, there was a great deal of debate about principles and criteria. RT6 is moving the debate on to smallholder participation, supply chain certification and other issues. However, the first session of RT6 actually looks at live certification, some of the criteria that pose problems for auditors and for companies. So that’s an area where the principles and criteria will again be re-examined, as the RSPO moves forward to issues of the supply chain, smallholder participation, and government involvement.

Thank you.