

# MINUTES OF MEETING OF RSPO

## 12<sup>th</sup> RSPO CTF MEETING

### Minutes for RSPO BHCV WG

Date: 09/09/2014 – 10/09/2014

Start Time: 9 a.m.

Venue: Pacific Regency Hotel, Kuala Lumpur

### Attendance

#### Members and Alternates

1. Olivier Tichit (OT, Sipef) – Co-chair
2. Anne Rosenbarger (AR, WRI) – Co-chair
3. Dr. Gan Lian Tiong (GLT, Musim Mas)
4. Peter Heng (PH, GAR)\*
5. Richard Kan (RK, GAR)
6. Norazam Abdul Hameed (NAH, FGV)
7. Michal Zrust (MZ, ZSL)
8. John Payne (JP, BORA)
9. Dwi Muhtaman (DM, Remark Asia)
10. Cecep Saepulloh (CS, Remark Asia)
11. Simon Siburat (SiS, MPOA)
12. Ginny Ng (GN, WILMAR)
13. Lanash Thanda (LT, SEPA)
14. Harjinder Kler (HK, HUTAN)
15. Melissa Yeoh (MY, WWF MY)
16. Adam Harrison (AH, WWF INT)
17. Glen Reynolds (GR, SEARRP)
18. Sabarinah Marzuky (SM, SIME)
19. Lee Swee Yin (LSY, SIME)
20. Tang Meng Kon (TMK, SIME)\*
21. Cahyo Nugroho (CN, FFI)

#### RSPO Advisors

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#### Secretariat Staff

Salahudin Yaacob (SY)  
Oi Soo Chin (OSC)  
Dillon Sarim (DS)

\* Attended only on 10<sup>th</sup> September 2014

#### Agenda

##### First Day

1. Opening Meeting by Co-chair
2. Operational matters
3. Update on outreach programme in Jakarta, Kuala Lumpur, Bogota and Accra
4. Update on TOR for LUC Reviewer and progress of LUC analysis for companies involved in compensation process
5. Discussion on TOR for Compensation Proposal Reviewer
6. Discussion on LUC analysis for compensation of social HCVs and other issues from outreach programme
7. Compensation process/flowchart
8. Presentation on results of disclosure, discussion on issues and next steps

9. Update and discussion on vegetation coefficient studies in Africa and Latin America

**Second day**

- 10. Discussion on RT12 presentation
- 11. Flowcharts for connecting supporting documents
- 12. Defining conflict of interest for compensation panel
- 13. Detailed guidance on compensation proposal (format and template)
- 14. Discussion on MPOA's study on Cost of Restoration Projects
- 15. Closing of meeting

Item	Description	Point Person
<p><b>1.0</b></p> <p><b>1.1</b></p> <p><b>1.1.1</b></p> <p><b>1.2</b></p> <p><b>1.2.1</b></p> <p><b>1.3</b></p> <p><b>1.3.1</b></p>	<p><b><i>Opening Meeting by Co-chair</i></b></p> <p><b><u>Opening meeting</u></b> The co-chair (OT) opened the meeting by welcoming RSPO CTF members and participants. He requested members and participants to introduce themselves. He then briefly presented the agenda of the meeting.</p> <p><b><u>Approval of Minutes of previous meeting</u></b> Members reviewed and approved the previous meeting notes.</p> <p><b><u>Action point</u></b> To upload approved meeting notes/minutes onto the RSPO website.</p>	<p>OSC</p>
<p><b>2.0</b></p> <p><b>2.0.1</b></p> <p><b>2.1</b></p> <p><b>2.1.1</b></p> <p><b>2.1.2</b></p>	<p><b><i>Operational Matters</i></b> Operational matters were discussed to ensure all members were well informed and understood how the TF operates. OSC presented the newly developed Code of Conduct (CoC) to members and this was followed by matters related to nomination of alternate members, members profile for RSPO BHCVWG website, sub-group tasks, TF membership and protocol to invite observers/experts.</p> <p><b><u>Code of conduct</u></b> OSC informed participants that the CoC for BHCV and CTF has been circulated to all members via email and any comments on the CoC should be directed to OSC. Hard copies of the CoC will be distributed at the next meeting for members to sign. Alternate members who will not be attending the next meeting will have to send signed copy of the CoC via email.</p> <p>SY explained that members who have breached the CoC will receive a warning letter from RSPO Secretariat. If the same member breaches the CoC for the second time, the member will be automatically terminated from the TF/WG. He also highlighted that the main</p>	

Item	Description	Point Person
	objective of the CoC is to ensure that information shared and discussed at the TF/WG are protected and remains confidential.	
2.1.3	AH asked whether the CoC is sufficient to replace Non-disclosure agreements (NDA) prepared by individual companies for compensation panel members to sign. RK replied that he would need to get back to the TF on the matter after checking with PH and their office.	
2.1.4	SY explained that there is no expiry date for the CoC. Information shared and discussed in meetings can only be released to the public only if the RSPO Secretariat has made the information publicly available.	
2.1.5	The CoC will be signed at member's level. The member has the responsibility to inform their management that they have signed and agreed with the CoC.	
2.2	<p><b><u>Recommendations:</u></b></p> <p>1) AR suggested that WRI's staff involved in LUC review to sign the CoC and copies of the signed CoC can be sent to companies involved in compensation upon request.</p>	
2.3	<p><b><u>Action Points:</u></b></p> <p>1) The RSPO to add additional line in the attendance list stating that members who have signed the attendance list are now aware of the CoC and must adhere to it for the next meeting.</p> <p>2) Alternate members to sign the CoC and have it sent to the RSPO before the next meeting.</p>	<p>RSPO</p> <p>CTF Members</p>
2.4	<b><u>Alternate Members</u></b>	
2.4.1	OSC reminded members to nominate their alternate members and send their details to the secretariat.	
2.5	<p><b><u>Action Points</u></b></p> <p>1) Members to inform the secretariat of their alternate members.</p> <p>2) Members to send in their profile, photo, and bio to the RSPO secretariat.</p>	CTF Members
2.6	<b><u>Participation of observers and invited experts at CTF meeting</u></b>	
2.6.1	Members have agreed that participants under the category of observers/experts will only get to participate in CTF meetings through invitation. These members will be invited based on their expertise and when required. RSPO members who are interested in certain topics of discussion may send in their request to co-chairs and secretariat for consideration. However, participation will take into consideration the sensitivity of issues discussed as well as number of observers/experts already involved in the meeting. Participation will	

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<p><b>2.6.2</b></p> <p><b>2.7</b></p> <p><b>2.7.1</b></p>	<p>also be limited to certain agenda in the meeting and will not be allowed to participate in the remaining discussions.</p> <p>AH highlighted that everyone should be clear that decisions are made by substantive members. OT also suggested that observers/experts would need to ask for permission to speak during the meeting. AR suggested that the CoC be sent to observers before they attend a meeting. Members who are bringing their alternates from other organisation need to inform the secretariat beforehand and to sign the CoC.</p> <p><b><u>Creating Sub-groups to Work on Tasks</u></b></p> <p>It is advised for the working group to create subgroups to work on individual tasks. Members can volunteer to work on specific topics.</p>	
<p><b>3.0</b></p> <p><b>3.0.1</b></p> <p><b>3.0.2</b></p> <p><b>3.1</b></p> <p><b>3.2</b></p>	<p><b><u>Update on the Outreach Programme in Jakarta, Kuala Lumpur, Bogota and Accra</u></b></p> <p>OSC provided updates on the outreach programme. Three outreach programmes have been completed:</p> <ul style="list-style-type: none"> <li>i) Jakarta (20<sup>th</sup> June 2014)</li> <li>ii) Kuala Lumpur (24<sup>th</sup> June 2014)</li> <li>iii) Bogota (23<sup>rd</sup> July 2014)</li> <li>iv) Accra (postponed due to Ebola outbreak)</li> </ul> <p>Comments for the respective outreach programmes were presented to members.</p> <p><b><u>Recommendations:</u></b></p> <ul style="list-style-type: none"> <li>1. OT suggested to invite growers from the Latin/Central America to come to the RT12 to present what they know about the compensation mechanism.</li> <li>2. AH suggested that the CTF may consider having regional coefficient definitions.</li> <li>3. OT suggested to explicitly highlight that the procedures encourage companies to develop brown fields rather than green fields.</li> </ul> <p><b><u>Actions Points</u></b></p> <ul style="list-style-type: none"> <li>1. The RSPO to draft all questions with answers and circulate it in the group for review.</li> <li>2. Compile issues which requires follow up action during revision of the compensation procedures.</li> </ul>	<p>RSPO</p> <p>RSPO</p>

Item	Description	Point Person
4.0	<b><u>Update on TOR for LUC Reviewer and progress of LUC analysis for companies involved in compensation process</u></b>	
4.0.1	AR presented the TOR for LUC Reviewer to members. She then explained the process involved in LUC review. She also highlighted the challenges faced to date which is related to the intactness of data received. She also provided progress report of LUC analysis for companies involved in the compensation process.	
4.1	<p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1. AR and LUC review team felt that it is helpful to generate dummy data or case studies online to show companies what should be submitted to the RSPO.</li> <li>2. There was a specific request from consultants on examples of LUC analysis with vegetation coefficients developed and available online for reference.</li> <li>3. Scope of LUC review exercise should be expanded to include checking of commercial and non-commercial clearing as well as providing recommendation on liability figures in LUC template.</li> <li>4. GLT mentioned that it is better to have companies do their own LUC analysis so that the WG has diverse LUC methodologies to choose from.</li> <li>5. AR suggested that a sub-group be developed to look at the LUC guidance.</li> <li>6. SiS suggested that LUC data could be submitted to the secretariat for review using SD card via mail.</li> <li>7. Social and environmental compensation proposal should be separated and treated as two documents.</li> <li>8. AR suggested that a specific person must be assigned to look at social compensation proposal.</li> <li>9. SY informed members that the RSPO does not collect payment from companies to pay consultants (LUC Reviewer/ Compensation Proposal/ Plan reviewer). SY suggested that companies deal directly with appointed consultants and AR suggested that the RSPO appoint consultant for companies.</li> </ol>	
4.2	<p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1) WRI to circulate the decision tree for the LUC analysis review.</li> <li>2) WRI to improve on the decision tree by adding the commercial and non-commercial land clearing information.</li> <li>3) The RSPO Secretariat and WRI to work together to check the multiplication of the liability matrixes and assists companies who are currently in the staged implementation period but have not yet been assigned their own compensation panel.</li> <li>4) The RSPO together with WRI (providing recommendations) to check the LUC analysis before having it reviewed by the BHCV WG for compensation cases without panels.</li> </ol>	<p>AR</p> <p>AR</p> <p>RSPO and AR</p> <p>RSPO and AR</p>

Item	Description	Point Person
5.0	<b><u>Discussion on TOR for Compensation Proposal Reviewer</u></b>	
5.0.1	The TOR for the compensation panel must explain very clearly on what is compensation in the RSPO context as the TOR goes to the consultant.	
5.0.2	The environmental and social HCVs plans are to be split into two documents, in which it can be reviewed separately but when applicable, the two can be made as references for each other. The environmental HCV compensation is straight forward for the WG, but in the case of social HCV compensation, the consultant has to assess what has been assessed by the company.	
5.0.3	Only one TOR will be circulated and signed by the consultant, but it can vary depending on the environmental or social compensation. It is important to make a note in the TOR on which compensation plan it refers to. There will be two consultants; the environmental compensation consultant and the social compensation consultant.	
5.0.5	<p>Criteria and what is expected from the reviewer/consultant.</p> <ul style="list-style-type: none"> <li>i) Someone who is experienced in reviewing grant proposals for NGOs and conservation projects</li> <li>ii) To provide recommendation for compensation proposal submitted by company.</li> </ul> <p>AR highlighted that the compensation proposal review process is iterative and the information should be captured in the TOR. GN suggested that a process flow for compensation review could be prepared to provide a better understanding to stakeholders involved in compensation process.</p>	
5.1	<p><b><u>Actions Points:</u></b></p> <ul style="list-style-type: none"> <li>1) The RSPO to circulate the TOR for comments.</li> <li>2) To create a sub-group to monitor the compensation proposal reviewer TOR.</li> <li>3) The RSPO to allocate the necessary capacity to review the compensation proposal. For example: hiring a new person to do the review, assigning the review to existing staff, etc.</li> </ul>	<p>OSC CTF  RSPO</p>

Item	Description	Point Person
<p><b>6.0</b></p> <p><b>6.0.1</b></p> <p><b>6.0.2</b></p> <p><b>6.03</b></p> <p><b>6.1</b></p>	<p><b><u>Discussion on LUC analysis for Compensation of Social HCVs and other Issues from Outreach Program</u></b></p> <p>OSC pointed that there were requests from members not to conduct LUC analysis for 2005 since the environmental HCVs will not be compensated.</p> <p>OT reminded TF members that the procedures required LUC analysis to be undertaken for areas without vegetation liability (for period between November 2005 and November 2007) because it is important to document loss of environmental HCVs.</p> <p>AR suggested that there should be a description for pre NPP and post NPP to determine the end date of liability. For pre NPP, period of liability ends after HCV maps have been submitted to the company and public consultation has been completed. For post NPP, closing meeting date should be used as reference with the condition that HCV maps is finalised and public consultation is completed.</p> <p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1. To communicate to the BoG regarding the cut-off dates of the compensation mechanism.</li> <li>2. To remind grower members that November 2005 is the cut-off date even though there will be no environmental HCVs liability imposed to the grower members and to inform them on the importance of the information.</li> </ol>	<p>AH</p> <p>RSPO</p>
<p><b>7.0</b></p> <p><b>7.0.1</b></p> <p><b>7.1</b></p> <p><b>7.2</b></p>	<p><b><u>Compensation Process and Flowchart</u></b></p> <p>At the previous meeting, members agreed to provide an avenue to complainants to comment on compensation proposal submitted by companies. This is to allow for contextual and additional information to be incorporated into compensation cases.</p> <p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1) The compensation process flowchart should not be amended. It should be explained clearly in the compensation procedure/guidance that the complainant can provide input into the case.</li> <li>2) Complainants should be invited to comment on liability and compensation proposal. This should be the responsibility of the compensation coordinator and be done in coordination with complaints coordinator.</li> </ol> <p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1) To add a sentence in the compensation procedure/guidance between (1b) and (2) describing the involvement of the complainants in the reported compensation cases.</li> </ol>	<p>RSPO</p>

Item	Description	Point Person
	2) To review 1b in the next meeting 3) To draft a letter to the complaints panel on what case can be referred to the BHCV WG.	CTF AH
8.0  8.0.1    8.1          8.2	<p><b><u>Presentation on Results of Disclosure, Discussion on Issues and Next Steps</u></b></p> <p>OSC presented the results of liability disclosure to the TF and highlighted issues raised during the disclosure period. The TF also provided recommendations to guide the RSPO Secretariat to overcome problems and concerns encountered during staged implementation period.</p> <p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1) Latin American growers to use existing vegetation coefficients or use their own interpretations and explain it to the RSPO.</li> <li>2) The RSPO will continue to accept liability disclosure data.</li> <li>3) In RT12, example of LUC analysis, what a review looks like, and the disclosure information (not company specific) will be presented.</li> <li>4) To maintain the LUC deadline (end of September) and extension will be granted upon request.</li> <li>5) To support smallholders with liability to undertake LUC analysis. Level of support depending on the risk involved, low risk areas could be done by WRI, while high risk areas could be done by consultants. Funding support could be from the RSPO smallholders support funds or assist smallholders to apply from other organisation such as (Deutsche Gesellschaft für Internationale Zusammenarbeit) GIZ.</li> </ol> <p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1) SIPEF has more than one country of operation. To add it into the statistics.</li> <li>2) To breakdown the non-submitter list to certified and non-certified growers</li> <li>3) To draft three follow up letters to be sent to the certified, non-certified non-submitters and smallholders.</li> <li>4) To actively remind growers of the deadline of the LUC analysis.</li> <li>5) To investigate smallholders liability area.</li> </ol>	          DS DS RSPO DS DS
9.0  9.0.1	<p><b><u>Update and Discussion on Vegetation Coefficient Studies in Africa and Latin America</u></b></p> <p>Proforest was engaged to undertake vegetation coefficient studies in Africa and Latin America. Remote consultation with targeted multi-stakeholders approach was considered the best option considering the current health situation in Africa. Proforest will submit the</p>	



Item	Description	Point Person
<p>9.2</p> <p>9.3</p>	<p>proposal with detailed methodology by mid-September and first draft by mid-December.</p> <p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1) The study should only cover oil palm planting countries in both regions.</li> <li>2) For Africa and Latin America regions, LUC reviewer will review their LUC analysis providing that justifications on the vegetation coefficients are included in the analysis.</li> <li>3) To share with Proforest vegetation coefficient information from LUC analysis from members.</li> <li>4) SY recommended to invite Latin American and African experts to review the first draft developed by Proforest.</li> </ol> <p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1) Review of first draft in January meeting.</li> </ol>	<p>CTF</p>
<p>10.0</p> <p>10.0.1</p> <p>10.0.2</p> <p>10.1</p>	<p><b><u>Discussion on Speakers Nomination for Prep Cluster Presentation Session</u></b></p> <p>SY presented the programme for RT12 and speakers for each prep cluster.</p> <p>For Biodiversity and Compensation prep cluster, the following members are involved in the prep-cluster session:</p> <ol style="list-style-type: none"> <li>1) Reporting of Disclosure: Anne to talk about the compensation progress – How to define liability, what is next for compensation mechanism? WRI to prepare mock liability data to assist the presentation (15 minutes)</li> <li>2) Remediation: Holly to make a short presentation on riparian management (5 minutes)</li> <li>3) HCV ALS by Richard Smith (15 minutes)</li> <li>4) How to compensate?: to be confirmed with Audrey (15 minutes). Presentation should also provide definition of remediation and compensation.</li> <li>5) Moderator: Olivier Tichit</li> </ol> <p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1) Clearly define the objective of the FFB Legality and Traceability as this is a very hot topic.</li> <li>2) All presentation slides are to be screened by the RSPO first.</li> <li>3) For panel discussion, the number of NGOs and Growers should be balanced to make the panel discussion neutral.</li> <li>4) Suggestion to bring other high ranking senior lecturers from Faculty of Forestry from universities in Indonesia to RT12 instead of bringing a minister for the government initiatives session. OT suggested to invite Dr. Bungaran from <i>Universitas Gajah Mada</i>. Glen suggested Professor Fahmuddin Agus and/or Professor Yadvinder Mahli from Oxford.</li> </ol>	

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10.2	<p>5) It was recommended to the RSPO to bring someone from RTRS to the RT12.</p> <p>6) To add another 'World Café' session specifically for compensation.</p> <p><b>Action Points:</b></p> <p>1) MZ and Cahyo to make necessary planning arrangement for WC.</p> <p>2) Members to review/provide feedback on the prep cluster presentation – GR volunteered to do the review.</p> <p>3) Salahudin to confirm with CTF whether it is possible to organise World Café session.</p>	<p>MZ</p> <p>CTF Members</p> <p>SY</p>
<p>11.0</p> <p>11.0.1</p> <p>11.1</p> <p>11.2</p>	<p><b>Flowcharts for Connecting Supporting Documents</b></p> <p>The TF members recognised the need to link all supporting documents to the existing compensation flowchart to help members better understand the process and fill in required forms/templates.</p> <p><b>Recommendations:</b></p> <p>Documents should be numbered and incorporate into the existing flowchart.</p> <p><b>Action point:</b></p> <p>RSPO to work with NAH to organise the supporting documents and link it with existing flowchart.</p>	<p>RSPO &amp; NAH</p>
<p>12.0</p> <p>12.0.1</p> <p>12.1</p> <p>12.2</p>	<p><b>Defining Conflict of Interest for Compensation Panel</b></p> <p>TF members defined 'conflict of interest' for compensation panel as below. Members were advised to make self-declaration before being involved in a compensation case. Members agreed not to have BoG members be elected as compensation panel in the future.</p> <p><b>Definition of Conflict of Interest:</b></p> <p>A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest (Business dictionary).</p> <p><b>Action points:</b></p> <p>Members to send to the RSPO examples of conflict of interest.</p>	<p>CTF</p>

Item	Description	Point Person
<p><b>13.0</b></p> <p><b>13.0.1</b></p> <p><b>13.1</b></p> <p><b>13.2</b></p>	<p><b><u>Detailed Guidance on Compensation Proposal (Format and Template)</u></b></p> <p>The CTF discussed the format and template for the compensation proposal. See <b>Annex 2</b> for proposed compensation proposal format.</p> <p><b><u>Recommendations:</u></b></p> <ol style="list-style-type: none"> <li>1) To incorporate remediation into the compensation proposal</li> <li>2) Compensation proposal should be per management unit</li> <li>3) Summary of the company's total liability to be presented in the proposal.</li> <li>4) Description of remediation and compensation plan addressing all identified liabilities including timelines. This includes the changes of SOP (if any), HCV compensation plans, onsite remediation, FPIC processes and monitoring and evaluation plan</li> <li>5) Description of the onsite remediation plans in accordance to BMPs as per the RSPO P&amp;C and NIs or Lis.</li> <li>6) For environmental HCVs compensation, justification of choosing in-situ and/or ex-situ, option 1 versus option 2, description of how the project is additional, long lasting, equitable and knowledge based; overall goals and individual objectives; description of activities and outputs; timeframe; roles and responsibilities; resources which includes capacity and budget.</li> </ol> <p><b><u>Actions Points:</u></b></p> <ol style="list-style-type: none"> <li>1) Panel to extract lessons learned from compensation proposal.</li> <li>2) Engage growers for BMPs for fragile soils</li> <li>3) To revise the format of the compensation proposal for improvement.</li> </ol>	<p></p> <p>RSPO</p> <p>RSPO AH and AL</p>
<p><b>14.0</b></p> <p><b>14.1</b></p> <p><b>14.2</b></p> <p><b>14.3</b></p>	<p><b><u>Discussion on MPOA's study on Cost of Restoration Projects</u></b></p> <p>SiS on behalf of MPOA presented the cost of restoration projects study conducted by Sime Darby.</p> <p><b><u>Decisions:</u></b></p> <ol style="list-style-type: none"> <li>1) To re-label compensation to contribution. The process will still be referred to as compensation, but when it involves monetary value (option 2), it will be referred to as HCV contribution.</li> </ol> <p><b><u>Action point:</u></b></p> <ol style="list-style-type: none"> <li>1) To write to MPOA to thank them for the study.</li> <li>2) To review the study together with existing and future data.</li> </ol>	<p></p> <p>RSPO CTF</p>

Item	Description	Point Person
15.0	<i>Closing meeting</i>	
15.0.1	Next meeting will be held for three days on the 26 <sup>th</sup> , 27 <sup>th</sup> , and 28 <sup>th</sup> of November in Denpasar, Bali, Indonesia. OT closed the meeting and thanked members for their participation.	

## ANNEX 1: Attendance Sheet



Roundtable on Sustainable Palm Oil

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**12<sup>th</sup> Meeting of RSPO CTF**  
**9<sup>th</sup> – 10<sup>th</sup> September 2014**  
**Pacific Regency Suites Hotel, Kuala Lumpur**

No.	Name	Organisation	Signature 9/9/14	Signature 10/9/14
1.	OTTICHT	SIPEF		
2.	Anne Rosenbarger	WRI		
3.	SIMON SIBURAT	MPOA		
4.	Richard Van	GAAP		
5.	Lanash Thanda	SEPA		
6.	HARTINDER KLER	HUTAN		
7.	John Payne	BORA		
8.	MEWSSA YEON	WWF M'sia		
9.	ADAM HARRISON	WWF Intl.		
10.	GUEN REYNOLDS	SEAROP		
11.	MICHAEL ZRUST	ZSL		
12.	Sabarinali Marumug	Sime Darby		
13.	lee Swee Jin	Sime Darby		
14.	MORDAM ABDUL HAMEED	FGV		
15.	Dwi R Muntaman	Remark Asia		
16.	CEEP SAEPULLOH	Remark Asia		
17.	CATYO NUGROHO	FFI		
18.	GINNY NG	MPOA		
19.	Suria Sukswan	HCVRN		



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Roundtable on Sustainable Palm Oil

No.	Name	Organisation	Signature 9/9/14	Signature 10/9/14
20.	MELISSA YEON	WWF MSIA		
21.	ADAM HARRISON	WWF Intl.		
22.	SIMON SIBURAM	MPOA		
23.	GLEN POWERS	SEARCH		
24.	<del>Lanash Thanda</del>	<del>SEPA</del>	<del></del>	
25.	Peter Deng	GMK		
26.	Henry Sufwan	Southern		
27.	Gan tiku Tieng	Muslim Mor		
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## ANNEX 2

### **Remediation & Compensation Proposal/Plan Format**

1. Summary of total liability for individual management unit (social and environmental liability).
  - Grouping total compensation project liability
  - Should copy template 6 plus social liability.
2. Description of remediation and compensation plans addressing all identified liabilities including timeline.
  - Changes of SOPs if necessary
  - Onsite remediation (riparian, steep areas, etc)
  - Compensation plan for loss of HCV 4-6 (social HCVs)
  - Compensation plan for HCV 1-3 (environmental HCVs)
  - Description of how FPIC processes have and/or will be included in remediation & compensation plans as appropriate (including planning, implementation and progress updates).
  - Monitoring and evaluation plan
    - Baseline description
    - Strategic review
3. Description of onsite remediation plans in accordance to BMPs as per RSPO P&C and National Interpretations or Local Interpretations
  - Riparian areas according to RSPO BMPs (after the endorsement)
  - Steep slopes
  - Existing planting on peat managed according to RSPO BMP on Peat (RSPO BMP for peat and RSPO BMPs for management and rehabilitation of natural vegetation associated with oil palm cultivation on peat).
  - For fragile soils, plans for best available practices to be used. (Note: Engage growers to develop best management practices – panels to extract lessons learned)
4. Remediation and compensation for the social impacts of the loss of HCV 4-6 (social HCVs)
  - Record of negotiated agreement or plan to negotiate an agreement with the affected communities and representatives.
  -
5. Compensation Plan for HCV 1-3 (environmental HCVs)
  - A justification of choosing in-situ and/or ex-situ
  - Justification of choosing option 1 and/or option 2 (Note: Justification potentially to include hierarchy justification, Glen to prepare draft)
  - Description of how projects are designed to deliver outcomes that are additional, long-lasting, equitable and knowledge-based
  - Description of goals and objectives
  - Description of activities and outputs
  - Timeframe
  - Roles and responsibilities
  - Resources (capacity and budget)

## ANNEX 3

## Cost of Restoration Project: Literature Review and Malaysian Growers' Experience

Presentations to : Compensation Task  
Force members

Date : 10<sup>th</sup> Sept 2014

Venue : Pacific Regency Suite Hotel, KL



Mr Dato' Webber  
Secretary General  
RSPO Secretariat  
Unit A-37/1, Menara UOA-Berjaya  
No.3, Jalan Dangsan Utama 1  
50000 Kuala Lumpur,  
Malaysia.

## Background

Dear Mr Webber,

Wishing you a Happy New Year!

On behalf of the MPOA EXCO, I wish to convey our decision on the delayed implementation of the HCV Compensation Procedures made on the 20<sup>th</sup> December 2013.

We wish to reiterate our sustained objection, stance on the staged implementation of the HCV Compensation Procedures, based on the ten concerns as delivered via Dr. Khairul Hasmim, as representative of the MPOA in the RSPO EB on 17<sup>th</sup> and 19<sup>th</sup> November 2013 until they are satisfactorily addressed.

On this aspect, I am available only to discuss on the aforementioned concerns.

## The 10 Points of Concerned on HCV Compensation

The Board of the RSPO discussed this proposal in its last meeting in Medan and was asked by the CTF to agree to the staged implementation. The MPOA representative raised a sustained objection to the decision being taken and cited the following ten particular reasons for the objection:

1. The need for a legal opinion on whether entering into an RSPO compensation procedure would be seen as an 'admission of guilt'?
2. The need for a legal opinion on the details of compensation procedure being made;
3. The need for a legal opinion on the mandatory nature of compensation;
4. The need to explore the financial implications of the proposed costs;
5. The need for further cases studies of the costs of conservation;
6. The need for further review of the way to approach social compensation;
7. The need for further assessment of the impacts for small estates and smallholders;
8. The need for an assessment of whether compensation will help transform the market of make CSPO a niche;
9. The need to explore options for cost sharing with the supply chain; and
10. The need to raise awareness and capacity amongst the industry on HCV.



## Background

20<sup>th</sup> January 2014

Dato' Mukhlis Marican  
Chief Executive  
Malaysian Palm Oil Association (MPOA)  
22<sup>nd</sup> Floor, Leaning Tower And, Jalan Ampang  
Kuala Lumpur

Dear Dato' Mukhlis Marican,

I refer to your letter dated 2<sup>nd</sup> of January 2014, which we received on 10<sup>th</sup> of January 2014.

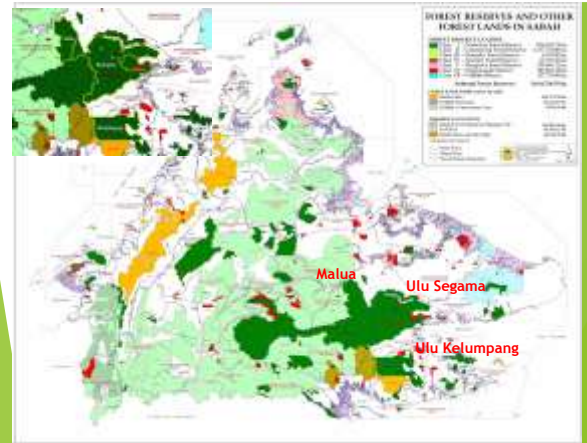
The RSPO Board of Governors (BoG) convened a meeting on the 23<sup>rd</sup> January 2014 to discuss, specifically, the matter of MPOA's sustained objection to the proposed staged implementation of the RSPO Compensation Procedure (CP) and the 10 requests that the MPOA has made related to those procedures.

- h) **What are the financial impacts of implementing the CP as recommended by the CTF?**  
A consultancy was previously commissioned by the CTF, to provide indicative costs of rehabilitation of High Conservation Areas and therefore the impacts to the affected grower member could be ascertained. This consultancy was previously reviewed by members of the CTF, including grower members within the CTF. Nevertheless, the BoG recommends that MPOA conduct a similar study, of its own, and present it to the CTF for review and consideration.



## ISSUE at HAND

- 1) CTF was formed in August 2011. The role of CTF was to develop a guideline document on HCV compensation and then conduct pilot tests for the proposed mechanism.
- 2) Within this guideline a HCV compensation rate was proposed. USD 2,500-USD 3,000/ha was suggested as an indicative figure for the cost of long term forest restoration and/or conservation efforts and will be calculated as one-off figures.
- 3) The indicative cost of restoration was formulated based on income per hectare from planting following several criteria (such as 10-year averages to take account of market fluctuations).
- 4) However, there is still no consensus on the HCV rate of compensation by the growers.
- 5) MPOA undertook a similar study on the review of the Cost of doing Restoration in the Malaysian Context



Project Site - Rehab of Northern Ulu Segama Malua FR	285,000 ha
Restoration & Conservation area for Orang Utan Habitat	5,400 ha
Restoration Programme Silviculture, maintenance	Enrichment planting with local indigenous fast growing spp. And Dipterocarps for habitat enhancement and future timber productions
Project Management	Joint Sime Darby Foundation and SFD (2009)
Steering Committee	Sime Darby Foundn, WWF, Wildlife Dept, Sime Plantations and Yayasan Sbh
Project Cost	USD 790/ha (RM 2,600/ha)

Restoration of Steep Land in Jenta Estate	151 ha of Steep land (> 25 degree slope)
Objective	Wildlife Corridor
Restoration Programme	Enrichment planting by planting trees at 1,000 trees/ha density
Project Management	Sime Darby Plantations (2013)
Activities	Nursery establishment, land preparations, field plantings and maintenance. First planting in 2014.
Project period	2013 - 2018 (5 years)
Project Cost	USD 1,645 /ha or RM 5,430/ha

Project Site - Reforestation of Logged Over Pasoh FR.	
Rehabilitation of Logged over Dipterocarp Forest in 1999.	Various sizes
10 m x 10 m x 5 ha- Gap Planting	RM 380/ha
Line Planting	RM 2,862/ha (USD 867/ha)
20m x 20 m x 5ha- Gap Planting	RM 1,520 /ha (USD 460/ha)
10 m x 10 m x 5 ha - Gap Planting	RM 684/ha (USD 207/ha)
Operation	Site preparations, seedling procurement and planting
Early establishment of Dipterocarp seedlings - 5.6 ha (1991-1994)	RM 4,633/ha for 4 years (USD 1,400/ha)
Operations	Planting stocks, fertilizer, transportation, planting and maintenance

Project Site - Reforestation of Ulu Kalumpang FR	Project size = 5,118 ha
Rehabilitation of Lowland Dipterocarp.	Sabah Forest Department (2012)
Total Cost for 5 year project	RM 3,297/ha (USD 1,000/ha)
Cost Breakdown for 5 years	
Planting Preparations	RM 1,233/ha (USD 373/ha)
Activity and materials	RM 1,584/ha (USD 479/ha)
Maintenance and materials	RM 480/ha (USD 148/ha)

Project Site - Reforestation of Ulu Segama Malua FR	Project size = 241,098 ha
Rehabilitation of Lowland Dipterocarp.	Sabah Forest Department (2012)
Total Cost for 5 year project	RM 3,394/ha (USD 1,028/ha)
Cost Breakdown for 5 years	
Silvicultural	RM 350/ha (USD 106/ha)
Planting Preparations	RM 506/ha (USD 153/ha)
Activity and materials	RM 1038/ha (USD 314/ha)
Maintenance and materials	RM 1500/ha (USD 455/ha)

Project Site - Malua Conservation Project	
Critical Wildlife Habitat in Sabah	Partnership between Sabah Forestry Dept and New Forest Ltd
Concept of Eco-Biobank and Self Financing by creating a commercially sustainable model for large scale conservation and reha	Concept is to translate forest conservation into a tradeable product so that biodiversity conservation could compete with other land uses on a commercial basis through the selling of Biodiversity Certificate
Cost of Certificate	USD 1,000/ha

## Conclusions

1. There are limited restoration projects within Malaysia, the mentioned projects provide a baseline or guidance to the expected cost of restoration.

2. Based on the actual project implemented for tree planting of lowland dipterocarp only, none of the restoration cost exceeded the indicative HCV compensation rate of USD2,500/ha.

From MPOA Review  
Highest cost of restoration is RM5,430/ha (USD1,645/ha)  
Jentar Estate ( Restoration of Steep Hills)

Lowest Cost is RM2,600/ha (USD780/ha) for Northern Ulu Segama Project by SDP.

3. Recommendation HCV Compensation - Below USD 1,000/ha

## Conclusions

4. Additional proposal from the growers would be the renaming of the "HCV compensation" to "HCV contribution". Such move will portray a positive move by the growers to commit to the biodiversity conservation project. The terminology would also be devoid of growers from unnecessary complications such as legal or law suit.

5. Current Market Sentiment for CPO Pricing is not so favourable. If the figure for HCV compensation is too high, it will have a negative impact on the business in the long run and resistance on the HCV Compensation mechanism.

