

<b>4<sup>th</sup> Meeting of RSPO Compensation Task Force (CTF)</b>			
<b>Date</b>	13 June 2012 (Wednesday)		
<b>Venue</b>	Hotel Melia, Kuala Lumpur		
	Oliver Tichit (OT)	Sipef Group	Chair
	Irwan Gunawan (IG)	WWF-ID	Co-chair
	Anders Lindhe (AL)	WWF-International	Members
	Junaidi Payne (JP)	BORA	Member
	Laura Darcy (LD)	ZSL	Member (alternate)
	Richard Kan (RK)	GAR	Member (alternate)
	Gan Lian Tiong (GLT)	PT Musim Mas	Member
	Dwi R. Muhtaman (DM)	ReMark Asia (HCV RN)	Member
	Anders Lindhe (AL)	WWF-International	Member
	Tang Men Kon (TMK)	Sime Darby Plantation	Invited
	Mohamad Pirabaharan (MP)	Sime Darby Plantation	Invited
	Norazam Abdul Hameed (NH)	Sime Darby Plantation	Invited
	Lee Swee Yin (LSY)	Sime Darby Plantation	Invited
	Glen Reynold (GR)	Royal Society	Invited
	Sophie Persey (SP)	Rea Holdings	Invited
	Alexandra Booth (AB)	OLAM	Invited
	Mike Kavanagh (MK)	ERE	Invited
	Randolph Jeremiah (RJ)	ERE	Invited
	Nor Hafizah bt. Abdul Hafiz (NH)	ERE	Invited
	Stan Rodger (SR)	BACP	Observer
	Salahudin Yaacob (SY)	RSPO	Secretariat
	Asril Darussamin (AD)	RSPO	Secretariat
	Ravin Krishnan (RK)	RSPO	Secretariat
	Audrey Lee Mei Fong (ALMF)	RSPO	Secretariat
<b>Absence with Apology</b>	Devan Subramaniam	WWF-MY	Member
	Reza Azmi	Wild Asia	Member
	Catherine Cassagne	IFC	Member
	Henry Barlow	Sime Darby	Member
	Adam Harrison	WWF	Executive Board (EB)

<b>Agenda</b>	<ol style="list-style-type: none"><li>1. Welcoming remarks from chairperson</li><li>2. Review previous minutes</li><li>3. Update on actions<ul style="list-style-type: none"><li>• Study on restoration cost by ERE</li><li>• Study on OP returns by ERE</li></ul></li><li>4. Update on actions<ul style="list-style-type: none"><li>• Landuse change data prior to HCV assessment since Nov 2005 by RSPO Secretariat</li></ul></li><li>5. Discussion on issues and possible solutions<ul style="list-style-type: none"><li>• Multiplier</li><li>• Guidance for members (refer to working guidance by Adam Harrison et. Al.)</li></ul></li><li>6. AOB<ul style="list-style-type: none"><li>• Compensation Working Guidance by Adam Harrison et. Al.</li><li>• Compensation Mechanism for land clearance without HCV assessment, Oct 2011</li></ul></li></ol>
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Agenda	Action	PIC
<p><b>1. Welcoming remarks from chairperson</b></p> <p>OT welcomed members of CTF.</p>		
<p><b>2. Review previous minutes</b></p>	Update and upload the minutes on the RSPO's website.	<b>ALMF</b>
<p><b>3. Update on ERE's study (Restoration cost and oil palm returns by ERE)</b></p> <p>ERE proposed to set the compensation cost based on oil palm returns/ha of land. AL agreed on this approach as it provides better standardisation and transparency. Compensation should be based on average national income figure.</p> <p>OT pointed out that it was agreed at the 3rd CTF meeting, that the compensation core group will study compensation cases on a case by case basis. The core group can decide to use regional/ national/ sub-national income figure.</p> <p>LD highlighted compensation cost for peat area, yield on peat is lower (thus generates less income) but restoration cost for peat is higher.</p> <p>OT stressed that compensation liability determined by CTF should not encourage perverse incentive. E.g. planting on green field rather than brown field.</p>		
<p><b>4. Update on land use change data</b></p> <p>ALMF presented land use change data</p> <ul style="list-style-type: none"> <li>i) received from grower members within the EB and BHCV WG and CTF</li> <li>ii) since Nov 2005 prepared by WRI</li> <li>iii) produced by the GHG WG</li> </ul> <p>DM asked if the RSPO secretariat has collect similar data from other grower members. AL pointed out that current data would be sufficient for CTF discussion while more data is being collected from</p>		

<p>other growers.</p> <p>OT explained that the main objective of this exercise is to facilitate CTF’s discussion on multiplier. Committed companies (from EB, BHCV WG &amp; CTF) are requested to voluntarily submit their land use change data.</p> <p>CB brought up discussion by wider growers on the issue of compensation. She pointed out that the compensation period from Nov 2005 is before approval of the National Interpretation (NI).</p> <p>OT and GLT explained that the growers’ discussion is not circulated among CTF members but directed to the CTF co-chair, OT. OT mentioned some of the points brought up by growers were not accurate, such as the CTF was established to monitor the Sime Darby Plantation’s (SDP) remediation proposal.</p> <p>According to minutes of the 3rd CTF meeting, it was agreed that companies are liable for any conversion after Nov 2005. Conversion can be conducted by members or any other kind of commercial conversion by other third party or non-commercial conversion by third party (including smallholders).</p> <p>JP said proposal from ERE is a good way to move forward.</p>		
<p><b>5. Discussion on issues and possible solutions (Multipliers and guidance for members)</b></p> <p>CC circulated her questions via email to CTF. AL suggested dividing into two discussion groups. The first group will discuss on liability and coefficient, while the second will talk about the mechanism to manage compensation cases. Key topics to be discussed by each group are listed below.</p> <p><b><u>Group 1: Liability i.e. smallholder clearance, co-efficient</u></b></p> <p>Participants: GLT, TMK, AL, DM, OT, AB, SP, AD, MK</p> <p><u>Questions to be answered:</u></p>		

<ul style="list-style-type: none"> <li>• Are RSPO members liable for conversion by smallholders<sup>1</sup> (commercial and non-commercial)?</li> <li>• When considering compensation for whole area (after Nov 2007), how do we define the co-efficient? What are the methodologies? Is it by using satellite imagery/ historical HCV assessment etc...</li> <li>• Define the compensation period. The group shall not challenge the cut-off date as defined in the standard i.e. Nov 2005 but discuss on the implication of cut off dates. SY stressed that the cut off dates are stated in various RSPO documents and guidance.</li> </ul> <p><b>Discussions:-</b></p> <p><b>Group 1: Liability</b></p> <ul style="list-style-type: none"> <li>- A company is not liable for non-commercial clearing by smallholders. This is applicable only until 2010. Non-commercial clearing needs to be defined. Distinction between commercial and non-commercial is also needed. Non-commercial is not about crops that have been planted but the intent and scale of the clearance.</li> </ul> <p><b>Group 1: Co-efficient</b></p> <ul style="list-style-type: none"> <li>- For HCV 1-3, historical HCV assessment will be based on satellite imagery. Co-efficient of total land clearance vs. HCV lost should be developed on a national basis. Co-efficient from 0-1 is set on different land classes. E.g. undisturbed area 0; degraded land 0.5; primary forest 1.</li> <li>- Suggested formula:</li> </ul> <div style="background-color: #f4a460; padding: 5px; border: 1px solid black; margin: 10px 0;"> <p><b>Total area of undisturbed area x co-efficient + Total area of degraded land x co-efficient + ... = Total compensation area (ha)</b></p> </div> <ul style="list-style-type: none"> <li>- This is to avoid a lengthy historical HCV assessment (HHA) process which may also generate inaccurate findings. SY mentioned the challenges of defining different classes of forest. He asked what would be the normative document that the RSPO</li> </ul>		
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<sup>1</sup> RSPO P&C for Group Certification defines smallholders as “farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labor and the farm provides the principal source of income and where the planted area of oil palm is usually below 50 hectares in size.”

<p>follow for such classification? The RSPO only focus on primary forest and HCVA. The RSPO is not the expert to define the classification.</p> <ul style="list-style-type: none"> <li>- JP also pointed out on the disagreement by foresters on forest stratification.</li> <li>- AL agreed to the proxy approach on HHA. OT added that proxy approach is simpler, practical, and can be applied in any country.</li> <li>- GR said forest quality has strong connection with the biodiversity but the function of the forest as connectivity (location of the forest) will not be considered under the proxy approach.</li> </ul> <p><u>Suggestions on classification for co-efficient:-</u></p> <ol style="list-style-type: none"> <li>1. SP suggested to follow the current RSPO P&amp;C: Primary forest = 1; HCV biodiversity area=0.5; Degraded land=0</li> <li>2. GR suggested primary forest as 1; degraded land as 0, anything else in between is 0.5.</li> <li>3. DM suggested four classifications; primary ecosystem (either forest, grassland etc.); secondary forest; agriculture land with permanent tree covers, and degraded land.</li> </ol> <ul style="list-style-type: none"> <li>- GR mentioned the TF should relook at the definition of primary forest.</li> <li>- AL suggested social HCVs e.g. community agriculture land, should be addressed separately</li> <li>- OT added that social issues should be covered under SIA.</li> <li>- TMK suggested CTF to agree on the proxy approach and assign a GIS expert to establish the classes and field test the validity.</li> <li>- For areas which are legally protected, co-efficient is equal to 1.</li> </ul> <p><b>Group 1: Compensation Period</b></p> <ul style="list-style-type: none"> <li>- SY mentioned cut off dates are stated in various RSPO documents. No change on the date but CTF can discuss on the implication of the cutoff date on compensation.</li> <li>- GLT suggested to combine first two compensation periods into one (Nov 2005-Dec 2009).</li> <li>- Every grower should know that the NPP has been implemented since Jan 2010 and a higher multiplier should apply after NPP implementation.</li> <li>- GLT also highlighted that if the multiplier is increased over time</li> </ul>		
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<p>(heavier penalties), RSPO members will be discouraged to obtain brown field from non-member and choose to develop green field.</p> <p><b><u>Group 2: Management of the remediation and compensation system</u></b>          Participants: IG, GR, LD, NH, RK, SR, RK  <u>Questions to be answered:</u></p> <ul style="list-style-type: none"> <li>• What are acceptable forms of remediation and compensation. E.g. A company has a large area of conservation. Can it be used for compensation purposes?</li> <li>• Monitoring of remediation/ compensation system. Who will monitor? What is the monitoring system?</li> </ul> <p>AB suggested CTF to look into the current working guidance which clearly outlines a lot of principles. IG mentioned that the current draft Indonesia compensation guidance can be a good reference but OT explained that the Indonesian compensation guidance does not define on co-efficient or multipliers.</p> <p><b>Discussion:-</b>  <b>Group 2: Management of the remediation and compensation system</b></p> <ul style="list-style-type: none"> <li>- The group suggested defining terms of remediation and compensation.</li> <li>- Allocations of in-situ and ex-situ compensation/ remediation measures are aimed at optimising ecological/ cultural functions and taking into account landscape context.</li> <li>- Order of consideration should be in-situ remediation followed by in-situ compensation and ex-situ compensation.</li> <li>- GLT questioned the meaning of landscape approach.</li> <li>- The group suggested HHA should be peer reviewed and a summary be publicly available.</li> <li>- OT was worried about the negative impact caused by disclosure of compensation projects. He said the compensation project documents will be checked during the audit process. SR pointed out that the benefits outweighed the negative impacts. SR further explained that there are two parts of monitoring. First is the company's responsibility to monitor the action plan and second is the auditor to audit on the action plan implementation.</li> </ul>		
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<p><b>Five consensuses achieved from Group 1 and 2:</b></p> <ol style="list-style-type: none"> <li>1. Period: Nov 2005-Dec 2009 (satellite imagery + co-efficient) &amp; Jan 2010*. Multiplier will be further discussed.</li> <li>2. Liability: A Company is not liable for local community non-commercial land clearing.             <ol style="list-style-type: none"> <li>a. Further definition on non-commercial land clearance.</li> <li>b. After Jan 2010, for current HCV area under the control of the company, the company is liable for encroachment/ clearing by local community and company should remedy.* <i>(this item has been removed after email discussion by CTF, it is redundant due to current certification requirements)</i></li> </ol> </li> <li>3. Abandon HHA. For HCV1-3 (and part of HCV4), adopt a proxy approach based on satellite imagery, analysis of total cleared area and to use the coefficients which then results in compensation hectare. For part of HCV4 and HCV5-6, it is suggested a participatory approach be used.</li> <li>4. Allocations of in-situ and ex-situ compensation/ remediation measures are aimed at opitimising ecological/ cultural functions and take into account of landscape context. Order of consideration: in-situ remediation, followed by in-situ compensation and ex-situ compensation</li> <li>5. CTF will recognise the need to develop a conversion factor from compensation hectare to monetary value when necessary.</li> </ol> <p><b>End of meeting.</b></p>		
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## Annex 1

**4<sup>th</sup> Meeting of Compensation Task Force (CTF)**  
**13<sup>th</sup> June 2012**  
**Hotel Melia, Kuala Lumpur**

No.	Name	Organization	Signature
1.	Lee Swee Yin	Sino Darby Plantation	
2.	TANG MEN KON	"	
3.	NORAZAM ABDUL HAMEED	"	
4.	ANDERS LINDBE	WWF INT.	
5.	John (Juwidi) Payne	BOPA	
6.	GLEN REYNOLDS	POPE SOCIETY SERVED	
7.	CAURA D'ARCY	BIOLOGICAL SOC. LONDON (BSL)	
8.	Dwi R. Muhtaman	Re.Mark Asia	
9.	ARIL DARUSSTANIN	RILO	
10.	O. TICHT	SISEF	
11.	ALEXANDRA BOOTH	OLAM	
12.	SASHA PERSEY	REA HOLDINGS	
13.	Richard Kan	GAR	
14.	Ravin Krishnan	RSPO	

15.	NOR HAFIZAH BT ABDUL HAFIZ	ERE Consulting	
16.	MIKAAIL KAVANAGH	ERE	
17.	RANDOLPH JEREMIAH	ERE	
18.	Stan Rogee	BACP	
19.	IRWAN GUNAWAN	WWF-INDONESIA	
20.	CIAN LIAN TONG	PT Mutiara Mas	
21.	MOHAMMAD PRABAHARAN	MINAMAS	 13/4/12
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