


MINUTES OF MEETING OF RSPO
5th RSPO JWG MEETING**Date: 13th & 14th May 2019****Start time: 0930 – 1730****Venue : Capri by Fraser Hotel, Kuala Lumpur****Attendance :**

<p><u>Members and Alternates</u></p> <ol style="list-style-type: none"> 1. Audrey Lee Mei Fong (OLAM, ALMF) 2. Chin Kai Xiang (Bunge, CKX) 3. Glyn Davies (WWFMY, GD) 4. John Watts (INOBU, JW) 5. Jon Hixson (YUM's Brand, JH) *** 6. Lim Sian Choo (BAL, LSC) * 7. Lee Kuan Chun (P&C, LKC) ** 8. Marcus Colchester (FPP, MC) 9. Maria Amparo Alban (ACDC, MAA) 10. Michael Rice (BothEnds, MR) ** 11. Putra Agung (RA, PA) 12. Rauf Prasodjo (UNILEVER, RP) 13. Rob Nicholls (RN, MM) 14. Sander van den Ende (NBPOL, SE) <p><u>Absent with Apologies</u></p> <ol style="list-style-type: none"> 15. Alagendran Maniam (SDP, AM) 16. Balu Perumal (MNS, BP) 17. Rukaiyah Rafiq (Setara Jambi, RR) 18. Sutyana (FORTASBI, SY) 19. Tom Lomax (FPP, TL) 20. Wahyu Wigati (GAR, WW) <p>*only attended Day 2 ** joined via Webex *** joined via Webex on Day 2 morning</p>	<p><u>RSPO Secretariat</u></p> <ol style="list-style-type: none"> 1. Chung Yee Ling (CYL) 2. Dillon Sarim (DS) 3. Javin Tan (JT) 4. Salahudin Yaccob (SY) <p><u>NewForesight</u></p> <ol style="list-style-type: none"> 1. Joost Gorter (JG) 2. Laurens Speelman (LS)
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No	Description	Action points	Progress
1.0	<p>Opening Remarks</p> <p>The co-chairs welcomed everyone to the 5th JWG meeting and informed the WG that this is the last meeting before the CSD public consultation plan in June. Since there are plenty of decision making, the co-chairs requested the WG members to be cautious of time.</p> <p>NFC informed the WG that ‘approval’ in the context of the 5th JWG meeting means proposals that are selected to go out to the public consultation. The proposals that are presented in the meeting are improved version of the proposals discussed at the 8th April conference call.</p> <p>NFC outlined the agenda for the meeting.</p> <p>Day 1:</p> <ul style="list-style-type: none"> • Application of the P&Cs to the jurisdictional level • Stepwise approach <p>Day 2:</p> <ul style="list-style-type: none"> • JE Governance Structure • Next steps (Public Consultation, GA approval etc) 		
2.0	<p>Application of the P&Cs to the jurisdictional level</p> <p>The WG agreed that discussing each of the P&Cs is a time-consuming process and. To be productive, the WG agreed to discuss other elements of the CSD at the WG meeting and leave the discussion on the P&Cs online. NFC will create a Google document on the application of the P&Cs and share it with the WG members in the week of 20th May 2019 for a one-week comment period.</p> <p>The WG agreed on a few things:</p> <p>Criterion 3.4</p> <ol style="list-style-type: none"> 1. Criterion 3.4 proposed wording – <ul style="list-style-type: none"> • <i>The JE provides guidelines, monitors and document compliance on the group manager for the SEIA.</i> • <i>In the context of the jurisdictional spatial plan, the JE is responsible to provide a strategic SEIA information to the government.</i> 2. For assessments such as the SEIA, the group acknowledged the hybrid approach, having the jurisdiction and individual management unit be responsible for ensuring the assessments are conducted (e.g.: the social aspect of the SEIA should be handled by the individual management unit; JE has a role to ensure that the SEIA is of good quality). The roles of each party in the hybrid approach need to be explicit in the CSD 3. The group acknowledged that upward delegation element should remain in the CSD. 4. On ISH, the SEIA requirements will be based on the ISH new standards. 5. More elaboration is required for the requirement for JEs to conduct the SEIA for non-oil palm areas. <p>Criteria relating to FPIC and land clearing</p> <ol style="list-style-type: none"> 1. Criterion 7.7 (no new peat development) should also be included in proposal 5 (criteria relating to FPIC and land clearing). 2. There will be three-tiered grievance mechanism (i) company/ISH level, (ii) JE level, (iii) RSPO level. 3. On 4.4.2 – in addition to ‘check and ensure’, the JE is also responsible for socialising the procedure/system. 	<ol style="list-style-type: none"> 1. NFC to create a Google document on the application of the P&Cs and share it with the WG. 2. WG members to provide comments on the application of the P&Cs within one week. 	

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	<ol style="list-style-type: none"> 4. On 4.2.4 – a separate text should be developed for ISH to ensure proper access and opportunity. 5. On 4.4.1 – JE also ensures that the producers have legal operating license and provide guidelines on the processes. Ultimately, the role of the JE in 4.4.1 is to provide support to solve structural challenges such as obtaining land titles. Proposed wording: <ul style="list-style-type: none"> • <i>JE in consultation with the stakeholders and with the approval of the government identifies documents required to show legal ownership.</i> 6. On 4.4.3 – JE shall have legal authority and has access to all information required in 4.4. 7. NFC to ensure consistency in the language used in the CSD (e.g.: compliance). 8. On 4.5 – NPP should be included in the CSD. 9. On 4.5.1 – Both JE & individual management unit need to be checked for this indicator. 10. On 4.5.2 – ‘check and ensure’ to be replaced with ‘monitor and document compliance’. NFC to ensure consistency in the language. 11. ‘Socialise’ to be substituted with ‘shares’ in the CSD. NFC to ensure consistent language in the CSD. 12. The ‘JE implementation’ column needs to be more explicit – e.g.: 4.5.1 what does this indicator refer to; what mechanism is checked and ensured in 4.5.3. Where required, there should be a layer of details in the implementation column 13. On 4.5.3 – local peoples include aborigines, local communities etc. 14. On 4.5.4 – add ‘check and ensure’ and link this indicator to 7.12 15. On ‘guidelines’, the JE shall provide guidelines for the entire jurisdiction which include guidelines for non-RSPO members. 16. To be included in the CSD, possibly in the stepwise approach part of the CSD – JE should be able to step up to reduce risk (e.g.: RSPO RaCP). 		
3.0	<p>Stepwise Approach</p> <p>NFC presented the stepwise approach to RSPO jurisdictional certification. On the chain of custody requirement in the stepwise approach, this will only be applicable up to independent mills, not extending to the refineries and manufacturers.</p> <p>Incentives for setting up a JE – some questions:</p> <ol style="list-style-type: none"> 1. List is complete but some of the incentives are dependent on the stepwise approach milestones. 2. How to incentivise current RSPO members to be part of the JE? Through HCV/HCS assessments? Cheaper audit cost? 3. Credit trading – important for ISH and middle-sized growers. What will be the incentive framework for these types of producers? 		

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	<p>Access to CSPO market – NFC presented options on how the JE can access the CSPO market, as well as the premium distribution.</p> <p>Options on how the JE can access the CSPO market</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%; background-color: #e6f2ff; padding: 5px;"> <p>Option 1: 50% CSPO</p> <p>How does it work? The JE receives premium/market access for 50% of the total volume produced in the jurisdiction regardless the % producers compliant to the P&C</p> <p>Example: When 90% of the producers in the JE are compliant to the P&C, the JE will only receive premium/market access for 50% CPO produced</p> <p>Enabling requirements: - Clear distribution channel of the premium and financial transparency of the JE</p> <p>Consideration <u>Strength</u></p> <ul style="list-style-type: none"> Strong push to progress and achieve full certification <p><u>Risks</u></p> <ul style="list-style-type: none"> Disconnecting the volume produced and traded as P&C compliant Lacking of push to achieve more than 50% of volume produced in compliance to RSPO P&C </div> <div style="width: 45%; background-color: #e6f2ff; padding: 5px;"> <p>Option 2: Linear</p> <p>How does it work? The JE receives premium/market access for every volume produced by compliant producers</p> <p>Example: When 90% of the producers in the JE are compliant to the P&C, the JE will only receive premium/market access for 90% CPO produced</p> <p>Enabling requirements: - Clear distribution channel of the premium and financial transparency of the JE - Availability of high standard internal audit (same standard as global system, with ASI- equivalent body overseeing internal auditor)</p> <p>Consideration <u>Strength</u></p> <ul style="list-style-type: none"> Fair market access with clear relation to CSPO produced <p><u>Risks</u></p> <ul style="list-style-type: none"> Lacking of push to achieve the full certification. Balancing transparency of the producers compliance vs avoiding producer shaming </div> </div> <ol style="list-style-type: none"> Option 1 – difficult to manage; the proportion of compliance does not tally with the 50% trading; it allows ‘bad’ oil into the supply chain Option 2 – Easier to manage, but what is the incentive for existing certified growers to be part of the JE? Some suggestion – more premium; premium at the JE level and existing premium at individual level <p>The WG preferred Option 2 over Option 1. However, Option 2 has no clear milestones.</p> <p>Premium distribution:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%; background-color: #e6f2ff; padding: 5px;"> <p>Option 1: Through the JE</p> <p>How does it work? The JE distributes the premium to the producers. It can decide the share of total premium to be distributed in monetary value to the producers, the share to be distributed in the form of technical/advisory support, and the share needed for the operations of the JE.</p> <p>Enabling requirements: - Financial transparency of the JE</p> <p>Consideration <u>Strengths</u></p> <ul style="list-style-type: none"> Provides room for the JE to make targeted and relevant investments to ensure progress (e.g. service delivery) <p><u>Risks</u></p> <ul style="list-style-type: none"> Centralized flow of money </div> <div style="width: 45%; background-color: #e6f2ff; padding: 5px;"> <p>Option 2: Through existing structure</p> <p>How does it work? The producers receive the premium directly. The JE may charge producers/members membership fee to finance its operational activities or apply charges on the services it provides</p> <p>Enabling requirements: - Financial transparency of the JE</p> <p>Consideration <u>Strengths</u></p> <ul style="list-style-type: none"> Provides equitable distribution of the premium Leverages the existing structure <p><u>Risks</u></p> <ul style="list-style-type: none"> Limits the ability of the JE to effectively use available funds Decreases the attractiveness of joining the JE since the JE may have to charge membership/service fees. </div> </div> <ol style="list-style-type: none"> There were concerns raised by the WG members on potential conflicts of interest if the JE is to be the entity that trades the CSPO 		

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	<p>2. There were also concerns about the unfairness of requiring certified RSPO members to be fund the JE (by having the JE trade and claim a share of their product and premium) while non-certified producers need not.</p> <p>Despite the concerns raised, the WG agreed to have both options tabled in the public consultation for stakeholder comments.</p> <p>Eligibility requirements and progressing requirements - NFC presented two options:</p> <p>Option 1: Light eligibility requirement</p> <p>Overall requirements for every step</p>  <table border="1" data-bbox="145 725 1217 1335"> <thead> <tr> <th data-bbox="145 725 293 752">Criteria</th> <th data-bbox="293 725 683 752">2A. Eligibility requirements*</th> <th data-bbox="683 725 991 752">2B. Progressing Requirements*</th> <th data-bbox="991 725 1217 752">2C. Full Certified JE</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 752 293 920">Governance</td> <td data-bbox="293 752 683 920"> <ul style="list-style-type: none"> Multi-stakeholder board in place Statement of intent from government Roadmap towards the governance structure Proposal on financing structure Proposal on relation of the JE with producers in the jurisdiction </td> <td data-bbox="683 752 991 920"> <ul style="list-style-type: none"> Governance structure and procedures as prescribed in the CSD in place. Financing structure secured Relation of the JE with producers defined and in place Annual progress reporting </td> <td data-bbox="991 752 1217 920"> <ul style="list-style-type: none"> Well-functioning JE governance Annual progress reporting </td> </tr> <tr> <td data-bbox="145 920 293 1279">Application of the Standards</td> <td data-bbox="293 920 683 1279"> <ul style="list-style-type: none"> Legal gap analysis (legal framework & RSPO P&C) Roadmap towards full compliance to P&C Proposal to develop FPIC procedures and recognition of land rights (legal, customary and user rights) Proposal to develop spatial planning, incl. <ul style="list-style-type: none"> 'Light' version of SEIA (as per required by relevant law) Indicative HCV and HCS mapping (in alignment with RSPO requirement) </td> <td data-bbox="683 920 991 1279"> <ul style="list-style-type: none"> Progress towards the roadmap Fixed requirements: <ul style="list-style-type: none"> Spatial planning is in place, incl. <ul style="list-style-type: none"> SEIA procedures and guidelines HCV and HCS mapping and implementation procedures are in place and socialized FPIC procedures in place NPP in place Disqualifying requirements: No replacement of primary forest, Land conflicts, Labour disputes, and Legal non-compliance (e.g. slavery, child labor) </td> <td data-bbox="991 920 1217 1279">Compliance to the P&C</td> </tr> <tr> <td data-bbox="145 1279 293 1335">%Compliance</td> <td data-bbox="293 1279 683 1335"></td> <td data-bbox="683 1279 991 1335"> <ul style="list-style-type: none"> All producers are mapped </td> <td data-bbox="991 1279 1217 1335"></td> </tr> </tbody> </table> <p>Option 2: Additional step</p>	Criteria	2A. Eligibility requirements*	2B. Progressing Requirements*	2C. Full Certified JE	Governance	<ul style="list-style-type: none"> Multi-stakeholder board in place Statement of intent from government Roadmap towards the governance structure Proposal on financing structure Proposal on relation of the JE with producers in the jurisdiction 	<ul style="list-style-type: none"> Governance structure and procedures as prescribed in the CSD in place. Financing structure secured Relation of the JE with producers defined and in place Annual progress reporting 	<ul style="list-style-type: none"> Well-functioning JE governance Annual progress reporting 	Application of the Standards	<ul style="list-style-type: none"> Legal gap analysis (legal framework & RSPO P&C) Roadmap towards full compliance to P&C Proposal to develop FPIC procedures and recognition of land rights (legal, customary and user rights) Proposal to develop spatial planning, incl. <ul style="list-style-type: none"> 'Light' version of SEIA (as per required by relevant law) Indicative HCV and HCS mapping (in alignment with RSPO requirement) 	<ul style="list-style-type: none"> Progress towards the roadmap Fixed requirements: <ul style="list-style-type: none"> Spatial planning is in place, incl. <ul style="list-style-type: none"> SEIA procedures and guidelines HCV and HCS mapping and implementation procedures are in place and socialized FPIC procedures in place NPP in place Disqualifying requirements: No replacement of primary forest, Land conflicts, Labour disputes, and Legal non-compliance (e.g. slavery, child labor) 	Compliance to the P&C	%Compliance		<ul style="list-style-type: none"> All producers are mapped 			
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How do we know that the JE has internal legitimacy? The quality of the JE's grievance mechanism will be critical to the legitimacy within and outside the JE. The WG is inclined to have the JE should progress in a linear way (Option 2 of access to market) towards achieving 100% compliance. On disqualifying requirements, instead of primary forest, HCS, HCV and peat should be used. On RSPO membership, RSPO members should not be excluded from the JE. Ideally, the JE will look after all of its producers within its jurisdiction. RSPO members, certified or non-certified will have the choice to be part of the JE. On governance structure, the WG discussed that it should include: <ul style="list-style-type: none"> Grievance mechanism Complaints procedure Separation of powers in the governance system to ensure conflict of interest is covered (e.g.: the JE cannot be the body to have oversight of its own audits and complaints) A strong financial structure – strong accounting procedures need to be in place to ensure the money flows. <p>The WG agreed on the final proposal for the eligibility requirement, which include the following:</p> <ol style="list-style-type: none"> The JE recognised as a pilot (for fundraising which is a separate income to the future trade income) The JE recognised as a member of the RSPO The JE trades on the linear model (Option 2 of access to market). However, the options should still be included in the CSD public consultation for stakeholder comments. 	Criteria	2A. "Investment / planning stage"	2B. "Initial output"	2B. "Fully functioning JE"	2C. 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	<p>Timeline</p> <ol style="list-style-type: none"> 1. The JE commits to a certain timeline but the CSD will not prescribed any timeline. 2. However, timeline for other processes, e.g.: grievance, needs to be prescribed in the CSD. 3. The compensation and remediation areas are to be excluded, which means, full compliance does not mean 100% producers certified. The JA will then focus to full compliance to the P&C instead of having every producer in the jurisdiction certified. 4. The JE must formulate challenging Time Bound Plan (TBP) to achieve full compliance. <p>HCV/HCS assessment</p> <ol style="list-style-type: none"> 1. The HCV/HCS assessment is to be approved by HCVRN to ensure quality assurance. 2. This proposal is to ensure that there will only be a single procedure for the approval of HCV/HCS assessment. 3. Note: HCV 5 and 6 are not doable at a jurisdictional setting. Hence, there must be a mechanism for approval of HCV assessment for jurisdictions. 4. It was suggested to put the issues, implications and options on a document and then have the whole WG to agree on the options available, with regards to HCV/HCS assessment for a jurisdictional landscape. 5. NFC suggested, for the purpose of getting the CSD into the public consultation, bigger issues such as these should be discussed at the later stage (as it will not currently affect the CSD). The WG agreed. 		
4.0	<p>Requirements on JE governance</p> <ol style="list-style-type: none"> 1. There are two types of claims that can be made (1) JE compliant oil and (2) the normal RSPO P&C certified oil. 2. Credit certificate will be ideal for the JE, however, going with the linear model, a physical trade will be difficult and risky (e.g.: how would the JE allocate the 50% claim to its producers?). 3. The proposal is to allow flexibility to trade physical oil only for mass balance purposes. 4. Should JE be the one to trade the oil? Allocation fairness – how will this affect transparency? If this is the case, a strong financial accounting within the JE is required. 5. Similar to the HCV/HCS assessment discussion, this discussion will be postponed and revisited again after the public consultation. <p>Impartiality</p> <ol style="list-style-type: none"> 1. The JE should be treated similar to the other RSPO members – this means, anyone can file a complaint against the JE. 2. The JE should have an internal and external complaints procedure. Internal complaints can always be escalated to RSPO. However, in the internal complaint procedure, RSPO should not be copied. 3. There were concerns raised over conflicts of interest if the JE was to deal with internal complaints, while providing services to its members (e.g.: FPIC, HCV-HCS assessment), as the JE may be examining complaints against its own performance. Due to this reason, the internal complaints process must be credible. 4. A three-tiered complaints procedure structure is proposed to be included in the CSD: <ul style="list-style-type: none"> • ISH/company level (workers file complaints to company) • JE level (company/ISH files complaints to JE against other companies/ISH) • RSPO level (complaints file against the JE to RSPO) 		

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	<p>5. The WG agreed to present some options around impartiality for public comments and work on the details after the public consultation process.</p> <p>Internal auditing</p> <p>The WG agreed that the internal audit is the key to ensure the JE complies with the RSPO P&C.</p> <ol style="list-style-type: none"> 1. The frequency of the internal audit should follow the ISO requirement. The RSPO SCC requires companies to conduct one internal audit per year. 2. For internal audit, the JE can outsourced from the RSPO's CB pool. However, the selected CB cannot be doing the external audit for the JE. 3. The scope of the internal audit refers to the whole JE as for the external audit will be done by sampling. 4. Internal auditor will require ASI equivalent 'eyes'. 		
5.0	<p>Next steps</p> <ol style="list-style-type: none"> 1. The full CSD (after revision) will be made available to the WG members to comment online before the public consultation. 2. The public consultation will run for 60 days (3rd June – 3rd August 2019). Four main regions – (1) Malaysia, (2) Indonesia, (3) Ecuador and (4) Africa. 3. After the public consultation ended, NFC and RSPO Secretariat will work on the consolidating the comments and prepare the final draft before the WG endorsement. 4. The 6th JWG physical meeting is planned on 30th Sept – 1st October 2019. 5. The WG will prepare the CSD for BoG in mid Oct 2019. 6. RSPO will confirm whether the CSD needs to go through the GA adoption. <p>There being no other matters, the co-chairs thanked everyone for their participation.</p>	1. RSPO to confirm whether the CSD needs to go through the JA adoption.	





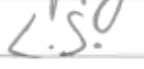

Annex 1: Attendance sheet



The RSPO is an international non-profit organization formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

**5th Meeting of RSPO JWG
13th and 14th May 2019
Capri by Fraser Hotel, Kuala Lumpur**

#	Name	Organisation	Signature 13 th May	Signature 14 th May
1	Alegandran Maniam	Sime Darby Plantation	-	-
2	Audrey Lee Mei Fong	OLAM		
3	Balu Perumal	Malaysian Nature Society	-	-
4	Chin Kai Xiang	IOI		
5	Glyn Davies	WWF Malaysia		
6	John Watts	INOBU		
7	Jon Hixson	YUM's Brand	-	call-in.
8	Lee Kuan Chun	P&G	Call-in	call-in
9	Lim Sian Choo	Bumitama Agri Limited	-	
10	Marcus Colchester	Forest People Programme		
11	Maria Amparo Alaban	ACD Consulting		
12	Michael Rice	Both ENDS	Call-in	Call-in
13	Rauf Prasodjo	UNILEVER		
14	Rob Nicholls	Musim Mas		
15	Sander van den Ende	NBPOL		
16	Putra Agung	Rainforest Alliance		
17	Tom Lomax	Forest People Programme	-	-
18	Sutiyana	FORTASBI	-	-
19	Uki Ruqaiyah Rafiq	Yayasan Setara Jambi		
20	Dillon Sarim	RSPO		
21	Javin Tan	RSPO		
22	Salahudin Yaacob	RSPO		

#	Name	Organisation	Signature 13 th May	Signature 14 th May
23	Chung Yee Ling	RSPO		
26	Joost Gorter	NFC		
27	Laurens Speelman	NFC		
28				
29				
30				
31				

Handwritten notes in blue ink, possibly a date or reference number.