

MINUTES OF MEETING OF RSPO 38th RSPO BHCVWG MEETING

Date: 28 – 29 June 2018 Start time: 9.00 am

Venue: Le Meridien Etoile, Paris

Attendance:

Members and Alternates

- 1. Anne Rosenbarger (WRI)
- 2. Cahyo Nugroho (FFI)
- 3. Ginny Ng (WILMAR)
- 4. Gotz Martin (GAR)
- 5. Harjinder Kler (Hutan)
- 6. Izabela Delabre (ZSL)
- 7. Lanash Thanda (SEPA)
- 8. Marcus Colchester (FFP)
- Michelle Desilets (Orangutan Land Trust)
- 10. Norazam Abd Hameed (FGV)
- 11. Richard Kan (GAR)

Absent with Apologies

- 12. Audrey Lee (Olam)
- 13. Gan Lian Tiong (Musim Mas)
- 14. Laila Wilfred (OLAM)
- 15. Lee Swee Yin (Sime Darby Plantations SDP)
- 16. Michael Brady (IFC)
- 17. Olivier Tichit (SIPEF)
- 18. Patrick Anderson (FPP)
- 19. Rhama Budhiana (Remark Asia)
- 20. Tang Meng Kon (Sime Darby Plantations SDP)
- 21. Tn. Syed Mahdhar bin Syed Hussain (FGV)

RSPO Secretariat

- 1. Julia Majail
- 2. Khing Su Li

Invited delegates

- 1. Paulina Villalpando (HCVRN)
- 2. Jennifer Lucey (SEARRP)

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| No | Description | Action points | Progress |
|----|--|--|--|
| 1 | Opening Remarks The co-chairs welcomed all members to the 38th BHCVWG meeting. A round of introduction was made as there were new attendees in the room. The co-chairs highlighted that the meeting will also serve as a platform to collate the BHCVWG's feedback on the RSPO P&C (2018) Draft 2 document and the draft Smallholder Standard. | | |
| 2 | Review & endorsement of the 37th BHCVWG meeting minutes A few items from the meeting minutes of the 37th meeting was discussed. | | |
| | i. Restructuring of the RSPO Secretariat Following the endorsement of the minutes, with reference to the discussion item on the restructuring of the RSPO Secretariat (w.e.f. March 2018), there was a request to provide the names of the personnel on the organisation chart presented for ease of reference. | RSPO Secretariat to update and circulate the organisation chart. | Done. |
| | ii. RSPO Research agenda RSPO Secretariat was reminded to share the Research Questions so that the BHCVWG could review and provide feedback. | RSPO Secretariat to share the Research Agenda and Questions. | Done. |
| | iii. RaCP for ISH A progress update on the RaCP for ISH was requested. KSL replied that the literature review for potential compensation pathways for the RaCP for ISH has not been completed. Baseline information of types of vegetation cleared were only being actively collated this year as many groups of ISH have only submitted information this year. At the same time, JM mentioned that the discussion on the RaCP for ISH would have to be aligned with the discussions by the Smallholder Interim Group (SHIG) on the Smallholder Standard. There can be possibility of initiating a conference call in August 2018 to understand the direction of the SHIG discussions. iv. Social remediation guidelines consultancy The progress update of the social remediation consultancy was also requested. RSPO Secretariat replied that AidEnvironment has been selected as the consultant and the scope of the research has been defined by the BCHVWG subgroup on the social remediation work – FPP, Wilmar, SEPA and SDP. | RSPO Secretariat to complete the literature review and resume the discussions of the RaCP for ISH Taskforce. | Secretariat to come up with a draft by Jan 2019. To reopen the discussion on the broader definition on SH due to its implication on the biodiversity e.g. medium grower Need for outreach for potential new members so that we can reduce the risk of clearing |
| | v. NPP for smallholders and endorsement of simplified assessment tools JM updated that the reprieve on the submission of NPP for smallholders is to be continued. The SHIG would be discussing the form and the guidelines for the NPP for smallholders. Smallholders would be required to undertake the necessary assessments to comply with Principle 7. The set of the simplified tools for the assessments e.g. HCV, GHG, SEIA has been endorsed by the RSPO BoG for use. | RSPO Secretariat to share the access to the RSPO HCV app tool to BHCVWG. | prior to RSPO membership (also consider situations where growers creating cooperatives) Need for a small group to look into this more in depth (SHIG team to link |

It was highlighted that the draft Smallholder Standard has revised the up, BHCVWG to definition of smallholders, which means that the previous definition of flag up for them and provide smallholders i.e. family units and that oil palm cultivation is the main source of income, is no longer applicable. This mean that large farms would be assistance to included in this current definition and this leniency provided would have develop implications on the biodiversity and social settings in the smallholder area of guidance/process) operation. Concern on medium growers There being no further discussion, the meeting minutes of the 37th [consensus on BHCVWG was endorsed. item] **BHCVWG** membership i. Membership updates ID updated that she will step down as the co-chair representing the NGO NGO caucus Done, HUTAN caucus in the BCHVWG, as she has accepted a job offer at Sussex to discuss and has been selected University. She would be serving in her current position at ZSL until end of select a as the NGO co-July 2018 and would continue to assist in the BHCVWG until a replacement replacement chair. is hired. A replacement co-chair would need to be identified to lead the co-chair. BCHVWG after July 2018. Fedepalma has provided a notification of resignation in May 2018 to focus Latam: RSPO on the GEF project "Biodiverse Oil Palm Landscape". Therefore, a new Secretariat to representative for LatAm grower will be identified. confirm by Q1 2019 (soonest Vacancies of seats as of June 2018: possible if earlier) a) ENGO = 1 seat ENGO: b) CGM = 1 seat Volunteers CGM: RSPO c) Grower = LatAm (1 seat) Secretariat to talk A suggestion to bring in another social NGO especially from Africa was put to the CGM forward. Some members highlighted the difficulties faced in the past in caucus identifying social NGOs who had the commitment and technical expertise. However, should there be social NGOs who were interested to take up a seat in the BHCVWG, the WG can certainly consider opening up a seat. Following from the April 2018, Musim Mas has yet to provide the formal notification of membership status change into Processors and Trader. The Musim Mas to IGC would be consulted to identify a grower to represent Indonesian grower provide formal once Musim Mas has confirmed the change of membership status. notification of membership status change. Felda-FGV has updated the change in the representatives i.e. Tuan Syed Mahdhar Syed Hussain (substantive) and Norazam bin Hameed (alternate). Felda-FGV to make a decision on the representation in the Compensation Panel. Felda-FGV to revert on representation Done. Musim Mas retain seat as on P&T. Bumitama ii. ToR for BHCVWG Compensation The BHCVWG members reviewed the draft ToR. Further amendments Panel. to take the were made. RSPO Secretariat to finalise the ToR and circulate amongst Indonesian the BHCVWG members to identify potential candidates to fill up the vacant grower seat. **RSPO** seats. Secretariat to In view that the RSPO P&C (2018) has a no-deforestation component, the circulate the co-chairs have highlighted the need for clarity with regards to which WG or finalised ToR.

TF will have the ownership or oversight of the implementation of the HCS

| | | T | |
|---|---|---|---|
| | component. The matter is to be raised with the BoG. The adoption of the HCS component will have implications for land use planning, NPP and HCVRN. | | |
| | | | Done. |
| 4 | Updates on the P&C The RSPO P&C (2018) Draft 2 was open for public consultation. The deadline for the submission of feedback was on 3 August 2018. The BHCVWG would be reviewing the Draft 2 document as well as the Smallholder Standards in this meeting and collate the collective feedback to be submitted to the RSPO P&C Taskforce. | | Done. The comments submitted on 3 Aug 2018. |
| 5 | HCV Identification, Management and Monitoring | | |
| | i. Securing HCV areas where there are community claims The matter was raised by the RSPO Secretariat to seek guidance on the resolution of this matter. A draft guidance document has been created to capture the discussion points raised in the last BHCVWG meeting and also from the technical expertise of FPP. RSPO Secretariat provided a background briefing on the scenario whereby areas classified as HCV 1-3 area are being claimed by local community for settlement and livelihood development i.e. oil palm and have asked the company to excise the contested area from the HCV area. | | RSPO Secretariat to work on prioritising the findings from HCV phase 1 to work on the scope by Dec 2018 (Cochairs, secretariat and selected |
| | FPP reinstated that there are both social and environmental values contained within a landscape, therefore the HCV identification method should clear to be able to identify these values. Subsequently, the HCV management plan should have recommendation of little disruption as possible and there should be co-management to ensure that values are maintained and/or enhanced. Operators need to consider HCV management in ways to serve customary land rights, where communities are asked to relinquish lands areas for oil palm development. | | members who were not in the consortia) |
| | Guidelines for existing cases, such as the case that was brought forward to the BHCVWG, is not currently available. Cases where HCV may need to be re-evaluated may also arise in the future. Thus, a proposal for a full research to compile the various scenarios (beyond the Indonesian context and the case studies anonymised), land demand and social context was suggested. | | |
| | FPP also highlighted that in the context of HCS, the demand for development by communities would be greater while the amount of available to conservation is significantly increased. Thus, processes to deal with these challenges would need to be developed and implemented. | | |
| | KSL explained that in relation to the case, the RSPO Secretariat has commissioned an independent field verification to conduct a site visit to elucidate the conditions on the ground, the HCV status of the area and validate the community claims. The thought process and the information gathered from this field verification exercise can set the precedence in establishing the mechanism for field validation and to make decisions. A subgroup made up of FPP, SEPA, GAR, FFI, Felda-FGV would help the RSPO Secretariat to review and provide a decision for the case. The findings of the case would be subjected to a non-disclosure agreement. | RSPO Secretariat to convene the subgroup to discuss the case outcome and decision after the field verification study. RSPO Secretariat to | |

send a Done. briefing note and the ToR. HCVRN mentioned that efforts to relook into the definitions of the social HCVs in the 2013 Common Guidance documents have also been initiated. If the proposal is agreed upon, a ToR for the full study is to be drafted and the sampling must account for size variables as most RSPO companies has less HCV areas to start off with. ii. Evaluating the effectiveness of palm oil certification in delivering

multiple sustainability objectives (Morgans et al. 2018, Env. Res. Letters)

HUTAN provided a briefing on the research and its findings. The study aimed at evaluating the effectiveness of RSPO plantations compared to non-certified plantations by assessing the relative performance of several key sustainability metrics. The researchers used Kalimantan as a case study, using dataset from 91 RSPO concessions belonging to 41 companies (representing 18% of the oil palm production in Kalimantan and 22% of RSPO globally), covering a total of 5,733 km² area.

Note: The dataset may not be inclusive of all small and medium sized oil palm growers because these estates are rarely registered at national level.

The metrics used include:

- Environmental: orang utan presence and density, fire hotspots
- Social: poverty levels, healthcare facilities
- Economic: profit, yields

The findings include:

- RSPO certification resulted in significant difference in share prices in RSPO companies.
- No significant difference was found between certified and non-certified plantations for any of the sustainability metrics investigated
- Positive economic trends including greater fresh fruit bunch yields for RSPO certified companies

Caveat: The RSPO P&C in its present form makes the quantification of impacts difficult to be quantified. Furthermore, the high degree of variations in environmental and social conditions between palm oil concession prior to certification for are poorly accounted for in the RSPO policies. Carlson et al. 2018 demonstrated that fully certified concessions tended to be in land cleared, thus less likely to have population of endangered species.

A discussion ensued within the BHCVWG. There was a strong interest to start prioritising key areas to gauge the efficacy of the HCV management work within the RSPO, the gaps, and to identify indicators for measurement.

HCVRN has expressed that its management committee has asked for a white paper to be developed to assess the situation on HCV and the impact on HCV conservation. SEARRP also shared that SenSor is also collecting field data on the same line of thought and would also be embarking on establishing information to guide better management of HCVs. At the RSPO Secretariat level, Cheryl Ong (CO) from the Research and Advisory unit, is also collecting information on the impacts of RSPO.

RSPO In view of this, a proposal to form a subgroup for research was suggested. Secretariat to The subgroup would look into identifying gaps, priority research areas and recirculate the indicators of measurement for the management of HCVs. The suggested Research subgroup would consist of HCVRN, SEARRP, Wilmar, HUTAN and RSPO Agenda. Secretariat (CO). **RSPO** A suggestion was also shared to establish a more proactive approach to share research reports amongst the BHCVWG on relevant topics. The Secretariat BHCVWG decided to have only 1 clearinghouse mechanism to share and share circulate research reports i.e. Dropbox and CO can provide a summary and research recirculate the research paper with a summary for ease of reference. Done. studies via Dropbox. iii. Simplified riparian guidelines The draft A5 field booklet on the simplified riparian guidelines was The RSPO presented to the BCHVWG. Secretariat to revise the field Feedback for improvement: booklet The suggested blurb page to be removed and the information to be accordingly. placed on the cover page to make it clear that it is complement to the RSPO BMP for the Management and Rehabilitation of Riparian Reserves Title of the booklet should be revised to indicate that it is a simplified version of the BMP, rather than a separate set of guidelines that have been simplified. Cover page to include the RSPO logo It was also highlighted that the publication of the guidelines should be adequately communicated. A question was raised regarding smallholder cultivation areas in riparian zones, to which it was responded that the issue concerns the matter of legality and not a matter of management, as many national regulations have made clear the need to establish riparian zone. **HCVRN Updates** i. RSPO-related project updates GIZ has provided a seed funding to develop a multi-commodity (e.g. cocoa, rubber) guidance for HCV identification in landscapes / jurisdictions. This work would be relevant for JA projects in Sabah, Ecuador, etc. It is envisioned that the guide for Sabah will be completed by 2019. At the concession level, the HCV-ALS is working on improving and streamlining the processes, including updating the HCV Assessment Manual (2014) and the ALS documents and website. HCV-ALS has also been carrying out training for licensed assessors on the new HCV-HCSA assessment manual, an initiative funded by P4F. No active projects for smallholders at the moment, but HCVRN would be looking into creating a checklist for the medium probability cases for P7.3 for the RSPO HCV app. HCVRN has also been working with the RSPO Secretariat on a one-off project to digitise NPP boundaries and HCV areas on GFW Pro. HCVRN is

also working with WRI to develop a protocol for HCV-HCS forest mapping.

6

The consortium of the HCV management and monitoring study Phase I has identified challenges in the implementation of HCV management and monitoring efforts in RSPO-certified oil palm plantations. The consortium is interested to submit proposal for Phase II. However, the ToR has not been announced by the BHCWG.

The HCV-ALS has also carried out trainings for CBs & Auditors, growers and assessors, funded by the RSPO Secretariat. A field checklist for auditors has been produced and submitted to the RSPO Secretariat.

ii. ALS updates

Four new assessors joined the ALS, while one license has been revoked as the assessor submitted 2 unsatisfactory reports. Total number of assessors to-date is 56. Assessors whose license has been revoked may reapply for licence; unless the assessor has been involved in complaints or in high risk issues when they are ALS licensed. The re-application will be reviewed by the HCV Management Committee (made up of 9 organisations including FPP, Olam, WRI, WWF, RSPO and Proforest).

124 reports have been received since January 2015. 58 report evaluations are still active. The biggest influx of HCV assessment reports is in Bahasa Indonesia. In 2017, the ALS made a change after there was a push for resubmissions. The main bottleneck in the HCV-ALS process lies in the Quality Panel review - external contractors working on the reviews on part-time basis and may have conflict of interest with the HCV assessment reports. Moving forward the ALS would be recruiting more QP reviewers. It was highlighted that there it has been a continuous challenge to have the QP provide review results in timely manner and at the quality needed.

Number of Quality Panel as of June 2018

| | 2018 |
|------------------|------|
| Total QP Members | 28 |
| Bahasa (total) | 9 |
| Bahasa active: | 4/9 |
| English (active) | 15 |
| Spanish (active) | 6 |

A number of improvements is also made to improve the ALS processes, including:

- Separating the initial check procedure from the formal evaluation process and charging a fee
- Reducing the reliance on external QP, by assigning one external QP and one internal ALS staff as the QP member on the evaluation panel
- Both growers and assessors receiving updates on the evaluation
- Charging resubmission fees to recover full costs of report evaluations

The ALS has its own Complaints procedures, and complaints on a specific assessor go through HCVRN. A suggestion from the BHCVWG was to seek alignment of processes between the HCV-ALS and the RSPO Complaints Procedure should there be complaints arising on assessors and/or poor HCV assessment. HCVRN reminded that its jurisdiction was only on assessor currently licensed under the ALS scheme.

RSPO Secretariat and HCVRN to discuss alignment of Complaints Procedure. Done. A meeting between RSPO Secretariat and HCV-ALS was held in Kuala Lumpur from 25-26 Oct 2018.

iii. Upcoming challenges

a) HCV-HCSA assessments

The adoption of HCSA into the RSPO P&C 2018 would be placing additional responsibilities on HCV-ALS i.e. ALS capacity to manage the review process and assessors' capacity to meet the requirements.

Currently, for the evaluation of HCV assessment reports, 2 QPs are needed on the panel of reviewers. In the HCSA-HCV assessment evaluation, HCSA requires a third reviewer on the Quality Panel to provide the Quality Assurance on the HCSA-HCV assessment reports.

FPP clarified that HCV-ALS would only be needed to provide Quality Assurance on the ICLUP (Integrated Conservation and Land Use Plan). The FPIC component would be checked during the NPP submission. The social requirements in the HCSA toolkit is linked to technical assessment, and it is already embedded in the RSPO P&C; thus, the additional requirements should not be placing further burden on the certification system.

A question was raised to HCVRN on its plan for training of assessors, to which HCVRN replied that it was putting together a concept note.

A few suggestions on capacity building plans were put forward:

- Online modules. If funding was limited, HCVRN can emulate the model of RSPO's Sustainability College and upload the modules online.
- Physical training. Assessor availability and capacity are still the biggest challenge on the ground. HCVRN to develop training modules and identify trainers who can provide a physical training course. HCVRN and RSPO can work together to identify interested members to provide the training sites (allowing personnel and HCV assessment to be conducted concurrently). A potential country would be Africa (being the new frontier) where assessors and knowledge on HCV are limited.

HCVRN also updated that webinars would be conducted in the later part of the year to introduce the changes made in the ALS for improvements.

7 RaCP updates

RaCP Statistics (as of June 2018)

i. The NCLC and FCL disaggregated by country

| Country | Total NCLC | Total FCL |
|--------------------|------------|-----------|
| Brazil | 2,699.93 | 814.28 |
| Cameroon | 8,280.97 | 4,351.05 |
| Colombia | 39,628.19 | 2,450.01 |
| Costa Rica | 173.16 | 2.67 |
| Cote d'Ivoire | 2,165.24 | 785.96 |
| Dominican Republic | 7,446.62 | 74.11 |

| Grand Total | 915,442.47 | 117,844.55 |
|---------------------|------------|------------|
| Sierra Leone | 14,198.90 | 331.44 |
| Sao Tome & Principe | 1,330.99 | 483.38 |
| PNG | 6,852.45 | 798.83 |
| Peru | 20,430.90 | 2,998.04 |
| Nigeria | 2,048.00 | 8 |
| Mexico | 2,694.00 | 235.7 |
| Malaysia | 82,948.87 | 12,667.19 |
| Indonesia | 667,444.33 | 86,815.83 |
| Honduras | 12,332.48 | 463.63 |
| Guatemala | 23,085.52 | 927.09 |
| Ghana | 6,102.57 | 684.89 |
| Ecuador | 15,579.35 | 2,952.45 |

ii. Status of LUCA reviews

| Cumulative total of LUCA marked as 'Pass' | # additional between April - June 2018 | % increase | |
|---|--|------------|--|
| April 2018, n = 122 | 5 | 4 1 | |
| June 2018, n = 127 | 5 | 4.1 | |

iii. The NCLC and the FCL in November 2017 and April 2018

| Period | NCLC (Ha) | FCL (Ha) |
|-----------|------------|------------|
| Apr-18 | 853,359.93 | 111,392.48 |
| June 2018 | 915,442.47 | 117,844.55 |

As of April 2018, the total NCLC reported was 915,442.47 ha and the total FCL was 117,844.55 ha (5.7% increase from April 2018), cumulative 4.1 % percentage of LUCAs both reviewed and passed, and those pending review. A cumulative total of 248 LUCAs have been reviewed. Of these, 127 LUCAs have been marked as Pass, 43 LUCAs are undergoing reviews, and 78 are pending clarification from companies. 42 LUCAs are in queue.

The increase arose from Colombia, Dominican Republic, Ghana, Guatemala, Indonesia and Sierra Leone. Membership application coming from Cameroon, Cote d'Ivoire, Sao Tome & Principe.

iv) Land clearance by vegetation type and time period

| vc | 2005 - 2007 | 2007 - 2009 | 2010 - 2014 | After 9th May 2014 | TOTAL |
|-------|----------------|----------------|----------------|-----------------------|---------|
| 1 | 16,688 | 9,912 | 15,655 | 436 | 42,691 |
| 0.7 | 96,190 | 69,011 | 54,296 | 7,540 | 227,038 |
| 0.4 | 24,413 | 34,838 | 25,616 | 1,564 | 86,430 |
| 0 | 206,051 | 167,381 | 172,023 | 13,828 | 559,284 |
| TOTAL | 343,342 | 281,142 | 267,590 | 23,368 | 915,442 |

Only 1 ha of VC 1 increased for the period of after 9 May 2014 (new membership application).

iv. Status of concept note endorsement

| Country | No. of Concept Notes | No. of Endorsed Concept Notes |
|--------------|----------------------|----------------------------------|
| Colombia | 4 | 3 |
| Honduras | 2 | 1 |
| Ecuador | 2 | 2 |
| Ghana | 1 | 1 |
| Guatemala | 5 | 3 |
| Indonesia | 16 | 13 |
| Malaysia | 4 | 3 |
| Sierra Leone | 1 | 1 |
| Grand Total | 35 | 27 |

To-date, 35 concept notes have been received and the Compensation Panels have approved 27 projects. The others have been returned to companies for clarification.

v. Status of compensation plan evaluation

| Country | No. of Compensation Plan | No. of Endorsed Compensation Plan |
|--------------|-----------------------------|--------------------------------------|
| Colombia | 2 | 2 (conditional) |
| Ecuador | 1 | 0 |
| Ghana | 1 | 0 |
| Guatemala | 1 | 0 |
| Indonesia | 9 | 2 |
| Malaysia | 1 | 0 |
| Sierra Leone | 0 | 0 |
| Grand Total | 15 | 2 |

15 compensation plans have been submitted. The compensation plans endorsed for Musim Mas and SIPEF have been endorsed during the staged implementation of the Compensation Taskforce. 2 compensation plans from Colombia are conditionally approved pending clarification.

The RSPO Secretariat was reminded to update the RaCP webpage and the RaCP tracker.

Annex 9: Monitoring Report Template

A rough draft of Annex 9 was reviewed. The subgroup made up of SIPEF, Musim Mas, FFI, RemarkAsia and ZSL to continue developing the draft.

RSPO Secretariat to update the **RaCP** webpage and tracker.

RSPO Secretariat to continue the discussions.

Ongoing

| Taskforce for RaCP for ISH | |
|---|--|
| The work to compile the information on the potential RaCP for ISH | |
| pathways was still ongoing. | |

| 8 | AOB ZSL highlighted that it is partnering with Transitions to develop a refiner and crusher index that will allow downstream companies, who use palm oil, palm kernel oil and palm-based derivatives, to measure conformity of their direct or indirect suppliers with their own No Deforestation, No Peat, No Exploitation (NDPE) and RSPO certification commitments. | |
|---|---|--|
| 9 | Closing remarks The next meeting to be targeted for November 2018. There being no other matters, the co-chairs thanked everyone for the participation. | |



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.

38th RSPO BHCVWG Meeting 28-29 June 2018 Le Meridien Etoile, Paris

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1Roundtable on Sustainable Palm Oil (CHE-111.720.599)

RSPO