

9th Meeting of RSPO Compensation Task Force			
Date	17 – 18 October 2013		
Venue	Istana Hotel, Kuala Lumpur		
1	Olivier Tichit (OT)	Societe Internationale de Plantations et de Finance (SIPEF)	Co-Chair
2	Anne Rosenbarger (AR)	World Resources Institute (WRI)	Co-Chair
3	Simon Siburat (SiS)	Malaysian Palm Oil Association (MPOA)	Member
4	Dr. Gan Lian Tiong (GLT)	Musim Mas Group (MM)	Member
5	Jaen Maarten Dros (JMD)	Solidaridad	Member
6	Alexandra Booth (AB)	Olam International	Member
7	Peter Heng (PH)	Golden Agri Resources (GAR)	Member
8	Adam Harrison (AH)	WWF International	Member
9	Richard Kan (RK)	Golden Agri Resources (GAR)	Member
10	Anders Lindhe (AL)	High Conservation Value Resource Network (HCV RN)	Member
11	Glen Reynolds (GR)	Royal Society SEARRP	Invited
12	John Payne (JP)	Borneo Rhino Alliance (BORA)	Member
13	Lee Swee Yin (LSY)	Sime Darby Plantation (SDP)	Member
14	Sabarinah Marzuky (SM)	Sime Darby Plantation (SDP)	Member
15	Norazam Abdul Hameed (NAH)	Federal Land Development Authority (FELDA)	Member
16	Michal Zrust (MZ)	Zoological Society of London (ZSL)	Member
17	Henry Barlow (HB)	Independent	Member
18	Melissa Yeoh (MY)	WWF Malaysia	Member
19	Haskarlianus Pasang (HP)	Golden Agri Resources (GAR)	Member
20	Neil Judd (NJ)	Proforest	Facilitator
21	Bilge Daldeniz (BD)	Proforest	Facilitator
22	Surin Suksuwan (SuS)	Proforest	Facilitator
23	Tor Moi See (TMS)	Proforest	Facilitator
24	Jayashree Kanniah (JK)	Proforest	Facilitator
25	Oi Soo Chin (OSC)	RSPO Secretariat	Secretariat
26	Audrey Lee (ALMF)	RSPO Secretariat (Attended CTF meeting on 18 th October from 9 am to 1 pm).	Secretariat
	Absent with apologies	Kate Bottriell of International Finance Corporation (IFC) Sophie Persey of REA Kaltim Dr. Reza Azmi of Wild Asia	
Agenda	17 October 2013 <ol style="list-style-type: none"> 1. Opening meeting and welcoming remark 2. Review minutes of previous meeting 3. Updates on compensation procedures' public consultation workshops and comments received 4. Update on EB position 5. Setting meeting objectives 		

	<ol style="list-style-type: none">6. Discussion on general comments7. Discussion on land use change analysis and coefficients8. Discussion of conservation liability matrix <p><u>18 October 2013</u></p> <ol style="list-style-type: none">1. Opening meeting2. Discussion on monetary equivalent3. Discussion on terms used in the Compensation Procedures4. Discussion on HCV social5. Discussion on compensation panel6. Discussion on compensation project7. Discussion on next step of pilot period8. Closing meeting
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A. CTF meeting on 16th October 2013

1. Opening meeting and welcoming remarks

- 1.1 The facilitator (NJ) opened the meeting and introduced himself. This was followed by each of the participants introducing themselves. NJ presented the revised agenda of the Compensation Task Force (CTF) meeting, highlighted the documents circulated for the purposes of this meeting, and the comments received on the compensation procedures.
- 1.2 NJ offered the floor to the co-chairs for welcoming remarks and words of motivation. OT welcomed all participants and thanked everyone for attending the meeting. OT provided a refresher on the history, background and role of CTF members. OT advised participants to try their best to enhance the Compensation Procedures based on the feedback received. OT stressed that the compensation system developed may not be perfect system but can be piloted or trialled.
- 1.3 OT highlighted the importance of addressing the comments received from African stakeholders to avoid repeating mistakes made in the past. OT urged CTF members to look at the different components of the Compensation Procedures which needed to be revised or revisited, and find new consensus to solve issues raised. OT informed members that there are only a few cases available currently in this region for reference and more case studies are needed to pilot the compensation process. OT explained that lessons learned from the trials will add weight to the compensation procedures document. OT highlighted the importance of balancing the interest of NGOs and growers when revisiting the Compensation Procedure.
- 1.4 AR thanked everyone for attending the meeting and highlighted the importance of keeping an open mind for the next two days. AR agreed with OT on producing a procedure that is workable for the next year so that CTF members will not have to discuss the same issues for another year with growers exasperated for not having compensation guidance for their case study.

2. Review of previous meeting minutes

- 2.1 NJ asked CTF members to approve and comment on the previous minutes. SiS commented that Calley Beamish is no longer with WILMAR and will not be representing MPOA in the future. RK commented that Bpk Haskar from GAR attended the last meeting but his attendance was not captured in the minutes.

Action:

- i. OSC to remove Calley Beamish from the CTF member list.
 - ii. RK to pass Bpk Haskar's details to OSC.
- 2.2 The facilitator presented the summarised comments compiled from the physical public consultation workshops held in Jakarta, Kuala Lumpur and from emails received. NJ reported that 37 organisations commented on the compensation procedures with the majority of comments coming from Southeast Asian region mainly Malaysia and Indonesia.

3. Updates on compensation procedures' public consultation workshops and comments received

- 3.1 NJ invited MZ to provide feedback from the African stakeholders. MZ informed CTF members that WildAsia (WA) and The Zoological Society of London organised a RSPO HCV training programme in Yaounde, Cameroon in September. As part of this, an opportunity was taken to conduct a consultation with the attendees on the Compensation Procedures. The Zoological Society of London (ZSL) facilitated the consultation. Majority of the participants were from Cameroon and a few from Liberia. MZ presented and discussed the Compensation Procedures with the participants. The most common feedback received was that the procedure was not well communicated in the African region and most of the time was spent explaining the document to participants. Key points raised included:
- a. The details in the coefficient, especially Coefficient 1, is too broad. There were too many things lumped together. Ground thruthing is required.
 - b. Most participants felt that it was a good document despite the issue of the coefficient. They felt the company should be in control of implementation and monitoring, rather than monitored by the RSPO.
 - c. Many viewed that the document is a deterrent to certification and that the punishment is too strong. It would discourage companies from joining the RSPO especially since the oil can be sold in the domestic market.
 - d. Most of the participants felt that they have not been part of the process and it has not been developed for the African context. Further consultation is needed.
 - e. Some stated that NGOs in Africa were just looking for money and therefore may not be the best recipients of compensation funding. Some felt that they would be more comfortable giving money to the government (e.g. for the support of national conservation areas).
 - f. A few stated that NGOs receiving compensation funds need to be bound by the RSPO code of conduct (and therefore members of the RSPO)

- 3.2 NJ commented that if any Latin American stakeholders had been asked to provide feedback on the compensation procedures, they would probably mention the same thing. NJ commented that this issue is for the RSPO to takeaway.
- 3.3 JMD commented that no social NGOs had submitted comments. He did inform the social NGOs and the Solidaridad network in Africa and Latin America on the public consultation of the compensation procedures. The absence of comments could be due to low priority of the document for NGOs or they felt that there was no need to comment.
- 3.4 NJ commented that the Indonesian stakeholders have requested for a translated document, which is now available in Bahasa Indonesia and circulated to Indonesian stakeholders.
- 3.5 MZ commented that based on the CTF minutes, RILO has attended only one meeting in the last year. MZ suggested that RILO should be more active in the BHCV meeting since there were many comments from Indonesian stakeholders requesting for translated documents.
- 3.6 AH reminded CTF members that there were requests from European stakeholders to extend the consultation period of Compensation Procedures. He commented that the compensation procedures is also not well promoted in Europe.
- 3.7 OT commented that there is an issue on how members get information across to other stakeholders. OT explained that the minutes of meetings are made available on the RSPO website, and more frequently uploaded compared to other RSPO working groups. OT mentioned that the task was previously carried out by Audrey and now OSC is responsible. He also highlighted that the RSPO Secretariat needs to find out what resources is required to improve communication and ensure information is being adequately disseminated.
- 3.8 BD updated members on comments from Honduran producers. Latin American stakeholders strongly suggested that a translation of the document into Spanish and Portuguese. There was also no public consultation in the region.
- 3.9 JMD wanted to find out on the progress of setting up RSPO hub in Colombia. This hub was proposed over a year ago. BD and OSC replied that there was no update. AH stated that the RSPO has yet to decide on the location of the RSPO Latin America hub but it will happen soon. There has been interest expressed from Colombia, Honduras and Guatemala to be the hub.

Action:

MZ to provide list of participants who attended the HCV training in Yaounde, Cameroon.

4. Update on EB position

- 4.1 AH informed CTF members about the Executive Board (EB) meeting held last week (11/10/2013) that he and SiS participated in. He mentioned that the EB wanted information on the feedback from the Compensation Procedures Public Consultation and progress of the CTF meetings. Salahudin presented the feedback to the EB. He summarised the feedbacks raised to the EB as follows:
- i) Cut-off date
 - ii) Cost (mixed opinions from stakeholders)
 - iii) Governance of the panel and other issues
- 4.2 AH informed members that the EB was very clear that they would not want the CTF to change or abandon the cut-off date for two main reasons. Firstly, the credibility of the RSPO was at stake and it was an inappropriate time to change the date. Secondly, changing the cut-off date is outside the remit of the CTF. The RSPO P&C had just been reviewed and there was no sustained objection on the 2005 cut-off date. The P&C and the cut-off date has just been rectified by the General Assembly.
- 4.3 On the issue of cost, the EB admitted that it was a difficult issue that needed further discussion. Overall, the EB urged CTF members to try and reach consensus on as many issues as possible in this meeting as they were very keen to see some progress.
- 4.4 AH reminded CTF members on Anne and Olivier's comments on moving forward with pilot and field testing. It has been three years since the EB started discussion, and they are frustrated that not much progress has been made. The EB understood the difficult position of CTF members and the challenging issues raised but are urging for progress.
- 4.5 AH asked SiS to confirm that the EB did not want the cut-off date changed. SiS responded that he was part of the EB meeting from a remote site. He informed members that the MPOA maintained their sustained objection on the current compensation mechanism because of the cut-off date. When the cut-off date was implemented, the RSPO P&C was still undergoing a trial period and there were not many who actually understood the whole process.
- 4.6 AH explained that the EB recognised the reality of the early situation and proposed to lower the compensation liability for this period. The message from the EB was very clear - that the cut-off date cannot be changed but the mechanism should be flexible to accommodate the problems in the early stage. AH commented that the CTF's role was to deal with known, acknowledged and accepted problems without compromising the cut-off date and it should be the spirit and principle for the discussion moving forward.

5. Setting meeting objectives

- 5.1 Aside from the cut-off-date which will not be discussed, NJ asked for further comments on the objective of the meeting.
- 5.2 SiS highlighted a few points from the MPOA which were submitted recently but not raised during the public consultation.
- i. Has the RSPO done due diligence on whether it was legal for the RSPO to collect substantial amount of money from members for failing to comply with the RSPO P&C in the context of Malaysian or Swiss law?
 - ii. Are there any special requirement or provision in the law which allows for such collection?
 - iii. Has the RSPO performed any due diligence on legal aspect of HCV compensation? And if there is, could they please share the outcome.
- 5.3 SiS explained that all growers have to be answerable to their shareholders and such questions will be raised if a company was to allocate substantial amount of money for compensation. GLT commented that he had read through the compiled comments and found that many of the Indonesian growers' comments were also similar to MPOA.
- 5.4 NAH added that he was involved in the EB meeting representing the smallholders. He commented that smallholders also objected to the compensation mechanism. He explained that the growers' representatives who attended the public consultation workshop in Kuala Lumpur on August 28th 2013 had shown their sustained objection by walking out of the public consultation. NAH pointed out that the main issue highlighted by the growers were the liability coefficients, availability of HCV assessors and inability to certify areas compensated.
- 5.5 NJ asked grower members to explain clearly their current position and to confirm whether they would stay to discuss the issues, while maintaining their sustained objection. SiS confirmed that growers would continue to work with the taskforce to produce a workable document and that running away would not be helpful. SiS commented that the RSPO was the most unique certification system as it required members to undertake retrospective compensation. He also commented that the CTF members should be clear and certain about what they were doing and highlighted the disbursement of money was a great concern to growers. He further added that the aspect is still unclear and had created a lot of confusion, doubt and concern, especially those who were going for the biodiversity offset option.
- 5.6 AR commented that the issue of legal compliance and financial disbursement was important and can be included in the agenda.

- 5.7 SiS added that he was involved in the RSPO P&C Task Force. AH was correct in that there was no sustained objection raised during the review on the cut-off date. He explained that growers did express their concern incessantly on the cut-off date as not many growers had access to HCV assessors from 2005 to 2007. Not many people understood the meaning of HCV and many growers took it in good faith that it was part of the trial and perhaps there was a chance that this requirement could be revised. He commented that many of the HCV ideas were not covered in the P&C review but referred to the CTF, which was why there was no objection recorded. SiS assured that the cut-off date is one of the main issue for growers, and this was reflected by the walkout at the Compensation Procedures Public Consultation in Kuala Lumpur.
- 5.8 OT had thought that the Compensation Procedures document was very clearly presented, but based on the feedback received, some parts would need to be rewritten without changing the core of the document. Specifically on the disbursement of money, compensation options and any other matters raised today. He reminded everyone at the previous CTF meeting, the RSPO Secretary General had made it clear that the secretariat will not collect and will refuse to collect money from the compensation mechanism.
- 5.9 PH commented that the CTF members had spent a lot of time discussing on issues such as the formulae, remediating riparian zones, and disbursement of compensation. He reminded CTF members that the RSPO is a voluntarily organisation and works on consensus. Since GAR is going to pilot the compensation procedure, it wants confirmation that the money from the compensation case will remain in GAR to be used for projects that will benefit GAR. At the same time, GAR will ensure that the funds will be used in a transparent manner.
- 5.10 JMD noticed that many concerns were raised on the monetary values during the public consultation and that the dollar/ha value dominated the discussion. He explained that the compensation process is managed entirely by the company in an open and transparent manner. The monetary option available in the text is seen as a last option for the companies. It would only be selected if they have no clue or no way on how to restore or recover the liability. He commented that the options available should be seen as an encouragement for the company to develop an affordable solution that yield the highest benefit for them rather than creating a multi-million dollar fund that someone else needs to design and manage. The RSPO does not want to see that happen. He also commented that it would be a waste of time to discuss the monetary value lengthy. JMD felt that the principle of the compensation mechanism is to restore the liability which had been agreed upon. In the spirit of the RSPO, the compensation process should be done in a cost effective manner to benefit the conservation community and the growers.
- 5.11 AR commented that the issue raised will be covered in the hierarchy of measures in the Agenda. The current document is not sufficiently clear on the priority of ha/ha for conservation of area loss with the monetary values as the last resort. The priority of ha/ha can be made clearer in the document during the meeting.

- 5.12 NJ commented that the discussion will cover the compensation issue option to ensure that the document is clear to everyone.
- 5.13 MZ commented that the CTF should not focus on the delivery of the document first and suggested that members look at things that they have agreed on at the start of the process. MZ also suggested that the compensation projects can be covered next and the process should start from the beginning. NJ explained that the Agenda had been arranged in that order.
- 5.14 OT agreed that the members should look into matters which had been agreed and the next step is to clarify sections in the document.
- 5.15 JMD commented that the flowchart in the procedure is not covered in the Agenda. NJ responded that the flowchart can be covered in the meeting later. JMD wanted to have a specific discussion on the flowchart as it was important and suggested it could be discussed in the governance section. NJ agreed.
- 5.16 MZ suggested that the members start thinking about translating the Compensation Procedures. OT commented that the working language for this document is English. Olam's representative will arrive in the afternoon and she can inform us on how to present this document to the rest of the world.
- 5.17 NJ summarised that the meeting aims to discuss all the issues raised in greater detail. The objective is to develop a compensation procedure that can be utilised for a trial or pilot. NJ asked the CTF members whether they agreed to the objective. He also asked CTF members whether they accepted that the cut-off date was an EB issue, and to try to find common ground for other issues raised.
- 5.18 AH commented that there were some disagreement between his WWF colleagues on the trial period, He believed that the consensus among them is that a trial with clear objectives which addressed all the major concerns, provide better information, decisions taken, conclusions for existing conflicts and difficulties would be acceptable. He added that the trial is very important to provide answers to technical concerns. It also gives time for stakeholders to understand what CTF needed and is trying to communicate. He believed that many fundamental problems can be addressed and adjustments made following trials, such as the coefficient for Africa.
- 5.19 JMD suggested to give the Latin America and African region more time to respond due to the lack of response. He suggested that during the trial period for Asia, the RSPO focus on translating and introducing the Compensation Procedures to both regions. He believed that proper consultation in Latin America and Africa, and trial results from Asia can provide constructive next steps for the compensation process.

- 5.20 AR expressed concerns on prolonging the compensation consultation process in Latin America and Africa as it would delay findings from the trial. JMD explained that implementing a trial in both Latin America and Africa would be challenging. The process would be more acceptable if proper consultation was undertaken. He added that many important stakeholders in Africa were not aware of the compensation document and only heard about it during the training.
- 5.21 AR commented that the aspect of the compensation document should be applicable. Improvement on the document in terms of tailoring the coefficients and other issues would come in after the results of the trials are available. AR explained that they had to be careful of not having any progress with the compensation mechanism in other regions.
- 5.22 OT further explained that the disclosure of HCV areas loss part cannot be further postponed. Findings from the trials in Asia can be used to provide guidance to the African and Latin American regions.
- 5.23 MZ agreed with Anne and Olivier and highlighted the importance of including the things they have agreed on during the trial to find out the feasibility of undertaking the compensation mechanism. He suggested discussion on what needs to be included in the trial and what they can do to support others.
- 5.24 AL commented that he understood and acknowledged the condition and situation is different for different parts of the world and suggested a public consultation to be held after the trial period.
- 5.25 AH commented that it would be good to have another consultation at the end of the trial period and they should be sensitive to stakeholders concerns. The trial period will test the compensation procedures and improve the document MZ agreed that a consultation is needed at the end of the trial period.
- 5.26 NJ asked CTF members on the timeline of the compensation procedures' trial period. OT answered that the EB would probably want the trial period to start by RT 11 and completed by RT 12. OT commented that an announcement could be made during RT 11 if CTF members could agree on what would be included in the trial period.
- 5.27 AR commented that in order to get full participation, the compensation mechanism had to be made mandatory or it would not get full participation from growers. Discussion on how to encourage full participation should also be covered in the meeting. AH agreed to AR's proposal. The EB would like to move forward and hoped that the compensation procedures will have full participation from growers.
- 5.28 OT commented that the compensation mechanism should also include the palm oil processor sector. AH agreed.

- 5.29 The CTF agreed to call the one year trial period as staged implementation.
- 5.30 NAH commented that there will be sustained objection from the Malaysian growers and smallholders even if the cut-off date is revised. NJ pointed out that the objective of the meeting was to reach as many consensus as possible to facilitate the staged implementation.
- 5.31 AH asked NAH whether the sustained objection would remain if the liability matrix between 2005 -2007 was reduced for that early period. NAH answered that the sustained objection would still be there. Growers would prefer to have the cut of date based on the NPP date of 2009. The growers feel that there was a lack of understanding on the HCV concept then. NAH mentioned that he was attached with Sime Darby during that time and many of them did not understand the concept of HCV. The issue was further complicated by the lack of HCV assessors. They had to carry out the HCV assessment themselves. When he was attached to Golden Hope in 1998-2000, the understanding was that all HCVF areas needed to be conserved and the concept of HCVF was not clear for oil palm establishment. They had engaged consultants to undertake HCV assessment for Forest Stewardship Council (FSC) certification. He explained that companies have identified, reduced and mitigated social impacts via information from AMDAL (EIA in Indonesia) documents. NAH added that biodiversity identification, conservation and management was covered in the AMDAL/EIA document. These findings should be recognised and cross referenced in the Compensation Procedures.
- 5.32 SiS commented that the HCV concept was introduced to PPB/WILMAR at RT 5 when Bpk Purwo had a booth with information on HCV concept based on the findings of HCV areas in West Kalimantan. In November, PPB sent a request to WWF asking them to undertake HCV assessment in their oil palm concession in Central Kalimantan. However, WWF responded that they did not have the resources to carry out the survey. WWF eventually sent Yepky Kustiwae and Stephen Wulfraat to organise a scoping exercise in April and another in September. Only in February 2008, the company managed to engage Malaysian Environmental Consultants Sdn Bhd (MEC) to undertake HCV assessment. SiS clarified NAH's comment earlier that social compensation specifically for tanam tumbuh areas had been done. It would be unfair if this area is subject to compensation again.
- 5.33 AH concluded that sustained objection remained but asked the growers whether they agreed that the cut-off date was for the EB and not to be discussed in the CTF meeting. SiS agreed.
- 5.34 JMD commented that potential loss of HCV 5&6 in the compensation procedures did not mention explicitly that if compensation had been done, the company would not have to compensate again. NAH commented that social compensation was mentioned in the AMDAL and the growers are required to follow the document.

- 5.35 JMD explained that experiences in other regions such as Brazil and Netherlands had shown that the EIA document is just a beautiful piece of document with a lot of recommendations which were eventually not implemented. JMD commented that if there was evidence that negotiations was done in an appropriate manner and the recommendations and mitigation measures were implemented, the social compensation done earlier was acceptable.
- 5.36 NAH commented that the AMDAL is a legal requirement which needed to be respected by the growers.
- 5.37 NJ concluded that the objective of the meeting was to reach as many consensus as possible on as many sections as possible and proposal on staged implementation with a full review after one year.
- 5.38 SM suggested to reword staged implementation to trial as the term allows research to be done. It was also more acceptable. OT understood SM's concern however, maintained the term "staged" to ensure companies undertook the compensation mechanism seriously and responsibly.

6. Discussion on general comments

- 6.1 CTF members discussed the compiled general comments. Decisions and recommendations include:
- i. To revise bullet points in section 3 of compensation procedures based on the CTF decisions.
 - ii. Clarified definition of remediation and restoration.
 - iii. Clarified hierarchy of compensation options with priority given to onsite remediation and compensation offsite comes after.
 - iv. To provide steps for preparing compensation proposal and clarify text on how to access compensation liability.
 - v. To replace the word 'fund' from the text with "project or resources financed by the grower".
- 6.2 Decision and recommendation made on legal compliance issue in Indonesia.
- i. To mention compensation proposed by Indonesian government to the Indonesian growers in the Compensation Procedures which is based on ha/ha basis.
 - ii. The language needs to be clearer for this section and include situation in other countries.
 - iii. Section 3: Overall compensation procedures can include any legal compensation requirement available in oil palm growing countries.
 - iv. To explicitly highlight the ha/ha legal compensation basis as some NGOs might comment that it is not additional if it is based on legal requirement.

Important note: The Indonesian government has yet to implement the proposed compensation as stipulated in PP60.

6.3 Decision and recommendation made for request of legal review:

- i. Confirmed and clarified that compensation is not RSPO Compensation Fund. Company to hold and retain the money and decide on compensation projects.
- ii. To conduct legal review on compensation procedures.
- iii. Expand section 10 to make the section clearer.

7. Discussion on land use change analysis and coefficients

7.1 Land use change analysis (LUC) and coefficients were comprehensively discussed in this session. Decisions and recommendations included:

- i. To include additional data sources such as Social & Environmental Impact Assessment (SEIA) or AMDAL for LUC. Additional data can be used to support LUC analysis if growers are challenged by other stakeholders.
- ii. Improve and clarify the language in both sections.
- iii. To add a sentence on making reference to SEIA to support LUC analysis at the coefficient section.
- iv. To start building TOR for compensation panel.
- v. To simplify flowchart process.
- vi. For coefficient 0.7 specifically burnt areas, results from the staged implementation will decide whether burnt areas should be included in this coefficient.
- vii. To start discussion on information to be included in staged implementation.
- viii. For Latin America and Africa, proposal to maintain coefficient values/classes but they are not bound by the definition in the coefficients. To include other ecosystems found in both regions in the coefficient definition during the trial period.
- ix. Proposal to remove grass land (alang-alang) in Southeast Asia as a HCV area. Grassland only grows after an area has been repeatedly burnt and heavily degraded. Suggestion is to use the term natural for grassland as Papua has natural grassland which is known as trans-fly savannah.

8. Discussion of conservation liability matrix

8.1 Decision and recommendation made for conservation liability matrix:

- i. Not to discuss the cut-off date issue.
- ii. Expand the liability matrix table (e.g. Liability for Nov 2005 to Dec 2009 has been revised to Nov 2005 to Nov 2007 and Dec 2007 to Dec 2009).
- iii. The RSPO to provide chronology of events on issues related to HCVs. Specifically objections raised and dates of HCV documents.
- iv. To develop staged implementation.
- v. To insert note for RSPO BHCV-CP to review exceptional cases of accidental and limited land clearing without prior HCV assessment.
- vi. There will be obligation from growers to take part in the staged implementation. Disclosure is not only for certified units but for the Group/Holding.
- vii. To get information on RSPO ACOP submission specifically for MPOA members for disclosure purposes.

Important note:

From SiS (MPOA)

- i. Based on results of the public consultation, it is obvious that the MPOA has not agreed to the cut-off date and compensation procedures. The CTF can propose a staged implementation for the compensation procedures but it does not mean that the MPOA will agree to it.
- ii. MPOA maintain their proposal to the RSPO to undertake legal review on Compensation Procedures based on the requirements in Indonesian National Interpretation, Criterion 7.3. According to the criterion, all new plantings that complies with national laws can be certified.

From AH (WWF)

- iii. EB will not change the cut-off date.
- iv. The RSPO is entirely a voluntary business to business agreement and it should not be limited by legal compliance.

8.2 NJ summarised the meeting results for the day and briefly presented meeting agenda for the next day.

8.3 PH invited all participants to a dinner hosted by GAR.

B. CTF meeting on 17th October 2013

1. **Opening meeting**

- 1.1 NJ opened the meeting with a recap of the recommendation for staged implementation discussed yesterday. NJ briefly presented the agenda for the meeting.
- 1.2 PH suggested that it was important to have notes on chronology of events relating to the context of cut-off dates before RT 11. This information will be useful for stakeholders involved in compensation. NJ thanked PH for reminding members on the importance of having notes on chronology of events and also to include cut-off date issue to the EB.
- 1.3 SiS commented that other stakeholders such as the retailers would want to see the Compensation Procedures finalised. The chronology of events should inform stakeholders on the complexity of developing the Compensation Procedures and justify the slow progress made in producing the procedures. NJ commented that the chronology of events is to be prepared by the RSPO Secretariat. GR commented that the context of the chronology of events should be a broad overview focussing on major issues.
- 1.4 SiS informed members that Bpk Derum, an EB member representing Indonesian Palm Oil Association (GAPKI), did raise his concern over the Nov 2005 cut-off date in February 2007. SiS explained that at that time, the EB informed members that a compensation mechanism would be developed, which is why the cut-off date went through. SiS added that growers hoped that the list of HCV assessors could be ready in 2008 but it did not happen until 2010. SiS commented that there was not much information relating to HCV available from 2005 to 2009. That is why growers wanted the cut-off date to be 2010. Growers feel that they should not be penalised for something which was not in place.
- 1.5 Recommendation for staged implementation by CTF members is summarised as:

Box 1: Recommendations to the EB for year 1 of the Staged Implementation

Compensation Taskforce Recommendations to the Executive Board for year 1 of the proposed 'Staged Implementation' of the RSPO Remediation and Compensation Procedures

1. The first stage of the staged implementation period will be from November 2013 to November 2014. CTF will conduct a review and report on the results at RT12.
2. At the end of the staged implementation period (envisaged as a total period of 2 years), the Remediation and Compensation Procedures will be fully reviewed. It will include a public consultation period to develop the final procedures for the EB by Nov 2015.
3. The initial 12 month period will include the obligation for grower members to implement sections 4 – 7 of the current Remediation and Compensation procedures, consisting of:
 - 3.1 For application in South East Asia:

- Disclosure to the CTF (not public) of hectares cleared after Nov 2005 without prior HCV assessments in all management units and LUC analysis using the present coefficients and report results to CTF
 - Growers calculate compensation liability in hectares with coefficients using the proposed matrix (table 2) and report results to CTF
- 3.2 For application in Africa & Latin America:
- Disclosure to the CTF (not public) of hectares cleared after Nov 2005 without prior HCV assessments in all management units
 - Growers calculate compensation liability in hectares with coefficients using the proposed matrix (table 2) and report results to CTF
 - Testing the LUC analysis using the present coefficients, and are encouraged to allocate vegetation classes (including natural grasslands, open wetlands and other relevant ecosystems) to the current coefficients based on the regional context and report results to CTF
4. Recommendations for necessary actions by the RSPO:
- 4.1 In order to provide all parties with an understanding of the background processes leading to the RSPO Remediation and Compensation Procedures, the secretariat is to compile a chronology of key events and decisions relating to the context of the “cut-off” dates (2005-2007 P&C trial, 2007-2010 progress on HCV; 2010-2013 implementation of NPP). Document to be ready for RT in Nov 2013
- 4.2 The secretariat is to estimate the impact of using the different cut-off dates to help EB make an informed decision on cut-off date, i.e. if 2005-2007 what areas would be affected
- 4.3 The secretariat is to develop communications document/cover letter to detail rationale behind proxy approach, background of procedure development process; insert box (summary from communication letter) in the Remediation and Compensation Procedures detailing rationale behind proxy approach, background of procedure development process
- 4.4 Any stakeholder with issue of the cut-off date is to be addressed directly to the EB
- 4.5 Organise dissemination workshops in Africa and Latin America, Indonesia and Malaysia at the start of the initial 12 month period to explain necessary actions by growers during the staged implementation period
- 4.6 The Secretariat to facilitate establishment of a consortium to compile an inventory of hectare and non-hectare based interventions needed to address wider conservation issues (e.g. early warning system for fires, capacity building, policy development; see and expand existing Indonesian list from 2010). This should include costs and could offer a basis for jointly funded projects
- 4.7 Expand the FAQs for the Remediation and Compensation Procedures (e.g. Q&A: We have set aside X ha for HCVs, can this be counted towards remediation and compensation efforts?)
- 4.8 Review capacity building needs for BHCV WG and the Secretariat on GIS interpretation and remote sensing (noting potential role of WRI). Consider developing a list of remote sensing experts/LUC analysis experts
- 4.9 Develop guidance on best practice for designing and implementing conservation projects (noting potential assistance from ZSL) and guidance on social remediation

- 4.10 Conduct a legal review to check whether the Remediation and Compensation Procedures conflicts with Swiss and/or Malaysian law (suggested by MPOA)
- 4.11 Work with local experts to develop appropriate coefficient definitions for their context and determine whether these are appropriate and feasible (given remote sensing constraints)
- 4.12 Research as to what extent natural grasslands and open wetlands that have been planted in South East Asia (Check with GHG WG to establish what available data they collated)

2. Discussion on monetary equivalent

- 2.1 SiS commented that they had consulted Dr. Robert Ong from Forest Research Centre, Sepilok and Sabah Forestry Department to rehabilitate their riparian areas (20 – 50 m) along Sungai Segama. He reported that the company had started the project three years ago. The figures they have is half the amount proposed in the Compensation Procedures. According to Dr. Robert Ong, the cost of rehabilitation is dependent on the extent of the project, and whether the project allows natural regeneration or requires introduction of species. The cost also depends on how intensive and how long the company wants to manage the area. The longer and more intensive the rehabilitation project, the more costly it would be. He informed members that regeneration of wetland areas was quite rapid as long as community encroachment is avoided. He also commented that the major problem faced in a human dominated landscape is trying to stop local communities from cultivating the HCV areas which is considered ideal land for cultivation. This may not be a problem for Sabah and Sarawak but it is a major problem in Indonesia.
- 2.2 GR commented that cost involved in rehabilitation projects range from USD 1,000 to USD 25,000 per ha. The cost is different for different types of vegetation/ecosystems.
- 2.3 JMD commented that the compensation document does not provide any information on how the monetary value is determined, which CTF members had discussed based on case studies reported. The document should explicitly explain that the monetary values are cost based calculation and it does not include opportunity cost associated with non-farming activities. He also added that this will be problematic for places like Indonesia and Ghana as the communities look at the land as opportunity for cultivation. He informed members that Brazil has very good examples on community based riparian strips which is managed by the community. He suggested to include justification for the costs proposed in the compensation document.
- 2.4 HB reminded CTF members that stakeholders have been discussing about the monetary values. He commented the members should look closely into the matter.
- 2.5 Dr. Gan commented that there was no need to include monetary values in the compensation document as the most important element is the outcome of the project. He explained that Musim Mas had done quite a lot of conservation projects involving orang utan, tigers etc. He

- highlighted the importance of key performing index for the conservation project. Dr. Gan reported that the cost involved could be from nil to substantial amounts. One example was rehabilitating wetlands by allowing it to regenerate naturally through diverting water back into the area.
- 2.6 MZ commented the proposed cost per ha was developed to help growers if they could not come out with a desired conservation projects.
 - 2.7 AH commented that the monetary value should take place if growers could not come out with the desired compensation/conservation project.
 - 2.8 AR commented that they had all agreed that the outcome was more important than the monetary figures and that is why the priority is for compensation on ha per ha basis.
 - 2.9 OT suggested to change the words used in the compensation document. He suggested to change the way the document introduced the monetary values.
 - 2.10 JMD raised his concerns on the company's responsibility to ensure that conservation/compensation projects based on ha per ha basis given to the contractors or NGOs are met. AH clarified that JMD's concern can be solved with monitoring activities undertaken by the RSPO and the companies are responsible to ensure the success of their compensation/conservation projects.
 - 2.11 OT suggested that companies that proposed compensation projects below the proposed figures should be reviewed.
 - 2.12 OT and SiS commented that companies should not be responsible for the long term outcome for any conservation projects they participate in, especially those which involves the government, as rules or laws may change. For example, the government may change zoning areas, revise or develop new laws which may jeopardise conservation project. In addition, SiS commented that there are not many HCV assessors particularly in Africa. There are only five HCV assessors out of which three are Lead Assessors from Proforest, and two are discipline specialist. This a problem which needs to be addressed or it will be raised continuously.
 - 2.13 AL reminded members that the monetary figures proposed in the compensation document is to allow more flexibility to the conservation projects. It also serves as a standard guidance to the compensation panel. The figures proposed can be used as reference rather than spending more time to decide which monetary figure to use.
 - 2.14 Decision and recommendation on the monetary values section include:
 - i. Members agreed to leave the indicative monetary figures in the compensation document and to emphasise demonstration of conservation outcome.

- ii. The CTF proposed to maintain the monetary values in the compensation procedures as standardise guidance for growers however, priority would be given to compensation on ha per ha basis.

3. Discussion on terms used in compensation procedures

- 3.1 The CTF discussed on the appropriate terminology to be used in the glossary section of the Compensation Procedures. Many terms were proposed and CTF members decided not to introduce any new terminology but to ensure that terminology used in the compensation document is the same as the RSPO P&C. Members suggested that the Compensation Procedures' FAQ be updated or expanded based on the revised compensation procedures.
- 3.2 SiS asked members whether set aside conservation projects/programmes with NGO is considered as a form of compensation. JMD explained that it would be considered as Option 2 (non ha per ha option) in the compensation procedures. He then gave the blue parrot breeding programme as an example of Option 2 compensation. AR and MY agreed.

4. Discussion on HCV social

- 4.1 JMD commented that there were not many feedback from the social NGO. He took it as consent on the proposed text in the Compensation Procedures. He informed members that he had contacted all his social NGOs associates about the Compensation Procedures public consultation including Ola who was a member of CTF representing Sawit Watch before her resignation. He explained that Sawit Watch has not been able to allocate resources to replace Ola.
- 4.2 JMD commented that social compensation in Indonesia is a legal requirement and the global Compensation Procedures document should highlight local requirements such as the Indonesian requirements. JMD commented that the text on social elements can be improved. He volunteered to work with members or to work alone on improving the document.
- 4.3 SiS reminded members that retrospective HCV study (2005-2007) to assess HCV loss must be done with references available at that time and not with referencing documents developed later.
- 4.4 JMD agreed that reference should be made on existing documents available at the time and what kind of evidence/document was available. An example of an inappropriate compensation process that could happen would be if only the community leaders were consulted and not the entire community.
- 4.5 SiS explained that it was very important to understand the social structure of local communities and land compensation be undertaken based on the local social structure/administration. An example of local communities with different social structure

were the Minangkabau of Padang where Ninik Mamak was consulted and in Africa where the village chief was approached on matters related to land.

- 4.6 JMD wanted clarification as to whether past losses of HCV 4 should be part of the compensation negotiation? OT and AR agreed that the definition of HCV 4 in the social context is grey. AR suggested that the term 'partial' should be maintained in the document.
- 4.7 The CTF discussed on the terminology used for HCV 4 in the social context for the compensation document. Further text editing of the document was done to ensure clarity. The CTF members (growers and NGOs representatives) worked together to enhance the document as suggested by JMD earlier.

5. Discussion on compensation panel

- 5.1 Members discussed setting aside resources to support the compensation panel, particularly on remote sensing and satellite images expertise. AR suggested that she will come back to the members on providing LUCC support to the compensation procedures.

6. Discussion on compensation project

- 6.1 The CTF members discussed in detail on section 11 to ensure the section is clear. The members also expand the list of compensation package recommendation.

7. Discussion on next step of pilot period

- 7.1 CTF members developed a list of tasks needed to be undertaken by stakeholders, particularly growers and the RSPO Secretariat. A detailed recommendation to the EB on staged implementation was prepared. A sub group was formed to discuss section 11-13 of the compensation procedures.
- 7.2 Members set dates to complete the Compensation Procedures draft to be submitted to the EB. The date set was 4th of November 2013.
- 7.3 See Box 1 for details of recommendations to EB.

Action:

RK to send Compensation Guide Book: HCV Areas to OSC for circulation to CTF members.

8. Closing meeting

- 8.1 NJ closed the CTF meeting by summarising the meeting results of the day and sent his best wishes to the members.

9th Meeting of RSPO CTF
16-17th October 2013
Hotel Istana, KL

No.	Name	Organisation	Signature 16/10	17/10
1.	A.S. Bastow	Affiliare	A.S. Bastow	A.S. Bastow
2.	M ZRUST	ZSL	[Signature]	[Signature]
3.	Anne Rosenbarger	WRI	[Signature]	
4.	NURAZAM ABU HAMEED	FSV	[Signature]	
5.	LEE SWEE YIN	SDP	[Signature]	
6.	Subarinali Marsany	SDP	[Signature]	
7.	J. Payne	BoRA	[Signature]	[Signature]
8.	GLEN REYNOLDS	Roundtable Secretariat	[Signature]	
9.	ANDERS LINDHE	(HEU RN)	[Signature]	
10.	Richard Kan	GAR	[Signature]	
11.	ADAM HARRISON	WWF	[Signature]	
12.	Peter Hung	GAR	[Signature]	
13.	Jan Maarten Dros	Solidaridad	[Signature]	
14.	Olivia Tchant	SIPFF	[Signature]	
15.	Sinar Sibunt	m.p.o.	[Signature]	
16.	Gan Lian Tiang	PTMM	[Signature]	
17.	N Judd	Proforest	[Signature]	
18.	Sutin Sukswan	Proforest	[Signature]	
19.	Jayishree Kanniah	Proforest	[Signature]	[Signature]
20.	Bige Daldeniz	Proforest	[Signature]	

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


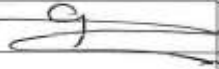

RSPO

Roundtable on Sustainable Palm Oil

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21.	Mobi-See Tor	Proforest		
22.	Melissa Yeh	WWF-M'sia		
23.	Haskarlannas Pasang	GAR - CMAR		
24.	GLEN RYMONDAS	Rough Society SARAWAK		
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