



RSPO

Roundtable on Sustainable Palm Oil

RSPO Remediation & Compensation Procedures

Outreach Program
24th June 2014
Kuala Lumpur, Malaysia

Members of Compensation Task Force



Roundtable on Sustainable Palm Oil

	Growers	ENGO & SNGO	Bank & Investors & Experts
1	Sime Darby	WWF Int, Msia and Ind	International Finance Corp (IFC)
2	Felda Global Ventures	Conservation International*	WildAsia*
3	Wilmar (MPOA)	Borneo Rhino Alliance	ISPO Consulting*
4	Golden Agri Resources	Sawit Watch	ReMark Asia
5	Sipef	Zoological Society of London	HCV RN
6	Olam International	World Resources Institute	
7	Musim Mas Plantations	Solidaridad*	

*Members retired from CTF



Objectives of the CTF

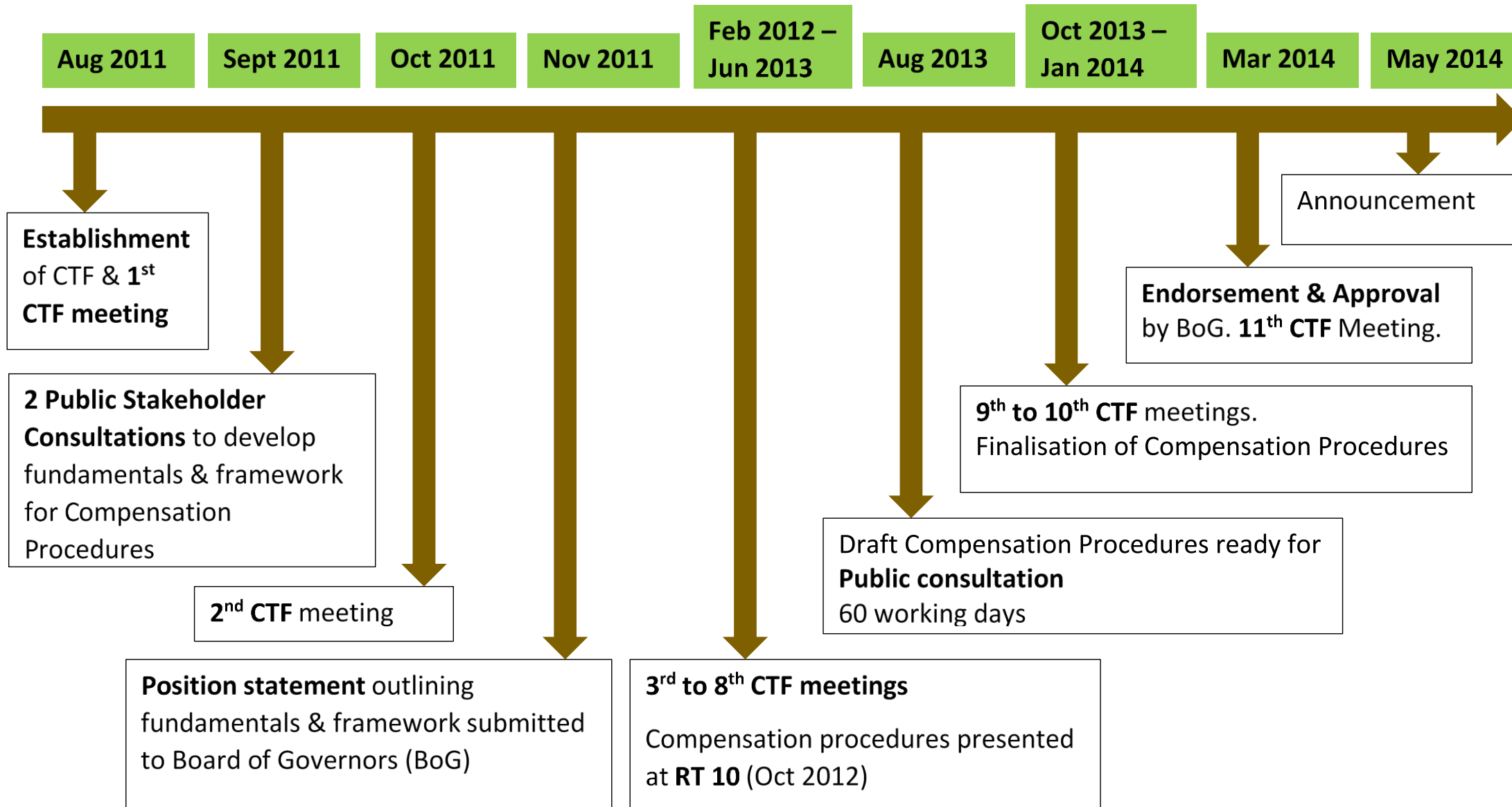
- To develop acceptable compensation packages for land clearance without HCV assessment or where subsequent HCV assessments have determined that HCV were lost



Chronology of Events

RSPO

Roundtable on Sustainable Palm Oil



The 2013 RSPO Principles, Criteria and associated mandatory Indicators state that:

(Criterion 7.3) New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

- 7.3.1 There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).*
- 7.3.2 A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status.*
- 7.3.3 Dates of land preparation and commencement shall be recorded.*

Specific Guidance for 7.3.1: Where **land has been cleared since November 2005, and without a prior and adequate HCV assessment**, it will be **excluded from the RSPO certification programme until an adequate HCV compensation plan has been developed and accepted by the RSPO.**

The Remediation & Compensation Procedures serves a dual purpose:

- ❑ It enables the RSPO to better pursue its mission *to advance the production, procurement, finance and use of sustainable palm oil products* by engaging a wider range of committed growers;
- ❑ It enables responsible growers to correct for operations which have resulted in past non-conformities so that they can apply for or maintain certification as means of demonstrating their commitment to sustainability.

Guiding Principles

- The Remediation and Compensation Procedures reflect certain guiding principles
 - i. **Early cases** of clearance without HCV assessment **carry less compensation liability** than more recent cases.
 - ii. **Non-compliant clearing by RSPO members** at the time of clearing, and especially RSPO certified growers, **carries a higher compensation liability** than such clearing by non-RSPO members
 - iii. The procedures are designed **to allow growers flexibility** in how they **fulfil their compensation liability** and **encourage conservation measures** that **maximise conservation outcomes** in relation to allocated resources.
 - iv. RSPO is seeking to ensure that members **practise due diligence** in acquiring land for oil palm it is also recognised that companies cannot be held responsible for all clearance of land since 2005 prior to coming under their management. RSPO encourages members to **expand onto appropriate land** and this is often land that has already been cleared by individual households for their own use. Therefore in several cases the Remediation and Compensation Procedures distinguish between land cleared commercially and non-commercially (see glossary for definitions), whereby growers are not required to compensate for land which they can demonstrate was non-commercially cleared.

SECTIONS REQUIRED DURING THE STAGED IMPLEMENTATION:

4

- Disclosure of non-complaint land clearance

5

- Approved changes of SOPs

6

- Land Use Change analysis

7

- Calculating conservation liability

4. Disclosure of Non-Compliant Land Clearance

- *Grower members of the RSPO* shall disclose to the RSPO Technical Director any clearance for expansion after 2005 without prior HCV assessment.
- *Growers applying for RSPO membership* shall disclose to the RSPO Technical Director any clearance for expansion after 2005 without prior HCV assessment.
- *RSPO certified growers or growers entering certification* shall disclose to an accredited Certification Body and to the RSPO Technical Director any clearance for expansion after 2005 without prior HCV assessment

5. Approved Changes of SOPs

- The members shall submit their SOP (approved by the company top management), to demonstrate they have incorporated appropriate measures to avoid new non-compliant land clearing.

6. Land Use Change Analysis

- 6.1. Any compensation liability due to loss of HCV 4-6 shall be identified and assessed through dialogue with affected stakeholders and communities as described in section 9.
- 6.2. Areas where clearing vegetation and planting of oil palm is prohibited by the P&Cs (e.g. riparian zones and steep areas) shall be identified and remediated.
- 6.3 For the purpose of compensating potential loss of HCV 1-3, all clearance that occurred prior to HCV assessment (including areas identified for remediation in 7.2) shall be enumerated and categorised as occurring:
 - Between November 2005 and November 2007
 - Between November 2007 and December 31, 2009;
 - Between January 1, 2010 and May 9, 2014
 - After May 9, 2014

6. Land Use Change Analysis

- The analysis shall also assess whether lands were:
 - Commercially cleared (by members or non-members) as defined in the glossary below
 - Non-commercially cleared as defined in the glossary.
- Categories of land areas cleared without prior HCV assessment
 - Coefficient 1.0: Structurally complex forest (including primary forest), regenerating, selectively logged forests with elements of high canopy.
 - Coefficient 0.7: Structurally degraded but ecologically functional natural forest.
 - Coefficient 0.4: Multi-species agroforestry.
 - Coefficient 0: Monoculture tree and non-tree plantations; other permanently cultivated, developed or open degraded land

7. Calculating conservation liability

	Land controlled by a non-member at time of clearance.	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance.	Land controlled by a grower with RSPO-certified management unit(s) at the time of clearance.
Land cleared after November, 2005 – November, 2007	Remediation and/or compensation required only for Social HCVs (HCV 4, 5 & 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5 & -6), if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.	n.a. [no certified areas in existence yet]

7. Calculating conservation liability

	Land controlled by a non-member at time of clearance.	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance.	Land controlled by a grower with RSPO-certified management unit(s) at the time of clearance.
Land cleared between December, 2007 - December 31, 2009	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5& 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.]	Sum of: all areas cleared commercially without prior HCV assessment X their vegetation coefficient(s) in Nov 2005	Sum of: all areas cleared without prior HCV assessment X their vegetation coefficient(s) in Nov 2005

7. Calculating conservation liability

	Land controlled by a non-member at time of clearance.	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance.	Land controlled by a grower with RSPO-certified management unit(s) at the time of clearance.
Land cleared between January 1, 2010 – May 9, 2014	Sum of: all areas cleared commercially without prior HCV assessment X their vegetation coefficient(s) in Nov 2005.	Sum of: all areas cleared without prior HCV assessment X their vegetation coefficient(s) in Nov 2005	Twice the sum of: all areas cleared without prior HCV assessment x their vegetation coefficient(s) in Nov 2005

7. Calculating conservation liability

	Land controlled by a non-member at time of clearance.	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance.	Land controlled by a grower with RSPO-certified management unit(s) at the time of clearance.
Future land clearing after May 9, 2014.	<ol style="list-style-type: none"> Sum of all areas cleared without prior HCV assessment X their Nov 2005 vegetation coefficient(s). All cleared land owned by members shall be managed in full accordance with the RSPO standard and certified as soon as possible. When land cleared is certified, palm products from areas with a vegetation coefficient < 0.4 in Nov 2005 may be sold as certified. Palm products from land cleared with vegetation coefficients > 0.4 in Nov 2005 may not be claimed as RSPO-certified even though the management unit is certified (must be either part of mass balance or kept out by physical segregation). RSPO members acquiring new areas of land after May 9, 2014 shall commit in writing not to instigate, encourage or support, directly or indirectly, any land clearing without prior HCV assessment. Expulsion* of member or application of membership rejected if all requirements above are not met. 	<p>Expel from RSPO*</p> <p>*The RSPO BHCV-CP may review exceptional cases of accidental and limited land clearing without prior HCV assessment</p>	<p>Expel from RSPO*</p>

Key Requirements

THE FOLLOWING SECTIONS ARE REQUIRED DURING THE STAGED IMPLEMENTATION:

i. Disclosure (sections 4 and 5 below)

- Disclosure of non-conformant land clearings
- Development of standard operating procedures (SOPs) designed to avoid any new non-compliant land clearing

ii. Land use change analysis and liability assessment (sections 6 and 7 below)

- Analysis and report on land use change
- Identification of areas where planting oil palm is prohibited by the RSPO P&Cs (e.g. riparian zones and steep areas)
- Calculating the additional compensation liability

Key Requirements

THE FOLLOWING SECTIONS ARE VOLUNTARY DURING THE STAGED IMPLEMENTATION PERIOD ALTHOUGH MEMBERS ARE ENCOURAGED TO COMPLY WITH THEM:

- iii. Development of Remediation and Compensation Plan (sections 8 – 13 below)
- The evaluation of each compensation case by a Compensation Panel
 - Remediation of areas where planting oil palm is prohibited by the RSPO P&Cs (e.g. riparian zones and steep areas)
 - Remediating/compensating affected stakeholders for loss of social HCVs (HCV 4,5 &6)
 - Overall compensation package can encompass national legal requirements for compensation on a hectare for hectare basis if these requirements are in line with RSPO objectives. The Compensation Panel shall decide on the applicability of compensation activities undertaken for legal compliance on case by case basis, and monitor the fulfilment of legal requirement.
 - Planning conservation projects
 - Implementing conservation projects and monitoring outcomes

VOLUNTARY SECTIONS DURING THE STAGED IMPLEMENTATION PERIOD ALTHOUGH MEMBERS ARE ENCOURAGED TO COMPLY WITH THEM

- 8 • Compensation panel
- 9 • Remediation & compensation for the social impacts of the loss of HCVs 4,5 & 6
- 10 • Options for implementation of compensation
- 11 • Designing compensatory biodiversity projects
- 12 • Approval of remediation & compensation plans
- 13 • Monitoring of implementation

8. Compensation Panel

- Each compensation case will be dealt with by a Compensation Panel.
- Compensation Panel made up of four members of the RSPO, preferably members of the BHCV WG with balanced representation of different stakeholder categories, with expertise appropriate to biodiversity conservation projects and one member of the RSPO secretariat, supported by extra capacity as needed.
- Selected members of a Compensation Panel must, at the time of nomination, disclose any conflict of interest.
- Selection of expert members should aim to include at least one member who has local knowledge and must be based close to the ground action where they can move in to investigate further, while maintaining independence.

9. Remediation and Compensation for the Social Impacts of the loss of HCVs 4, 5 & 6

- Potential loss of HCV 4-6 shall be assessed, either through existing evidence or a new process.
- Identified impacts of loss of HCVs 4-6 shall be adequately remediated and/or compensated through a transparent, participatory and documented process.
- Remediation measures include restoring, substituting, or financially compensating for the provision of and/or the access to natural resources.
- In cases where monetary compensation is agreed upon, the parties may consider several instalments over time, rather than 'one-off' payments. Growers should refer to free, prior and informed consent (FPIC) guidance on consultation with affected stakeholders and communities

10. Options for implementation of compensation

- There are two options for compensation available to growers in order to meet this compensation liability. They are presented in no order of priority and can be used in combination with each other:
 - Option 1: numbers of hectares to be set aside or managed primarily to conserve biodiversity by the company and/or by a third party, within or outside the management unit. Examples of the costs of restoration can be found in the ERE report.
 - Option 2: non-hectare basis by the company and/or by a third party for projects or programmes contributing to achieving conservation objectives, within or outside the management unit. An indicative figure of USD 2,500-3,000/ha of liability is put forward for consideration during year 1 of the staged implementation as the projected cost of such projects or programmes. A final figure will be determined after the review of the procedure at the end of year 1.

11. Designing compensatory biodiversity projects

- Compensatory biodiversity projects should be planned and implemented so as to maximise conservation benefits and outcomes in relation to invested resources, accounting for landscape contexts, regional conservation priorities and institutional/legislative frameworks.
- Project activities may be allocated within or outside management units, or both, additional to remediation (e.g. of riparian zones) as required by the P&Cs.
- Measures within units may include e.g. restoration of native vegetation on affected sites and activities which remove the underlying causes of loss and degradation of biodiversity including restoration and averted risk activities in areas newly allocated, and/or allocating additional areas for conservation of biodiversity.

11. Designing compensatory biodiversity projects

- Measures outside units under the control of the grower may entail e.g.:
 - Participation in/support for habitat restoration, improved management and control of protected areas, protection of rare, threatened or endangered species when appropriate
 - Direct monetary contributions for conservation activities/programs run by third party organisations including bio-banks
 - Investments in capacity building amongst other parties including communities to encourage biodiversity conservation.

11. Designing compensatory biodiversity projects

- Projects should be adequately resourced, have clearly defined goals, timeframes and responsibilities, and be designed to deliver outcomes that are:
- Additional – adding to conservation efforts already planned or executed by other parties and to any measures required anyway by legislation or provisions in the RSPO standard;
- Long-lasting – through secure, long-term tenure agreements with authorities, land owners or lease-holders and with effective monitoring, review and evaluation of results that inform adaptive management;
- Equitable – through engaging and involving affected stakeholders in project planning, decision-making and implementation, fair and balanced sharing of responsibilities and rewards, and through respect for legal and customary arrangements; and
- Knowledge-based – based on sound scientific and/or traditional knowledge with results widely disseminated and communicated to stakeholders and partners in a transparent and timely manner. Compensation packages can encompass compensation requirements for hectare per hectare forest restoration as per national legal requirements. These will be evaluated on a case by case basis for fulfilment of RSPO Compensation Mechanism’s objectives and will be monitored and evaluated within the Compensation Mechanism in addition to other evaluation activities by third parties.

12. Approval of Remediation and Compensation Plans

- The Compensation Panel will review growers' Remediation and Compensation Plans and verify that these meet the full requirements of these Remediation and Compensation Procedures and in particular:
 - On-site remediation ensures land is managed in accordance to BMPs as per RSPO P&C
 - provide adequate compensation for loss of HCV 4-6; and
 - meet the additional biodiversity conservation requirements and quality criteria set out in the Remediation and Compensation Procedures.
- Compensation Panel may submit the whole or part of the compensation plan to peer review at the expense of the grower.

12. Approval of Remediation and Compensation Plans

- Compensation plans considered unsatisfactory may be handed back to the grower for amendment and re-submission within 20 working days.
- Once compensation plans are approved by the Compensation Panel, any temporary suspensions will be lifted by the RSPO Complaints Panel allowing growers to proceed with applications for membership and/or certification.
- A summary of the compensation plan will be made publically available on the RSPO website if the compensation case is initiated through the Complaints Procedure.

13. Monitoring of implementation

- Growers implementing the Remediation and Compensation Procedures shall provide an annual progress report, for approval by the BHCV WG.
- Reports considered unsatisfactory may be handed back to the grower for amendment and re-submission within 20 working days. Any revised compensation plan based on annual progress report shall be approved by the BHCV WG (if applicable).
- Failure to implement compensation measures as approved by the Compensation Panel will be considered as a grievance and reported to the Complaints Panel.

Timeline for staged implementation period

Month	Month	Activities
Month 1	May 2014	Announcement
Month 2	June 2014	Roadshows
Month 3	End of July 2014	Disclosure
Month 4	August 2014	-
	End of September	Submission of LUC
Month 6	Oct 2014	Reviewer and RSPO Sec summarised LUC data CTF reviews summary data Review draft of supporting documents.
Month 7	Nov 2014	Presentation at RT12
Month 8	Dec 2014	Finalise supporting document.
Month 9	Jan 2015	1 st Regional stakeholder forum
Month 10	Feb 2015	1 st Regional stakeholder forum
Month 11	March 2015	CTF revise draft
Month 12	April 2015	-
Month 13	May 2015	Public consultation
Month 14	June 2015	Public consultation
Month 15	July 2015	CTF revise draft
Month 16	Aug 2015	Final draft. To send doc to BoG for approval.

