

MINUTES OF MEETING
18th SHSC Meeting

Time : 1930 - 2130 (MYT)
Date : Tuesday, 14th March, 2023
Venue : Zoom conference call

Attendees:

Name	Initial	Organisation	Representative Category	Attended Yes/No
1. Lee Kuan Chun	LKC	P&G	CGM - Substantive, Co-Chair	Yes
2. Marieke Leegwater	ML	Solidaridad	Social NGO - Substantive, Co- Chair	Yes
3. Rob Nicholls	RN	PT Musim Mas	Processor & Trader - Substantive	Yes
4. Sabine Muller	SM	HOFER Kg	Retailer - Substantive	Yes
5. Ivan Novrizaldie	IN	Asian Agri	Oil Palm Grower (INA) - Substantive	Yes
6. Eleanor Spencer	ES	ZSL	Environmental NGO - Substantive	Yes
7. Stephanie Lim	SL	WWF-Singapore	Environmental NGO - Substantive	Yes
8. Ian Orrell	IO	NBPOL	Smallholder (PNG) - Substantive	Yes
9. Narno Sayoto Irontiko	NA	Asosiasi Amanah	Smallholder (INA) - Substantive	No
10. Johan Verburg	JV	Rabobank	Financial Institution - Substantive	Yes
11. Kalindi Lorenzo	KL	Planting Naturals	Oil Palm Grower (RoW)- Substantive	Yes
12. Sharyn Suffian	SS	WildAsia	Smallholder (Malaysia) - Substantive	Yes
13. Jorge Coronel	JC	Oleopalma (Mexico)	Smallholder (LatAm) - Substantive	No
14. Rukaiyah Rafik	RR	Setara Jambi	Smallholder (INA) - Alternate	Yes

Secretariat Team			
Guntur Cahyo Prabowo	GCP	SH Unit RSPO	
Kertijah Abdul Kadir	KAK	SH Unit RSPO	
Bella Sosa	BES	SH Unit RSPO (LatAm)	
Edem Asimadu	EA	SH Unit RSPO (Africa)	
Mary James	MJ	SH Unit RSPO (RSSF)	
Syamimi Binti Shahri	SYA	SH Unit RSPO (KL)	
Aprilia Trianasari	AT	SH Unit RSPO (JKT)	
Dika Dwi Darmawan	DDD	SH Unit RSPO (JKT)	
Felix Among G. Prasetyo	FLX	SH Unit RSPO (JKT)	
Prommul Kongyong	PRK	SH Unit RSPO (THA)	

Agenda:

7:30 - 7:35 pm	1. Welcome and Introduction <ul style="list-style-type: none"> ● RSPO Antitrust Laws ● Declaration of Conflict of Interest ● Acceptance of Meeting Agenda
7:35 - 7:40 pm	2. Adoption of Meeting Minutes (Annex 1) Meeting #14, #15, #16 and #17
7:40 - 8:10 pm	3. [Update] Standard Review 2023 Process (<i>highlights on SH-TC 2nd round of discussion</i>)
8:10 - 8:40 pm	4. Scheme Smallholder in RSPO <ul style="list-style-type: none"> ● [Discussion] RSSF Scope: <i>can it be used to support scheme SH?</i> ● [Update] Grievance and Complaints Channel
8.40 - 9.10 pm	5. [Update] RSSF 2023
9:10 - 9:20 pm	6. [Q&A Session] based on Updates from Secretariat (refer Annex 2) <ul style="list-style-type: none"> ● Membership, Certification and Market Uptake Data (including trends) ● Livelihoods Programme ● Progress Update on the Development of Simplified FPIC Approach ● Progress Update on the Development of Simplified Combined HCV-HCS Approach ● Regional Highlight
9.20 - 9.30 pm	7. AOB <ul style="list-style-type: none"> ● RSPO Miami Conference 2023 ● Next meeting date

DISCUSSION:

No.	Description	Action Points (PIC)
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1.0 Welcome and Introduction	
1.1	The Chair opens the meeting, welcoming all members. The meeting began by reading out the RSPO antitrust laws, emphasising that decisions made should be based on individual investigation and judgement. Consensus is preferred, but if not achievable, a minimum of 75% of committee members must vote in favour, including at least one vote from each membership category. If consensus remains elusive, the chair or co-chairs can refer to the OG for a final decision. The Chair then highlights the importance of declaring any conflicts of interest, and members with conflicts must recuse themselves from relevant discussions and decision-making processes.
2.0 Adoption Meeting of Minutes	
	All members agree to adopt the Meeting Minutes from meetings 14, 15, 16, and 17.
3.0 [Update] Standard Review 2023 Process	
	<p>KAK starts the presentation with the Standard Review Process Timeline.</p> <ul style="list-style-type: none"> • Completion of the first public consultation from November 2022 to early January 2023, for a duration of 60 days. • The Technical Committee had a meeting to discuss comments and proposed wording from the first draft of the standard. • The Technical Committee will provide recommendation inputs for the Task Force's physical meeting, scheduled for the following week in Jakarta on the 21st. • The second public consultation is planned to be held between May and June for a duration of 30 days. • The aim is to have the final draft of the standard by November. • The first draft was available in multiple languages and went through public consultations, including physical workshops in eight countries and a webinar to gather comments through the conveyor platform. <p>The meeting commenced with a summary of the Public Consultations, focusing on the review of proposed wording at the criteria and indicators level, with considerations of implementability and audibility, and raising other relevant issues.</p> <p>The Smallholder Technical Committee presented key topics to be discussed at the upcoming Task Force meeting.</p> <ul style="list-style-type: none"> • There was a general consensus on the definition proposed by the standing committee on the definition of smallholders.

	<ul style="list-style-type: none"> • The definition of the planted area of oil palm was also reviewed, and specific points were identified for further deliberation to finalise the definition. • The attendees shared varied opinions on the categorisation of smallholders, including suggestions of maintaining the current types (independent and scheme) or considering alternative terms such as "independent" and "non-independent." <p>During the discussions, the topic of casual and seasonal workers was addressed, emphasising the importance of fair and safe working conditions and highlighting specific requirements. The attendees agreed that the living wage requirement is not currently implementable for smallholders, awaiting the Grower's plans for potential future adoption. Furthermore, the input received highlighted the challenges faced by smallholders in developing compensation plans. The concept of shared responsibility for offsetting losses in the Remediation and Compensation Procedure (RaCP) was proposed.</p> <p>The members discussed the living wage requirement and agreed, by mutual consensus, that it is currently not implementable for smallholders. The members decided to await input from the Grower on their plan for implementation. Once feasible, the living wage requirement can be adopted for smallholders.</p> <p>Regarding compensation, the Task Force identified four key points for consideration. Firstly, it was acknowledged that smallholders often lack the necessary economic and technical resources to develop a compensation plan. Secondly, the concept of shared responsibility should be incorporated to offset losses. The government, downstream players, and CGMs (Certification Governance Mechanisms) were recognized as stakeholders who should support smallholders in implementing compensation programs. Additionally, compensation should be handled at the group level rather than on an individual basis.</p> <p>The members proposed the following on the topic of remediation:</p> <ul style="list-style-type: none"> • Remediation involves restoring areas with native vegetation where palm cultivation is not allowed. This approach is suitable as smallholders often lack additional land for cultivation. • For areas such as riparian zones, steep slopes, and peat soils, the implementation of Good Agricultural Practices (GAP) should be applied, with limitations based on these specific conditions. • Similar to growers, smallholders should implement remediation at the end of 25 years of planting cycles. 	
<p>4.0</p>	<p>Scheme Smallholder in RSPO</p>	
	<p>KAK presented the current definitions of scheme smallholders in RSPO, and discussed the relationship it has with a specific mill. It was highlighted that the strategy document does not differentiate between independent smallholders and scheme smallholders.</p>	<p>Sect. to prepare paper that:</p> <ul style="list-style-type: none"> • Further assess the existing RSPO support programs and initiatives to determine their

The question raised was about the support available for scheme smallholders within RSPO. It was noted that various RSPO products and initiatives, including STA (Smallholder Training Academy), ISH Standards, RSEP (RSPO Smallholder Engagement Program), HCV SH App (High Conservation Value Smallholders), RSSF (RSPO Smallholder Support Fund), and the RSPO website, were developed to support smallholders. However, it was acknowledged that the priority during the development of these resources was given to independent smallholders. The question was posed whether scheme smallholders should be excluded from accessing RSPO support.

On the topic of potential support for scheme smallholders, KAK proposed the following suggestions:

- Utilise the Smallholder Training Academy (STA) for more capacity building programs.
- Encourage the use of the High Conservation Value (HCV) App and Social and Environmental Impact Assessment (SEIA) Tools.
- Consider not fixing all audit costs.
- Improve the promotion of success stories from the RSPO Smallholder Engagement Program (RSEP).
- Implement a condition for the RSPO Smallholder Support Fund (RSSF) co-funding, limiting it to a maximum of 25%.
- Enhance inclusivity of the RSPO Hub.

ML, then, raised a question about the obligations of mills towards scheme smallholders, and the extent to which these obligations are being implemented. RN confirmed that mills are indeed required to provide support to smallholders – which ML later emphasised the need to clarify the specific requirements for mills regarding scheme smallholders.

JV explained that the RSPO Standard's scope includes mills and their supply base. If the supply base consists of smallholders, it falls within the scope of certification, as emphasised by the relevant element in the principles and criteria.

IO highlighted the complication of including mills with independent smallholders in the certified supply base when discussing scheme smallholders. The relevance of the certification process in this context was questioned. ML then proposed postponing the discussion to allow for better preparation, including a clarification of mills' obligations towards scheme smallholders.

SL suggested analysing mills based on their association with big traders versus smaller mills, and recognising potential resource limitations for smaller mills. She proposed providing additional support to them in assisting scheme smallholders. ML emphasised the need to identify the specific support that mills should provide to scheme smallholders. If the RSPO Smallholder Support Fund (RSSF) can be utilised for scheme smallholders, the mills should bear a significant responsibility for

applicability and accessibility for scheme smallholders.

- Consider strategies to enhance support and inclusion of scheme smallholders in RSPO initiatives.
- Review the smallholder strategy document to ensure its alignment with the goal of promoting sustainable livelihoods for both independent and scheme smallholders.
- Further examine the relationship between mills and certification in the context of scheme smallholders.
- Clarify mills' responsibilities and support mechanisms for scheme smallholders.
- Analyse the differentiation between mills associated with big traders and smaller mills and explore additional support measures for smaller mills.
- Determine the criteria and responsibilities for utilising RSSF for scheme smallholders.
- Develop a framework for due diligence and assessment in relation to RSSF funding.

	<p>crowdfunding. SS also suggested implementing an extra layer of due diligence for RSSF, such as conducting interviews, to assess the funding needs of projects or groups and ensure that additional funding is justified.</p>	
<p>5.0</p>	<p>[Update] RSSF 2023</p>	
	<p>MJ presented a the following updates on RSSF:</p> <ul style="list-style-type: none"> ● A total of 51 applications were received during the first round of calls, which closed on February 28. The processing of these applications is currently underway and expected to be completed within the next 6 weeks. ● The total amount requested in the applications is nearly USD5 million, but due to the funding cap, approximately USD2 million can be allocated. The remaining amounts to USD4.47 million, available from the previous round of funding. ● The review process for the ground applications is currently ongoing, and by mid-April, they expect to submit them for final approval. ● An impact analysis is scheduled to be conducted by June-July. <p>The internal secretariat review will be a 5-person panel, involving the COO, CFO, and department directors, and they will be assessing the proposals – ensuring their compliance, worthiness for funding, and consideration of deliverables. External advisors will also be involved, when necessary, primarily members of the SHSC (Smallholder Support and Certification). One person per region will be invited to form an external panel, making it a total of 5 external reviewers.</p> <p>GP informed that Fund Panel members from the Secretariat has been informed and identified. However, there is a provision to include an external reviewer depending on the complexity of a project. Currently, the Funds panel comprises internal teams from market transformations, technical directors, Assurance and the CFO.</p> <ul style="list-style-type: none"> ● SS proposed inquiring with applicants if their proposals require further clarification. MJ explained that while there are several rounds of communication, excessive back-and-forth should be avoided. Currently, the focus is on thoroughly reviewing the proposals to ensure sufficient information is available. ● KAK raised a question regarding the requirement for RSPO membership for applicants. It was clarified that smallholder groups do not need to be members, but the criteria of membership requirement for fund applicant needs to be better defined. ● GP clarified that the BoG has addressed the membership requirement, albeit not in a clear manner. The Secretariat's 	<p>Post-meeting Note Correction: Total remaining amount of 4.47 million is in MYR (not USD). Therefore, the actual balance is USD 995,000 which is inclusive with what BoG has approved for 1 million USD.</p> <p>This correction was shared to SHSC Co-Chairs via email by MJ on March 20th.</p> <p>For the 51 proposals received, RSSF will come to a final number based on the quality of proposal that will go for Panel approval.</p>

	<p>interpretation is that non-members can submit proposals on behalf of smallholder beneficiaries. However, it was agreed that this clarification needs to be documented for record-keeping purposes, specifically emphasising that it applies to applicants only.</p> <p>RR suggested requiring NGOs to register as RSPO members to increase the involvement of local NGOs under the RSPO system. The proposal was well-received, but the concern was raised about the rate of membership fee. GP noted that in Indonesia, many NGOs successfully support smallholders without being RSPO members. He mentioned that NGOs may be hesitant to become members if a significant fee is required, as their participation is crucial in driving market movements.</p> <p>KAK proposed offering RSPO membership to NGOs along with the discussed points to make the requirements clear. ML agreed that NGOs should be encouraged to become RSPO members but acknowledged their hesitation and suggested not forcing them to do so.</p> <p>ML proposed the option of offering reduced membership fees for NGOs, allowing them to become RSPO members at a more affordable rate.</p> <p>JV expressed concerns that allowing beneficiaries who are not RSPO members might compromise the ability to hold them accountable to the rules.</p>	
6.0	[Q&A Session] based on Updates from Secretariat (refer Annex 2)	
	<p>The meeting agreed to have Annex 2 circulated again and for members to go through the slide deck separately and raised questions or comments accordingly to the Secretariat.</p>	<p>Post meeting update: No comments or questions received.</p>
7.0	AOB	
	<p>A general note on the upcoming events under the RSPO:</p> <ul style="list-style-type: none"> ● RSPO Inter-American Conference 2023 in Miami from the 30th - 31st of May ● Sustainable Palm Oil Dialogue Europe 2023 in Frankfurt, Germany on the 14th of June <p>KAK shared an additional item on the agenda regarding the timeline for the RaCP Version 2. She mentioned that there was a discussion on the RaCP Version 2 involving KL, ES and RR as members in the CTF2- SH. However, they were unable to stay in this meeting (after 9.00pm MYT) to provide an update. The team shared a tentative timeline for completing the RaCP Version 2 for smallholders (based on earlier slide deck presented to CTF2), targeting approval by BHCV-WG between now and the end of August. KAK requested that the team provide an update</p>	

in the next meeting.

KAK updated the committee that the Training for ISH Groups on the Simplified FPIC Approach is currently inactive as the staff in charge of the training has left.

KC inquired about the backlog of applications for smallholder groups. He specifically mentioned group applications that were under review and waiting for approval. KAK confirmed that some of the applications had been cleared, but there were still pending cases. Currently, there are 30 pending applications in the system. The delays were primarily due to a pending of supporting documents and compliance with certain requirements from the applicants' side. The issues causing the delay were mainly administrative and procedure-related.

Meeting ended at 2133

ANNEX:

In alphabetical order:

BoG - Board of Governors

FMCG - Fast-Moving Consumer Goods

ISH -

SH - Smallholder

TF - Task Force

WG - Working Groups