

MINUTES OF MEETING

7th SHSC Meeting

Time : 1700 - 1900 (MYT)

Date : Thursday, 3rd December 2020

Venue : Zoom Conference Call

Attendees:

Name	Initial	Organisation	Representative Category
Marieke Leegwater	ML	Solidaridad	Social NGO - Substantive, Chair
Lee Kuan Chun	LKC	P&G	CGM - Substantive, Chair
Charles Sackey	CS	TOPP	Smallholder (Africa) - Alternate
Ivan Novrizaldie	IN	AsianAgri	Grower (IND) - Substantive
Eleanor Spencer	ES	ZSL	Environmental NGO - Substantive
Ian Orrell	IO	NBPOL	Smallholder (P,NG) - Substantive
Jan Hein de Vroe	JHdV	Planting Naturals	Grower (RoW) - Substantive
Johan Verburg	JV	Rabobank	Financial Institution - Substantive
Kalindi Lorenzo	KL	Planting Naturals	Grower (RoW) - Substantive)
Hiew Koh Thien	HKT	NYH Holdings Sdn. Bhd.	Smallholder (MY) - Substantive
Maria Carmen Lopez	MCL	Oleopalma	Smallholder (LA) - Substantive
Philippa Walker	PW	WWF	Environmental NGO - Substantive
Rob Nicholls	RN	Musim Mas	P&T - Substantive
Sharyn Shufiyan	SS	Wild Asia	Smallholder (MY) - Alternate
Ashwin Selvaraj	AS	RSPO Secretariat	
Emir Bustami	EB	RSPO Secretariat	
Guntur Cahyo Prabowo	GCP	RSPO Secretariat	
Krishnabalan Jeyabalan	KJ	RSPO Secretariat	
Nefissa Sahnoun	NS	RSPO Secretariat	
Nizar Wicaksono	NW	RSPO Secretariat	
Zhi Lin	ZL	RSPO Secretariat	

Absent with apologies:

Name	Initial	Organisation	Representative Category
Ingrid Richardson	IR	Unilever	CGM - Alternate
David Wigand	DW	Hofer KG	Retailer - Substantive
Rukaiyah Rafiq	RR	Setara Jambi	Smallholder (IND) - Alternate
Ahmadou Cisse	AC	Solidaridad West Africa	Smallholder (Africa) - Substantive
Narno Sayoto Irontiko	NSI	FORTASBI	Smallholder (IND) - Substantive
Romain Deveza	RD	WWF	Environmental NGO - Alternate
Yunita Widiastuti	YW	Cargill	P&T - Alternate
Mareike Felix	MF	Hofer KG	Retailer - Alternate

Agenda:

Time	Topic
1700 - 1705	1. Welcome and Introduction <ul style="list-style-type: none"> • RSPO Antitrust laws • RSPO Consensus based decision making • Declaration of Conflict of Interest
1705 - 1715	2. Adoption of Meeting minutes (<i>Annex 1</i>) and update on Action Points.
1715 - 1720	3. [Decision] Confirmation of the 2nd co-chair.
1720 - 1745	4. <i>[Update]</i> Smallholder Program <ul style="list-style-type: none"> - Q&A Session on the updates presented by the RSPO Secretariat.
1745 - 1800	5. [Decision] KPIs for SHSC.
1800 - 1815	6. [Decision] Monitoring framework for the RSPO ISH Standard.
1815 - 1845	7. <i>[Discussion]</i> Listening Session SHSC members.
1845 - 1900	8. AOB and Next Meeting

Updates on Action Points from last meeting:

No.	Action Point	Status
1	SHSC co-chair with the support of the Secretariat will reach out to the other co-chairs and seek approval to implement the proposal to allow secretariat staff to support/represent SH representatives.	Completed
2	Secretariat to initiate the setup of the joint task force to develop the monitoring framework.	In progress
3	Draft proposal of the new RSSF mechanism for next meeting.	In progress
4	Secretariat to actively reach out to supply chain actors and donors for livelihood programs.	In progress
5	Secretariat to outreach to government agencies (focus on Africa) to get exemption on income of smallholders from premiums.	Not started
6	Develop a ToR for the independent review and share it with the SHSC.	In progress
7	Assess the cost of certification against the new RSPO ISH Standard	Not started
8	Percentage of membership growth over the past 3 months to be presented to the Committee as updates.	Completed

9	Secretariat to provide an update to the Committee Members on the mechanics of receiving external funding after consulting the Finance team and Finance committee.	Not started
10	Secretariat will send a revised version of the RSSF governance policy highlighting the changes for further consideration.	Not started
11	Secretariat to discuss the comments with the expert group and provide an update in the next meeting.	Completed
12	Secretariat to clarify this with the member who sought clarification on the size of the farmer plots and update in the next meeting.	Completed

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Welcome and Introduction	
1.1	<p>The Chair welcomes members of the SHSC to the meeting. It was announced that Ashwin will be leaving the RSPO Secretariat and recognized for his hard work for the Committee. The next SC Lead is to be identified.</p> <p>The Chair reminds the members of the following,</p> <ul style="list-style-type: none"> • All SHSC members will have to abide by the RSPO Antitrust law • SHSC follows a consensus-based decision making as outlined in the ToR • Members have to declare Conflict of Interest (CoI) under any items and excuse themselves to remain objective to the discussion 	
2.0	Adoption of MoM and Action Point Tracker	
2.0	<p>The Committee went through the draft meeting minutes of the meeting held on 3rd November 2020, and the meeting minutes were adopted.</p> <p>SHSC Action Tracker was presented to the Committee to show the current progress and what has been achieved.</p>	SC Support Unit to update the RSPO website
3.0	Confirmation of the 2nd Co-Chair	
3.0	The Committee unanimously agreed to confirm Lee Kuan Chun (LKC) as the 2nd Co-Chair for the SHSC.	

4.0 Updates on SH Program and Q&A Session		
4.1 ISH Membership Application	<ul style="list-style-type: none"> ● Total of 74 approved ISH groups globally ● 21% increase in approved membership applications YoY as of November 2020 ● 16 groups with over 1500 farmers from 6 countries are pending approval ● Proposal; to simplify the membership approval process including exemption from LUCA for membership was discussed at the SSC meeting and an implementation plan is being developed 	SSC will discuss the proposal again in Q1 2021
4.2 Livelihood Program	<ul style="list-style-type: none"> ● 7 Partners have successfully implemented the training programmes and reported it in the STA Portal- Forever Sabah, P&G-MISI, GIZ-SCPOPP Thailand, GIZ-SCPOPP Indonesia, Wildasia, Solidaridad West Africa and AIPH Cote d’Ivoire ● Training was conducted between November 2019 till October 2020. All training was conducted physically. A total of 86 trainings have been conducted whereby 69 of them are Smallholder Training and the rest were Training of Trainers (ToT) and training for group managers/organisers. ● 1874 smallholders were trained thus far; 186 Trainers were trained in the ToT and 159 Group Managers/Group Organiser. In total 2,019 trained. ● Supporting materials and tools for Trainer are made available in the STA Portal - contribution from IFC and GIZ Indonesia. 	
4.3 Smallholder Certification Program	<ul style="list-style-type: none"> ● 34% increase in the certified CSPO volumes for ISH and 21% increase in the certified volumes of Scheme SH between October 2019 to October 2020 ● The IS-NDTF task force has had 5 meetings so far and has been briefed on: <ul style="list-style-type: none"> ○ Simplified HCV approach and the Interim Measure (Independent Smallholder - Land Use Risk Identification [IS-LURI]) in place for ISH new plantings. ○ The Independent evaluation of the RSPO simplified HCV approach and HCS toolkit for smallholders ○ Recommendations for Simplified Combined HCV-HCS Approach for ISH from the the Independent evaluation ○ Technical experts from HCVRN and HCSA are present in the task force meetings (as invited technical experts) ○ Draft proposal for the simplified HCV-HCS approach for smallholders was discussed by the IS-NDTF for existing and new planting was discussed in the last meeting and 	To clarify the distinction between Scheme SH and ISH in the Header

<p>4.4</p> <p>4.5</p>	<p>the feedback is being incorporated</p> <p>A Committee Member expressed their gratitude as to RSPO, 2000+ more independent smallholders have been certified.</p> <p>Updates on Interpretation of FPIC requirements discussed by SHSC</p> <ul style="list-style-type: none"> ● Proposal for an Interpretation of the FPIC requirement was presented to the SHSC in the meeting held on 24 September. The interpretation proposed to exempt smallholders from having to go through a simplified FPIC procedure if the rights to use the land and the lack of disputes could be established ● SHSC sought clarification on some of the elements presented related to the method that has to be used by the smallholder to prove the lack of disputes and had expressed concerns about approving the interpretation before the simplified FPIC process that is being developed by the consultant. ● Consequently, the interpretation will be presented to the SHSC together with the simplified FPIC in the first quarter of 2021 ● The IS FPIC group has had 2 meetings so far to define the Terms of Reference for the consultant to develop the simplified FPIC procedure. Equitable Origin (EO) was awarded the contract to develop the simplified FPIC procedure ● Equitable Origin completed 6 stakeholder interviews (Smallholder focus) across Oil Palm producing countries where Independent Smallholders predominantly operate in as listed below: <ul style="list-style-type: none"> ○ Latin America: Mexico & Honduras ○ Africa: Côte d’Ivoire ○ South East Asia: Malaysia & Indonesia ● First draft of the Simplified FPIC for ISH has been submitted to the RSPO Secretariat. <ul style="list-style-type: none"> ○ The Secretariat and the Expert Group are given to 30th of November to provide feedback on the first draft ○ The 3rd Expert Group Meeting focused on the elements within the first draft and how it can be improved ● Feedback from the first draft will be incorporated into the second draft which will be used for the public consultation. ● Public Consultation is tentatively planned for the first week of January 2021 <p>A Committee Member raised an issue where there is no direct engagement with actual smallholders in the documents/process. The Secretariat clarified that Smallholders and group managers from all regions were consulted for the first draft. Must allow room for actual Smallholders differently during the Public Consultation</p> <ul style="list-style-type: none"> ● Secretariat and Group Managers to assist SH with feedback and facilitate webinars ● Due to the pandemic, RSPO Secretariat requires support from Members in assisting by being the voice on the ground and 	<p>Secretariat to share the draft before it goes into Public Consultation. A review of 2 weeks (starting from 17 December 2020 to 11 January 2021) is given for comments via e-mails</p>
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gathering direct feedback from the smallholders.

IS Credit Market Overview

Average price for IS-CSPO has dropped since August from USD 13.39 to USD 11.62. Sales from one SH group at a lower price has contributed to this drop. Small and medium scale buyers have been observed to typically pay a higher price.

IS-CSPO			
Country	Certified Volumes (in MT)	Remaining Volume in PalmTrace (in MT)	% available
Indonesia	50,882	8753	17%
Malaysia	21,932	0	0%
Thailand	54,513	~14,673	26%

IS-CSPKO			
Country	Certified Volumes (in MT)	Remaining Volume in PalmTrace (in MT)	% available
Indonesia	5,847	441	7.5%
Malaysia	2,216	0	0%
Thailand	6,133	~1,592	25%

IS-CSPKE			
Country	Certified Volumes (in MT)	Remaining Volume in PalmTrace (in MT)	% available
Indonesia	7,105	2411	34%
Malaysia	2,357	0	0%
Thailand	7,494	3,525	47%

Note:

- Majority of Indonesian SH groups sell their volumes as Credits. Malaysian and Thai groups sell their certified columns through physical supply chains and as Credits
- Improved reporting and tracking as Physical sales of FFB will be tracked in PalmTrace once they certify against new ISH

4.6

4.7	<p>Standard</p> <p>Revision of RSSF policy</p> <ul style="list-style-type: none"> ● Revised RSSF proposal and the governance policy was shared with SHSC members in July-August 2020. 60 written comments from SHSC members were received. Most comments required clarification in the document and have been accepted ● A few key topics were discussed in the SHSC meeting in September 2020 namely <ul style="list-style-type: none"> ○ Opening up RSSF to external funds ○ Composition of the RSSF fund panel <p>Roadmap - What's in progress:</p> <p>Objective 1: Livelihood improvement</p> <ul style="list-style-type: none"> ● Development of an implementation plan for the livelihood program over and above the SH Academy (workshops in progress with key members) ● Explore possibility of conducting virtual training of the Smallholder Trainer Academy ● Support partners and trainers in the implementation of the training program <p>Objective 2: Smallholder Certification</p> <ul style="list-style-type: none"> ● Management of the IS-NDTF to develop the simplified HCV-HCS approach ● Development of simplified FPIC for Smallholders with the IS-FPIC expert group and consultants ● Field testing of Peat BMP and revised disclosure form to support SH group managers - in progress ● Metrification of the RSPO ISH Standard ● On going support for existing certified groups and new groups across all regions <p>Objective 3: Business case for smallholder inclusion</p> <ul style="list-style-type: none"> ● Revamp Smallholder Hub on the website with more relevant information for all stakeholders ● Profile Smallholder groups and collate stories to be turned into communication/marketing assets - Indonesia and Thailand ● Engagement with MDSC and sub groups to integrate Smallholder topics in their agenda <p>Governance & Support Programs</p> <ul style="list-style-type: none"> ● Formalize the RSSF Governance policy and Standard Operating Procedures (SOPs); Monitoring the implementation of the ongoing RSSF projects ● Development of an M&E plan for Smallholder program
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5.0 KPIs for SHSC

5 Proposed KPIs:

1. Oversee the implementation of Smallholder Strategy and ensure sufficient resources are allocated for all objectives of the strategy.
2. Participation of members in SHSC meetings (virtual, physical) is always above 70% and decisions are made with quorum.
3. Ensure the governance model including the WG; TFs that are proposed/planned are set up and deliver on promised outcomes.
4. Ensure alignment with the BoG and other SCs on key decisions related to the SH Program.
5. Ensure GA resolutions related to the SH Program are implemented in agreement with its proponents.

Decision:

There was no additional feedback or comments on the KPIs. It was unanimously adopted by the SHSC.

6.0 Monitoring framework for the RSPO ISH Standard

A brief history of the Standard and the monitoring framework was given to the Committee.

Resolution 6f adopted during GA16 in 2019 called for the continuous monitoring of the implementation of the RSPO ISH Standard by the RSPO Secretariat. A proposal was created and it included;

- Set up a joint task force between SHSC and ASC to develop parameters to identify farmers who do not meet the standard.
- Develop a risk-based monitoring system of the farmers going for certification.

However, there already exists a due-diligence mechanism that identifies potential farmers who do not comply with the ISH Applicability criteria.

Existing due diligence mechanism:

ISH Group submits membership application > Due diligence by RSPO Membership Team > Call for comments > Membership approval > Public notification by Certification body before Eligibility, MSB, and re-certification audits > Certification audit by the Certification Body.

Currently, ISH Standard is verified at 2 different stages, i.e:

- Desk verification at the membership due diligence stage.
- Ground verification at the Certification Audit stage.

The current process also allows for public comments during the membership and certification stage which allows identification of farmers/groups who may be considered high risk.

<p><u>Proposal :</u> Retain current process without additional risk assessment as the existing framework is already robust enough. If there are issues identified within the current system, then only will there be a reassessment to see if there is a need for additional monitoring next year.</p> <p>A potential problem here is determining if someone really is a SH and not a land grabber without looking at their personal finances. A member suggested one way around that was to look at the proximity of the land to protected plots, primary forests, and HCV-HCS as part of the initial due diligence, and if the farmer/group has any proximity to known complaints within the RSPO system.</p> <p>A member was concerned about the reliance on public comments during the membership and certification stage. One solution to this could be RSPO increasing efforts to further radiate the need for public comments, on top of putting it on the RSPO website.</p> <p>Decision: Conditional Acceptance. Waiting for additional comments from the ASC.</p>	<p>Notify the Leads of ASC to place this proposal for monitoring on the agenda for the next ASC meeting.</p>
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7.0 Listening Session SHSC members.

<p>This is a new agenda point created with the purpose of hearing feedback from the SHSC members.</p> <ol style="list-style-type: none"> 1. A member wants future SHSC meetings to happen on the agreed upon date, with no late/last minute time/date changes. 2. Another member suggested briefing sessions prior to the meetings, to discuss and go through points. This is to allow smoother flow and decision making during the actual meetings. 3. In addition to the above point, a member suggested using collaborative software. 4. A member would like post meeting confirmation polling/briefing to ensure all members are clear and the agenda discussed during the meeting. 5. Meeting discipline (timing, sticking to agenda) is important, as multiple members have multiple meetings in one day. 6. Status of the RACP for independent smallholders. RACP is integrated within the Compensation Taskforce, so it will not function as it's own TF. 7. A member suggested using doodle polls to finalise the dates for the next meeting 	<p>The SC Support Unit to work with SHSC Leads on this.</p>
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8.0 AOB and Next Meeting

	<p>Goodbyes and well wishes to Ashwin</p> <p>The next meeting for the year 2021 will be in the week of 18th or 25th of January.</p>	
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Meeting ended at 1904

ANNEX:

In alphabetical order:

BoG - Board of Governors

ISH -

SH - Smallholder

TF - Task Force

WG - Working Groups