



# **Minutes of Meeting**

# 12<sup>th</sup> Smallholder Working Group (SHWG) Meeting

**Date**: 24<sup>th</sup> February 2017 **Time**: 9:00 am - 5:00pm

**Venue**: Capri Hotel, Bangsar South, Kuala Lumpur

No	Name	Initial	Constituency	Organisation
1	Perpetua George	PG	Processor	Wilmar Group
2	Teoh Cheng Hai	TCH	Bank	IFC (Alternate to Triyanto Fitriyardi)
3	Rauf Prasodjo	RP	Manufacturer	Unilever
4	Dr Lee Kuan Chun**	LKC	Manufacturer	Procter and Gamble
5	Suffian Muhili	SM	Manufacturer	P&G
6	Mareike Felix**	MF	Retailer	ALDI Einkauf GmbH & Co. oHG
7	K Ilangovan	KI	MY Grower	FELDA
8	Sin Chuan Eng	SCE	MY Grower	KLK
9	Petra Meekers	PM	INA Grower	Musim Mas
10	Ian Orell	10	RoW Grower	NBPOL
11	Margaretha Nurunnisa	MN	Env NGO	WWF-Indonesia
12	Stephen Krecik	SK	Env NGO	Rainforest Alliance
13	Joko Arif **	JA	Env NGO	INOBU
14	Elise Muijzert**	EM	Social NGO	Solidaridad Network
15	Rukaiyah Rofiq	RR	Social NGO	Yayasan Setara Jambi
16	Sheila Senathirajah	SS	Smallholder MY	WildAsia
17	Darto Mansuetus Alsy Hanu	DM	Smallholder INA	SPKS
18	Julia Majail	JM		RSPO
19	Salahudin Yaacob	SY		RSPO
20	Aaina Karina M Senawi	AKMS		RSPO
21	Rahmat Untung	RU		RSPO
22	Yohanes Ryan	YR		RSPO
23	Ashwin Selvaraj	AS		RSPO
24	Thitinai Pongpiriyakit	TP		RSPO
25	Imam Marzuq	IM		RSPO
26	Virginia Berreiro	VB	Consultant	Daemeter

<sup>\*\*</sup>Via Webex

No	Discussion Notes	Action Point
1	Welcome and Introduction by Co-Leaders	
	Refer Annex 1: Draft Agenda for 12th SHWG Meeting	
	PG welcome everyone. She expressed her appreciation to all SHWG members both to members who attended physically as well as those who call in via Webex. The agenda accepted by all.	
2	Confirmation of Previous Minutes of Meeting	
	Refer Annex 2: Draft 11 <sup>th</sup> SHWG Minutes of Meeting	
	The minute was proposed for confirmation by Stephen Krecik and seconded by Petra Meekers.	
2.1	Matters arising from the last MoM	





2.1.1	AP 4 – To differentiate between associated and scheme smallholders (refer PNG case). The definition in the HCV 7.3 guidance and that in Group Certification (GC) has been harmonized. However, proposed clearer definition on SH (scheme and associated) be discussed during the P&C Review.  SY – proposed this to be revised properly during the P&C Review.  PG –SHWG has to put its strong opinion on this.  IO – still not in line with the spirit of the definition.	
2.1.2	AP 5 – Data mapping for Thailand has been completed.  AP 13 - Secretariat to work together with RA (Solidaridad) to get an idea of cost for activities in Africa by March/April 2017. Budget will be included in the next financial year.	
2.1.4	AP 14 - Secretariat to work together with Francisco Naranjo/Jan Pierre to get an idea of cost for activities for LATAM by March/April 2017. Budget will be included in the next financial year.	
2.1.5	AP 16 – Girish Dishpande will represent P&G and Rauf Prasodjo will represent Unilever for LATAM.	
3 3.1	Membership status  INA Grower – Asian Agri  JM explained that she had wrote to Asrini Subrata (AS) of Asian Agri on their position as member of SHWG. AS responded that Asian Agri still wish to keep their seat in the SHWG but will replace the representative to Freddy Widjaya. However, Asian Agri was still unable to attend today's meeting.  As it is in record that the representative from Asian Agri have not been in attendance for more than 3 times, the members consented to withdraw Asian Agri from being a member in SHWG.  Task the INA-Grower to find new replacement.	AP 1: Musim Mas/PM will suggest new member representing Grower from Indonesia as member in SHWG.  Update: Follow-up email to PM sent 17 <sup>th</sup> Nov.
3.2	Interest from AAK to be in SHWG  Bob Norman, formally sitting as an Expert from Greenpalm had wrote to SHWG to request to be retained as member in the SHWG representing Processor (AAK). PG explained that currently, she is sitting in the SHWG representing Processor. Hence, she will speak to Bob Norman or Tim Stephenson if they are agreeable to be an alternate to Wilmar.	AP 2: PG to contact AAK and will inform on the decision.  Update: PG contacted AAK sometime in Email invitation to AAK to attend 14 <sup>th</sup> SHWG
3.3	Seat for Social NGO is currently filled up by Yayasan Setara Jambi, with one still vacant. Need to be filled up to ensure voice from Social NGO are included in any decision by the WG.	Meeting extended.  AP 3: Secretariat/JM to find suitable and interested Social NGO to fill the vacancy.  Update: KIV. Options available are Humana and SEPA (MY), Kantor Perwakilan SNV,LINK and Sawit Watch (ID) and Both ENDS, FPP, Oxfam





# and UTZ (international) 4 Discussion on Smallholder Strategy, Yohanes Ryan/Virginia Barreiro Refer to Annex 3: Developing the RSPO Strategy for Smallholders Update, Decision Points and Next Steps (Prepared by RSPO with support from Daemeter and Proforest) YR - provided the context of the discussion and where we are with regards to the SH Strategy Development. VB - continued the presentation and clarification about the direction of the SH Strategy and that inputs from this meeting will be useful for the PM - Pg 6 – "their involvement" in the goal is not clear. Do we talk about certification or inclusion? LKC - Linking smallholders to the market – what will they be getting from this efforts? Certification may not be the one they will accept. How to inject the benefits – they would want productivity, better yield, training, support, they will get and see from the beginning. The spirit of the suggestion is "engagement to the market". PG - We are talking about the goal. The "sustainable palm oil" suggest "certification". If that is what implied by the goal, then we still certification centric. We cannot have certification and be all inclusive because certification is about exclusivity. Need to clarify the goal as there still implying a lot about certification. SS - Agree with PG, to make it more inclusive and it can't be only about certification. Can still be about certification but needs to be more inclusive TCH - Pg 10 — need to really identify what is the real problem, key causes then it will be easier to tackle solution. This makes the solution more focus to resolve the challenges. Identify what are the key bullet? Define your block, what are the real blocks, identify few key blocks. Solution become too broad. LKC - Should we come in with the benefit for smallholders being certified? Will it be more engaging when the smallholder see the benefits rather than to talk on certification in the beginning? PG - Agree with LKC. Still implies certification throughout this paper. The current objective still not flow as the original spirit of the smallholders. It might be the choices of words. PM - It must be stated clearly in the strategy on the role of RSPO. If the RSPO role is only to certify materials or more? Need to set the boundaries. SK - Benefits for whom? Using "business case" who do we mean this for? Need to clarify the meaning of "business case". SK also suggested to consider the "inclusivity" process. RP - "Sustainable supply chain" is it the same as "sustainable palm oil"? People may have different interpretations. Potentially confusing – provide PM - At the end of the session, we will have the recommendation for BOG. Inputs from today's discussion will be incorporated and heard for BoG's meeting. TCH - Objective 1 and 2 still imply on certification. It should be coined more positively. Currently negatively worded. Huge disconnect what SHWG and how this strategy is developed. SHWG should be part of the development process and not just complying.





- LKC In spirit, the strategy about improving SH, the ultimate goal may not
  necessarily be certification. Improve smallholder livelihood as the goal
  through sustainable palm oil. RSPO is to ensure sustainability, verification.
  What we need to do here is to develop a strategy for smallholders
  engaged and agree to do the thing and eventually achieve sustainability.
- PM Inclusive of members, simple objective. What's the opportunity –
  combine support towards MB system? What kind of program can be
  developed in the MB system? Look at the MB situation to include SH in
  getting certified.Go through the routes of independent SH certified as the
  targeted low hanging fruit. Other mechanisms apart from the MB system
  is fine.
- VB Can the WG come up with key point of exclusion for SH?
- SS See what the challenges are first and address them accordingly. Later how to link them with the mill etc. What are the options and what are being done currently?
- RP Everyone already know what the problems are. Where and what RSPO roles are in tackling these challenges. Work on tiers of where RSPO is and other key players are at.
- MF Should not only be limited but linked to certification. Should look into pre and post certification.
- VB What would be the recommendation to the BoG?
- PG The message on inclusivity must be clear. And that it is not only on certification.
- TCH Avoid creating mission statements for the SH Strategy as it will contradict with RSPO mission statement.
- PM Certification is not the ultimate for smallholders.
- JA Certification is not the only goal for RSPO. There are other ways for RSPO to support smallholders.
- RR SH has difficulty to comply the standard. How to make all the system
  applicable and easy for SH. Target to certified, member as well as those
  who are not member. ICS how we can increase member.
- PG -Restructure the composition of the objectives clearly. The spirit is there.
  - 1) Improving livelihood is the basic, delivering sustainable agenda.
  - 2) Increase smallholder in certification.
  - 3) Not enough support to smallholders
  - 4) What value are you getting from certification –maintain the value of certification. Each objective leads to different activities.
- Can this be specific to independent smallholder only? Not necessary to be specific, ISH is within the scope of SH. Dangerous to be so specific because we still see associated also still need helps. We need to look at the global scenario. SH Manager falls under compliance. Extension service roles need to be created. Strategic roles in the Sec.

#### **Conclusion:**

Based on the discussion, VB/ YR will improve the presentation on the content for the BOG meeting scheduled on 6<sup>th</sup> March 2017.

5 Discussion and Preparation on P&C Review 2017

Refer to Annex 4: P&C Review (Salahudin Yaacob)





- PG invited SY to present and brief the floor regarding the agreed process to-date.
- RSPO needs to come up with a new RSPO P&C. A ToR has been developed for BoG in Nov 2017, revised a new one and will be discussed again by the BoG on 6 March, for endorsement.
- A Task Force for P&C Review will be formed. The Draft 0 will be the starting point for the Task Force.
- In terms of the task force composition structure:
  - o 8 growers
  - o 8 Supply Chain
  - o 4 Environmental NGO
  - o 4 Social NGO

Total of 24 members. Substantive may bring alternates plus observers and experts i.e. ISEAL.

- PG Supply Chain there are only 8 representatives coming from 6 categories. How would that be representing the other categories within as they don't think the same thing?
- SY the BoG representing these categories will decide among themselves to decide on who will represent in the P&C Review TF.
- TCH this is not cast in stone. To avoid headache, perhaps good to consider the concern raised by PG.
- SY this has been presented to the BoG in Nov and this part has been agreed by the BoG. RSPO also is currently working on the Theory of Change (ToC) and making the revision of the P&C align with the ToC.
- TCH good plan but will be very challenging to match the ToC and revision of the P&C.
- SY ideally to have ToC before starting the revision. Inputs from SHWG could come and be provided before or during the preparation of Draft 0 (March May 2017). Representative from SH also then can provide inputs during the progress of the revision itself. All inputs from WGs must be in by May. Taskforce will not be formed till this ToR is endorsed. Secretariat will be guiding this process.
- PG Status of the GC, what happened to the document that just been endorsed last year. Need some confirmation the process because the SH community will not be able to move forwards.
- SY will revised it again. So do NI. Any audits before 2019, will still be using the old document.
- LKC What is the relationship of the current standard and the doc to be revised?
- SY the revision will be based on the current document. Endorsed in Nov 2018, given 1 year grace period till Nov 2018. Therefore, the rest of document will be revised accordingly only after the endorsement of the new P&C. NPP will be revised as well there is new element impacting on the NPP.
- JM harmonising the document GC. Should we proceed with the revision or to hold it?
- SY Bear in mind the current doc will still be valid until Nov 2019. It is your call. Ideally, GC follow after NI.
- PG Are you suggesting the revision of the GC be done simultaneously with the NI revision? We are almost begging you to give consistency because none of us can comply with the P&C.
- SY Personally I have no problem with that as long as there is clear
  process how it is being done. Next process will be clearer after the revision
  process. Once this ToR is endorsed, Secretariat will come up with clear

AP 4: SY to announce to all WG for inputs.
Inputs up to May 2017.

**Update: Done.** 





communication on the process and timeline.

- TCH Question will be how this P&C be made aligned with the SH Strategy. SH is already facing difficulty to meet the P&C 2013. There is a call to simplify the standard for SH. Most likely the new P&C will be more stringent, which mean more difficult for SH. Who are having problem with the 2017 principles. Alignment as you are doing, hear it now then later rather than wait until 2018 then only adjust it to the SH Strategy. If the SH cannot comply. Not much can be done if it follows the current way of thinking. The fact that the RSPO bold enough to embark on Theory of Change, more reason for RSPO to be bold enough and to come up with innovation.
- PM think of how to reflect the concern of the SH in the revision of the RSPO P&C.
- SY this is the reason why we need to have strong representative of SH in the BoG
- PG –What is the point of going ahead with the SH Strategy if RSPO is just
  going ahead with the normal process for everything. It doesn't change
  anything. The problem is with the whole system for SH in the RSPO.
  Cannot we suggest, something like SH reprieve from the discussion on P&C
  revision for now, just for SH. Something like this. It will contradict with the
  Strategy. It will not help in any way, this 1 year process.
- PG two of the objective in the strategy are about 1. How to increase number of SH certified 2. Support existing certified SH. These two relates to certification. If the revision doesn't recognise the SH problem, SH unable to comply right now, no point of submitting the Strategy with the BoG. It will swallow the whole thing.
- SY Review can proceed, and the strategy also can proceed. This kind of input best to come in writing from the WG to the Task Force, inputs get into the process.
- SS with regards to the medium size growers what happened to that?
   Complicated as the SH and outgrower will have 2 standards and the CB as well
- SY BoG has endorsed to form the TF. But have not started to mobilize the TF and will work on the TF within Q1.
- PG we will use this session to express concern of SHWG on the process. I
  find it very frustrating the Secretariat does not understand the
  complexities of SH. Feel very much not supported. This may be just a
  perceptions. But this was the way the BoG treat the recommendation
  coming from the SHWG, it was not taken seriously seems. It makes all the
  work on SH very ineffective.
- SY SH is an important issue and always discussed in the Board.
   Secretariat has been pushing a lot to BoG, we tried our best to speak on the importance of SH. It is not easy for Secretariat to counter the decision by the BoG. But to say Secretariat is not supportive is not true.
- PM Quite a lot of times been wasted to discuss things. Perhaps the BoG happy to take the lead and do what they are liking and according to their ToR. It seems SHWG and the expectation of the BoG doesn't align. If things are still done the same way, why are we doing when we are not needed?
- TCH RSPO may risk perception risk that you are not that serious on SH. Always SH come at the end of the line. Look from the positive side, the intention on the development of SH strategy is positive. Why not link it to the other processes. BoG might be looking at it in different packet, SH Strategy in one packet, P&C Review in another packet, but if you are serious, take it as the focal point. When we developed P&C, look at how does it affect the SH, the strategy and the ToC. The ToC, link it with the SH





Strategy as well.

- SY Bring this up to the process. As long as this is in written format, Secretariat can bring this to the process.
- PM SH Strategy should be inter-link with this P&C review. Then only we can see the next direction too.
- TCH If this work can be completed in 2-3 months, there is chance to align the P&C revision process and the SH Strategy.
- SY inputs from SHWG to be given to the P&C Task Force.
- SS can we include inputs based on feedback from SH using the current GC.
- PG SH is the only WG that never has clear output. What are we recommending? We function as translation to SH. Stuff comes in we translated to SH. You cannot expect any of us to automatic wearing SH hat during the P&C Revision. It will be challenging to represent the SH. Based on the discussion, I can only suggest few concerns/ inputs from the WG:
  - (a) SH definition and how that is treated associated and scheme
  - (b) process of the P&C Review not consistent with the SH Strategy
  - (c) timeline for the revision never work for the SH
- SY The task force will revise it in the interest of SH. (End of SY's presentation)
- PG some potential concerns for SH:
  - 1. Faction within the RSPO membership want to limit smallholder certification only to smallholders who work on their land, as not hiring workers. That is of concern.
  - 2. Definition of associated and Schemed Smallholders schemed has the liability and control by the Company. Associated has no contract, all the company can do is to provide support. The reason they become associated is there are not many mills. Mills cannot take responsibility on things that not within their control. There's business consequences to this. Definition for scheme smallholders in P&C 2013. There is no definition for associated smallholders.
- IO the current definition is not correct. It is around control. The current definition is not clear and open for interpretation. Commercial responsibility for company that has no control.
- TCH the definition is already there. The language is already there. Need to put this up. Come up with the definition.
- SY —could SHWG get someone to compile all this now and all the concern you have to put together inputs from SHWG to the process?
- TCH change from linear as described by SY to a concurrent approach and align it to the SH situation at the early stage. That could be a major change.
- RP- we need to have a representative for SH in the TF.
- PG will be difficult. Company will speak on their category because of the
  multiple conversation and debate taking place. 2 rep in the TF will be
  "tenggelam" in the dynamic of the discussion. The social and environment
  will think what does this mean to the big companies. Unless we have SH
  NGO but we do not have that.
- TCH has an official voice through the process. Must express the concern.
   This SH rep must be channelled effectively through the 2 smallholder representative in the task force. Make full use of the 2 voices that must express the concern. Secretariat in neutral position. SH have equal position in the task force. Make use of the voice the SH through the representative.
- SS to emphasis on the difficulty faced by smallholders. The process hinders SH to progress. Two ISH have dropout from continuing the certification, Thailand and Indonesia.





- RR Under Yayasan Setara Jambi, group have not got their certificate pending BoG decision due to RaCP for SH not ready. If no decision by end March, they might decide to leave. They are really independent smallholders and this is the situation they are facing. They are member of RSPO, CAR all already been closed and confirmed by CB.
- IO since the resolution was not retrospective, 7 smallholders of about 17 hectares are affected – sanctioned.

#### **Decision:**

- Definition SH, associated and the scheme definition (clarified, expanded).
   Question mark in terms of family labour. Cannot confine within the family only.
- 2. Come up with a pointer linking the SH Strategy linking with the P&C Review Process, tracing what we have said many times before. Give to the Board before they decide on the Strategy Direction.
- 3. To inform the BoG that the P&C Review process does not consider sensitivity of SH condition until after decision are made on the P&C. That it does not considering the ability for SH to comply at the stage when the P&C review is taking place because the SH input will only be taken in after the P&C is revised. A concern for the WG. It will be very loose for the SH to provide inputs during the revision of the P&C.
- 4. To be sent to the BoG together with the SH Strategy

AP 5: SHWG will submit a letter to the BoG on its concern regarding the P&C Review process and the implication to the SH Strategy.

Action by: JM/TCH/PG

**Update:** Done

## 6 Presentation on Smallholder Academy, Consultant (Aflatoun International)

Annex 5: RSPO Smallholder Academy (Aflatoun International)

Simon Bailey (SB), the Director of Partnerships and Innovation, Aflatoun International presented the concept, objective, direction and timeline for the RSPO SH Academy.

#### **Discussion:**

- TCH What is the timeline for the Academy to complete?
- SB it is a 30-months contract. The scope going beyond certification, recognizing other initiatives. Working with few organisation.
- PG various content in varying level. How are you to differentiate the good content and bad content?
- SB will develop material based on all available materials. Key component

   allow how these material suit their context. Supplemental material to
   those who already have. Biggest function to come up basic, a step for
   users.
- MF how do you decide on how choosing in Africa?
- SB English, translation work will take a long time. Different symbols etc
  that make sense in different regions. Will include illustration, regional
  illustrator according to regions. Will identify key difference across region.
  See what is available in different context. Idea is to make it easy for user
  to use.
- SS who the target audience be? Who is it intended to?
- SB key target will be collaborator who will be working with SH.
- EM is there process, dealing with process on how to encourage SH to go for sustainability?
- SB Yes, there is. Different program and component will be included.

# 7 AOB / Other Updates





# 7.1 Certification ISH to open to all SH? Background:

The idea is to introduce SH Certificate to cover Scheme and Associate SH and tradable by Company supporting these smallholders.

A proposal was developed by the RSPO Secretariat recently to allow schemed/associated smallholders to sell credits / certificates through the mill as smallholder credits (rather than all of this volume being sold as physical material or as "regular" credits through the mill) in the PalmTrace platform. *Pros:* 

- 1. The scheme SH are able to receive some extra money for their efforts. This is assumed of course that the mills (who will sell the SH credits) share that money with their scheme SH.
- 2. If they will share the extra revenue, the mills have an extra tool to convince the SH to get certified
- 3. More SH credits will be available for OMD (Off Market Deals) *Cons:*
- 1. There will be more SH credits on the market, which MAY reduce the price
- 2. Only MB mills with certified scheme SH can/will do this because IP mills will lose their IP status otherwise
- 3. No difference between Independent SH credits and Scheme SH credits

Currently, it is assumed that the demand for SH credits is at least the same as demand, or even higher. That is why the price for a SH credit is much higher than for the "normal" ones.

An issue of concern may be that the possible "flooding" of the credits market by associated SH credits might lower the price of independent smallholder credits, especially as there is as yet not plan to distinguish between the two types of credits. Associated SH may also be seen as "unfair" competition by ISH, especially considering the lack of support ISH enjoy in general and with certification in particular. One proposal that already came up during the T&T was a credit system in which there are two categories of smallholder credits: associated and independent, with the market deciding the value of each. It was however seen that with regards to the possible "flooding" issue, it is assumed that only MB mills with certified scheme SH will opt for this possibility, and only if the RSPO credit price is higher than the MB premium.

- MF perspective of the ISH, too difficult already for them. Encouraging more ISH.
- PM use other alternative to support the SH.

#### Decision:

SHWG consented to be not in favour with this proposal.

# 7.2 Updates on Development of SH Engagement Platform

#### **Background:**

RSPO Smallholder Strategy is built on 3 main pillars which are:

- (a) Linking Smallholders to the Market
- (b) Linking smallholders with jurisdictional/landscape approach
- (c) Identify and reduce entry barriers for smallholders certification





In order to support Pillar 1 'Linking Smallholders to the Market' a new initiative has been proposed; to create an online platform which provides information and improves communication between the smallholders and the market.

The form, function, and design of the Platform is yet to be determined. It should allow for potential partners to identify and contact each other with a view to developing partnerships and provide further information, such as:

- Case studies of similar partnerships,
- Profiles of smallholder group seeking partners.
- Guidance for companies to select project
- Multimedia resources

As a first step, we are contacting a group of members for feedback to develop the Platform objectives and design. The platform will be on website for easy access

RSPO and the parties involved in the development of this platform are still in a very initial stage to know what the market, the buyers wants.

## 7.3 Updates EURT 2017

European Roundtable 2017 at Royal Institute of British Architects Monday 12 & Tuesday 13 June 2017. The theme for this year EURT is "Innovation and partnerships for sustainable palm oil". There will be 2 slots on Smallholders.

#### 1: 12 June 2017 (13:00 - 16:00)

A workshop session to share on the Smallholder Strategy and to facilitate discussion on the roles for members in the buying side (in Europe) in supporting the implementation of the Strategy. Estimated participants: TBC (100pax, theatre style)

## II: 13 June 2017 (11.30 - 13.00; Plenary Session)

Still deciding on topics which may touch on progress of SH Strategy, market engagement, smallholder academy, certification for smallholders under jurisdictional approach etc.

Estimated participants: TBC (400 pax, conference style)

# Meeting ends at 5:15pm.

## Minutes taken by Julia Majail.

#### Annexes

Annex 1 Agenda for 12th Smallholder Working Group Meeting

Annex 2 11<sup>th</sup> SHWG Minutes of Meeting

Annex 3 Developing the RSPO Strategy for Smallholders Update, Decision Points and Next Steps

(Prepared by RSPO with support from Daemeter and Proforest)

Annex 4 P&C Review (Salahudin Yaacob)

Annex 5 RSPO Smallholder Academy (Aflatoun International)