2024 <u>RSPO Independent Smallholder</u> <u>Standard</u>

for

the Production of Sustainable Palm Oil and Oil Palm Products

IS_V2-0

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HSBC	Wild Asia
Humana Child Aid Society	Wilmar International Limited
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I. Introduction

1.1 Roundtable of Sustainable Palm Oil (RSPO)

The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 as a non-profit membership association (under Article 60 of the Swiss Civil Code) with the aim of convening the palm oil industry through a multi-stakeholder platform to develop and implement global standards for sustainable palm oil and oil palm products. Our objective is to promote the growth and use of certified sustainable palm oil and oil palm products through cooperation and shared responsibility within the supply chain and the wider palm oil value chain.

1.1.1 The RSPO Vision

RSPO is a global partnership to make palm oil sustainable.

We convene stakeholders across the palm oil value chain to act together as partners for progress and positive impact, facilitating global change through the production, consumption, and awareness of sustainable palm oil. To provide assurance, we set the standards of certification. To inspire change, we communicate environmental, social, and economic/commercial benefits. To make progress, we catalyse collaboration. RSPO, therefore, represents a collective ambition to ensure the palm oil value chain equitably balances the interests of our three Impact Pillars - People, Planet, and Prosperity.

The RSPO Independent Smallholder (ISH) Standard is a foundational mechanism within RSPO's wider library of standards, systems, and procedures. While the ISH Standard is not the only mechanism RSPO has developed as a global partnership to make palm oil sustainable, it is a critical one that ensures that RSPO activities are designed and structured to include oil palm smallholders, of which there are at least 7 million worldwide.

1.1.2 The RSPO Theory of Change

The first RSPO Theory of Change (ToC) was published in 2017 and revised in September 2024 for relevance, in compliance with the ISEAL Impacts Code of Good Practice Version 2.0. The 2024 RSPO Independent Smallholder (ISH) Standard has been aligned with the revised RSPO ToC.

The revised ToC is presented in two visual diagrams: the full ToC and a simplified ToC (see <u>Appendix A</u>). The full ToC is intended for a detailed and more technical understanding of the ToC's causal pathways, while the simplified ToC is intended to show the essence of expected change for general understanding and communication.

1.1.3 The RSPO Information System

RSPO has developed a unified digital certification, trade, and traceability Information System, titled prisma (referenced as 'RSPO Information System' in this document). Information concerning compliance and certification under 2024 ISH Standard (unless specifically mentioned as an exception) will be reported and stored in prisma, which will provide critical digital traceability pathways to connect RSPO certified independent smallholders to the wider RSPO palm oil market and value chain. The development of prisma, and the transmission of data within the system, shall respect confidentiality and operational/business rights of RSPO members and smallholders.

II. Preamble

2.1 The RSPO Independent Smallholder (ISH) Standard

The RSPO Independent Smallholder (ISH) Standard was developed in response to the growing recognition by stakeholders for the need to increase smallholders' inclusion into the RSPO system through a mechanism that takes into consideration the diversity of challenges and situations faced by smallholders globally, together with their varying needs and concerns.

The ISH Standard responds to the needs and challenges of independent smallholders with simple and straightforward requirements, and cost-effective tools that consider diversity, capacity, and incentives. As part of the simplification process, the standard places larger responsibility on group managers, when compared to the past group certification systems. The standard complements and is organised in alignment with the RSPO Principles and Criteria, with both standards structured against the RSPO's three Impact Pillars - People, Planet, Prosperity - using the RSPO Theory of Change as a framework.

The ISH Standard is part of the wider library of RSPO standards, systems, and procedures that includes other tools and mechanisms to support independent smallholders towards sustainability and livelihood improvements, such as the RSPO Smallholder Trainer Academy (STA), the RSPO Smallholder Support Fund (RSSF), and the RSPO Smallholder Engagement Platform (RSEP).

Background to 2024 ISH Standard (IS_V2-0)

RSPO has always recognised the importance of smallholders and the need for increasing their inclusion. The RSPO Smallholder Strategy, endorsed by the RSPO Board of Governors (BoG) in June 2017, mandates a simplification of the RSPO certification system and standard to better meet the needs and contexts of smallholders. In 2017, the first RSPO Theory of Change (ToC) identified a goal of including more smallholders into the RSPO system, so that they cultivate oil palms for palm oil production sustainably while achieving a sustainable livelihood. This is reflected in the revised RSPO ToC, with the goal of ensuring that smallholders derive value and utility from complying to RSPO standards, systems, and procedures.

Per the RSPO Smallholder Strategy (2017), developing an RSPO standard tailored to the needs of smallholders that reduces unnecessary burdens to certification should lead smallholders to be more organised in well-managed, professional groups that provide resources and value to group members, have access to tools and trainings that respond to their specific needs, achieve higher yields as a result of improved capacity for farming practices and agronomy, and can ensure sustainable livelihoods by providing market access. Following two years of development, the first RSPO Independent Smallholder (ISH) Standard was adopted at the 16th RSPO Annual General Assembly in Bangkok on 16 November 2019, simplifying certification requirements for smallholders, to whom the RSPO Principles and Criteria previously applied.

In February 2022, RSPO began a comprehensive Standards Review and Revision process to assess relevance of the 2018 RSPO P&C (Version 3-1) and the 2019 RSPO ISH Standard (IS_V1-0), in line with the 'RSPO Standard Operating Procedure for Standard Setting and Review (2020)', and in compliance with the 'ISEAL Code of Good Practice for Setting Social and Environmental Standards Version 6.0'.

The revision - the 2024 ISH Standard (IS_V2-0) - is the second version of the RSPO Independent Smallholder (ISH) Standard, adopted at the 21st RSPO General Assembly on 13 November 2024, to replace the previous 2019 RSPO ISH Standard.

Version*	Description	
IS_V1-0* (ISH 2019)	The first standalone RSPO Independent Smallholder (ISH) Standard was adopted at the 16th RSPO General Assembly on 6 November 2019. The ISH Standard applies to independent smallholder groups.	16 Nov 2019

IS_V2-0* The first revision of the ISH Standard was adopted at the 21st RSPO General Assembly		
(ISH 2024)	on 13 November 2024. The 2024 RSPO ISH Standard applies to independent	
·	smallholder groups.	

*RSPO standards without official version numbers, which have been retroactively applied for document control purposes .

2.1.1 Structure

The 2024 RSPO Independent Smallholder (ISH) Standard is composed of eight sections, with normative and informative elements. In reference to the "ISO/IEC Directives, Part 2, Principles and Rules for the Structure and Drafting of ISO and IEC documents", the definition of normative and informative is:

- Normative: Sets out mandatory provisions
- Informative: Information to assist the understanding or use of the document, or to provide contextual information about content or relationship with other documents

Section	Title	Applicability
I	Introduction	Informative
II	Preamble	Normative
III	Scope and Approach	Normative
IV	Change Log	Informative
V	Normative Requirements of the RSPO Independent Smallholder	Normative
	Standard	
VI	Principles, Criteria, and Indicators	Normative
VII	Annexes	
Annex 1	Terms and definitions	Normative
Annex 2	Smallholder Declaration	Normative
Annex 3	Compliance Requirements and Informative Guidance	Informative
Annex 4	Supporting documents of ISH 2024	Normative / Informative
VIII	Appendices	
Appendix 1	RSPO Theory of Change	Informative
Appendix 2	List of National Interpretations of ISH 2019	Informative

Supporting Documents

Implementation of the 2024 RSPO ISH Standard shall be facilitated by a library of supporting documents, which include guidance documents and/or Best Management Practices (BMPs) for specific indicators, formally-adopted procedures (e.g., the RSPO Simplified High Conservation Value (HCV) Approach for Smallholders), and National Interpretations of the 2024 RSPO ISH Standard.

A list of supporting documents to facilitate implementation of the 2024 RSPO ISH Standard is available in <u>Annex 4</u>, and can be referenced on the RSPO website.

National Interpretations

The 2024 RSPO Independent Smallholder (ISH) Standard provides general requirements for sustainable cultivation of oil palms that are applicable to smallholders globally. The National Interpretation (NI) process, as specified in the "RSPO Standard Operating Procedure for Standard Setting and Review (2020)", allows the general 2024 RSPO ISH Standard to be contextualised at a national level for smallholders in specific countries.

RSPO allows for members in a particular country to initiate a National Interpretation process. Until a NI has been developed for smallholders in a specific country and endorsed by the RSPO Board of Governors, the applicable standard for smallholders in that country is the general 2024 RSPO ISH Standard.

The RSPO Secretariat will provide guidance and facilitation support. A NI process may be initiated through a formal request addressed to the RSPO Secretariat (<u>standard.development@rspo.org</u>), and written approval from RSPO shall be required to proceed. A NI process may be initiated within 24 months of the formal adoption of the general 2024 RSPO ISH Standard, and development of any initiated NI should be concluded no later than 36 months from the formal adoption of the general 2024 RSPO ISH Standard.

A National Interpretation shall be confined to the scope of the general 2024 RSPO ISH Standard. Additional criteria shall not be developed. A NI may strengthen criteria, indicators, and guidance, or develop acceptable performance levels to measure indicators that are contextualised for smallholders in a specific country, as long as such changes do not represent a diminution of the general 2024 RSPO ISH Standard. New indicators and guidance may be developed, as long as such additions do not contradict or weaken any other part of the NI or the general 2024 RSPO ISH Standard.

A list of currently effective National Interpretations of 2024 RSPO ISH Standard is available in Appendix B.

Translation Accuracy Disclaimer

The 2024 RSPO ISH Standard (as well as associated supplementary and derivative documents) is written in English, with translations into Bahasa Malaysia, Bahasa Indonesia, Thai, French, and Spanish. Translation accuracy of these RSPO documents in languages other than English is a priority, but is not guaranteed or implied. Any discrepancies or differences in translations is not binding nor enforceable; in such cases, the official English version of the RSPO document shall prevail.

Legal Precedence

The 2024 RSPO ISH Standard (as well as associated supplementary and derivative documents) may include criteria, indicators, and/or requirements that overlap with prevailing national, regional, or local regulations or laws in countries in which oil palm cultivation and palm oil production occurs. In cases where the 2024 RSPO ISH Standard differs from such regulations or laws, the higher or stricter of the two shall always prevail. The National Interpretation (NI) process may adapt the general 2024 RSPO ISH Standard to account for local context, against a reference list of applicable regulations and laws in the specific country. In the absence of an NI, the general 2024 RSPO ISH Standard shall prevail.

2.2 Drafting Guidelines

The 2024 RSPO Independent Smallholder (ISH) Standard has been drafted based on a simplified adaptation of the "ISO/IEC Directives, Part 2, Principles and Rules for the Structure and Drafting of ISO and IEC documents", in particular Section 7 "Verbals Forms for Expression of Provisions". This is to ensure that the 2024 RSPO ISH Standard is written, and can be read or interpreted, in a consistent manner and style across the entire document. The following drafting rules were generally applied during the revision process for the 2024 RSPO ISH Standard.

2.2.1 Wording and Intention

The compulsory nature of each requirement is expressed using a simplified adaptation of the ISO "Verbals Forms for Expression of Provisions", to capture the specific intention of provisionary clauses within in a criterion or an indicator. The types of clauses based on intention should be:

Clause/Intention	Preferred verbal form	Alternate verbal forms
Requirement: Indicates instructions or requirements to be	Shall	Is required to
followed strictly for compliance to the standard		Has to
Example: The smallholder group shall develop a policy	Shall not	Is not allowed to
		Do/does not
Recommendation: Indicates a recommended option(s) deemed as suitable among several possibilities (without mentioning or excluding others) for compliance to the standard	Should	It is recommended that
Example: The plan should prioritise training for smallholders relevant to the 2024 RSPO ISH Standard	Should not	It is not recommended that
Permission: Indicates a course of action permissible within the limits of the standard	Мау	Is permitted / allowed to
Example: Smallholders may refer to other available methodologies	May not	Is not permitted / allowed to
Possibility/Capability: Indicates a course of action or scenarios of possibility (whether material, physical, or causal) permissible within the limits of the standard	Can	Is able to
Example: Contractors hired by smallholders can demonstrate evidence of	Cannot	Is not able to
External constraints: Indicates constraints or obligations beyond requirements of the standard	Must	-
Example: Smallholders must take into account weather forecasts when planning	Must not	-

2.2.2 Syntax

The following guidelines have been generally used in the drafting of criteria and indicators in the 2024 RSPO ISH Standard, aiming to be:

- **Clear:** Plain language and common words should be used so that a criterion or an indicator is easily understandable. Sentences should be as short and concise as possible.
- **Specific:** For indicators, only a single aspect should be evaluated. An indicator with more than one aspect to be evaluated should be subdivided or separated.
- **Measurable:** For indicators that are outcome-based, the indicator should specify the outcome/levels of expected performance, which should be measurable and auditable during an assessment at a reasonable cost. For indicators that are practice-based, the indicator should specify the minimum requirements necessary, and may also specify recommendations, permissions, and/or possibilities that advance effectiveness or results of the practice.

- Achievable: A criterion or an indicator should be objective and not descriptive, and should not reference any specific third-party tools, technology, or patent, unless terms of usage are formally agreed with RSPO.
- **Tangible:** A criterion or an indicator should be written in a clear and consistent vocabulary and style. Subjective elements should be avoided e.g., 'proactive(ly), 'substantial', 'adequate(ly)'.
- **Current:** A criterion or an indicator should express requirements that should be in place and present during the time of assessment, and not at a future date.

2.2.3 Lists and usage of serial commas

The purpose of a list shall be made clear by its context, with items separated into individual components and numbered. In the 2024 RSPO ISH Standard, the preferred numbering convention within lists should be based on alphabetical bullets i.e., A), B), C), D)....

Where a list is not separated and used within paragraph text, a serial comma shall be used to avoid misinterpretation and ambiguity. A serial comma is a comma placed immediately after the penultimate (second-to-last) term in a list. An example of the usage and intention of the usage of a serial comma is:

 <u>"marketing, storing, packing for shipment, or distribution of palm oil</u>", where it is made clear that 'packing for shipment (of palm oil)' and 'distribution (of palm oil)' are separate activities.

2.2.4 Terms and definitions

A list of key terms and definitions used in the 2024 RSPO ISH Standard and the 2024 RSPO Principles and Criteria is provided in <u>Annex 1</u>, aligned for consistency across both standards. The first instance of a key term with a definition in each criterion and in each indicator will be underlined, and linked to the relevant section of Annex 1.

III. Scope and Approach

3.1 Scope - Understanding the Who, What, and How of the RSPO Independent Smallholder Standard

The 2024 RSPO Independent Smallholder (ISH) Standard provides a holistic approach for the sustainable cultivation of oil palms by independent smallholder farmers, focusing on significant social, environmental, and economic/commercial aspects associated with the planting and harvesting of oil palms. The scope of the 2024 RSPO ISH Standard is defined as:

- A. The *Elaeis* genus of oil palms, including all botanical hybrids, breeds, varieties and/or forms derived from the African oil palm (*Elaeis guineensis*) or the American oil palm (*Elaeis oleifera*) e.g., variants or forms such as *E.guineensis fo. tenera*, *Elaeis guineensis fo. dura*, *Elaeis guineensis var. Pisifera*.
- B. Planting, replanting, expansion, and cultivation of oil palms by independent smallholders (including land, activities, and workers associated with such developments and/or operations)
- C. Production, harvesting, distribution, and sales of Fresh Fruit Bunches (FFB) from oil palms by independent smallholders (including land, activities, and workers associated with such developments and/or operations)

3.1.1 Scope (Who?)

The 2024 RSPO ISH Standard applies to RSPO members involved in activities covered by the scope of the standard, regardless of category or sector of RSPO membership. In this document, RSPO members within scope shall be referred to as 'smallholders'.

Who is a smallholder?

A smallholder is an oil palm grower with a total accumulative planted area of oil palm that is smaller than or equal to 50 hectares (ha). The definition of a smallholder farmer and threshold of planted area of oil palm may vary by country, to be determined by the relevant National Interpretation of the RSPO P&C and/or the RSPO ISH Standard. In the absence of an NI developed for a specific country that has been formally endorsed by the RSPO Board of Governors, the definition of a smallholder in the general RSPO P&C and RSPO ISH Standard shall apply.

Who is an independent smallholder?

An independent smallholder is an oil palm grower who has the following characteristics:

- Has enforceable decision-making power on the operation of the land and production practices;
- Has the ability and freedom to choose how the land and type of planted crops is organised, managed, and financed;
- Meets any further criteria or definition relative to the applicability of the RSPO P&C and RSPO ISH Standards, provided in the relevant National Interpretation for a specific country;
- The total size of their oil palm production area is smaller than or equal to 50 hectares (ha) if no threshold is defined in a National Interpretation; OR smaller than or equal to the maximum size defined in a National Interpretation (e.g., for Indonesia, this implies the threshold size is 20 ha or below; for Ecuador the threshold is 75 ha or below); and
- Is not a scheme smallholder (defined as a smallholder who supplies FFB to a specific RSPO P&C Unit of Certification and its mill(s) under a formal and legal contractual FFB sourcing agreement).

Who can use the RSPO Independent Smallholder Standard to pursue RSPO Certification?

The 2024 RSPO ISH Standard is only applicable to those smallholders who qualify as independent smallholders. Independent smallholders can be both men and women.

3.1.2 Scope (What?)

The 2024 RSPO ISH Standard applies to the total combined plots of an individual smallholder in a group that are under oil palm cultivation/production. This is provided that the total area belonging to the individual smallholder does not exceed the defined size threshold (smaller than or equal to 50 hectares, or as defined in a National Interpretation).

To what does the RSPO Independent Smallholder Standard apply to?

The 2024 RSPO ISH Standard is applicable for:

- Existing plots under oil palm production;
- Plots that are allocated for replanting or new planting of oil palm; and
- Plots that are, or may potentially, be allocated for new planting of oil palm

What is the definition of the total size of an oil palm production area?

The oil palm production area is defined by accumulating all plots of land owned by a smallholder (or its entity), regardless of where they are located.

This includes existing plots of land with oil palm planting (including areas allocated for replanting), as well as areas allocated for new oil palm planting that are owned by the individual smallholder (or its entity) within or outside the Unit of Certification i.e., the group that the smallholder (or its entity) is part of.

This means if a smallholder (or its entity) owns and operates oil palm plots outside the group (the Unit of Certification) that is being certified, it is also counted as part of the cumulative hectarage of the individual smallholder's oil palm production area, even if the plot(s) are in another village or another region.

The total size of all oil palm plots owned by an individual smallholder (or its entity) shall be disclosed during the RSPO Membership application process, or disclosed to the RSPO Secretariat for smallholders joining an existing group that is already a member of RSPO.

3.1.3 Scope (How?)

The Unit of Certification (UoC) for the 2024 RSPO ISH Standard is the group manager and all individual members of the group. The certificate holder is the group.

How to get certified under the RSPO Independent Smallholder Standard?

The independent smallholder:

- Must be a member of a group of independent smallholders seeking certification;
- Can form a new group or join an existing group; and
- Must sign the Smallholder Declaration committing the smallholder to meeting full compliance with all requirements of the RSPO ISH Standard (*Refer to <u>Annex 2</u>*).

The group:

- Must be a legally formed entity, as defined under the national laws of the country where the group is located;
- Must appoint a group manager that meets all the requirements of the Internal Control System (*Refer to <u>The</u>* <u>Internal Control System Requirements for Smallholder Groups</u>); and
- Can have members that are at different phases in the certification process (*Refer to <u>RSPO Phased Approach for</u> <u>Independent Smallholder Certification</u>) e.g., the group can have members working towards compliance with Eligibility, Milestone A, and/or Milestone B. Members can join at different phases and times, and the membership of the group can continue to grow.*

How should a group be structured?

Not all groups look alike.

- The group manager can be a representative of a mill, an organisation, or an individual
- The group can either be legally registered as an individual or as an organisation
- The group needs to have a minimum of one member. There is no maximum number
- The total number of hectares that form part of the group has no upper limit. There is only an upper limit per individual member (*Refer to <u>Section 3.1.2</u>*).

How can I proceed if the RSPO Independent Smallholder Standard does not apply to me?

If the 2024 RSPO Independent Smallholder Standard is not applicable because the requirements of an individual smallholder or group certification cannot be met, it is still possible to get certified under the RSPO certification system by using one of the following approaches:

- The RSPO Principles and Criteria (P&C)
- Group Certification for FFB production

3.2 RSPO Phased Approach for Independent Smallholder Certification

The RSPO ISH Standard uses a phased approach to enable independent smallholders to achieve compliance over a specified period of time, as presented in Figure 2. The approach includes three phases:

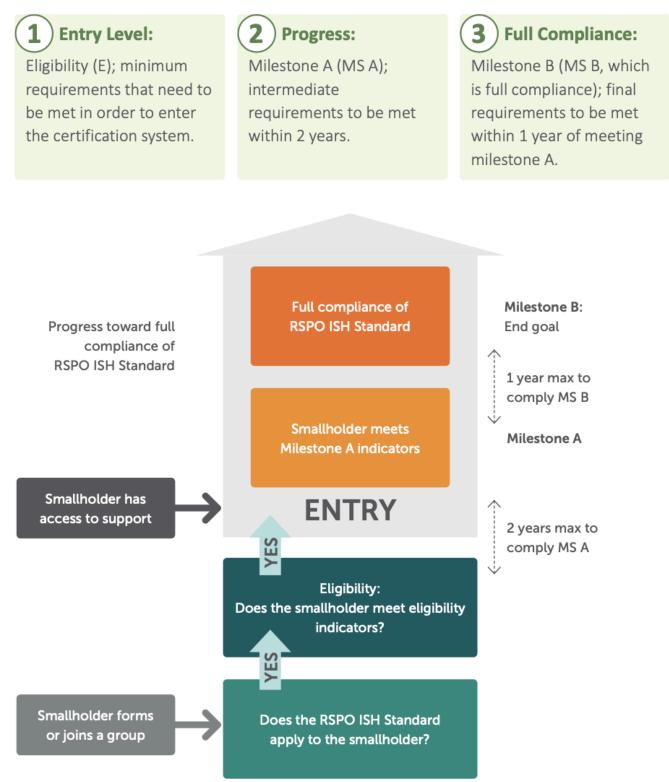


Figure 2: Phased approach for smallholder certification against the ISH Standard

The phased approach allows a smallholder to enter the RSPO system once they are part of a group and can meet all Eligibility indicators. This approach is designed to screen smallholders for the most unsustainable practices and then, for those who are eligible, allow time for continual improvement and progress towards meeting all requirements of the RSPO ISH Standard. Key requirements of this approach are:

- The group needs to demonstrate progress in moving from meeting Eligibility indicators, to indicators listed under Milestone A and finally meeting the indicators of Milestone B.
- Progress must occur within a set timeframe;
 - 1. Two years to progress from Eligibility to Milestone A.
 - 2. One more year to progress from Milestone A to Milestone B.
- Compliance at every milestone is measured by fulfilling all the requirements of the current milestone and all preceding milestones, e.g. to be compliant with Milestone A, the smallholder group has to demonstrate compliance to the Eligibility requirements and requirements of Milestone A.
- A smallholder can progress directly to Milestone B if at Eligibility they can demonstrate compliance with Milestones A and B. They can move forward and be audited for Milestones A and B at the same point of time, as assessed by the group manager and third-party auditors. This is also applicable for any trainings (Milestone A) where the group manager assesses the smallholder already possesses the relevant capabilities.
- At Milestone B, the smallholder needs to be able to demonstrate compliance with and will be audited against all indicators, including those under Eligibility, Milestone A and Milestone B.

3.3 Certification, Claims, and Benefits

The certification system for the RSPO Independent Smallholder (ISH) Standard consists of three phases, where each phase has its own requirements for assessing compliance and claims that an independent smallholder can make, as well as benefits for the smallholder. This is intended to be a continual improvement process tied to incentives.

The governing document for compliance and certification against the RSPO ISH Standard is the 'RSPO Certification System for P&C and ISH Standards'.

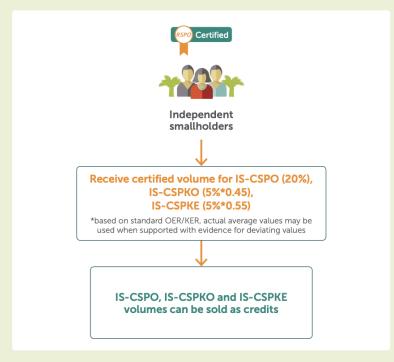
- At each phase, compliance of the group and its members towards meeting the indicators is assessed through a field-based audit by an accredited Certification Body.
- Claim refers to the status the smallholders can assign to the fresh fruit bunches (FFB) they produce, which is expressed as certified crude palm oil or palm kernel oil (CPO/PKO) equivalence, and can be sold as certified oil through all supply chain models, either via smallholder credits or as physical trade (only at Milestone B).
- Benefit refers to the incentives the smallholders can receive through the sales of certified FFB as RSPO Credits or through the physical supply chain models (Identity Preserved- IP, Segregated - SG, or Mass Balance - MB). Buyers are able to purchase certified oil from smallholders and communicate externally about their sources.

 \rightarrow see <u>here</u> for further info about RSPO Credits.

Principle for converting certified FFB to certified sustainable palm oil (CSPO)

Smallholders can sell their certified FFB to a certified mill through a physical supply chain model or as RSPO Credits equivalent. Eligibility for selling under a physical supply chain model only applies once ISHs reach Milestone B. One tonne of FFB is transferred to tonnes of Certified Sustainable Palm Oil (CSPO) Credits using a default oil extraction rate (OER) of 20%, subject to an auditor's verification and confirmation.

Hence, 100 tonnes of certified sustainable FFB is equal to 20 tonnes of CSPO which is equal to 20 credits. Default Kernel Extraction Rate (KER) also exists for kernel oil or kernel expeller (see figure).



The sections below present the general assurance requirements, claims and benefits at each of the three phases, as summarised in Figure 3.

2.1.1 Eligibility - entry level

Assurance Requirements

- To demonstrate compliance with eligibility indicators, a field-based audit needs to be conducted by an RSPO accredited Certification Body¹, as listed by RSPO here (https://www.rspo.org/certification/bodies)
- All individual members of the group that are ready to be certified at entry level have to meet all Eligibility indicators.

Claims and Benefits

- Up to 40% of FFB can be sold as RSPO Smallholder Credits (as equivalent to CSPO, CSPKO or CSPKE credits) through the RSPO IT platform and trading system,
- Once Eligibility indicators have been verified, the group may continue to claim the FFB produced as CSPO equivalent and sell as RSPO Smallholder Credits
- The FFB produced cannot be sold through the physical supply chain (IP or SG).

¹ Groups can submit a request to the RSPO Smallholder Support Fund (RSSF) to cover the costs of the first audit of Eligibility indicators.

2.1.2 Milestone A – continual improvement and progress

Assurance Requirements

- To demonstrate progress, group members have to meet 100% of the Milestone A indicators while also maintaining compliance with 100% of the Eligibility indicators
- All individual members of the group have to meet all Eligibility indicators and Milestone A indicators
- An accredited Certification Body has to conduct a field-based audit.

Claims and Benefits

- Groups can demonstrate meeting Milestone A indicators within a maximum of two-years from being certified at the Eligibility phase
- Up to 70% of FFB can be sold as RSPO Smallholder Credits (as equivalent to CSPO, CSPKO or CSPKE Credits) through the RSPO IT platform and trading system The FFB produced cannot be sold through the physical supply chain (IP or SG).

2.1.3 Milestone B – continual improvement and full compliance

Assurance Requirements

- A field-based audit of the group is conducted by an accredited Certification Body
- All individual members of the group have to meet 100% of the Milestone B indicators, and also maintain compliance with 100% of the Eligibility indicators and 100% of the Milestone A indicators.

Claims and Benefits

- Groups can demonstrate meeting Milestone
 B indicators within a maximum one year from
 being certified at Milestone A phase
- 100% FFB can be sold as certified to a certified mill through the physical supply chain models (IP, SG or MB); OR
- 100% of FFB can be sold as RSPO Credits CSPO, CSPKO or CSPKE Credits through the RSPO IT platform and trading system; OR
- 100% of FFB can be sold through a combination of physical supply chains and as RSPO Credits.

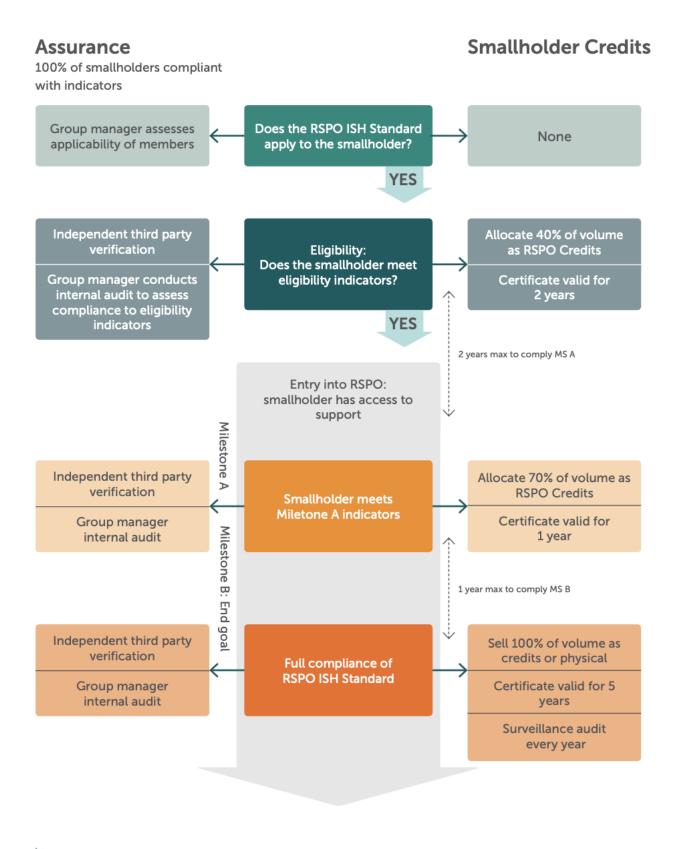


Figure 3: Assurance and smallholder credit claims system

3.4 Adoption, Implementation, Review, and Revision

This section defines the schedule and timeline for the implementation and reporting of compliance to the 2024 RSPO ISH Standard, and the subsequent future reviews and/or revisions.

3.4.1 Adoption Date

The 2024 RSPO Independent Smallholder (ISH) Standard was formally adopted at the 21st RSPO General Assembly on 13 November 2024.

3.4.2 Effective Date

The 2024 RSPO Independent Smallholder (ISH) Standard shall become effective and binding 12 months after the adoption date i.e., 13 November 2025. Prior to this effective date, the 2019 RSPO ISH Standard (IS_V1-0) shall continue to apply for all existing or potential Units of Certification (i.e., groups). This 12-month transition period is formally adopted to assist RSPO smallholders, group managers, and members in the change management activities necessary to implement the revised standard..

RSPO shall support RSPO members on any initiated National Interpretations (NI) processes within this 12-month transition period. If a NI update or development for a specific country is not completed within the 12 months, the general 2024 RSPO ISH Standard shall apply until the NI update or development is completed and endorsed by the RSPO Board of Governors.

If a supporting document necessary for implementation of the 2024 RSPO ISH Standard is not able to be an updated or developed within the 12 months, RSPO shall provide an indicative status or timeline for completion.

3.4.3 Interim Revision I

The 2024 RSPO ISH Standard includes an Interim Revision I mechanism, intended to allow flexibility to urgently adapt or adjust the standard if any unintended consequences or unforeseen challenges are encountered in implementation by smallholders and/or group managers. Within the formal 12-month transition period following adoption of the 2024 RSPO ISH Standard, RSPO shall assess and review issues of interpretation or content of requirements reported by smallholders, group managers, members, and other stakeholders regarding the implementation of the standard, with a transparent oversight structure.

If necessary, Interim Revision I may trigger a minor revision of the standard to ensure auditability, implementability, and clarity, supported by appropriate document/process control procedures (e.g., revising IS_V2-0 to IS_V2-1). Interim Revision I is in line with Clause 5.8 of the "ISEAL Code of Good Practice for Setting Social and Environmental Standards Version 6.0" and Clause 6.12 of the "ISEAL Code of Good Practice for Sustainability Systems Version 1.0".

3.4.4 Interim Revision II

The 2024 RSPO ISH Standard includes an Interim Revision II mechanism, intended to allow flexibility to urgently adapt or adjust if procedural/process issues or challenges are encountered in the implementation of the standard. Interim Revision II shall be active for the 12 months following the effective date of the 2024 RSPO ISH Standard (i.e., 13 November 2025). During the Interim Revision II period, RSPO shall assess and review reported issues or challenges in the procedures/processes regarding requirements and implementation of the standard by smallholders, group managers, members, and other stakeholders, under a transparent oversight structure.

If necessary, Interim Revision II may trigger a minor revision of the standard to ensure clarity in the auditability and implementability of the standard, supported by appropriate document/process control procedures (e.g., revising IS_V2-1 to IS_V2-2). Interim Revision II is in line with Clause 5.8 of the "ISEAL Code of Good Practice for Setting Social and Environmental Standards Version 6.0" and Clause 6.12 of the "ISEAL Code of Good Practice for Sustainability Systems Version 1.0".

3.4.5 Formal Review of the 2024 RSPO ISH Standard

Clause 5.8, Item 1 of the "ISEAL Code of Good Practice for Setting Social and Environmental Standards Version 6.0" and Clause 6.14 of the "ISEAL (combined) Code of Good Practice for Sustainability Systems Version 1.0" requires that RSPO shall:

- A. Review the standard at least once every five years for continued relevance and for effectiveness in meeting its stated objectives; and
- B. If necessary, revise the standard in a timely manner, in line with the relevant requirements (of the ISEAL Code)

For compliance with the ISEAL Code, a formal review of the 2024 RSPO ISH Standard shall be conducted no later than November 2029 (five years from the date of adoption).

RSPO shall also assess the continued relevance of the standard against evolving market and regulatory trends or risks. If necessary, an urgent formal review of the 2024 RSPO ISH Standard may be initiated before the stipulated five year timeframe elapses.

3.4.6 Revision of the 2024 RSPO ISH Standard

If the formal review of 2024 RSPO ISH Standard concludes that a major revision is required for continued relevance and to ensure effectiveness, RSPO shall revise the standard in line with the other relevant requirements of the ISEAL Code.

The revision should be completed within a recommended timeframe of 12 months or less, for adoption by RSPO members at an RSPO General Assembly. This is in line with Clause 5.8, Item 1 in the "ISEAL Code of Good Practice for Setting Social and Environmental Standards Version 6.0" and Clause 6.14 of the "ISEAL (combined) Code of Good Practice for Sustainability Systems Version 1.0".

IV. Change Log (2024 ISH Standard from 2019 ISH Standard)

The following is a summary of the main changes made in the 2024 RSPO ISH Standard to the previous version (the 2019 RSPO ISH Standard). The revision covers the changes made to the document following recommendations and proposals from the comprehensive formal Standards Review and Revision process that began in 2022. Changes are categorised as an **Addition** or an **Amendment**. Minor changes (e.g., correction of phrasings or spelling mistakes, aligning formatting or content style) are not listed.

Section	Type of Change	Summary of Change	Rationale of Change
e.g., Section X	e.g., Addition	e.g., added definition for the term 'xxxx"	e.g., to address lack of clarity
e.g., Criterion X	e.g., Amendment	e.g., amended wording from 'yyy' to 'xxx'	e.g., to assist auditing, as 'yyy' is not auditable
e.g., Indicator X			

This section of the document shall be completed following adoption of the revised standard by RSPO members.

V. Normative Requirements of the RSPO Independent Smallholder Standard

The 2024 RSPO Independent Smallholder (ISH) Standard is composed of 4 Principles, 22 Criteria, and 66 Indicators, organised along the RSPO impact areas: Prosperity, People, Planet. The requirements of principles, criteria, and indicators in the 2024 RSPO ISH Standard are applicable to both smallholders (as individual group members) and group managers.

'The Internal Control System Requirements for Smallholder Groups' section includes an additional 7 Criteria and 42 Indicators, which are applicable to the group manager with the support of individual smallholder members of the group.

System requirements for Group Formation and Management (including the Internal Control System) are only applicable to the group manager (and not to individual smallholder members of the group).

The indicators are presented in three columns, reflecting the three phases toward full compliance.

- Eligibility indicators must be met to enter into the system
- Milestone A indicators must be met to demonstrate that the group continues to make progress towards meeting full compliance
- Milestone B must be met to reach full compliance with the RSPO ISH Standard
- Indicators are cumulative; as such
 - o At Eligibility, 100% of indicators are required for compliance;
 - At Milestone A, 100% of Eligibility indicators + 100% of Milestone A indicators are required for compliance;
 - At Milestone B, 100% of Eligibility indicators + 100% of Milestone A indicators + 100% of Milestone B indicators are required for compliance.

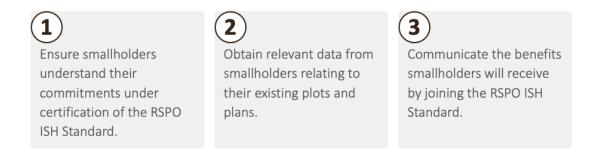
5.1 Guidance to interpret the Principles, Criteria, and Indicators

The principles. criteria, and indicators of the 2024 RSPO ISH Standard should be read and used in conjunction with other RSPO tools and resources, as well as the Compliance Requirements and Informative Guidance in <u>Annex 3</u> (Note: the Compliance Requirements and Informative Guidance shall be finalised following endorsement and adoption of the revised standard).

5.2 Smallholder Declaration

Within the principles, criteria, and indicators, several references are made to a Smallholder Declaration. This refers to a short and simple, non-legally binding statement that the group manager will present to smallholders joining or forming a group. The content and intent of the Declaration shall be explained to the smallholders prior to requiring any signature (or thumbprint) and commitment to the content of the Declaration. As part of the Eligibility phase, every smallholder in a group will need to sign a Smallholder Declaration (*Refer to Indicator 1.2 E and <u>Annex 2</u>*).

The Smallholder Declaration is a normative requirement of the 2024 RSPO Independent Smallholder Standard. The objective of the Smallholder Declaration is to:



5.3 Skipping Criteria and Indicators that are not applicable

There are three (3) instances where criteria or indicators may be skipped if the smallholder can demonstrate that these do not apply to them - Criterion 4.3 (and its Indicators), Criterion 4.4 (and its Indicators), and Criterion 4.5 (and its Indicators). For example, if a smallholder does not intend to expand their plots or plant any new oil palm, the criterion specific to new plantings does not apply and may be skipped. These are clearly marked in the table of criteria and indicators.

5.4 Support for Smallholders

Training Needs

Training and support for smallholders and group managers is a fundamental component of the RSPO ISH Standard. The exact type of training required will vary and depend on the individual smallholder's needs. It falls under the responsibility of the group manager to ensure that smallholders in the group have access to training(s). Accordingly, the group manager will assess the training needs of group members during their entry to the group.

The RSPO ISH Standard is designed with the assumption that not all smallholders have the capacity and resources to comply with all indicators upon entry at the Eligibility phase. Within the phased approach, the RSPO ISH Standard includes a substantial training component (generally in Milestone A) presented as indicators that require smallholders to receive and/or complete training(s). Not all smallholders require participation in all training(s); compliance with such indicators that refer to training(s) shall depend on the level of capacity and support needs of group members.

Sources of Training(s)

There are multiple sources of training material(s) made available by RSPO for trainers, group managers, and smallholders. Training content ranges from the formation of groups to meeting technical requirements such as pesticide use, from templates that support with record keeping to guidance to identify precautionary practices for the protection of areas of High Conservation Values (HCVs).

Please see the Smallholders section of the RSPO website for a complete list of current tools and training materials available for smallholders and group managers (online; at https://rspo.org/resources/?category=smallholders-key-documents).

Sources of Training Materials for Group Managers and Smallholders

The RSPO Smallholder Trainer Academy (STA) provides a series of training modules for group managers and smallholders through a 'Train-the-Trainer' approach. The training modules available through the Smallholder Trainer Academy are thus specifically tailored to trainers (which can include group managers) rather than the smallholders themselves.

RSPO is also developing tools and resources (e.g., templates, guidelines) to further support and direct smallholders and smallholder groups toward progress in certification and becoming fully compliant. These will be related to documentation and meeting particular technical requirements. Examples of topics where training materials, tools, and guidelines shall be provided include (but are not limited to): peat drainability assessments, pesticide use and storage, and simplified FPIC for smallholders.

RSPO also provides training and tools specifically to ensure that group managers are equipped to conduct the tasks that are expected of them. Examples of tools and training that shall be available for group managers include training on the HCV application for smallholders, training on the Smallholder Declaration, and templates for group's Internal Control System (ICS).

The RSPO Smallholder Support Fund (RSSF) provides financial support to group managers and the group's members. Additionally, in alignment with the RSPO Smallholder Strategy (2017), further support either in the form of technical capacity and the provision of tools and guidance, or financial support, can also be provided through the RSSF to the group manager and the group's members. This includes financial resources for the first/initial audit(s) to assess Eligibility.

5.5 Gender Inclusivity

As reflected in the RSPO Principles and Criteria and in alignment with the RSPO Theory of Change towards the goal for the protection, respect, and remediation of human rights, the RSPO ISH Standard mandates practices that are gender inclusive. This refers to the provision of equal rights, responsibilities, and opportunities for all regardless of gender, sexual orientation, and gender identity (including men, women, girls and boys, and other gender identities as described by the individual). This principle shall be applied to all smallholders and group managers, particularly in relation to labour practices and the treatment of workers.

Within the RSPO ISH Standard, and in particular within the principles, criteria, and indicators, whenever the term smallholder, farmer, group manager, or worker is used, this term can represent a woman or a man and is not subjected to any specific gender identity.

5.6 Additional Considerations

Unless otherwise specified, 'smallholder' refers to individual smallholders that form part of a group. In cases where the smallholder's plot is managed by a hired person or leased to another person, the term 'smallholder' shall also include the designated representatives or delegates responsible for the plot/farm's operations.

For the purposes of non-conformities during audits for compliance for certification under the RSPO ISH Standard, there is no distinction of criticality among the indicators i.e., no designation of Critical versus Non-Critical Indicators.

VI. Principles, Criteria, and Indicators

RSPO Smallholders implement professional operations to optimise productivity and secure sustainable livelihood improvements

Impact Goals

The Criteria and Indicators in Principle 1 are linked to the following Long-term Outcomes in the RSPO Theory of Change:

PEOPLE

- *

L1

Value and utility is derived by palm oil producers of all sizes (smallholders, medium & large growers) from complying to RSPO Standards, systems and procedures

PLANET

L4

Effective climate mitigation actions are implemented, resulting in greenhouse gas emissions reduction and carbon sequestration

L5 Custoiset

Sustainable environmental practices are demonstrated by RSPO Members and partners, offering a scalable model to other agricultural commodities

L6

Sustainable ecosystem management is implemented to achieve no deforestation and promote restoration of environmental value

*

PROSPERITY

L9

Contemporary environmental and social expectations are met by constant progress and innovation in standards, operations and certification, improving prosperity for all

Please refer to the "ISH_2024_FINALDRAFT" Excel file for criteria and indicators in Principle 1. This section of the document shall be completed following adoption of the revised standard by RSPO members.

RSPO Smallholders comply with the law and respect communities' rights

Impact Goals

The Criteria and Indicators in Principle 2 are linked to the following Long-term Outcomes in the RSPO Theory of Change:

PEOPLE

L1

Value and utility is derived by palm oil producers of all sizes (smallholders, medium & large growers) from complying to RSPO Standards, systems and procedures

L2

Labour and social benefits are enhanced across the palm oil value chain, including in human rights, living wages and non-discrimination

S PLANET

L6

Sustainable ecosystem management is implemented to achieve no deforestation and promote restoration of environmental value

PROSPERITY

L9

Contemporary environmental and social expectations are met by constant progress and innovation in standards, operations and certification, improving prosperity for all

Please refer to the "ISH_2024_FINALDRAFT" Excel file for criteria and indicators in Principle 2. This section of the document shall be completed following adoption of the revised standard by RSPO members.

L3

* Stakeholder equity (especially for women and Affected Communities) in palm oil production is increased

RSPO Smallholders safeguard human rights, protect workers' rights, and ensure safe and decent working conditions

Impact Goals

The Criteria and Indicators in Principle 3 are linked to the following Long-term Outcomes in the RSPO Theory of Change:

- *



- *

L2

L3

Labour and social benefits are enhanced across the palm oil value chain, including in human rights, living wages and non-discrimination Stakeholder equity (especially for women and Affected Communities) in palm oil production is increased

PROSPERITY

L9

* Contemporary environmental and social expectations are met by constant progress and innovation in standards, operations and certification, improving prosperity for all

Please refer to the "ISH_2024_FINALDRAFT" Excel file for criteria and indicators in Principle 3. This section of the document shall be completed following adoption of the revised standard by RSPO members.

RSPO Smallholders protect the environment, conserve biodiversity, enhance ecosystems, and sustainably manage natural resources

Impact Goals

The Criteria and Indicators in Principle 4 are linked to the following Long-term Outcomes in the RSPO Theory of Change:

- *

*



L1

L2

Value and utility is derived by palm oil producers of all sizes (smallholders, medium & large growers) from complying to RSPO Standards, systems and procedures

Labour and social benefits are enhanced across the palm oil value chain, including in human rights, living wages and non-discrimination

PLANET

L4

Effective climate mitigation actions are implemented, resulting in greenhouse gas emissions reduction and carbon sequestration

tainab

L5

Sustainable environmental practices are demonstrated by RSPO Members and partners, offering a scalable model to other agricultural commodities

L6

Sustainable ecosystem management is implemented to achieve no deforestation and promote restoration of environmental value

· *

PROSPERITY

L9

Contemporary environmental and social expectations are met by constant progress and innovation in standards, operations and certification, improving prosperity for all

Please refer to the "ISH_2024_FINALDRAFT" Excel file for criteria and indicators in Principle 4. This section of the document shall be completed following adoption of the revised standard by RSPO members.

Preamble for Principle 4

High Conservation Values (HCVs) and High Carbon Stock (HCS) forests

Objective: The RSPO Independent Smallholder (ISH) Standard aligns with the RSPO Smallholder Strategy (2017) to promote smallholder inclusion and improve livelihoods through better practices, while upholding key sustainability commitments. Central to this is the protection of HCVs and HCS forests.

Methodology Overview: The RSPO has introduced a Simplified High Conservation Value (HCV) Approach for Smallholders, providing clear guidance for identifying, protecting, and managing HCVs in both existing and new plantings.

Since the 2019 mandate to safeguard HCS forests, the Independent Smallholder Land Use Risk Identification (IS-LURI) tool has been used to differentiate between 'Low Risk' and 'Risk' areas. This tool serves as an interim measure until the development of a combined HCV-HCS approach by the Independent Smallholder No Deforestation Task Force (IS-NDTF). Until this integrated tool is available, new plantings are only permitted in 'Low Risk' areas.

In the meantime, independent smallholders are required to protect or enhance HCV and HCS forests, as part of their commitment under the Smallholder Declaration.

Remediation and Compensation Procedure (RaCP)

Under the RaCP procedure, remediation and compensation is required for any land clearing since November 2005 without prior HCV assessment (*Refer to Criterion 4.2*) and any clearance since November 2019 without prior HCS assessment.

The requirements as outlined in the RaCP (2015) is not fully applicable for independent smallholders. For independent smallholders, the RSPO ISH Standard is focused on developing an appropriate RaCP mechanism that is contextually appropriate to the scale of independent smallholder production while enabling independent smallholders to maximise positive environmental impacts. The requirement means that quantified liability is disclosed and assessed through a land use change analysis (LUCA) supported by the RSPO Secretariat. The new version of the RaCP procedure is being developed to account for appropriate applicability to independent smallholders, to provide improved clarity on implementing the indicators of Criterion 4.2.

The Internal Control System Requirements for Smallholder Groups

Please refer to the "ISH_2024_FINALDRAFT" Excel file for criteria and indicators in the ICS. This section of the document shall be completed following adoption of the revised standard by RSPO members.

VII. Annexes

Annex 1 - Terms and definitions

Please refer to the "ISH_2024_FINALDRAFT" Excel file for content of the Terms and definitions. This section of the document shall be completed following adoption of the revised standard by RSPO members.

Annex 2 - Smallholder Declaration

Please refer to the "ISH_2024_FINALDRAFT" Excel file for content of the Smallholder Declaration. This section of the document shall be completed following adoption of the revised standard by RSPO members.

Annex 3 - Compliance Requirements and Informative Guidance

This section of the document shall be completed following endorsement and adoption of the revised standard.

Content of this annex shall be finalised in consultation with members and approved by the RSPO Standards Standing Committee (SSC) for inclusion in this document.

Compliance Requirements provide further details and explanation on requirements as an interpretation of an indicator to assist the smallholders and group managers in implementation and demonstrating compliance. Compliance Requirements will be aligned fully and finalised together with the Audit Checklist in the revised 'RSPO Certification System for P&C and ISH Standards', to reduce interpretation risk and align expectations with the verifications/checks to be performed by auditors when assessing compliance to an indicator.

Informative Guidance provides additional information, advice, guidelines, suggestions, or references to assist the smallholders and group managers in understanding and implementing an indicator.

Annex 4 - Supporting documents of the 2024 RSPO ISH Standard

The following is a list of currently effective, to be updated*, to be developed*, and in development* supporting documents of the 2024 RSPO ISH Standard.

Please see the Resources section of the RSPO website for the list and current status of the supporting documents of the 2024 RSPO ISH Standard (online; at XXX).

*Status of supporting document as of 13 November 2024

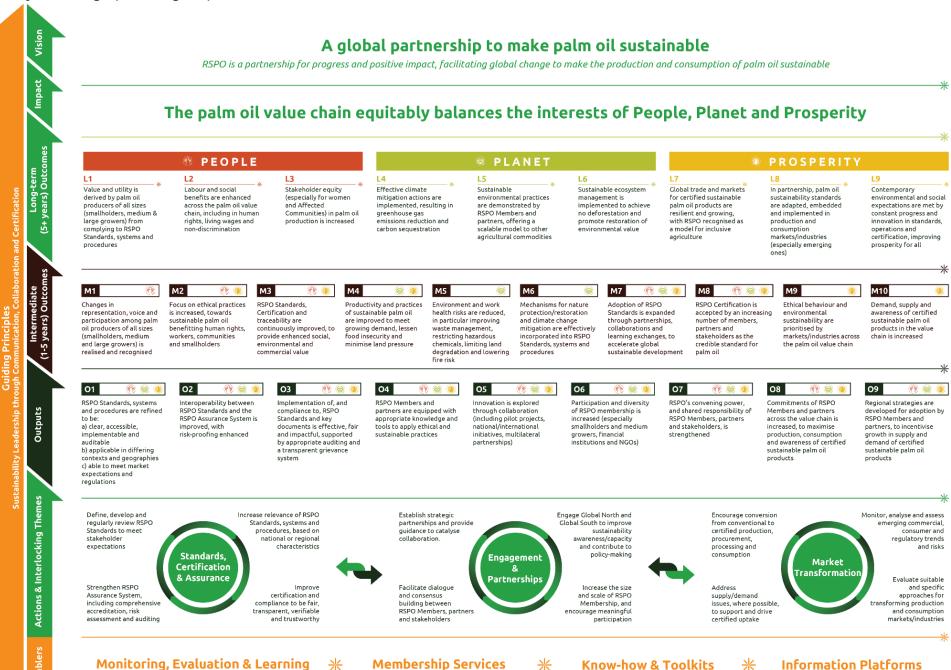
Supplementary or Derivative document	Reference to Criteria	Applicability
RSPO Certification System for P&C and ISH Standards - to be updated	All Criteria and Indicators	Normative
Minimum required Best Management Practices (BMPs) for Independent Smallholders - to be developed	1.2	Normative
RSPO Simplified Free, Prior and Informed Consent (FPIC) approach for Independent Smallholders - to be developed	2.2 ; 2.5	Informative
Guidance on Child Rights for Smallholders and Group Managers	3.2	Informative
Guidance Document on the Simplified High Conservation Value (HCV) Approach for Smallholders in the RSPO - Introduction Document (Phases 1 and 2)	4.1	Normative
Guidance Document for Smallholders on Managing High Conservation Values (HCVs) in Established Oil Palm Plantations - Existing Plantings (Phases 3 and 4)	4.1	Normative
Guidance Document on the Simplified High Conservation Value (HCV) Approach for Smallholders in the RSPO - HCV Procedures for New Plantings (Phases 3 and 4)	4.1 ; 4.3	Normative
Guidance for ISH Group Manager Independent Smallholder - Land Use Risk Identification (IS-LURI) - to be updated	4.1 ; 4.3	Normative
Forest Protection Approach (name to be finalised) - in development <u>Procedural Note</u> The FPA Is an Integrated guidance outlining the simplified	4.1 ; 4.3	Normative
HCV-HCS approach for <u>independent smallholders</u> that is intended to merge the RSPO Simplified HCV Approach with a methodology for assessing HCS forests. This approach will replace the interim IS-LURI measure once approved for implementation. This document is to be developed by IS-NDTF (Independent Smallholder No Deforestation Task Force) in consultation with the Smallholder Standing Committee (SHSC), and to be approved by the Standards Standing Committee (SSC).		
RSPO Remediation and Compensation Procedure (RaCP) process for smallholders - RaCP Version 2 in development	4.2	Normative

RSPO Smallholder Best Management Practices Manual for Existing Oil Palm Cultivation on Peat	4.4 ; 4.5	Informative
RSPO ISH Flood Risk Assessment Template	4.5	Informative
Simplified Guide Management and Rehabilitation of Riparian Reserves	4.7	Informative

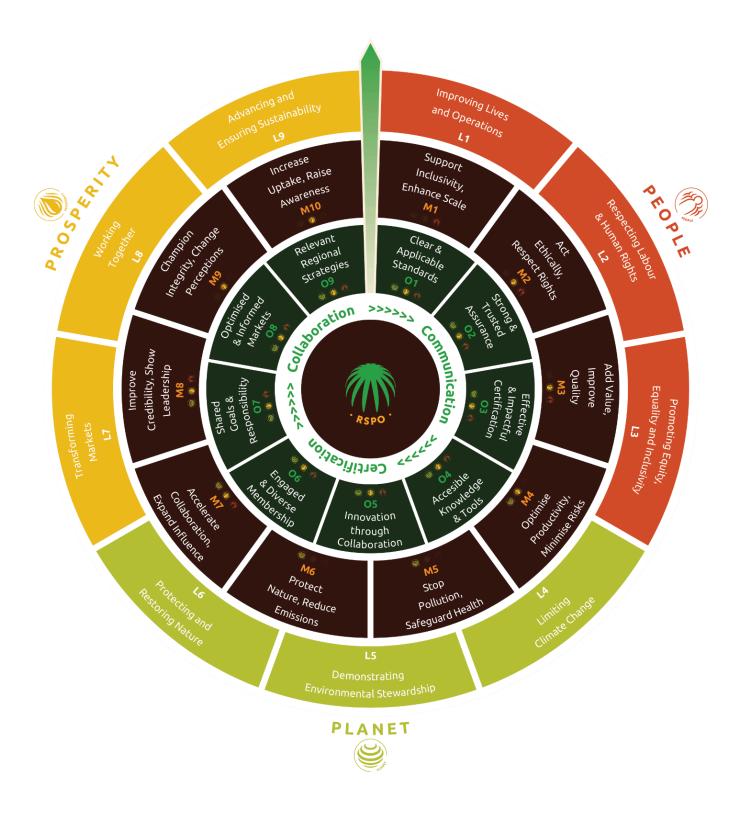
VIII. Appendices

Appendix A - RSPO Theory of Change

Theory of Change (Full Diagram)



A Global Partnership to Make Palm Oil Sustainable



LEGEND

Appendix B - National Interpretations of the 2019 RSPO ISH Standard

National Interpretations of the 2019 RSPO ISH Standard	Date of Endorsement by RSPO Board of Governors
Côte d'Ivoire Local Interpretation	10 June 2021
Indonesia National Interpretation	14 February 2022

END OF DOCUMENT

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