

# **RSPO Principles and Criteria for Sustainable Palm Oil Production**

**Guidance on Scheme Smallholders:**

Prepared by the

**Task Force on Smallholders**

Dated: 2<sup>nd</sup> July 2009



## Introduction:

This document presents the final version of the RSPO's Generic Guidance for Scheme Smallholders. It was adopted by the RSPO Executive Board at its meeting on 2<sup>nd</sup> July 2009. This text is the outcome of an intensive process of research, discussion and review carried out by the RSPO's Task Force on Smallholders and its Steering Group. The text has been through four prior drafts and takes into account comments made during two rounds of public consultation, in June and July 2007 and in May and June 2009, as well as detailed inputs made during the meeting of the Steering Group in April 2009. The Steering Group of the Task Force on Smallholders includes members of the national smallholder working groups from Malaysia, Indonesia and Papua New Guinea and members of the RSPO Executive Board, and is led by the two Co-Leaders of the Task Force from the Forest Peoples Programme and Sawit Watch.

**This text is now immediately applicable as a generic standard for the certification of scheme smallholders worldwide.** It is envisaged that it can be used immediately and will be reviewed again after 2 years. National Interpretations accommodating this revised and finalised guidance should follow soon after.

The RSPO Task Force on Smallholders was formed by a Resolution of the RSPO's General Assembly in Jakarta 2005 to develop an adjusted RSPO standard suited to smallholders and to ensure that smallholders were directly represented in RSPO processes. The Task Force has the mandate to *'ascertain the suitability of the RSPO Principles & Criteria for smallholders and make proposals on how best these can be adjusted, nationally and/or generically, to ensure favourable smallholder involvement in SPO production'*.

This text takes as its starting point the RSPO requirement, set out in the certification protocol, that the unit of verification is *'the mill and its supply base'* and which implies a distinction between 'scheme' (associated) and 'independent' smallholders.<sup>1</sup> The protocol requires that mills ensure that all scheme smallholders supplying the mill are brought into compliance with the RSPO standard within 3 years of the mill and its nucleus estate being certified.<sup>2</sup>

A previous version of this text went for public consultation in 2007 but its finalisation was delayed as the Co-Leaders concurred with the strong views of Task Force members, which were reaffirmed at the 2007 public meeting, that it was not practical or advisable to finalise the generic guidance on smallholders until there were agreed modalities for the group certification of independent smallholders and

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<sup>1</sup> RSPO, 2007, *RSPO Certification Systems*. Final Document approved by RSPO Executive Board, 26 June 2007:12. For further discussion of these terms see below.

<sup>2</sup> For mills and plantations already certified prior to the approval of this standard, it is accepted that the start of this three year period is July 2009 and not the date of certification.



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the practicality of the generic guidance had first been field tested through trial audits to see if the text really suits smallholder realities. For this reason also, the text does not include new indicators as the existing indicators of the main standard have yet to be field tested for smallholders.

Unfortunately there have been delays in developing the Group Certification Protocol for independent smallholders and in carrying out the much needed trial audits. Yet demand for the guidance on smallholders has been growing as mills and nucleus estates have begun to be certified and mills wish to bring their smallholders into the RSPO process. Scheme smallholders have also expressed keenness to move ahead, as they are eager for the improved relationship with mills that are required by the RSPO standard. So, in order to avoid yet further delay, the RSPO Executive Board decided in March 2009, that the Task Force should, as a matter of urgency, finalise the guidance at least for **scheme** smallholders, while making provisions for the **later** inclusion of additional guidance for **independent** smallholders and for adjustments to the texts to accommodate the lessons learned from trial audits.

An intensive three-day meeting was thus held in Jakarta from 23<sup>rd</sup> - 25<sup>th</sup> April 2009 to revise the text and ensure that it takes into account as fully as possible the concerns of smallholders and the considerations of existing national interpretations. The text that follows is the result of that meeting and of comments received during the ensuing two month long consultation period.

## 1. Who are scheme smallholders? (and how do they differ from independent smallholders?)

The RSPO currently defines smallholders as:

*Farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principal source of income and where the planted area of oil palm is usually below 50 hectares in size.<sup>3</sup>*

This definition is maintained by this Guidance.

Following the recommendations of the RSPO's Task Force on Smallholders and the RSPO Certification Working Group, RSPO documents make a distinction between what have been variously called 'tied', 'associated' or 'scheme' smallholders, on the one hand, and 'independent' smallholders, on the other. After

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<sup>3</sup> RSPO, 2007, *RSPO Principles and Criteria for Sustainable Palm Oil Production, including Indicators and Guidance*, October 2007: 47.



careful deliberations and comparison of national situations, the Task Force on Smallholders Steering Group has agreed that the most appropriate terms are 'scheme' and 'independent' smallholders.

In the context of RSPO systems, independent smallholders while very varied in their situations are characterised by their: freedom to choose how to use their lands, which crops to plant and how to manage them; being self-organised, self-managed and self-financed; and by not being contractually bound to any particular mill or any particular association. They may, however, receive support or extension services from government agencies.

Scheme smallholders, while also very diverse, are characterised as smallholders who are structurally bound by contract, by a credit agreement or by planning to a particular mill. Scheme smallholders are often not free to choose which crop they develop, are supervised in their planting and crop management techniques, and are often organised, supervised or directly managed by the managers of the mill, estate or scheme to which they are structurally linked.

In accordance with the RSPO Certification Protocol, whereas scheme smallholders should be certified along with the mill with which they are associated, independent smallholders, who may sell their fresh fruit bunches either directly or through intermediaries to a number of mills, are to be certified on their own. As the costs of audits are likely to be too high for any one smallholder to afford, the Task Force on Smallholders and the Certification Working Group have recommended that a Group Certification Protocol should be developed to allow independent smallholders to share these costs.<sup>4</sup>

This Protocol is currently under development but has yet to be finalised. **This document thus applies only to 'scheme' smallholders.**

The distinction between 'scheme smallholders' and 'independent smallholders' is not always easy to make (see Box 1 below). National interpretation working groups will need to look in detail at how this distinction applies in their country and provide comprehensive lists of which smallholder systems best fit which category. It is the recommendation of the Steering Group that the RSPO Executive Board needs to allow some flexibility in the way this distinction is applied in national

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<sup>4</sup> With respect to smallholders the Certification Working Group made the following recommendations to the RSPO Executive Board in 2007: **Recommendation:** RSPO should encourage independent smallholders to seek certification through smallholder group certifications. Detailed modalities of group certification should be elaborated. (Footnote: Develop modalities, revised guidance for smallholders, financial package/fund, and trials needed). **Recommendation:** RSPO sets up a working group to establish an ESCROW fund for independent payment and selection of certification body including mechanisms to share the costs of certification through the supply chain. **Recommendation:** RSPO establishes a capital fund that will encourage independent smallholders to comply with and be certified against the RSPO Criteria, including through group certification. Monies will be raised from a levy on tradeable certificates and other approaches, such as contributions from RSPO members that are reported in annual reports of progress (RSPO, 2007, *RSPO Certification Systems*. Final Document prepared for the RSPO Executive Board, 25 May 2007).



interpretations to ensure that the typology does not exclude or disadvantage smallholders in some countries.

### **Box 1: Some Examples of Smallholder ‘Schemes’:**

**Indonesia:** Scheme smallholders are commonly referred to as ‘plasma’ and include PIR-TRANS, PIR-BUN, KKPA schemes managed by farmers (KKPA schemes directly managed by estates should be certified using the main P&C).

**Malaysia:** FELDA, FELCRA, RISDA, State land schemes (Kesedar, Kejora, Ketengah, Salcra), Commercial FFB traders/super traders,<sup>5</sup> Government-linked traders like LPP, NASCO, PPNJ.

**Papua New Guinea:** The Task Force Steering Group notes that smallholders in Papua New Guinea (PNG) are not easily accommodated by the distinction between ‘scheme’ and ‘independent’. Whereas most smallholders in PNG are legally independent, by circumstance most sell to particular mills and may get management advice from the mills to which they are linked. They also pay a levy, required by law, to receive assistance from statutory research and development and extension services. The Papua New Guinea National Interpretation Working Group notes that PNG’s smallholders meet some of the characteristics of scheme smallholders as here defined but the group has ‘unanimously affirmed that PNG’s smallholders are fundamentally independent.’ The group asserts that ‘a third definition will eventually be required for PNG’.<sup>6</sup>

## **2. Who should have responsibility for ensuring scheme smallholders comply with the standard?**

The logic of this text is that, as it is the mills which are seeking certification for the production from their supply base and as the mills and associated estates have direct structural relations with the smallholders on the schemes that supply them, the main responsibility for ensuring compliance with this standard falls on ‘scheme managers’. Such scheme managers will range from mill owners, through nucleus estate managers to government agencies or even traders. This does not obviate the fact that the smallholders who are members of the schemes also have responsibilities to comply.

## **3. Where are the indicators?**

This text does not include any additional ‘indicators’. During the two-year pilot period following the adoption of this guidance, the indicators (and advice about

<sup>5</sup> While such traders are buying from legally ‘independent’ smallholders but in the RSPO context meet the criteria to be seen as scheme smallholders with the trader taking the role of scheme manager

<sup>6</sup> Minutes of the PNG NIWG held at Airways Hotel, Port Moresby, 19 June 2009, page 2.



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'majors' and 'minors') set out in the main RSPO P&C and certification protocol need to be applied. The expectation is that revised indicators will be introduced at a later stage, informed by indicators developed in the national guidance for smallholders and after there have been field trials or actual audit experiences during the pilot period.

#### **4. How does this generic guidance relate to national interpretations?**

This generic guidance can now be applied for the certification of RSPO-compliant scheme smallholders in all the world. In accordance with the RSPO certifications protocol, this means that national interpretations, where these already exist, will need to be revised within one year in order to ensure that they do not diverge too widely from the generic version. In a number of places this generic version recognises that more detailed guidance is needed at the national level.

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30<sup>th</sup> June 2009*



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## Guidance on Smallholders to fulfil the Principles and Criteria for Sustainable Palm Oil Production

### Principle 1: Commitment to transparency

Criterion	Guidance on Smallholders
<p><b>Criterion 1.1</b> Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages &amp; forms to allow for effective participation on decision making.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that participant smallholders are provided copies of :</p> <ul style="list-style-type: none"> <li>• Contracts between scheme managers and smallholders (criterion 1.2)</li> <li>• Land titles/smallholders’ user rights (2.2)</li> <li>• Training materials in IPM and safe use of agro-chemical use (4.6)</li> <li>• Health and safety plan (4.7).</li> <li>• Plans and impact assessments relating to environmental and social impacts (5.1, 6.1, 7.1, 7.3).</li> <li>• Pollution prevention plans (5.6).</li> <li>• Details of complaints and grievances (6.3).</li> <li>• Negotiation procedures (6.4).</li> <li>• Procedure for calculating prices, and for grading, FFB (6.10)</li> <li>• Up-to-date records of debts and repayments, charges and fees (6.10)</li> <li>• Continuous improvement plan (8.1).</li> </ul>
<p><b>Criterion 1.2</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers have shared and explained management plans to smallholders and/or their cooperatives, including documents summarising complaints and grievance procedures and land acquisition processes. Smallholders have contracts from the scheme managers.</p>



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## Principle 2: Compliance with applicable laws and regulations

Criterion	Guidance on Smallholders
<p><b>Criterion 2.1</b> There is compliance with all applicable local, national and ratified international laws and regulations.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must regularly provide an up-to-date list of applicable laws and must ensure smallholders can show evidence of compliance with all relevant legal requirements including legally or contractually obligated provisions of lands, plantings, training and services to smallholders. Scheme smallholders should be aware of and understand the intent of applicable laws and regulations. Training of smallholders is required under 4.8. More detailed guidance should be given in the national interpretations.</p>
<p><b>Criterion 2.2</b> The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</p>	<p><b>Guidance for scheme managers:</b> scheme managers have maps or other documents showing land allocations for scheme smallholders and can show these lands are not claimed or contested by third parties with legitimate claims. Where the land titles of scheme smallholders are retained by mills until the smallholder debts have been paid off, the scheme manager need to show clearly which lands are allocated to which smallholders (and see 1.1),</p>
<p><b>Criterion 2.3</b> Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.</p>	<p><b>Guidance for scheme managers:</b> scheme managers can show that lands acquired for smallholders do not diminish legal or customary rights. Where others' customary or legally owned lands have been taken-over there is documentary proof of transfer of rights (eg sale) and of payment or provision of agreed compensation</p>



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### Principle 3: Commitment to long-term economic and financial viability

Criterion	Guidance on Smallholders
Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	<b>Guidance for scheme managers:</b> Scheme managers have a documented management plan for scheme smallholders (minimum 3 years) which is shared with them in appropriate languages.

### Principle 4: Use of appropriate best practices by growers and millers

Criterion	Guidance on Smallholders
Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.	<b>Guidance for scheme managers:</b> Scheme managers can show how they document, monitor and manage implementation of best practices by smallholders. Scheme managers should ensure that smallholders can show evidence of compliance. More detailed guidance should be given in the national interpretations. Training should be provided under 4.8.
Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	<b>Guidance for scheme managers:</b> Scheme managers can show that lands prepared for smallholdings have been chosen so as to maintain soil fertility, that they have carried out trainings with scheme smallholders to explain best practices (see 4.8) and that they can monitor and verify effective implementation.
Criterion 4.3 Practices minimise and control erosion and degradation of soils.	<b>Guidance for scheme managers:</b> Scheme managers can show that lands prepared for smallholdings have been chosen so as to minimise and control erosion and soil degradation in accordance with the indicators. National interpretations will include



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Criterion	Guidance on Smallholders
	details on peat depth.
<p>Criterion 4.4 Practices maintain the quality and availability of surface and ground water.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers can show they have chosen and prepared lands allocated for smallholdings so as to maintain the quality and availability of surface and ground water, have carried out trainings with scheme smallholders to explain best practices (and see 4.8) and can monitor, manage and verify effective implementation by smallholders. Scheme managers should provide information and training about appropriate technology and efficient water management practices to minimise water loss and improve efficiency of use. Scheme managers should ensure that smallholders can show evidence of compliance. More detailed guidance should be given in the national interpretations.</p>
<p>Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed through using appropriate Integrated Pest Management (IPM) techniques.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers should provide regular training to scheme smallholders in IPM techniques (incorporating cultural, biological, mechanical or physical methods – see 4.8) to minimise use of chemicals and provide appropriate assistance for application. Scheme managers should manage implementation of best practices by smallholders and ensure that smallholders can show evidence of compliance where good quality inputs are available at affordable prices in local markets. More detailed guidance should be given in the national interpretations.</p>
<p>Criterion 4.6 Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use, and where agrochemicals are used that are categorised as World Health</p>	<p><b>Guidance for scheme managers:</b> Scheme managers will provide regular training to scheme smallholders on agrochemical use (see 4.8), especially on how:</p> <ul style="list-style-type: none"> <li>• chemicals should only be applied in accordance with the product label.</li> </ul>



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Criterion	Guidance on Smallholders
<p>Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.</p>	<ul style="list-style-type: none"> <li>• appropriate safety equipment can be acquired and used (or provided by nucleus estates).</li> <li>• all precautions attached to the products should be properly observed, applied, and understood.</li> <li>• chemicals should be securely and safely stored. All chemical containers must be properly disposed of and not used for other purposes (and see criterion 5.3).</li> <li>• pesticides should be applied by proven methods that minimise risk and impacts.</li> <li>• Proper disposal of waste material, according to procedures that are fully understood by workers and managers. (Also see criterion 5.3 on waste disposal).</li> </ul> <p>Scheme managers records will also show:</p> <ul style="list-style-type: none"> <li>• Justification of all chemical use</li> <li>• list of all agrochemicals used</li> <li>• Records of pesticides supplied to smallholders.</li> <li>• Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat is reduced and/or eliminated.</li> <li>• Evidence of CPO residue testing, as required by the supply chain.</li> <li>• Annual health screening for all smallholders using or handling agrochemicals categorised as World Health Organisation Type 1A or 1B, or listed by the</li> </ul>



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Criterion	Guidance on Smallholders
	<p>Stockholm or Rotterdam Conventions, and paraquat.</p> <ul style="list-style-type: none"> <li>No chemical spraying by pregnant women or children.</li> </ul> <p><b>Note: RSPO will identify safe and cost effective alternatives to replace chemicals that are categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat. Results will be collated and reported by November 2007.</b></p>
<p>Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers have a health and safety plan for scheme smallholders and their families which is managed, implemented and monitored. There are records of regular meetings between the responsible person and smallholders where concerns about health, safety and welfare are discussed. Accident and emergency procedures should exist and instructions should be clearly explained to all smallholders (and see 4.8) and provided in written form to all smallholders in appropriate languages. Scheme managers should ensure that smallholders understand and implement health and safety procedures. More detailed guidance should be given in the national interpretations.</p>
<p>Criterion 4.8 All staff, workers, smallholders and contractors are appropriately trained.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers provide a formal training and awareness raising programme that includes regular assessment of training needs and documentation of the programme and records the training provided to each scheme smallholder. This training includes how to fulfil their tasks and responsibilities in accordance with documented procedures, and in compliance with the requirements of the RSPO principles, criteria and guidance for smallholders. Training and awareness raising may also be provided through extension services and through smallholders'</p>



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Criterion	Guidance on Smallholders
	<p>organisations such as cooperatives or community institutions. Training methods must be effective utilising adult education methods. Training should cover:</p> <ul style="list-style-type: none"> <li>▪ The relevance of the RSPO standard</li> <li>▪ Legal compliance (see 2.1)</li> <li>▪ Operating procedures (see 4.1)</li> <li>▪ Soil and water management (see 4.2 &amp; 4.4)</li> <li>▪ Integrated Pest Management (see 4.5)</li> <li>▪ Agrochemical use (see 4.6)</li> <li>▪ Occupational Health and Safety (see 4.7)</li> <li>▪ Use of fire and relevant regulations (see 5.5)</li> </ul>

## Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

Criterion	Guidance on Smallholders
<p>Criterion 5.1 Aspects of plantation and mill management that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must undertake and document an impact assessment, developed with the participation of smallholders, that includes all the scheme smallholdings and sets out appropriate management planning and operational procedures for each impact identified which requires changes in current practice. They have a timetable for the implementation of required actions, which are monitored to demonstrate continuous improvement. Impact assessments will include</p>



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Criterion	Guidance on Smallholders
	<p>consideration of:</p> <ul style="list-style-type: none"> <li>• Building and maintenance of roads to service smallholdings and provide access to mills</li> <li>• Putting in drainage or irrigation systems.</li> <li>• Replanting or expansion of smallholdings.</li> <li>• Clearing of remaining natural vegetation and the need to avoid the use of fire (see 5.5).</li> </ul>
<p>Criterion 5.2 The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers will compile Information about the status of these aspects for scheme smallholdings, as well as the associated mill and directly managed estate (if any). This information should be provided to scheme smallholders and should cover:</p> <ul style="list-style-type: none"> <li>• Presence of protected areas that could be significantly affected by smallholdings</li> <li>• Conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, or endangered species, that could be significantly affected by the smallholdings.</li> <li>• Identification of high conservation value habitats, such as rare and threatened ecosystems, that could be significantly affected by the smallholdings.</li> </ul> <p>If rare, threatened or endangered species, or high conservation value habitats, are present, appropriate measures for management planning and operations will include:</p>



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Criterion	Guidance on Smallholders
	<ul style="list-style-type: none"> <li>• Ensuring that any legal requirements relating to the protection of the species or habitat are met.</li> <li>• Avoiding damage to and deterioration of applicable habitats.</li> <li>• Controlling any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts (e.g., incursions by elephants).</li> </ul>
<p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must develop and implement a plan for the management and disposal of waste from smallholdings include the safe disposal of pesticide containers. This waste management and disposal plan should include measures for:</p> <ul style="list-style-type: none"> <li>• Identifying and monitoring sources of waste and pollution from smallholdings and the mills which process their FFB.</li> <li>• Improving the efficiency of resource utilisation and recycling potential wastes as nutrients or converting them into value-added products (e.g. through animal feeding programmes).</li> <li>• Appropriate disposal of hazardous chemicals and their containers. Surplus chemical containers should be disposed of such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer’s labels should be adhered to.</li> </ul>
<p>Criterion 5.4 Efficiency of energy use and use of</p>	<p><b>Guidance for scheme managers:</b> Scheme managers should develop provisions for</p>



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Criterion	Guidance on Smallholders
renewable energy is maximised.	improving the efficiency of energy use by scheme smallholders. This provision may not apply to scheme smallholders who only use manual labour to care for and harvest FFB.
Criterion 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.	<b>Guidance for scheme managers:</b> Scheme managers will carry out training and provide extension support to scheme smallholders to ensure smallholder awareness and that fire is not used except in accordance with ASEAN guidelines or other regional best practice (see 4.8). National Interpretations should consider setting thresholds of pest attacks before burning is acceptable.
Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	<b>Guidance for scheme managers:</b> Scheme managers must include an assessment of all polluting activities of scheme smallholdings in their overall plans for pollution and emissions abatement. Significant pollutants and emissions from scheme smallholdings must be identified and plans to reduce them implemented.

## Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills

Criterion	Guidance on Smallholders
Criterion 6.1 Aspects of plantation and mill management that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are	<p><b>Guidance for scheme managers:</b> Scheme managers must be able to demonstrate that scheme smallholders participated in the development of impact assessments for smallholder schemes. Scheme managers must provide:</p> <ul style="list-style-type: none"> <li>• A documented social impact assessment.</li> </ul>



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Criterion	Guidance on Smallholders
<p>made, implemented and monitored, to demonstrate continuous improvement.</p>	<ul style="list-style-type: none"> <li>• Evidence that the assessment has been done with the participation of scheme smallholders. Participation in this context means that scheme smallholders are able to express their views through their own representative institutions during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.</li> <li>• A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those cases where the assessment has concluded that changes should be made to current practices.</li> </ul> <p>The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.</p>
<p>Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or mills, local communities and other affected or interested parties.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must have documentary evidence that they have clear, implemented procedures for regular communications and consultations with scheme smallholders, including:</p> <ul style="list-style-type: none"> <li>• A nominated manager responsible for these issues.</li> <li>• Maintenance of a list of scheme smallholders, records of all communication and records of actions taken in response to input from scheme smallholders.</li> </ul> <p>Communications and consultations should make use of existing local mechanisms and languages.</p>
<p>Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and</p>	<p><b>Guidance for scheme managers:</b> Scheme managers have a documented system to resolve disputes concerning scheme smallholdings in an effective, timely and</p>



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Criterion	Guidance on Smallholders
grievances, which is implemented and accepted by all parties.	appropriate manner. Documents exist of both the process by which a dispute was resolved and the outcome showing the process was open to any affected parties. These dispute resolution mechanisms should be established through open and consensual agreements with smallholders.
<p>Criterion 6.4 Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	<p><b>Guidance for scheme managers:</b> scheme managers must be able to show that they have acquired and/or allocated land for smallholdings in compliance with this criterion. This includes:</p> <ul style="list-style-type: none"> <li>• Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.</li> <li>• A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented.</li> </ul> <p>These procedures should take into account gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities and; differences in ethnic groups' proof of legal versus communal ownership of land. Compensation should be in line with fair market value or replacement cost.</p> <ul style="list-style-type: none"> <li>• The process and outcome of any negotiated agreements and compensation claims is documented and made publicly available where beneficiaries agree.</li> </ul> <p>This criterion should be considered in conjunction with Criterion 2.3 and the associated guidance.</p>
Criterion 6.5 Pay and conditions for employees and	<b>Guidance for scheme managers:</b> Scheme managers must ensure that workers



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Criterion	Guidance on Smallholders
for employees of contractors always meet at least legal or industry minimum standards and are sufficient to meet basic needs of personnel and to provide some discretionary income.	employed to service smallholders enjoy the same rights, conditions and protections as estate and mill employees in accordance with RSPO P&C.
Criterion 6.6 The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	<b>Guidance for scheme managers:</b> Scheme managers must respect the right of scheme smallholders to form and represent themselves through their own representative associations and / or trades unions and accept them as parties to participatory processes, consultations, communications and negotiations in the management of the scheme.
Criterion 6.7 Child labour is not used. Children are not exposed to hazardous working conditions. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes.	<b>Guidance for scheme managers:</b> Scheme managers will train scheme smallholders in the national and ratified international legal requirements for avoiding the use of child labour  Work by children on family smallholdings within the scheme is only acceptable under adult supervision and when not interfering with education programmes and if permitted by national and ratified international laws.
Criterion 6.8 The employer shall not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.	<b>Guidance for scheme managers:</b> scheme managers must ensure that there is no discrimination in the recruitment and employment of workers employed to service smallholders. Scheme managers will not allocate smallholdings or recruit smallholders in a discriminatory way, except where local communities have negotiated to be provided smallholdings in accepting the establishment of schemes on their lands.



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Criterion	Guidance on Smallholders
	Scheme managers must ensure that women, indigenous peoples and minorities participate in negotiating processes.
Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.	<b>Guidance for scheme managers:</b> Scheme managers must ensure that this provision applies to personnel employed to service smallholders, as well as those working in mills and estates as well as smallholders and those they employ.
Criterion 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that</p> <ul style="list-style-type: none"> <li>• Current and past prices paid for FFB are publicly available.</li> <li>• Fair and transparent pricing mechanisms must be established</li> <li>• Pricing mechanisms for FFB and inputs/services are documented (where these are under the control of the mill or plantation).</li> <li>• Evidence is available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal, transparent and in appropriate languages and all costs, fees and levies are explained and agreed in advance.</li> <li>• Agreed payments are made in a timely manner.</li> <li>• Debt repayment schemes are fair and fully transparent.</li> <li>• Where smallholders pay relevant service fee, roads must be maintained and transportation provided in a timely manner.</li> <li>• Renegotiations over second plantings or extensions are commenced with an</li> </ul>



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Criterion	Guidance on Smallholders
	<p>adequate lead in time.</p> <p>Transactions with scheme smallholders should deal fairly with issues such as the role of middle men, transport and storage of FFB, quality and grading, and inputs from family labour.</p> <p>Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middle men are involved.</p> <p>If mills require smallholders to change practices to meet RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.</p>
<p>Criterion 6.11 Growers and millers contribute to local sustainable development wherever appropriate.</p>	<p><b>Guidance for scheme managers:</b> This criterion is not applicable at the generic level but could be considered by National Interpretations. However, scheme managers are encouraged to facilitate the identification of local sustainable development needs. Contributions to local sustainable development should be based on the results of consultation with local communities and should be entered into on a free will basis. See also criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation, and should encourage communities to identify their own priorities and needs, including the different needs of men and women. Funds should where possible be used in ways that are sustainable, productive, build community capacity and ownership, do not create dependency and seek to achieve long-term, quality of life improvements for local communities.</p>



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## Principle 7: Responsible development of new plantings

Criterion	Guidance on Smallholders
<p>Criterion 7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p>	<p><b>Guidance for scheme managers:</b> Where proposed new plantings include schemes for smallholders, scheme managers should ensure that local communities, indigenous peoples and prospective smallholders participate actively in impact assessments. In addition to the considerations outlined in the RSPO P&amp;C such assessments must include participatory consideration of:</p> <ul style="list-style-type: none"> <li>• Land use planning and land allocations to smallholders and arrangements regarding land acquisition.</li> <li>• Identification and mitigation of environmental impact, road building and road maintenance.</li> <li>• Debt provisions and payments, FFB pricing procedures, transport and grading.</li> <li>• Conservation Values (see criterion 7.3) that could be negatively affected.</li> <li>• Assessment of potential effects on adjacent natural ecosystems of planned smallholding developments, including whether development or expansion will increase pressure on nearby natural ecosystems.</li> <li>• Identification of watercourses and assessment of potential effects on hydrology by planned smallholding developments. Measures should be planned and implemented to maintain the quantity and quality of water resources.</li> </ul>



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Criterion	Guidance on Smallholders
	<ul style="list-style-type: none"> <li>• Baseline soil surveys and topographic information, including the identification of marginal and fragile soils, areas prone to erosion and slopes unsuitable for planting.</li> <li>• Analysis of type of land to be used (forest, degraded forest, cleared land).</li> <li>• Analysis of land ownership and user rights.</li> <li>• Analysis of current land use patterns.</li> <li>• Assessment of potential social impact on surrounding communities of a plantation and associated smallholdings, including an analysis of differential effect on women versus men, ethnic communities, migrant versus long-term residents.</li> </ul> <p>Plans and field operations should be developed and implemented with the participation of smallholders to incorporate the results of the assessment.</p> <p>National interpretations should consider setting a minimum threshold of the size of new plantings, e.g. 50 ha, above which an SEIA is required and should consider listing unacceptable negative social impacts (e.g., displacement, loss of the food security of local people, etc.) in the national context.</p>
<p>Criterion 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that they apply the same procedures required for mills and new estates to all associated smallholder schemes. Information on soils may be collected and provided by scheme management or the mill that purchases the scheme’s FFB. National interpretations should include detail on peat depth.</p>



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Criterion	Guidance on Smallholders
<p>Criterion 7.3 New plantings since November 2005 (which is the date of adoption of these criteria by the RSPO membership), have not replaced primary forest or any area containing one or more High Conservation Values.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that this criterion is applied to scheme smallholdings.</p>
<p>Criterion 7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that no lands are allocated to scheme smallholders on steep terrain and/or on marginal and fragile soils. Where limited planting is proposed it must be fully justified and must not to push people into poverty, and must be done in accordance with the indicators.</p> <p>National interpretations should consider including specific controls and thresholds, such as slope limits, listing soil types that on which planting should be avoided (especially peat soils), the proportion of plantation area that can include marginal/fragile soils, and/or definitions of ‘extensive’, ‘marginal’ and ‘fragile’.</p> <p>Marginal and degraded lands suitable for restoration should be distinguished from fragile lands that need to be avoided.</p>
<p>Criterion 7.5 No new plantings are established on local peoples’ land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local</p>	<p><b>Guidance for scheme managers:</b> This criterion must be considered with 2.2, 2.3, 6.4 and 7.6. Scheme managers must ensure that they first identify local owners of any and all lands for proposed scheme smallholdings. Scheme managers must provide</p> <ul style="list-style-type: none"> <li>• Maps showing extent of recognised customary rights (criteria 2.3, 7.5 and 7.6)</li> </ul>



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Criterion	Guidance on Smallholders
<p>communities and other stakeholders to express their views through their own representative institutions.</p>	<ul style="list-style-type: none"> <li>• Copies of negotiated agreements detailing process of consent (criteria 2.3, 7.5 and 7.6)</li> </ul> <p><b>Guidance:</b></p> <p>Where lands are encumbered by legal or customary rights, the scheme manager must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with criteria 6.4 and 7.6 . Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.</p> <p>This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements to acquire lands for scheme smallholdings should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements. Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members. Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts.</p> <p>Scheme managers have maps or other documents showing land allocations for scheme smallholders and can show these lands are not claimed or contested by third parties</p>



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Criterion	Guidance on Smallholders
	<p>with legitimate claims</p> <p>Scheme managers can show that lands acquired for smallholders do not diminish legal or customary rights. Where others' customary or legally owned lands have been taken-over there is documentary proof of transfer of rights (eg sale) and of payment or provision of agreed compensation.</p>
<p>Criterion 7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p>	<p><b>Guidance for scheme managers:</b> see 7.5 above.</p>
<p>Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must ensure that no fire is used to establish new plantings.</p> <p>Fire should be used only where an assessment has demonstrated that it is the most effective and least environmentally damaging option for minimising the risk of severe pest and disease outbreaks during the preparation of new plantings, and with evidence that fire-use is carefully controlled.</p> <p>National interpretation should identify any specific situations where such use of fire may be acceptable, for example through reference to 'Guidelines for the implementation of the ASEAN policy on zero burning', or comparable guidelines in other locations.</p>



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## Principle 8: Commitment to continuous improvement in key areas of activity

Criterion	Guidance on Smallholders
<p>Criterion 8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</p>	<p><b>Guidance for scheme managers:</b> Scheme managers must develop an action plan for continual improvement, in a participatory manner with smallholders, based on a consideration of the main social and environmental impacts and opportunities of the smallholdings, and should include a range of indicators covered by these principles and criteria.</p>