

MINUTES OF MEETING

RSPO Compensation Task Force 2 (CTF2) – 8th Meeting (Hybrid)

Date : 27th to 28th February 2024

Time : 9:00 AM to 5:00 PM (MYT)

Venue: Connexion Conference & Event Centre (CCEC)– Kuala Lumpur, Malaysia

Attendance:

<p><u>Members and Alternates</u></p> <ol style="list-style-type: none"> 1. Harjinder Kler (HUTAN) 2. Hendi Hidayat (GAR) 3. Ambang Wijaya (GAR) 4. Martin Mach (Bumitama) 5. Angga Prathama Putra (WWF) 6. Eleanor Spencer (ZSL) 7. Michelle Desilets (OLT) 8. Mahendra Primajati (FFI) 9. Lanash Thanda (BCI) 10. Chin Sing Yun (Wilmar) 11. Dita Galina (Musim Mas) 12. Athirah Insani (Musim Mas) 13. Sander Van den Ende (SIPEF) <p><u>Absent with apologies</u></p> <ol style="list-style-type: none"> 1. Arnina Hussin (SDP) 2. Lee Swee Yin (SDP) 3. Ahmad Furqon (WWF) 4. Cahyo Nugroho (FFI) 5. Sally Chen Sieng Yin (SEPA) 6. David Wong Su Yung (SEPA) 7. Syahrial Anhar (Wilmar) 8. Bukti Bagja (WRI) 9. Anne Rosenbarger (WRI) 10. Dayang Norwana (BCI) 11. Patrick Anderson (FPP) 12. Yunita Widiastuti (Cargill) 13. Lim Sian Choo (Bumitama) 14. Quentin Meunier (OLAM) 15. Paola Despretz (OLAM) 16. Sophie Gett (SIPEF) 	<p><u>RSPO Secretariat</u></p> <ol style="list-style-type: none"> 1. Aloysius Suratin 2. Lee Jin Min 3. Durgha Periasamy 4. HS Yen 5. Kasih Putri Handayani 6. Muhamad Iqbal bin Jailan 7. Nur Amirah Nabilah <p><u>Invited Guest</u></p> <ol style="list-style-type: none"> 1. Ruth Silva (HCVN) 2. Daneetha Muniandy (HCSA) 3. Jennifer Lucey (SEARRP) 4. Heni Martanila (Kaleka) 5. Michael Padmanaba (Kaleka) 6. Michael Zurst (Lestari Capital) (day 2) 7. Tito Adikusumo (Lestari Capital) (day 2)
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Meeting Agenda:

Day 1

Agenda	PIC
1. Opening and welcoming remarks	Co-chairs
2. Confirmation of previous minutes of meeting	Secretariat
3. Updates from various CTF2 subgroups	Secretariat
4. Review of draft RaCP v2 document	Secretariat
5. End of meeting	Co-chairs/ Secretariat

Day 2

AGENDA	PIC
1. Presentation by Lestari Capital (RaCP Portfolio Approach)	Lestari Capital
2. Review of draft RaCP v2 document	Secretariat
3. End of meeting	Co-chairs/ Secretariat

No.	Details	Action
DAY 1		
1.	<p><u>Opening and welcoming remarks</u></p> <ul style="list-style-type: none"> a. All members were greeted by the co-chairs in attending the hybrid meeting of CTF2. b. The RSPO Secretariat presented the RSPO antitrust policy statement, consensus-based decision-making in the CTF2 session and members to declare any conflict of interest, if any. c. The Secretariat welcomed 1 new member to the CTF2: <ul style="list-style-type: none"> - Sophie Gett (SIPEF), alternate d. The Secretariat welcomed the following invited guests: <ul style="list-style-type: none"> - Daneetha Muniandy (HCSA) - Ruth Silva (HCVN) - Jennifer Lucey (SEARRP) - Heni Martanila (Kaleka) - Michael Padmanaba (Kaleka) e. The following updates were provided: <ul style="list-style-type: none"> - Kalindi Lorenzo has moved on from Planting Naturals and Planting Naturals has decided to relinquish their seat in CTF2 due to lack of resources. 	

	<ul style="list-style-type: none"> - Kaleka was nominated to CTF2 (Heni Martanila – Substantive, Michael Padmanaba - Alternate) and pending CTF2 approval. Thus, they were invited as experts for this meeting. - Yen Hun Sung has been appointed as the RSPO Director of Standard and Sustainability 	
2.	<p><u>Confirmation of previous minutes of meeting</u></p> <ul style="list-style-type: none"> a. The RSPO Secretariat presented the previous CTF2 minutes of meetings on 24 & 25 July 2023. b. The minutes were proposed to be confirmed by Harjinder and seconded by Sander. 	
3.	<p><u>Updates from various CTF2 subgroups</u></p> <ul style="list-style-type: none"> a. The RSPO Secretariat presented the updates from the meetings of various subgroups, e.g. alignment with complaints, divestment and social subgroups were completed while subgroups for grassland, GIS, exceptional self-disclosed case, and smallholder are still ongoing. b. The presented updates were incorporated in the draft RaCP v2 for CTF2 members to go through in this meeting. c. In addition, the RSPO Secretariat presented the updated timeline for the draft RaCP v2 to be endorsed by the BHCVWG in June 2024, 30 days of public consultation in July, refinement and endorsement by BHCVWG in August, obtain SSC approval in September and BoG approval in November 2024. d. A question was raised whether the endorsement of RaCP will be affected by the current revision of P&C 2024. The Secretariat clarified that an extraordinary GA might be called in June 2024 or latest during GA 2024 but this has yet to be confirmed. The aim is to have P&C 2024 endorsed first or concurrently as some elements in the new P&C such as definition, HCS elements etc. have implications to the RaCP v2. e. As RaCP v2 relies on SSC approval, a request was raised to have a public consultation with SSC prior to the September approval meeting. The Secretariat agreed and will conduct a targeted consultation with the SSC. 	Secretariat to organise a targeted consultation with SSC on RaCP v2 prior to approval.
4	<p><u>Review of draft RaCP v2 document</u></p> <ul style="list-style-type: none"> a. <i>Section 3.2 Cases relevant to this Procedure</i> <ul style="list-style-type: none"> - The result of the alignment with the complaints subgroup was presented, which is basically to suggest wordings to refine the self-disclose process, the function of compensation and complaints panels, and the process related to complaints. Furthermore, the subgroup suggested to further refine criteria 3 and 4 on exceptional cases. i) A question was raised on ‘criteria 3. Affected critical ecosystem services and/or social values must be remediated and restored in 	

	<p>parallel to submitting a Remediation and Compensation Concept Note and Plan’:</p> <ul style="list-style-type: none"> - What does it mean by critical ecosystem and social values, whether it refers to remediating the habitat or the value and how extensive should the grower remediate. It was clarified that the intention of Criteria 3 is to have growers put in effort to restore and remediate the affected ecosystem. The affected ecosystems are usually steep slopes or riparian areas and some immediate remediation action can be applied, such as soil erosion control, to fix the problem. The critical ecosystem services are referring to the HCV and not to be confused with something new. - Whether remediation should be done in parallel to submitting the concept note and plan as the grower will be busy disclosing the accidental land clearing and will not be fair while doing immediate remediation but still need to go through the process of submitting the concept note and plan. To restore the ecosystem service back to positive might take years. It was clarified the main point for this criteria is to quickly report and restore what can be done immediately to minimise the long-term damage from the accidental clearance while larger remediation activity can be planned concurrently. - The group agreed to the suggestion to separate remediation and compensation plans as the remediation method can be referred to the BMP while the compensation will need to take time to design a compensation project. - A suggestion was raised to consider the overlapping of ecosystem service as an indicator of habitat or conservation or remediation. Furthermore, ecosystem services consist of other aspects than riparian and steep slopes, such as pollination and pest control. There is a need to define specifically the ecosystem services so that they can be practical and manageable. However, it was commented not to overcomplicate things as most RaCP cases are large in ha in comparison to accidental clearing that is small in ha and remediation can be performed quickly. Give an incentive for the grower to quickly report instead of going through the whole RaCP process which might render them being silent on their mistake. - On limited definition, it was suggested to use an absolute size rather than a relative size because the impacts on the environment and those ecosystem services are going to be absolute and not relative. For example, if 1 percent of hundreds of thousands of ha that is still quite a lot of area compared to 1 percent of 10 ha which has a lesser impact. - It was also suggested that since accidental clearing usually is less than 100 ha, the process should be simplified so to encourage the grower to report and remediate immediately. For existing members, it is usually during replanting and involves areas such as steep slopes, which can be 	<p>To separate remediation and compensation component from Annex 7 (note) and 8 (plan).</p>
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	<p>remediated quickly. If planted palm, just remove and restore. These are easier to restore than unique habitats or HCV 1,2, 3.</p> <ul style="list-style-type: none"> - Similar case was raised for social issue on what can be done immediately, and this is when compensation become significant. This criterion was also introduced in consideration of social HCV, therefore, there is a need to consider the scale and importance, and whether the grower should compensate immediately while ensuring the grower does not have to go through a double process. The question raised was to what extent that discussion needs to take place, whether growers need to go through the whole RaCP process or have an opportunity to take immediate action. It was clarified that the intention is to have the grower to start undergoing the process of social remediation and does not necessarily have to be completed at this stage. The importance here is the effort to take immediate action. - It was raised that social value is harder to remediate immediately compared to the ecosystems mentioned. There might be a need to have some assessments of what social values were lost. It was reminded that in theory, these cases would already have HCV assessment and the value has already been defined so there is no need for an additional identification process. It is clear that some HCVs have been lost and compensation will be needed. - A question was raised that while social remediation can be done quickly but how to deal with the social compensation process for social HCVs? It was suggested to separate the social values and have it clearly stated that the affected social values must be remediated and compensated. This is because the company may come to an agreement with the affected communities on a compensation that is properly consulted and documented so this does not only involve remediation but compensation as well. Without this document, it is likely that the case might go through complaints as there will be outstanding compensation to the affected communities. Having this sentence would create a process at this stage where any social liabilities are recognised and compensated quickly. This is to avoid dragging the whole process of going through years of negotiations and compensate the affected communities years later as in some cases restoration may not be possible (e.g. graveyard destroyed) and there is a need for compensation. - It was further suggested and agreed to add the word compensated within a time limit and to remove 'in parallel to submitting a remediation and compensation concept note and plan' because this comes after the review process of this self-disclose case going by the compensation panel. Criteria 3 was redefined as: Affected critical ecosystem services must be remediated and restored immediately while social values 	
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	<p>must be remediated and compensated in consultation with the affected communities that should be initiated within 3 months of submitting the disclosure. It will need further refinement in a subgroup meeting.</p> <ul style="list-style-type: none"> - A need was raised to have a separate form/ template (instead of using Annex 2 disclosure form) for self-disclosed accidental clearing of HCVs to ensure important information is captured. In the form, it must be clear that environmental and social remediation must be initiated immediately while the compensation process can be ongoing as it takes time (i.e. focus on getting the process going effectively at this stage instead of completing/ resolving the remediation and compensation). - It is expected that submitting the self-disclosure form will be a simplified process for the small accidental clearance without the need to go through the long RaCP process, as long as the remediation and compensation are done accordingly. It was suggested to have the remediation and compensation initiated within 3 months and quickly solve it within 6 months. A clause can be placed to say if the process is not completed to satisfaction, the case can be escalated to be reviewed by the complaints panel. This is because it may be the communities agreed to negotiate with the growers for compensation but 6 months after there is still no progress, the community can raise a grievance and the process will have to be escalated to a formal complaint. - It was reminded to have a holistic view of the RaCP cases and for the Secretariat to focus on the bigger clearance that needs to go through the full RaCP process and monitor properly but RSPO has not really been monitoring due to more than 400 cases and lack of resources. It is better to focus the effort on the big cases instead of putting too much effort into the small clearance. <p>ii) On criteria 4 'The area cannot be planted with oil palm', the subgroup recommended removing the criteria as that area could be planted with other crops like rubber trees. The Secretariat suggested refinement instead and this is up for discussion.</p> <ul style="list-style-type: none"> - A concern was raised if this criterion is removed because the intention was to make it clear to the grower that it cannot be planted with oil palm and the need to remove and restore it immediately so that it will not go into complaints as it is accidental (i.e. exceptional case) and not intentionally planting the area over a long period of time. - It was suggested to refine it by stating the area cannot be planted with anything and if so, just remove it and do immediate remediation within 3 months of discovery. It was clarified that it should be not planted with non-native species that would allow for the restoration of native trees. - It was questioned if the area cannot be planted with oil palm, what about the local community that planted Acacia or Eucalyptus trees? Is this allowed and if so, mentioned that 	<p>Secretariat to create a template for self-disclosed cases.</p>
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	<p>it must be heterogenous planting (i.e. not monoculture) to mimic the forest mosaic ecosystem. It was clarified that from the HCV assessment, the land is already an HCV area so presumably the community should not plant there unless the area is HCV 5 where the community plants fruit trees for sustenance. This is to avoid any social issues that would arise as the grower has destroyed their crops and from preventing them from doing the planting. Restoration should be as per the management and monitoring plan.</p> <ul style="list-style-type: none"> - It was questioned whether the original area was HCV 1 or 2 and it was destroyed, a community came in and planted fruit trees and became HCV 5. Should this be allowed? It was further clarified that the importance should be for the area to be remediated and restored back to what it originally was and the community engagement process after the clearance is important so that the community would not interfere with those rehabilitation activities. However, if the area is HCV 6 like the graveyard was destroyed, the remediation should restore the graveyard instead of restoring it back to a forest. Similarly with shifting agriculture, also an HCV 5, the activity should be allowed to continue as well. Therefore, all planting that is not in line with the remediation objective should not be allowed. - It was clarified that criteria 4 is to strengthen criteria 3 because it says the grower must remediate and restore the area. Just in case the company has already cleared and planted with oil palm, it must be removed and not retained the oil palm because the spirit is to remediate and restore. If criteria 4 is removed, there might be a perception from the company that if they have planted with oil palm, they can just let the oil palm die or grow naturally. Therefore, it was suggested to put 'crops planted by the company should be removed'. This is because in areas such as riparian areas, growers might let the oil palm grow naturally but it is better to remove them while young. This allows the company to remove the problem quickly and let natural regeneration or remediation activity to take place. - There was a suggestion to refine the word crops into non-native species or invasive species or species planted for profit or commercial species. However, this needs careful consideration as African palm is native to Africa. This is not specific to crops because if they planted nursesey or built houses there, they will also need to remove them. Restoration is the key and it was agreed that there is no need to go into much detail about the type of crops. However, due to time constrain, this criterion will be further deliberated in the subgroup meeting. <p>iii. Define limited land clearing</p> <ul style="list-style-type: none"> - Based on previous CTF2 discussion, the options were (1) 1% of management unit/ certified area hectarage (allowable ops factor); (2) 10 ha per cleared area patch, 100 ha collectively; 	
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	<p>(3) 100 (HCS core area); (4) 200 ha (from research paper). This was not further discussed in the exceptional land clearing subgroup as there is a lack of participation and will need to be discussed in this meeting.</p> <ul style="list-style-type: none"> - A suggestion was raised to remove Options 3 and 4 as it is too much to consider as an accident. Something along the lines of Options 1 and 2 seems more reasonable as it was commented that based on research, the average size of HCV areas in Indonesia is about 100-200 ha. - However, it was commented that 100 ha may not be much depending on the size of the operation. For example, in a 20,000 ha and accidentally clear 100 ha of the 5000 ha of HCV, it might not be significant. Perhaps to include a percentage into the option. - Option 2 was considered to be nicely framed. Clearing 100 ha in a whole operation can be easily seen as not accidental but if a grower has a large operational area, it is possible to accidentally clear a few ha here and there. It was suggested to refine to 10 ha maximum in a single chunk but 100 ha overall. Putting a percentage might open to interpretation especially when dealing with an incredibly large area. There is a need for an upper limitation to limit what goes into the complaint. - Instead of putting a fixed ha amount, there was a suggestion to look at the negative impact of the accidental clearing. This is because 10 ha although small, it can have a huge negative impact on the environment and maybe social as well. However, the group agreed that there should be limitations to decide whether the case will go through the complaints or compensation panel and the discussion should focus on the readily available options. - There was a suggestion to combine options 1 and 3. Option 1 is reasonable as 1% of 10,000 ha is 100 ha and the limit is to be placed on the plantation estate level instead of the group level where 1 % can be very big. It is unlikely that a single management unit will be doing more than 2000 ha of new development a year and 1 % of it is very small. Option 3 is to consider the HCS patch analysis elements. - To further refine the combination of options 1 and 3, it was suggested to set the percentage of not more than 10% in relation to the HCV area of the management unit. This ensures that in areas with a total of 100 ha, not more than 10 of the HCV has been cleared. The 100 ha limit should also be included to avoid clearance of large HCV areas. The group agreed and this would be option 5: 10% of the total HCV and/or HCS areas and not more than 100 ha in the unit of certification. Secretariat to look at current cases and assess whether this is relevant. - It was commented to have an 'accidental' definition as a company has a clear requirement in the contract to do the required clearance and not on HCV areas. It is important that 	
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	<p>already fixed for that purpose and adding in another cost at a later stage will be problematic.</p> <ul style="list-style-type: none"> ▪ This process will need to be further investigated in the future by the Secretariat on how to improve it, whether it is additional or taking away money from the compensation budget. At the moment, the cost of 5 years evaluation will be borne by the RSPO. <p>c. <i>Section 6 on divestment</i></p> <ul style="list-style-type: none"> - A suggestion from the divestment subgroup is to include a footnote to align the divestment section to the Resolution 6D document on cases with active complaints but the grower wants to divest. Currently, the document is under CAP review and the document is expected to be finalised in June 2024. Once endorsed, the name of the document will be included in this footnote. The group agreed to include the footnote. - Another suggestion from the subgroup is to discuss in CTF2 in more detail on the different scenarios of divestment and its handling of the yet-to-begin and ongoing remediation and compensation plan. The group agreed that the subgroup should reconvene to delve into these details and get back to the larger group. <p>d. <i>Addressing the gap (land clearance) for the period when the contract to conduct the HCV assessment is signed and the finalisation of the HCV report</i></p> <ul style="list-style-type: none"> - The existing procedure is that the cut-off date for LUCA is the finalisation of the HCV assessment report date. However, in the previous meeting, it was suggested the cut-off date be the date when the contract to commission the HCV assessment is signed because it can take a year or more to get the HCV assessment report. With that in mind, there is a need to address the gap where land clearance occurred during the period when the HCV assessment is still ongoing, despite growers knowing they are not supposed to clear land until the HCV assessment is completed. - It was clarified that the contract signing date was used as the cut-off date is because the grower is aware that if they clear without an HCV assessment, there is a risk of clearing HCVs. So when they commission an assessor, they already know of the risk and should not be clearing. This situation might be different if it is a non-member joining RSPO. - However, it was suggested to revert back to using the finalisation of the HCV report as the cut-off date because it will be clear to the grower where are the HCV areas and proceed with LUCA. During the assessment stage, the grower has already committed to no further land clearance until the HCV assessment report is produced. The idea is to have the HCV map and this will be known once they finalised the 	<p>Secretariat to re-initiate the divestment subgroup</p>
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	<p>assessment, and not from the signing of the contract. The final assessment report should be appropriate as the cut-off date and is more precautionary than the earlier date (i.e. contract signing date) to capture as much liability as possible. The group agreed to have the finalisation of the HCV assessment report as the cut-off date.</p> <ul style="list-style-type: none"> - A concern was raised on the current rule that RSPO members will face expulsion when there is HCV land clearance is strictly applied as there have been cases of large HCV clearance, but there were no consequences. There is a need for growers to protect HCVs even when there is no assessment because growers are already aware and a stop work order has been implemented. The RSPO Assurance team should actively monitor this as it can be done easily from satellite imagery and so far no consequences have been seen for such cases. It was suggested to have the Assurance team to update the group on what data RSPO has and what is being done with these cases. - It was agreed to revert the cut-off date for LUCA to the finalisation date of the HCV assessment. If there is any land clearance after the signing of the contract date, it will still be captured in the LUCA. <p><i>e. Section 8.1.1 Disclosure of non-compliant land clearance</i></p> <ul style="list-style-type: none"> - The Secretariat presented the refinement made from the divestment subgroup and the inclusion of the group membership paragraph (brought up in the last CTF2 and approved by SSC). The group agreed to these. - It was also agreed to change ‘... expansion <i>after</i> November 2005...’ to ‘... expansion <i>since</i> November 2005...’. <p><i>f. Section 8.1.1.1 Complaints and/or Sanctions</i></p> <ul style="list-style-type: none"> - A question was raised what happens if the member self-disclosed and a complaint is lodged. It was clarified that the complaint might be nullified (depending on the investigation) as the grower already self-disclosed and might be going through the RaCP or being addressed. - It was decided that this section would remain as a separate section instead of removing it or combining it with section 3.2. This is because this section is specifically related to the complaint process in general instead of specifically to the accidental HCV clearance. - It was agreed to remove the word ‘and/or sanction’ from the title because it does not fall within the ambit of the compensation panel. Additionally, being in the complaint does not mean the need for compensation nor does being addressed through RaCP necessarily eliminate the need for a complaint. It is up to the complaint panel to determine whether RaCP is enough for whatever has been presented in the complaint and this can happen simultaneously. There might be a multi-issue complaint that RaCP only addresses 	<p>RSPO Assurance team to take note</p>
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	<p>one part of the complaint. This is what is being discussed in the CAP review as well.</p> <ul style="list-style-type: none"> - The wording ‘non self-disclosure case’ was added to the paragraph for clarity. <p><i>g. Social self-assessment matrix (SAM)</i></p> <ul style="list-style-type: none"> - The Secretariat presented the refinement for SAM as discussed by the social subgroup – removing confusing sentences and alignment on the footnote. The HRSS unit requested some additional time to review the SAM as they are currently occupied with the revision of P&C 2024. - A question was raised on the listed tool as below: <ul style="list-style-type: none"> ▪ ‘A) Land tenure assessment’ to amend as ‘Land tenure and use study’ for clarification. ▪ ‘B) Participatory mapping (if there are local community and indigenous people present) to amend as ‘Participatory mapping (if there are local community and indigenous people present) including the historical land use prior to the new development’ for clarification. ▪ ‘C) Pre-FPIC, SWOT analysis’, is pre-FPIC conducted prior to HCV-HCS assessment or implementation for new planting, and what is SWOT analysis which P&C does not indicate the need for this assessment. It was clarified that there is a need to re-look into this and might need to be removed due to irrelevancy. ▪ ‘F) Social Remediation Plan (if available)’, how there is any documentation on the remediation plan where at this stage is to identify social liability or alternatively, the plan is made at the later stage. It was clarified that the plan can be the plan that was previously negotiated with the local community and is already in existence. ▪ ‘G) Anthropological studies (if available)’, anthropological information is already covered in SEIA, why the a need for a separate study as P&C does not indicate the need for this assessment? It was clarified that this study is potentially an academic or government piece of work to understand the local communities, what they do in the area, their culture, etc. ▪ ‘I) HCV-HCS assessment’ to amend as ‘HCV or HCV-HCS assessment, where applicable’ for clarification. ▪ A refinement was made – the ‘if available’ wordings are removed from tools F and G as it is already mentioned in the text. 	
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	<p>It was explained that the grower does not need to do all of the listed assessments but an indication of possible sources of evidence that the grower can use to gather information and identify social liability. As a minimum, HCV assessment and SEIA were suggested to be mandatory.</p> <ul style="list-style-type: none"> - It was commented to look at the natural resource economic aspect such as the benefit and economic value for the access to natural resources. The social value will look at how the benefits are distributed and managed equally among the communities. This targeted approach will be the basis for determining the threshold and compensation and is a simpler methodology instead of requesting for many assessments like SEIA which are more to scoping and involve a broader view. - A difficulty was raised on the determination of social liability for a new acquisition if the communities are no longer in the area and there is no available historical document from the seller. It was suggested to have stakeholder consultation with the community in the area to get whatever information available at that point in time instead of going back to 20 years back. This is also to avoid the opportunistic behaviour of some communities to raise things that are difficult to verify and claim compensation when there is actually none. - It was raised whether there is any document that describes what a sufficient participatory mapping would be to avoid reinventing the wheel. It was clarified that in the HCV assessment manual, there is the preparatory stage in which the grower is supposed to have conducted an early social baseline assessment (desk-based) to gather information. Additionally, the grower is supposed to have conducted a land tenure and use study which should include participatory mapping. This could be the reference document for it and avoid duplication by enforcing the requirement when conducting HCV assessment. - Therefore, the tools A (Land tenure and use study), B (Participatory mapping), D (Social impact assessment), and I (HCV or HCV-HCS assessment, where applicable) listed in SAM were suggested to be mandatory. It was emphasised that the timeline to submit the self-disclosure within 6 months (as stated in RaCP v2) may need to be updated/realigned as doing the assessment takes time. In view of this, it was further suggested for SAM, tools A & B will be sufficient to initiate the identification process and gather information from the communities in the early process instead of waiting for full assessment like tools D and I. This also allows the grower to quickly act on the social liability and start the process of remedy and compensation. - It was suggested to state the minimum requirement, the very least the company should try to focus on in terms of gathering information when they are going to submit the SAM. It does not matter if there are many assessments but 	
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	<p>the information from them is redundant or none actually shows what the community identified to have been affected/ destroyed. It was agreed that it must be clear what the minimum requirements are instead of listing the documents. Growers may not be able to complete the disclosure for new acquisition when the RSPO asks for specific assessments/ documents as it requires time, and some countries may have their own requirements.</p> <ul style="list-style-type: none"> - It was suggested to have a historical participatory mapping with the community to map historical land use and determine what resources were lost/changed over the years as important requirements to identify outstanding liability. There is no existing guidance for this but can be easily developed. - It was suggested to have 2 documents that the company must do at a minimum to prove that they are proactively trying to identify social liability: <ul style="list-style-type: none"> I. In a scenario where the community is no longer present at the site, the grower can investigate available documentation or sources to determine whether there is any outstanding issue, investigate whether there are any complaints lodged previously by the community against the seller, ask the local government, check census form, etc. This proactive research looks at all possible sources whether there may have been historical issues with the community that is no longer present. Having it documented can prove the grower's effort in determining the social liability especially when the result yielded none. II. In scenarios where there is a community present, growers can perform historical participatory mapping to reconstruct what may have been there and lost instead of investigating whether there were other communities in the area 100 years ago. - It was reiterated to list the minimum information/ data required to determine social liability instead of documents as they may be of poor quality and secondary resources may not be good enough. The most important information on what is loss can be obtained by directly asking the communities. If they do not have the minimum information required, then the grower will have to look for the data e.g. conducting the assessment. This SAM is at the disclosure and pre-membership stage so imposing many assessments at this stage may be burdensome. - For SAM, the list of minimum requirements/ information that is required during participatory mapping was suggested (a simple screening process at this stage to map the extent of the loss and who is affected): <ul style="list-style-type: none"> ▪ What communities are in the area; 	
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	<ul style="list-style-type: none"> ▪ Recently conducted an exercise with the communities on the resources in the area and experience any loss; ▪ When and where did the loss happen; ▪ Resulting discussion is approved by the communities. <p>There is no need to discuss financial significant loss at this point as that will be part of the compensation process.</p> <ul style="list-style-type: none"> - For discussion in tomorrow's meeting, the Secretariat will be presenting the restructuring of the SAM for better clarity. For example, put the preparation and scoping section in the beginning and include minimum requirements in it, followed by the box (i.e. additional tools that can be used to get evidence). <p><i>h. Section 8.1.3 Identification of social liability for the loss of HCV 4, 5 and 6</i></p> <ul style="list-style-type: none"> - The Secretariat presented the refinement for this section as discussed by the social subgroup. - A footnote was added that the section is mainly on social HCV and not on other social issues such as land claims or lack of FPIC process. - A refinement on the SAM process was also presented – SAM is needed at the disclosure stage and is part of the LUCA assessment to identify any social liability (e.g. social HCV 5 and 6, in which the extent of the damaged areas can be determined by satellite imagery/ though mapping). The result will be included in the summary of the remediation and compensation plan. An external social expert will need to verify the SAM as part of the LUCA assessment process and the final social liability is confirmed upon LUCA approval. - It was clarified that when growers perform the SAM, they will need to provide evidence (e.g. SEIA, HCV assessment, etc.) and if they lack evidence, they can perform the necessary assessment to get it while concurrently submitting any evidence that they currently have. - A question was raised on who will hire the external social expert. It was clarified that it would be the RSPO due to the need to verify the findings by the grower. - On the definition of a social expert in the footnote, it was questioned whether the expert would be someone with accreditation or with general knowledge of social issues or someone who specifically knows about the situation in the area. Would the SIA consultant or anyone who has experience in the social aspect will be sufficient? It was clarified that it should be someone who has a basic understanding of international social standards. 	
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	<ul style="list-style-type: none"> - It was raised that if an external social expert is needed, there might be a need to have a social specialist in the RSPO Secretariat team, similar to an environmental specialist. - It was questioned the suitability of using HCV assessment to identify social liability because HCV assessment is not retrospective to identify what was lost but only determines what HCV is present at the time of assessment. It was clarified that it can be useful because it would provide information about the landscape, the communities present and during the consultative process with the communities, what HCV was damaged as well. Some of this information may be in one assessment (e.g. HCV assessment) but not in others (e.g. SEIA). Having more information would provide a holistic view of what is happening on the ground. It was clarified that some of the assessments mentioned in the SAM are requirements of P&C and SAM is to help growers to extract relevant information from these assessments that are all over the place, instead of growers not providing evidence and just disclosing there is no social liability. - It was mentioned that currently there is no official methodology/guidance on retrospective assessment and growers should not rely on secondary sources that may not provide key information. Instead, growers should collect information from the communities about how things were before the clearance, which is key to discussing social liability. The key information needed should be defined to simplify the process instead of ending up with conducting many documents/ assessments. - Further discussion on this section was scheduled for tomorrow's meeting. 	
3	End of meeting	
Day 2		
1	<p><u>Presentation by Lestari Capital (RaCP portfolio approach)</u></p> <p><i>a. Lestari Capital (LC) presented their proposal to the CTF2:</i></p> <ul style="list-style-type: none"> - The ongoing problems in the RaCP implementation (e.g. slow development of the plan and inefficient approval process) that resulted in a significant backlog and delays in members' certification and RSPO targets. - Proposed the need for a transparent and accountable financing mechanism that aggregates RaCP liabilities with the following benefits: <ul style="list-style-type: none"> ▪ Clear backlog without reducing or removing any safety checks. ▪ Achieve a bigger impact for growers with small liabilities (including smallholders). ▪ Aggregation into one or few larger projects that reduce the number of RaCPlan to be reviewed while maintaining the same approval and annual reporting process of RaCP. 	

	<ul style="list-style-type: none"> ▪ Maintain credibility as the mechanism is independent of RSPO, grower and projects. - The proposed operation includes: <ul style="list-style-type: none"> ▪ Companies make an initial commitment to fulfil their FCL with a portfolio approach. ▪ LC identifies a suitable project and conducts due diligence, developing KPIs and budgets with the project. ▪ Budgets include payment for FCL averages across the portfolio. This includes mechanism management costs. ▪ LC develops and submits Concept Note and Compensation Plan for the portfolio as a whole. ▪ The submission is reviewed and approved as per the RaCP process for compensation (For environmental and social remediation, it will be the responsibility of the individual company to address them). ▪ Once approved, companies make payments annually. ▪ Payments are managed and distributed by a devoted Special Purpose Vehicle (SPV) and the mechanism reports to RSPO annually on project portfolio outcomes. ▪ Individual company compliance is achieved when the company makes payments and project KPIs are achieved. - LC provided some recommendations to RaCP v2 that would make aggregation work: <ul style="list-style-type: none"> ▪ Allow aggregation irrespective of liability size. ▪ Aggregation should not be limited to an approved project and should provide an option for companies to come together to propose a new project with one submission through the RaCP process. ▪ The compensation approval process should be separated from remediation (although certification should not). - Requests from LC: <ul style="list-style-type: none"> ▪ LC is not seeking exclusivity or ownership to this mechanism but to scout for interested companies that want to go through this mechanism by providing a one-pager document to the RSPO Secretariat for distribution among grower members. By knowing the extent of grower interest in aggregation and the geographical spread of the liability, LC can then develop the mechanism with BHCVWG & RSPO. ▪ BHCVWG & RSPO provide feedback and approves the concept. ▪ Once approved, the RSPO to make an announcement for an initial request of interest from companies within the RSPO who have liabilities and are interested in participating. LC developed the initial proposal document for this purpose and if there is a lack of interest from the companies, LC would not proceed further to develop the mechanism. ▪ If there is interest, LC to develop a full mechanism with BHCVWG & RSPO. Once the operational model has been approved, LC to develop a full proposal for the growers. 	
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	<ul style="list-style-type: none"> ▪ Once the term sheet is signed, LC to build a necessary mechanism for implementation and follow the RaCP as per the normal process. <p><i>b. Feedback from members:</i></p> <ul style="list-style-type: none"> - Agreed to the need to separate remediation and compensation components so it would not delay the RaCP process. - The need to think of the Secretariat's role in this process. RSPO Secretariat pays a lot of money for the review process and the idea was some of the money should be borne by growers. For these costs, maybe the company can integrate them into the compensation cost. - Suggested in the RaCP tracker on the RSPO website, to link the grower liability with the RSPO-approved project. - Clarified whether, in this mechanism, LC will have a list of already approved compensation projects in RSPO that growers can apply and does this mechanism eliminates the need for the lengthy RaCP process. It was clarified that it is a chicken and egg kind of situation. Grower needs to secure the project but the project needs to know what is the available budget so that they can plan the activities. A project might not be in operation without the financing. To overcome this, LC could propose projects that are currently non-active and submit compensation concept notes to the RSPO. If the project is already operational (i.e. receiving financing), then the grower will have to demonstrate the additionality to the project. A mechanism would be needed for these scenarios as there are many conditions that would need to be fulfilled. - Agreed to the concept as many conservation projects, particularly those scattered and small ones, probably fail and are a waste of time, effort and resources. Thus, aggregation with large-scale projects would overcome this issue as it would have a generational impact. These projects should have government participation so that the land rights are permanently put into conservation and should be upscaled. This would put the project area under protected areas and effort put into it would not be wasted. - Commented that agricultural businesses do not know much about conservation projects and providing the aggregation process in the beginning would be a good channel for growers to support conservation projects managed by conservation experts. - A question was raised whether the mechanism allows for aggregation across all members in different countries for a bigger impact as currently, the aggregation are only allowed within the same biogeographical region. It was clarified that it should be as close as possible and the portfolio project should match it according to the grower's size of liability and location. 	
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	<ul style="list-style-type: none"> - It was questioned the capability/ capacity of the third-party service provider to manage the huge liability involved and its project. LC clarified that currently, they have a project with 3 companies totalling up to 13,000 ha of liability, managing over 130 million and LC finances about 250,000 ha of conservation and restoration projects. This indicates LC has the right skills and financial capacity to manage the project at a large scale. - A clarification was sought on the payment needed to be paid by the grower for the aggregation pathway. This is because it will be an important factor when grower present their proposals to their management on which is the best option (e.g. through a third party, engaging an NGO, or doing themselves) to adopt. Without the details, it is difficult for them to join even though they have indicated their interest to join initially. It was clarified that it will be based on the ha-to-ha compensation as LC as a company cannot set the cost of conservation and there is no market or benchmark for nature credits. The transaction cost will be spread out to the aggregated companies. In the future, there might be a potential for the project to ask for a market-based valuation of their project rather than cost. LC will consider such aspects in the mechanism and if the market did establish itself in this, it would potentially have to transfer into that market. Currently, LC conducts due diligence on the budgets of the project but does not negotiate them. - A caution was made of the potential difficulties if growers would like to do a pre-approved project, for example, the willingness of the project owner/company to allow add-on as financially it is already budgeted and the reviewer process where the reviewer would ask who will finance the activity of the project. - It was clarified that LC proposed ha to ha rather than dollar to ha for this mechanism as the cost of the project may be cheaper depending on the activities. - A question was raised whether the monitoring of the project would be done by LC or will it be project dependent. LC clarified that it will be properly monitored as LC wants the project to be certified and will go for certification such as The Sustainable Development Verified Impact Standard (SD VISta), Verified Carbon Standard (VCS) and others. - Some points were provided for consideration when coming up with the mechanism: <ul style="list-style-type: none"> ▪ Annual payment mechanism. ▪ What safeguard must be in place if one company stops paying or leaves the RSPO within 25 years? ▪ If one company take over another, can the company add more liability later? ▪ Technical considerations such as if 10 companies are interested, one has an indicative number for LUCA but not the full LUCA finalisation, are they allowed to go 	
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	<p>through this process and finalise the liability at the later stage?</p> <ul style="list-style-type: none"> - The group agreed that there is a value in what LC proposing and the work to deliberate on the mechanism should have been done by the CTF2 initially. Therefore, it will be the Secretariat and CTF2 to work on the mechanism together (e.g. what are the deliverables, the risks and benefits, who is going to report, who is going to cover the admin fee, who do the verification, safeguard to project failure, the role of the Secretariat etc.). If there is a need for an external consultant to work on this, the Secretariat can call for a tender. 	
2	<p><u>Review of draft RaCP v2 document (cont)</u></p> <p><i>a. Section 8.3.3 Compensation options</i></p> <ul style="list-style-type: none"> - In paragraph 3 in the sentence ‘similar scale to that of forest lost to plantation’, it was commented the word forest would need to change to include grassland if grassland is included in the coefficient table. - In paragraph 6, for consistency the ‘ecosystem restoration concession within the same country of operation’ has been amended to ‘ecosystem restoration concession within the same biogeographical region of operation’. - A suggestion was made to simplify option 1 to make it more efficient, whereby the company pay the compensation cost to a fund managed by RSPO to run the compensation project rather than the company find a compensation project. This is because the company may not have the capacity to identify good projects and what needs to be delivered, and this pathway will save time for the grower. However, it was commented there might be an issue with the RSPO's capacity to deliver and might need to pay extra on top of the compensation project money for RSPO administration and operational activities. Another issue is if there is no compensation project, the grower will face a delay in certification. - A question was raised whether the company that is doing the compensation project to restore the ecosystem in an area can also sell the carbon credit generated from the project. It was clarified where the ecosystem restoration concession also generates carbon or other credits, further selling or trading of those credits effectively to the benefit of the growers will create an issue of double counting. In this case, the generated verified carbon units (VCU) by the project as part of its operation should be retired (i.e. not put on the market and sold on) in the name of the company that is financing that area. Only the VCUs that are not generated by the compensation project can be sold on. - A member disagreed as to why the growers are not allowed to benefit from the additional values. This is because the ecosystem restoration license, which a few licenses were given by the Indonesian government is expecting a return 	

	<p>and is working with the license holder to create other cash flow instead of restoring and re-establishing of commercial species for logging. However, it was reminded that previously the grower had cleared lots of carbon and needed to offset it by returning as much carbon into a forest through the compensation project. If the grower were to get carbon over and above what the grower had cleared, that would be additionality and the grower can benefit from that additional carbon. This would probably take hundreds of years. Currently, the world is moving from offsetting to recovery and net gain and the working group should have more discussions on this.</p> <ul style="list-style-type: none"> - It was commented that any additional benefit generated from implementing the project should ideally help the long-term sustainability of the compensation project itself even if the company stops the investment and that is part of the sustainability model. Retiring the credits will take away such an opportunity to fund the continuation of the project beyond 25 years and the technicalities would need further discussion. - It was reminded to focus on the original intention of RaCP which is to restore the value loss from land clearance. Allowing the buying of credits will further complicate the issue. If the project is already designed as a carbon project and the grower still wants to submit it as a RaCP project, then the additionality part will need to be looked into seriously. - It was commented that for aggregated/ collaborative projects by the companies, to have a simpler RaCP process by submitting one report by the implementation organisation and the companies can use it for their certification reporting requirements. <p>b. Section 8.3.3.1 Aggregation Final Conservation Liability Up to 100 ha</p> <ul style="list-style-type: none"> - For option 2, it was refined to ‘Company can seek out already approved compensation project and expanding the scope of the project’. - It was commented that this section puts in a 100 ha restriction that would make the aggregation mechanism difficult for growers. It would require a lot of companies with 100 ha FCL to aggregate and go for a 10,000 ha compensation project. It was clarified that the 100 ha limit was initially placed because (i) it will be easier to add on small liability to an existing project; (ii) the Secretariat will be doing the project match-making for these small liabilities from the existing RaCP project instead of growers searching a suitable project themselves. - It was agreed to remove the 100 ha limit and have this section amended to be on a broader context of aggregation mechanism and what pathways are available for FCL below 	
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	<p>and above 100 ha. It must be clear on the ‘what’ (i.e. the FCL) and the ‘how’ (i.e. a method to address it through the different pathways available).</p> <ul style="list-style-type: none"> - It was agreed to include option 3 which allows companies to come together, aggregate their FCL, and propose a new project that would go through the RaCP. - To a previous comment on whether there is a limit to any company that wants to join a compensation project, it was agreed that there should be no limit but need to consider the capacity and capability of the portfolio manager to handle a lot of the small liabilities. A follow-up question on whether once the participants and the project have been finalised, does the project still allows a company to join and expand on the project. It was clarified that it would depend on the type of project and to prove the additionality aspect of the proposed project expansion. - It was suggested again to have RSPO hold on the fund for growers with small liabilities and then use it for the aggregated project. This would reduce the operational and payment processing by the growers. It should also allow downstream players to pay for those small liabilities through shared responsibility, which was currently considered as a compensation option for independent smallholders currently under discussion by the RaCP smallholder subgroup. - A subgroup was created to further refine this section and to discuss the mechanism/ pathway of the aggregation. The Secretariat was reminded to prepare statistical data on what is the current amount of cases and their liability hectareage. <p>c. Social self-assessment matrix (SAM)</p> <ul style="list-style-type: none"> - The Secretariat presented the amended and restructured SAM according to yesterday’s feedback. - The following were suggested: <ul style="list-style-type: none"> ▪ Reference to the affected area be referred to as a potential unit of certification across the SAM. ▪ Amend the word ‘local communities’ to ‘affected communities’ throughout SAM to be more specific. ▪ The process to start the assessment at the broader view on who are the communities in the area and then investigate and engage who are the communities/ individuals affected by the loss of social HCVs. During this process, documentation/ evidence is needed. ▪ A minimum requirement to prove no affected community (e.g. consulted local authorities, go to land title agency, consult social NGO). ▪ Remove SWOT and risk assessments as these are not the right tool that can contribute to the discussion of social liability related to HCVs. They are forward looking while the question of liabilities is about what has already happened. 	<p>Secretariat to convene the FCL aggregation subgroup</p>
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	<ul style="list-style-type: none"> - For the question ‘Are there communities and/or right-holders within the area and the wider landscape’, the relevant tool suggested for answering this question was land tenure and use study with participatory mapping. - It was raised that the document ‘RSPO Guidance on identifying the social liability for the loss of HCV 4, 5 and 6’ mentioned in the footnote should be looked at in more detail and compared with the SAM for consistency, particularly on the reference wordings. This is because SAM has referenced many other documents that might be a part of the P&C 2018 and whenever a document is mentioned, if it is one of the requirements of the standard or procedure of RSPO, a relevant reference should be added to the ones that would be applicable or valid at the time. - It was commented that the process for SAM is quite similar to the process that a grower might do for FPIC or social impact assessment, in terms of finding out who and what is affected. Therefore, it was suggested to simplify the process and if the grower found any social liability after disclosing, they will need to address it at a later stage. This is because there is a disclaimer in the disclosure that states the company have identified to their best knowledge that there is no social liability and they are still bound to address any issues that arise later. - It was clarified that the preparation and scoping came about because a lot of social liabilities were being missed out and everyone was declaring that they did not have social liabilities. The scope of SAM needs to be very clear – to help growers gather the information needed to document the liability caused by the operation in relation to the communities, if any. - It was suggested to use a framework similar to the HCV-HCS assessment. For example, growers would need to develop a social baseline, and a desk-based exercise to assess what is the legal framework for rights and uses in the area and who are the stakeholders in the area. This will provide a list of communities and potentially affected communities as well, which the growers will need to engage and conduct the FPIC process, including land tenure and use study which is expected to include participatory mapping as one of the tools to determine what was affected/lost. The next stage is the assessment stage (including the HCS components such as ICLUP) and the grower continues the process with the communities, including reaching an agreement on an implementation plan. - It was emphasised the need to be clear on when to use the SAM. If it is at the time after clearance took place it will be different. An exploratory exercise to see who is there and develop a social baseline. It was agreed to have the Secretariat get a bit more context on what SAM is intended to do and what is the reference document for it. 	<p>Secretariat to work on it and discuss in the social subgroup</p>
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	<ul style="list-style-type: none"> - A question was raised whether there is a cut-off date for SAM and is RSPO expecting companies that have submitted disclosure to do the SAM. It was clarified SAM is needed only for incoming and new application/disclosure. <p>d. Section 8.1.3 Identification of social liability for the loss of HCV 4, 5 and 6</p> <ul style="list-style-type: none"> - The SAM's verification process as discussed by the subgroup was put on hold until the scope of SAM is made clearer. <p>e. The box on resolution of social HCV conflicts by smallholders through local conflict resolution mechanism</p> <ul style="list-style-type: none"> - Amended the wording 'the exact produce may vary' to 'the exact process may vary'. - A question was raised that the box is related to social HCV and should include social aspects related to HCS. It was clarified that the mechanism is a general process to resolve social conflict and can be applicable when it comes to HCS as well. Instead of being specific to HCV and HCS, it should be referred broadly and based on lands of current use as identified through participatory mapping in the assessment. Therefore, the title was amended to remove HCV and have it as a general process to resolve social conflict. - A question was raised in Step 1, whether the term 'dispute' used here is the same as 'conflict' because, in the HCSA document, those terms have different definitions. The term 'conflict' was suggested to be a better term to use. - Another question was raised in Step 1, the parties in the sentence 'seeking to understand the other parties' point of view' was referring to both parties or a third external party? It was clarified parties here meant the two different parties which have the conflict. - A question was raised in Step 3, why chieftom level authorities were involved because in FPIC, third-party involvement is to facilitate and mediate and did not mention the levelling of administration. It was clarified that this process was based on the African context where the chieftom holds a respectful position in the local community and the local community usually goes to the chieftom to seek advice to resolve any conflict or issue by the local community. That being said, the process is applicable to other regions as well. - It was commented that a general term such as local authority should be used instead of being specific (i.e. chieftom level authorities) because the chieftom might have a conflict with another local community and a higher-level authority might need to be involved. It was clarified that if this happened, they might need to go to a local court, which was mentioned in the last sentence. - A need was raised to have a social remediation plan at the end of step 1 or 3. 	<p>Secretariat to work on it and discuss in the social subgroup</p>
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	<ul style="list-style-type: none"> - It was suggested to put case examples into the box. It was clarified that it is general because specific cases might vary between different regions. This is also to provide a general framework on how smallholders can apply across regions to resolve the conflict before they reach to another level. It was reminded that the smallholder subgroup did not encounter any specific scenario where independent smallholder has social liability because they usually solve it among themselves within the community. Thus, the idea is to have a general framework for smallholders to solve the problem among themselves instead of going to complaints. - A question was raised if this process fails and both parties are unable to reach a satisfactory resolution, will it be channelled to the complaints. It is not explicitly stated what happens if it does not end well and needs further deliberation. - A question was raised why the need to go through court for HCV-related cases. It was clarified that it could be a part of the grievance-handling process if the conflict cannot be solved at the local authority level. Further deliberation on the need to involve the court is needed. - It was agreed that the Secretariat needs to relook at the box, either to have it as a general resolution conflict or relocate this box to the relevant smallholder section. Perhaps to have a specific section that contains all smallholder-related information so smallholders do not need to read through the grower part as well. <p>f. Table 2: Summary of total liability for HCV-HCS losses</p> <ul style="list-style-type: none"> - It was commented that the period for HCS requirement (i.e. land clearance after 15 November 2018) needs to be clear in the table instead of placing it in the footnote. Secretariat needs to take note of this once the outstanding issue of the HCS in the P&C 2024 is solved and amend the table accordingly. <p>g. AOB</p> <ul style="list-style-type: none"> - Suggested for subsequent meetings, to have a detailed agenda (i.e. clear discussion topic) with links to relevant documents (e.g. minutes, reference document, etc.) so that members can read and prepare for the meeting. 	<p>Secretariat to amend and relocate the box accordingly</p> <p>Secretariat to amend the table accordingly</p>
3	End of meeting	