

MINUTES OF MEETING

RSPO Compensation Task Force 2 (CTF2) – 9th Meeting (Virtual)

Date : 29th to 30th May 2024
 Time : 3:00 PM to 5:00 PM (MYT)

Attendance:

<p><u>Members and Alternates</u></p> <ol style="list-style-type: none"> 1. Hendi Hidayat (GAR) 2. Ambang Wijaya (GAR) 3. Eleanor Spencer (ZSL) 4. Michelle Desilets (OLT) 5. Mahendra Primajati (FFI) 6. Lanash Thanda (BCI) 7. Chin Sing Yun (Wilmar) 8. Dita Galina (Musim Mas) 9. Athirah Insani (Musim Mas) 10. Heni Martanila (Kaleka) 11. Lee Swee Yin (SDP) 12. Lim Sian Choo (Bumitama) 13. Paola Despretz (OLAM) <p><u>Absent with apologies</u></p> <ol style="list-style-type: none"> 1. Arnina Hussin (SDP) 2. Harjinder Kler (HUTAN) 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. Quentin Meunier (OLAM) 12. Sophie Gett (SIPEF) 13. Sander Van den Ende (SIPEF) 14. Dita Galina (Musim Mas) 15. Martin Mach (Bumitama) 16. Angga Prathama Putra (WWF) 17. Michael Padmanaba (Kaleka) 	<p><u>RSPO Secretariat</u></p> <ol style="list-style-type: none"> 1. Aloysius Suratin 2. Lee Jin Min 3. Durgha Periasamy <p><u>Invited Guest</u></p> <ol style="list-style-type: none"> 1. Ruth Silva (HCVN) 2. Zulaikha Syed Othman (HCSA) 3. Jennifer Lucey (SEARRP)
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Meeting Agenda:

Day 1

Agenda	PIC
1. Opening and welcoming remarks	RSPO Secretariat
2. Confirmation of previous minutes of meeting	RSPO Secretariat
3. Brief subgroup updates from various CTF2 subgroups	RSPO Secretariat
4. Review of the self-disclose section	RSPO Secretariat
5. Review of the divestment section	RSPO Secretariat
6. Review of the FCL section	RSPO Secretariat

Day 2

Agenda	PIC
1. Review of the social section	RSPO Secretariat
2. (Section 8) Specific Requirements For Growers	RSPO Secretariat
3. Review of the smallholder section	RSPO Secretariat
4. RaCP v2 annexes	RSPO Secretariat

DAY 1

No.	Agenda	Action
1.	<p><u>Opening and welcoming remarks</u></p> <p>a. All members were welcomed by the RSPO Secretariat to the 9th CTF2 virtual meeting.</p> <p>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.</p> <p>c. The Secretariat welcomed 3 new members to the CTF2:</p> <ul style="list-style-type: none"> - Per Bogtad (Haleon) 	

No.	Agenda	Action
	<ul style="list-style-type: none"> - Heni Martanila (Kaleka) - Michael Padmanaba (Kaleka) <p>d. The Secretariat welcomed the following invited guests:</p> <ul style="list-style-type: none"> - Zulaikha Syed Othman (HCSA) - Ruth Silva (HCVN) - Jennifer Lucey (SEARRP) 	
2	<p><u>Confirmation of previous minutes of the meeting</u></p> <p>a. The RSPO Secretariat presented the previous CTF2 minutes of meetings.</p> <p>b. The minutes were accepted with no objections.</p>	
3	<p><u>CTF2 Subgroups Update</u></p> <p>a. The RSPO Secretariat presented the updates from the meetings of various subgroups, e.g. alignment with complaints, divestment and social subgroups, exceptional self-disclosed cases and smallholders. It was noted they were completed while subgroups for grassland (to determine the co-efficient for grassland) and GIS (to review LUCA) were on hold.</p> <p>b. The subgroups on hold do not foresee major hindrances, as the grassland issue is technical, and the LUCA guidance (GIS) has several more months for refinement.</p>	
4	<p><u>Review of self-disclose section</u></p> <p><i>(a) Cases Relevant to this Procedure</i></p> <ul style="list-style-type: none"> • The definitions for "accidental" and "limited" are provided in footnotes 5 and 6, based on the refinements from the subgroup. <ul style="list-style-type: none"> ▪ Accidental: growers - unintentional corporate land clearing, due to the mistake by the contractor or operational team and is unplanned in the grower's operational plan; independent smallholder - unintentional land clearing that is not within their operational plan. ▪ Limited: 10% of the total HCV and/or HCS areas and not more than 100 ha in the unit of certification. • A member suggested providing a clearer definition by placing it in a definition box rather than a footnote, to ensure it does not get overlooked. • It was noted that the subgroup members had no objection to the 10% threshold and the "not more than 100 ha" criterion. • Clarification was sought regarding the "less than 100 ha in the UoC" criteria: whether it applies to continuous or cumulative areas. Additionally, it was asked whether the 10% threshold applies across both HCV and HCS collectively or if it is 10% for HCV and 10% for HCS separately. 	<p>Secretariat to include the definition of accidental and limited in definition box</p>

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	<ul style="list-style-type: none"> ▪ The Secretariat clarified that the 10% applies to the total combined area of HCV and HCS. Regarding the "less than 100 ha", it is cumulative. It is a one-off measure, not applicable to every management unit belonging to the same entity. If it occurs across different management units, it would be considered an operational error and would not be eligible for this. • A member noted that condition no. 5 states it "will not be applicable to any recurrent land clearing (more than one disclosure by the same RSPO member)." They acknowledged that this clause is intended to cover the uniqueness and one-off nature of this condition. However, the member expressed concern that this important detail might get lost when reading it. They suggested moving it up to make it clearer. Alternatively, if it remains in its current location, it should be added to the definitions section that summarises all these points, ensuring there is one clear place for the definition. • A member questioned whether condition 4 needs to specify that the issue must be removed immediately or if a specific timeframe should be provided, or if it is already clear enough as it stands. A suggestion was made to specify that it must be initiated within three months. • A question was raised regarding condition 3: "Affected HCV 4 and other critical ecosystem services must be remediated and restored immediately...must be remediated and compensated in consultation with the affected communities that should be initiated within 3 months of submitting the self-disclosure." <ul style="list-style-type: none"> ▪ A member expressed that the phrasing at the end of the sentence is a bit difficult to read and suggested breaking it into a couple of sentences. ▪ In regards to "the affected HCV 4 and other critical ecosystem services," a member recalled from previous discussions that critical ecosystem services also refer to HCV areas. They questioned whether it should say "other critical ecosystem services" or simply "affected HCV areas" to streamline the language and reduce repetition, making it less complicated. ▪ A suggestion was made to retain "HCV 4" and remove "critical ecosystem services" because companies have already conducted assessments and identified their HCV 4 areas. Since this information is in the assessment report, any restoration efforts will refer to the identified HCV 4 areas. 	<p>Secretariat to remove "critical ecosystem services" from condition 3</p>
5	<p><u>Review of the divestment section</u></p> <p><i>(a) Section 6 Guiding Principles (Divestment)</i></p>	

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	<ul style="list-style-type: none"> • The CTF2 subgroup members and the Secretariat's legal counsel reviewed the wording and tried to make the sentence less legalistic, as it pertains more to guiding principles. • For RSPO members divesting to another RSPO member, there is an emphasis on ensuring that the completion of the RaCP process and/or compensation for the liability are mutually agreed upon by the parties involved in writing. • For RSPO members divesting to non-members, as the member is not bound by RSPO P&C, the concept is that when a member divests to a non-member, they may not have access to the area for remediation and compensation. Therefore, the member who is the seller is allowed to redesign the plan. This redesign can involve converting compensation into monetary form or, if the RSPO member has an area suitable for conservation, it can be converted as well. This applies whether the area is within or outside the seller's managed area. The suggestion from the subgroup regarding remediation is to address the potential lack of access to the site by the seller. The proposal is to develop a matrix that would allow, for example, a portion of the required remediation area to be converted into monetary compensation, similar to the compensation process. • Another suggestion is to include an example box because the Secretariat has received complaints from the community about dissatisfaction with the divestment process. To address this, a case example is proposed to be added to the text, illustrating the situation, issues, and suggested best practices. A decision is sought from the CTF members regarding whether they accept this section and if they are open to discussing the inclusion of the remediation to the monetary conversion matrix in the BHCVWG. • A member sought clarification on whether we are converting remediation into compensation. It was clarified that it is, for example, if the seller has one hectare of required remediation but cannot access the site after divesting to a non-member, that one hectare would need to be converted into monetary. <ul style="list-style-type: none"> ▪ A follow-up question was asked about what would happen if the seller was able to persuade the buyer to continue with the remediation. It was noted that this issue was discussed in the last meeting. There was a significant issue regarding whether the seller could convince the buyer, as RSPO does not have a mandate over non-members. Additionally, monitoring by RSPO would be difficult in this scenario, as it involves a non-member group. ▪ It was noted that this issue stems from the requirement that all compensation must be audited. This means that the auditor would need to monitor the process, which becomes very difficult if the compensation is on a non-member's land, 	

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	<p>as it cannot be accessed to enforce or oversee it effectively. This creates significant challenges and complications.</p> <ul style="list-style-type: none"> ▪ It was highlighted that there is a need to be careful not to overcomplicate the process by accommodating exceptions for every scenario. Creating a system based on exceptions would significantly increase the workload for the Secretariat. Additionally, there are concerns about how reporting impact would be done on land that is not certified. Adding clauses for every exception could lead to confusion about the document's purpose and objectives. ▪ A member questioned what would happen if the RSPO member did not continue after the sale, and it is their last piece of land that has been sold off. Is there an obligation on their part to convert remediation to compensation? The Secretariat clarified that if they remain a member, they will have that obligation because the liability is included in their membership responsibilities. <ul style="list-style-type: none"> ● It was asked about the RSPO member divesting to a non-member, specifically the point stating "the seller continues to be responsible to fulfil the final conservation liability that was incurred by the seller during its tenure." A member questioned if a company selling part-way through completing its compensation would they be responsible for the remaining liability or if they would revert to the full original compensation incurred. <ul style="list-style-type: none"> ▪ It was clarified that the responsibility would be for the remaining liability. For example, if they have completed 10 years and have 15 years remaining, they only need to compensate for the remaining 15 years and not start all over again. ▪ It was noted that the 10 years they have completed no longer have the long-term guarantee that was in place when the compensation was proposed and accepted, as the land has been divested to a non-member who might have other plans for it. A member then questioned whether the 10 years should be added back on because if the promise is to protect the land long-term and that promise is broken, there needs to be some sort of disincentive. It was clarified that, for example, in the compensation plan, it could be said that the project meets the longevity requirement because it is on the member's plantation and will be under their control for the next 25 years. This would have satisfied the longevity requirement of the compensation plan. However, if the plantation is sold before those 25 years are up, this invalidates the longevity requirement. Therefore, the member suggests that if only 10 years have passed, a new compensation plan must be developed to last for 25 years, as the original plan no longer meets the requirement. 	

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	<ul style="list-style-type: none"> • Compensation on non-member land can be converted to monetary compensation. Alternatively, if the RSPO member (the seller) has their own land available for a compensation project, they can carry out the compensation on that land. A member pointed out that the majority of compensation is not on the same piece of land; it's only a minority that is on the same piece of land. If this is off-site compensation, there should not be much of a problem. The seller would have to keep their compensation project going off-site and cannot sell their compensation area along with the unit that it's related to. However, the problem arises if the compensation is on a site that they want to sell. In that case, they would need to think of a new compensation project because they are essentially getting rid of their previous compensation project. It was suggested to specify that for RSPO members divesting to non-members, where the compensation project is being implemented on the member's own land, all the conditions still apply. The Secretariat will refine the wording to better convey this. • A member noted the need to add information about remediation under member to non-member divestment. The Secretariat clarified that remediation is not included yet because a decision from the members is needed on whether it is acceptable to convert remediation into compensation. The Secretariat proposed including the wording that remediation can be converted into monetary compensation, and during the WG in July, the group will discuss how to develop the matrix. All members agreed to the proposal. It was also noted that after endorsement, there will be a 1-year transition period. During this period, any necessary updates can still be made to the document. <p><i>(b) Case example of problematic divestment and suggested best practices to avoid it</i></p> <ul style="list-style-type: none"> • A case example is provided in the document, describing an actual scenario, identifying the issues, and proposing best practices for divestment. One identified issue is the absence of a proper liability agreement or agreement involving the affected community between the seller and buyer. The suggestion given is that when divesting, it is best to have everything clearly written regarding which party will be responsible. Additionally, during the process, the seller should implement an exit strategy. If there arises a need to redesign the compensation plan, then an external evaluator should be hired to assess the progress on-site. This assessment will provide a basis for the seller to redesign the compensation plan. • It was questioned whether the box actually outlines what one should do in these scenarios. The Secretariat clarified that it 	<p>BHCVWG to develop the remediation conversion matrix for divestment scenario of RSPO member divesting to non-member</p>

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	<p>simply presents suggested best practices and does not prescribe specific actions.</p> <ul style="list-style-type: none"> • A question was raised about whether the scenario involves a transfer from member to a member or member to a non-member. It was clarified that it involves a transfer from a member to a non-member. However, it was noted that regardless of whether it is from member to non-member or member to member, it is always best to have specific writing on who has the responsibility to complete the compensation instead of just relying on a general clause in the sales and purchase agreement. The RSPO Membership Secretariat suggested that it is best to state this clearly to avoid confusion, and it will also make it easier to process any complaints that may arise. • A concern was raised about the example, questioning whether it should be used solely to illustrate recommended best practices or also to explain how this procedure applies to companies transferring land. They pointed out that someone reading the example might think they just need to follow the recommended best practices and that's sufficient. However, the reality is that if a company transfers land where there are liabilities related to affected communities, there is a responsibility that is not addressed just by implementing best practices. The company may implement best practices before selling, but issues could still arise. This scenario also assumes a new owner wants to become certified, creating an incentive for the new owner to do the right thing and establish a good standing with the communities. However, this may not always be the case. Therefore, it is unclear whether the examples should include both minimum requirements and best practices to ensure the reader understands that simply having a strategy and socializing it is not sufficient. The seller, as a member, has an obligation to deliver on their compensation-related responsibilities, not just to attempt to communicate. • A member noted that it's different when selling to a member or a non-member. The seller bears the same responsibility either way. However, the buyer's responsibility under the jurisdiction of RSPO varies based on their membership status. RSPO cannot enforce obligations on non-members, who may only have a general social responsibility. Regarding social compensation, there are people relying on compensation for the land being sold. If transferring to a non-member, it was previously mentioned that starting again with a new project plan is necessary. By doing so, current responsibilities for that compensation project are effectively relinquished and a fresh start is required. However, with social compensation, it's not as straightforward. Social needs to be a continuation because if something is tied to a certain village, it cannot be shifted to another village. 	

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	<ul style="list-style-type: none"> • A member emphasized the importance of ensuring that any procedures outlined are already included in the P&C and thus implementable. Additionally, scenarios should be kept simple to provide a broad overview, considering the potential complexity of various situations. They recommended specifying the technical or legal emphasis needed for sales procedures to ensure that any complaints or compensation remediation processes are followed through as much as possible. Moreover, they highlighted the need to recommend and encourage members to sell to other members. • The Secretariat clarified that the matter was discussed with the RSPO legal counsel, who suggested that the Secretariat might not be able to provide very detailed guidance in this section. Since it is a guiding principle and the nature of business between two members cannot be dictated by RSPO, it's important to avoid being overly prescriptive. Detailed instructions could potentially reflect poorly on the Secretariat if members do not comply. Therefore, the section was crafted to sound less legalistic, with examples provided to illustrate the best way forward. • Additionally, it was suggested to engage with legal counsel or lawyers to ensure that liabilities are properly transferred. If they are not, then the buyer would need to assume ownership of those liabilities. The suggestion is incorporated into the text. • Members found that the case example box seems to blend guidance with examples. It was suggested to perhaps split it into two separate boxes: one to provide an example of a problematic divestment process and another box to outline suggested practices. • A member pointed out that the purpose of the case example box is to provide guidance on best practices. They feel that some of the points in the box could be transferred to the previous section containing text regarding member-to-member and member-to-non-member transactions, as that section also addresses good practices. The current text mentions companies involved in the transaction but does not ensure that affected communities have been properly informed and communicated with. They fear that people might skip the case example box. It was suggested that it would be better to include an additional point in the text addressing how to responsibly deal with affected communities, as this is crucial. It should emphasize that affected communities have been properly engaged with, whether divesting to a member or non-member. An additional point is included to focus specifically on the social aspect. 	<p>Secretariat to split the case example into example of a divestment scenario and suggested practices</p>
6	<p><u>Review of the FCL section</u></p> <p><i>(a) RaCP Growers (New process)</i></p>	

No.	Agenda	Action
	<ul style="list-style-type: none"> The new process for the RaCP growers includes the addition of the aggregation pathway, as well as the previous suggestion to separate the remediation and compensation plan from the annex. For the compensation part, there are two pathways: the normal pathway and the aggregated pathway. <ul style="list-style-type: none"> For the normal pathway, growers need to submit a concept note for compensation, which must be approved by the Compensation Panel (CP). If approved, the grower must then submit the compensation plan, which also requires approval from the CP. Once approved, the grower can proceed to implement and monitor the plan. This pathway is typically followed for cases involving, for example, 1000 hectares. For the aggregated pathway, there's a threshold of 100 hectares. If the area is less than 100 hectares, it's added onto an existing compensation project. The Secretariat manages this, and it is only limited to ha to dollar compensation. The Secretariat will have a list of suitable and approved compensation projects. Then the Secretariat will match the project with the existing grower's compensation plan and determine if they agree to take it on. The condition of this is that it must be in the same geographical region. If agreed, the grower would need to add an addendum to the existing compensation plan and submit it to the Secretariat for approval. Once approved, the original grower must implement and monitor the plan. The grower with less than 100 hectares would then need to obtain the monitoring report for submission. <p><i>(b) Section 8.3.3.1 Aggregated FCL</i></p> <ul style="list-style-type: none"> This section includes three options for areas exceeding 100 hectares, which follow the existing process. Additionally, it introduces Option 4 for liabilities less than 100 hectares. Option 4 is a new process and thus is more detailed in the text and done by the Secretariat. It was questioned what if the grower with less than 100 ha of liability chooses to submit their own compensation plan and opts for adding to an existing project pathway but not choosing the ha-to-dollar option. The Secretariat clarified that if they chose this route, the Secretariat would not be able to assist them. They will need to go through the full process, such as submitting the concept note, etc. 	

DAY 2

No.	Agenda	Action
1.	<u>Review of the social section</u>	

No.	Agenda	Action
	<p data-bbox="280 237 1133 300"><i>(a) Alignment is needed for the social components of RaCP with P&C 2024.</i></p> <ul style="list-style-type: none"> <li data-bbox="280 342 1133 477">● P&C 2024 – strengthening of social standards and requirements <ul style="list-style-type: none"> <li data-bbox="328 389 1099 421">▪ The need to implement Human Rights Due Diligence (HRDD) <li data-bbox="328 443 943 477">▪ Guidance document to be developed by HRWG <li data-bbox="280 524 1133 770">● RaCP v2 – Social self-assessment matrix (SAM) <ul style="list-style-type: none"> <li data-bbox="328 571 1133 678">▪ An initial assessment to identify and determine the scope/extent of any social liability of existing operations on local communities <li data-bbox="328 696 1037 770">▪ Required to submit evidence from various assessments (readily available or need to be conducted) <li data-bbox="280 813 1133 987">● There might be overlaps between HRDD and SAM, which may result in growers doing repetitive and double work. <ul style="list-style-type: none"> <li data-bbox="328 882 1133 987">▪ There are overlaps between other documents as well for example there is a guidance for identifying social loss for HCV 4,5 and 6. Multiple documents are overlapping. <p data-bbox="280 1025 568 1057">Suggested way forward:</p> <ul style="list-style-type: none"> <li data-bbox="280 1099 1133 1274">● Instead of SAM, to sign Social HCVs declaration that requires growers to identify social HCVs liability to their best ability and address those that are existing, new and/or uncovered over time, <ul style="list-style-type: none"> <li data-bbox="328 1200 1133 1274">▪ This is in addition to the existing process (i.e. social declaration in the disclosure form) <li data-bbox="280 1317 1133 1451">● An in-house Social Specialist (to be hired) for initial check and verify result <ul style="list-style-type: none"> <li data-bbox="328 1386 1133 1451">▪ If further field verification is needed, the Secretariat to hire an external social expert <li data-bbox="280 1494 1133 1592">● The new HRDD guidance document can incorporate elements of the SAM so that there will be no repetitive elements across different document <p data-bbox="280 1635 531 1666">Feedback/questions:</p> <ul style="list-style-type: none"> <li data-bbox="280 1709 1133 1915">● A member raised concern about the in-house social specialist, noting they might have limited experience on the ground. The Secretariat clarified that the initial check and verification of results would be a screening process conducted by experienced specialists capable of identifying red flags. If necessary, an external social expert would be hired to conduct field investigations. <li data-bbox="280 1957 1133 2029">● A member noted that Social HCVs are very specific, focusing on critical resources used for the basic needs of communities, which 	

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	<p>is the entire scope of HCVs. They expressed concern that if the SAM includes any other issues related to community relations—such as existing collaboration, conflicts, or engagement issues—it extends beyond the scope of the HCV definition for social HCVs. They noted that while it is beneficial to avoid having numerous social documents for the growers, a good starting point would be to list the contents or components of these different types of assessments. This would help in identifying any duplication and ensure that the new unified document incorporates all the dimensions of SAM, HCV, etc.</p> <ul style="list-style-type: none"> ▪ The Secretariat clarified that there has been a lengthy discussion about the SAM, and it was agreed that it is very repetitive and needs extensive rewriting to align with the guidance for the identification of social HCVs. Instead of having another document like SAM, it is proposed to have a social declaration. This declaration would ensure that if anything was missed during the initial disclosure and found out later, the grower would be bound to address it immediately. This approach serves as an additional safeguard without requiring another set of documents. <p><i>(b) RaCP process (Inclusion of the Declaration)</i></p> <ul style="list-style-type: none"> • The Secretariat described the pathways, noting that they remain largely the same with the addition of the social declaration. <ul style="list-style-type: none"> ▪ Firstly, the grower will submit the disclosure and perform the liability assessment. For the social part, they will need to disclose any social liability identified and sign the declaration on social liability. This information will then be verified by a social specialist. If any new or uncovered social liability arises after the submission, the grower must report and address the social issue. Based on the results of the desktop verification, if field verification is needed, the Secretariat will hire a social expert to conduct the ground verification. ▪ For the environmental part, as usual, the grower will perform the LUCA, which will be verified by the Secretariat. If needed, the Secretariat will hire an external LUCA reviewer. The results would be the FCL, and if there is any liability, a compensation plan will be required. Additionally, there is the environmental and social HCV which requires a remediation plan if necessary. For the compensation plan, the grower will first submit a concept note and if it is approved by the CP, they will then need to submit a compensation plan. Once this plan is approved, it will be implemented and monitored. For the remediation plan, there would not be a concept note. Instead, the grower will directly submit a remediation plan for approval. Once approved, the plan will be implemented and monitored. 	

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	<ul style="list-style-type: none"> • The remediation and compensation plans have been separated to streamline and expedite the process. The compensation plan will be handled by the Compensation Panel (CP). For the remediation plan, to align with the smallholder's processes, the plan will be reviewed and approved by the Secretariat. • The Secretariat presented Annex 2a Disclosure of Non-Compliant Land Clearing (Grower) and the declaration on social liability document. <ul style="list-style-type: none"> ▪ The disclosure (Annex 2a) for growers will remain largely unchanged. There is a section dedicated to assessing the potential loss of social HCVs 4 to 6. ▪ For the declaration, it would need to be signed by the growers. Essentially, with this document, the aim is to provide a safeguard as many BHCVWG members commented that growers often submit claims of having no liabilities, but concerns arise if issues emerge later on. Therefore, this declaration serves as an additional safeguard to ensure any arising liabilities are addressed. • A member questioned whether it would be worth including a section in the document where the names of affected communities are listed, particularly if they have been identified as affected. Alternatively, they asked if there is another place in the previously shown form where the communities will be listed by name, specifying, for example, communities where there have been issues related to HCV 4, etc. The Secretariat clarified that it would be under the disclosure and suggested that a section could be added to name the affected communities. <ul style="list-style-type: none"> ▪ It was then further noted that if a liability has been identified, it might be beneficial to include a table with the name of the community, the identified liability, and any supporting evidence such as records of meetings where these issues were discussed. ▪ The Secretariat sought clarification on whether this information is already covered under the social remediation plan. If the identified communities and related details are already included in that plan, then it raises the question of whether another separate section is necessary. ▪ It was clarified that the decision depends on the flow chart to determine the sequence of steps. If the declaration is the initial document where the company outlines its stance on social liabilities, it might be the place to start by identifying the communities affected, even if it involves just listing their names. ▪ The Secretariat noted that the declaration is to bind the growers to their commitment. Therefore, it was decided to include the table in the disclosure. This allows for any newly discovered liabilities after the initial submission to be reported 	<p>Secretariat to include a table into the disclosure to document the names of the community and the liabilities</p>

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	<p>over time. Growers will still need to inform the Secretariat of any new liabilities thus it can be reported via the disclosure.</p> <ul style="list-style-type: none"> ● A member asked if there is a time commitment associated with the declaration regarding addressing issues that may be uncovered or developed in the future. Specifically, how much time do the growers have to provide the names of the communities, meeting minutes (MoM), and other information? <ul style="list-style-type: none"> ▪ The Secretariat clarified that in the declaration document, it states that growers are required to take immediate measures. There is no specific timeline. Once a missed social liability is identified, immediate action is expected to address it. ▪ A follow-up question was asked regarding the scenario where a community claims they waited too long for the action to be taken and subsequently raises a complaint. Specifically, the question was whether the declaration document serves as a basis for such a complaint and what actions would be taken if it was determined that the measures taken were neither immediate nor enough. ▪ It was also noted that while the declaration serves as a statement of commitment, similar to a good conduct pledge, it is important to define in the flow chart or other activities how much time the company has to start addressing problems that may arise or be uncovered. In the declaration, it's appropriate to focus on the intention rather than being completely prescriptive about the timelines. The Secretariat clarified that the current RsCPv2 does not include a specific statement on how long the company has to address issues, but this can be looked into later. ● A question was raised if there have been any social liabilities declared to date. It was clarified that from the submissions received by the Secretariat, many growers have indicated that there are no social liabilities. ● It was also questioned what if there is a social liability and they have not addressed it and signed this declaration. It was noted that this may happen more often and could be grounds for a complaint. It was clarified that if social liability is found, the company must come forward and take ownership of it. They must declare that they recognize the social liability and therefore take immediate action. The important step is to encourage them to come forward and recognize that they have liability and to disclose it. So, when the auditor goes through the audit, it can be followed up on what is being done. Besides the declaration, there would be a table summarizing the actions to be taken, which is agreed upon by the company and the affected community. ● A suggestion was given that if a company has engaged with three communities for example and these communities have confirmed 	

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	<p>they have no issues, why not just document it? This is beneficial for both the company and the community, showing that they have engaged, discussed, and found no liability. This documentation also makes it easier later on if another community emerges or if one of the communities previously listed and documented to have agreed raises a new issue. There would be a history of the engagement starting from the first declaration. When a company decides to join RSPO, they are making a statement of intention not to affect communities. An additional declaration for the purpose of intention does not add much to the process of remediation and compensation. It was noted that it would make sense to be as specific as possible in this document, stating that they have engaged with specific communities and either there are no issues or the issues are recognized and documented. The Secretariat noted that this is already included in the disclosure document under the indicator "Consultations with communities demonstrate no social liability." Essentially, growers need to list out which communities they have consulted in the response column and provide evidence, such as a signature from the community, confirming that the matter has been discussed and there is no liability.</p> <ul style="list-style-type: none"> • It was noted that we have to be aware that HCV assessments only identify currently existing HCVs. If there has been previous engagement between the company and the communities, any loss of social HCVs during that process will not be identified by the assessment. This is because assessors conduct a current assessment and not a retrospective one. • The majority agreed to maintain the current process as it is. It was confirmed that the social declaration liability document is acceptable, and the Secretariat will add a table in the disclosure form to specify the communities consulted. If there are no issues reported by the community, evidence such as a signature from the MoM will be required. Additionally, it was agreed not to proceed with SAM, and instead, to continue with the existing procedures, with the addition of the signature requirement for the declaration of social liability. 	
2	<p><u>(Section 8) Specific Requirements For Growers</u></p> <p><i>(a) 8.1.3 Identification of Social Liability for the Loss of HCVs 4, 5 & 6</i></p> <ul style="list-style-type: none"> • The Secretariat refined the social component by excluding the SAM from it and emphasized that the remediation plan would undergo review and approval by the Secretariat. Another issue raised was defining a social expert. A draft definition was presented as "a professional skilled or having the expert knowledge in the context of sociocultural environment". <ul style="list-style-type: none"> ▪ A member noted the need for clarification on "expert knowledge," asking if it includes theoretical knowledge and 	

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	<p>stressing the importance of practical ground experience. They suggested the definition should specify experience working with communities. They highlighted that an expert should not have any conflict of interest and recognized that expertise can come in many forms, including local experts who have real-life experience and cultural knowledge, which may be more relevant than purely academic qualifications. Speaking the local language was emphasized as a critical element for effective communication during ground verification.</p> <ul style="list-style-type: none"> ▪ It was suggested that the Secretariat compile a list of such experts, considering the broad geographical scope of the membership. Additionally, adding specifics about the local context of the social expert would be useful. The social expert should also have experience related to HCV or HCSA assessment and FPIC implementation, as these are crucial for discussing remediation and compensation. ▪ It was also noted that the process should be simple and not complex, as recruiting an expert for field verification could take months. The planned pilots will help enhance this model in the next iteration. Additionally, it was suggested to develop a minimum checklist outlining how field verification should be conducted. This checklist would ensure consistency by specifying the bare minimum every social expert must perform. During the pilot phase, this approach will help determine if the experts meet the required standards. If their research is inadequate, further guidance can be provided. ▪ The Secretariat will refine the definition based on the suggestions given. It was also noted that the concept of the social expert is new, and over time, specific criteria may become clearer, allowing for further refinement of the definition. Requirements can be included in the ToR when advertised. <p><i>(b) 8.2.3 Calculating Conservation Liability</i></p> <ul style="list-style-type: none"> • From the last meeting, there was an action plan to include HCS in the table. The condition is the same as the land clearance after May 9, 2014. No feedback was received, and it was accepted. 	<p>Secretariat to clarify the definition of "expert knowledge" based on feedback and develop a checklist for field verification prior to the planned pilots.</p>
3	<p><u>Review of the smallholder section</u></p> <ul style="list-style-type: none"> • The Secretariat noted that for smallholders, there is a specific section in the RaCP v2, referred to as Part 3. • The steps are almost similar to those for growers but more simplified for smallholders. For example, during disclosure, they will disclose non-compliant land clearance and declare if there is any land dispute through the smallholder declaration. 	

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	<ul style="list-style-type: none"> • The liability assessment will be the same as for growers. They would need to do LUCA and identify areas of remediation and calculate FCL (done by the Secretariat). After this, they need to develop and obtain approval for the remediation and compensation plans, then implement and monitor these plans. <p><i>(a) Highlights from smallholder subgroup discussion:</i></p> <ul style="list-style-type: none"> • Separate the remediation and compensation components (similar to what was discussed for growers at CTF2). Also have specific annexes for smallholders, that are more simplified. • Compensation for ISH <ul style="list-style-type: none"> ▪ Two main options - ha to ha and ha to dollar ▪ Maintaining costing of USD 2500 for dollar to ha option <ul style="list-style-type: none"> – The amount of 2500 USD is maintained because it is the necessary funding for successfully executing a conservation project. In regard to the ha to dollar, there are several mechanisms in place to channel these funds into a dedicated fund managed by the Secretariat. This fund will support smallholders in carrying out compensation projects. – Costing is from a funding platform (Secretariat to set up) where funds contributed by various entities are channelled to • Two compensation pathways: <ol style="list-style-type: none"> I. Smallholders design their own project <ul style="list-style-type: none"> – Smallholders can design their projects similarly to the growers. If they have their own conservation area, like a "Hutan Desa" (village forest), they can create a compensation project from that. II. Add on to existing approved compensation project <ul style="list-style-type: none"> – If they do not have their own conservation area, they can approach the Secretariat to add on to an existing compensation project. This is because many ISHs have very small liabilities, and the Secretariat can help them find an appropriate project. • Compensation project is reviewed and approved by the Secretariat <ul style="list-style-type: none"> – For smallholder compensation projects, since it's a simplified version, they will be reviewed and approved by the Secretariat to process them fast. • Reprieve can be lifted for remediation while compensation is suggested to be under reprieve until the funding mechanism is in place. 	

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	<ul style="list-style-type: none"> – It was suggested to lift the reprieve for remediation because the processes are already in place. However, for compensation, it was suggested to maintain the reprieve until the funding mechanism is established. The Secretariat will require time to set up this fund, which may take a year or longer. • Transition period of 1 year for smallholder <p>Feedback/questions:</p> <ul style="list-style-type: none"> • The members asked if the reprieve period starts from the moment the company or smallholder makes the declaration stating they have a liability, allowing them time to build compensation, or how exactly it works. <ul style="list-style-type: none"> ▪ The Secretariat clarified that currently, the RaCP for ISH is under reprieve. The current process for smallholders involves submitting their LUCA, which the Secretariat reviews to determine if there is FCL. Once it is confirmed whether there is FCL or not, they are reprieved from conducting remediation and compensation until the specific pathway for them is designed by the Secretariat. When this pathway is confirmed, it kicks in for them. The reprieve initially in place for remediation will now be lifted, meaning moving they will need to do remediation. However, compensation will continue to be under reprieve because the funding mechanism for compensation is not in place. Smallholders will have a one-year period to adjust, during which the Secretariat will conduct training on how to prepare an evaluation plan and socialization etc. Once RaCP v2 is officially endorsed at the GA in November, that will mark the official start date and remediation would need to start. <p><i>(b) Funding mechanism</i></p> <p>The Secretariat presented the funding mechanism for the ha to dollar for smallholders:</p> <ul style="list-style-type: none"> • Once they have identified their FCL, smallholders will have two options to choose from: either the ha to ha or ha to dollar. If they opt for ha to dollar, they will need to select a suitable funding mechanism for their group. The subgroup has proposed three methods: <ol style="list-style-type: none"> 1. RSPO Shared Responsibility Model along the supply chain through an RSPO programme <ul style="list-style-type: none"> ▪ The program does not have a name yet. The subgroup has suggested that the Shared Responsibility (SR) Working Group should work on developing this model, but they have not yet approached them. Once the group here 	

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	<p>approves this proposal, the Secretariat will then approach the SRWG to develop this model.</p> <ul style="list-style-type: none"> ▪ This model entails that the members along the supply chain are able to take up and pay on behalf of these smallholders. There will be other supply chain members to support this process. <p>2. An amount of credits or physical sale/premium earned by the smallholder as a payment</p> <ul style="list-style-type: none"> ▪ A certain amount of credits, physical sales, or premiums earned by the smallholder will be allocated to the fund as payment. <p>3. Donations from a third party, including government bodies and donors</p> <ul style="list-style-type: none"> ● It was also noted that if smallholders have any other funding mechanism ideas, they can submit them to the Secretariat for review. ● After they have chosen the funding mechanism and decided on their preferred pathway, whether to initiate their own compensation project or contribute to an existing compensation project, they proceed accordingly. If they opt to contribute to a compensation project, they will submit a simplified compensation plan. Alternatively, if they choose to add to an existing compensation project, the original project owner will submit an addendum for that project and this pathway will not require any actions by ISH. Both pathways require review by the Secretariat. If any amendments are necessary, the group manager (GM) or grower will need to make them. Once approved, payment will be processed through the selected funding mechanism, facilitated by a platform set up by the Secretariat. Upon payment, the project can proceed to be implemented and monitored. ● A member asked whether the shared responsibility model and funding platform were being proposed for agreement in principle, or if they were still under consideration without confirmation. It was clarified that internally within the secretariat, it has already been agreed upon. Additionally, it was noted that while the funding platform bears similarities to the RSSF fund, it primarily focuses on biodiversity and compensation projects. <p><i>(c) RaCP ISH (New process)</i></p> <ul style="list-style-type: none"> ● The Secretariat described the overall new RaCP process for ISH: <ul style="list-style-type: none"> ▪ First, they will submit a disclosure and conduct a liability assessment. For social aspects, they must declare any social liabilities through the smallholder declaration. For environmental, they will submit shape files to the Secretariat for LUCA assessment. LUCA will be conducted by the Secretariat, and based on the final LUCA results, the need for 	

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	<p>remediation and compensation will be determined. Currently, remediation and compensation are under reprieve. Upon endorsement of RaCP v2 in November 2024, they will need to proceed with environmental and social remediation if any. The GM would need to submit the remediation plan which will be reviewed by the secretariat. Once approved, they will need to implement and monitor the plan.</p> <ul style="list-style-type: none"> ▪ For compensation (still under reprieve), once they have determined their FCL, smallholders need to select their compensation pathway. They can either design their own compensation project, contribute to a compensation project, or add on to an existing compensation project. For the pathway where they design their own or contribute to a compensation project, smallholders have options similar to growers: ha to ha, ha to dollar, or both. Following this, smallholders must submit a simplified compensation plan for review by the secretariat, after which it will be implemented and monitored. ▪ For adding on to an existing compensation project, similar to growers with less than 100 ha, the only option available is ha to dollar. Once the payment method is selected, the secretariat will identify a suitable compensation project from the portfolio list and approach the grower. If agreed, an addendum to the existing compensation plan will be required. Then the secretariat approves it, and then it is followed by implementation and monitoring. <ul style="list-style-type: none"> ● A member pointed out that ISH typically works on their own land. So, if an ISH has caused damage to some HCVs on their own land, they will need to compensate in another project, thus how is this applicable to them? The Secretariat clarified that if a smallholder has cleared one ha of land, during the disclosure phase, the Secretariat will conduct LUCA and identify that it has been cleared. The smallholder will then need to compensate for that one ha. They have two options for compensation: firstly, they can develop their own project, for example, conserving a forest area like a Hutan Desa, if they have one. Alternatively, if they don't have their own project, they can opt to add on to an existing compensation project. ● A member highlighted that there are various definitions of smallholders. They pointed out a scenario where external parties obtain leases or titles from a community, effectively leasing community lands. These external lessees are still considered smallholders and are included in the smallholder group system. The concern arises because clearance activities often occur on community lands leased to individuals outside the community. Implementing RaCP for ISH could potentially address these issues. In places like Malaysia and Indonesia, it's common for individuals to lease titles from communities and then clear the land for business purposes. 	

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	<ul style="list-style-type: none"> ▪ The Secretariat clarified that any such scheme would fall under the category of scheme smallholders. Currently, there is an ongoing study on scheme smallholders and also the RaCP process scheme smallholders. The results of this study will be presented at the July BHCVWG meeting. By then, the initial phase of the study will be completed. Subsequently, the findings will be incorporated into the RaCP document. Currently, the focus of the document is primarily on growers and ISH. • It was asked whether once the definition of scheme smallholders is established, we would need to retest if our model aligns with it. <ul style="list-style-type: none"> ▪ The Secretariat responded that for the RaCP, the approach is similar to the P&C. There will be a one-year grace period provided. During this time, if it becomes apparent in the field that the model cannot be effectively implemented, adjustments may be necessary. The RaCP document allows for amendments if issues arise, or further refinement is needed. <p><i>(d) 12.1.1 Disclosure of Non-Compliant Land Clearance</i></p> <ul style="list-style-type: none"> • The Secretariat has removed repetitive parts. <p><i>(e) 12.1.2 Declaration of Land Dispute</i></p> <ul style="list-style-type: none"> • The smallholder will need to declare if there are any social liabilities via the smallholder declaration. This declaration will be in the eligibility phase. When they implement their resolution process to resolve it, it will be under Milestone B. Once they achieve this, they can proceed for certification from Milestone B. <ul style="list-style-type: none"> ▪ A member sought clarification on what milestone B is. The Secretariat explained that milestone B refers to the new ISH standard that is currently in progress. It is specifically mentioned under indicator 2.3, which states that smallholders shall commit to resolving any land conflict or land dispute. The team is still working on this, and it will be submitted to the BoG for approval. Essentially, this refers to that indicator. The ISH standard typically includes three phases: eligibility, milestone A, and milestone B, based on the progress made. • The text "steps below are followed to resolve social issues, including those in which social HCVs may have been encroached, restricted, or destroyed" was previously in the remediation box but is now placed under this section to guide members on how to resolve these issues. However, the RSPO smallholder unit felt that it contained too much detail and recommended moving the section. The Secretariat sought input on whether it should be retained or removed from this section. <ul style="list-style-type: none"> ▪ It was asked for clarification on what is considered too detailed in it. The Secretariat said some of the comments 	

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	<p>indicated that it is not necessary to spell out these in this document, as the remediation and compensation plan should contain the details of how to address any social liability.</p> <ul style="list-style-type: none"> ▪ Most members suggest retaining the text but presenting it as best practices. Essentially, to have this paragraph in the suggested way as best practices and include an example box, similar to the divestment. Additionally, to ensure it is as simplistic as possible since this is for smallholders. ▪ It was also noted that it is okay to retain this, as ISH seldom have social conflicts since usually it's their neighbour and they can sort it out themselves. However, if the conflict is between communities, it could be a larger issue. These steps would be applicable if it is at a higher level. ▪ The Secretariat also noted that this process is mostly already in place, as it is based on real-life examples from Sierra Leone, where the local community already has a mechanism in place. They usually approach the elders to resolve conflicts. If the disputing parties cannot resolve the issue themselves, they then approach a higher level. This process is in writing so that other regions without such a mechanism can adopt it. They can use this mechanism as a guideline. <p><i>(f) 12.2 Liability Assessment</i></p> <ul style="list-style-type: none"> • The process for smallholders is mostly similar to that for growers but simplified. The Secretariat mentioned that they will further refine this section to provide more details as the Secretariat Smallholder Unit commented that it requires more specific information rather than just referring to the existing documentation. <p><i>(g) 12.3.2 Environmental Remediation for Smallholders</i></p> <ul style="list-style-type: none"> • There are two main stages that smallholders will need to follow. First, immediate actions must be implemented within a period of six months if there is any clearance in prohibited areas, which include steep slopes, riparian zones, and peat areas as defined by the subgroup. The second stage involves long-term actions and developing an exit strategy for these prohibited areas. Smallholders are not allowed to carry out agricultural activities in steep slopes, riparian zones, and peat areas. However, they can still harvest existing crops if any are present. The areas must be restored as much as possible. • For peat areas, there is a specific criteria that prohibits any new planting on peat after 2019. Therefore, any area planted on peat from this date will not be eligible for certification. The Secretariat noted that this has been cross-checked with the ISH standard, which states that no new planting on peat areas. 	<p>Secretariat to retain the text in the main body and include an example box.</p>

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	<p><i>(h) 12.3.3 Compensation Options For ISH</i></p> <ul style="list-style-type: none"> For ha to dollar option, the funding can be sourced by smallholders using the following methods: RSPO shared responsibility model, an amount of credits or physical sale/premium, and donations from third parties. These funds will be channelled through an RSPO funding platform. Once the platform name and the name for the RSPO shared responsibility model are determined, this will be re-edited. 	
4	<p><u>Annexes</u></p> <p><i>(a) Annex 2b Disclosure of Non-Compliant Land Clearing (Smallholder)</i></p> <ul style="list-style-type: none"> It remains the same and they have to provide information for each and every farmer. <p><i>(b) Annex 2c Self-disclosure of accidental and limited land clearing of HCV-HCS areas</i></p> <ul style="list-style-type: none"> This would require general information, followed by information on the accidental and limited incidents. The third part of the annexe is to assess whether they are eligible for self-disclosure. If everything is justified, they can proceed to remediate the area. The only difference between the grower and ISH templates is the general information; the rest is the same. <p><i>(c) Annex 7 Remediation Plan Template (Grower & Smallholder)</i></p> <ul style="list-style-type: none"> The Secretariat extracted the remediation part from the original version. The first two sections contain general information. There is a section for environmental remediation that needs to be completed, another for social remediation, and the implementation of the remediation plan. This will be reviewed by the Secretariat. <p><i>(e) Annex 8c Compensation Plan template (Smallholder)</i></p> <ul style="list-style-type: none"> A simplified version for smallholders involves describing the type of compensation needed and specifying the funding source. <p><i>(d) Annex 9b Annual Compensation Report Template (Grower)</i></p> <ul style="list-style-type: none"> The Secretariat requested comments on the description of the annexe document and provided two options. The description offers guidance on what should be included in the executive summary. Members advised selecting the most practical option. The Secretariat will discuss with the Integrity Unit to determine the most suitable choice. 	<p>Secretariat to discuss with Integrity Unit</p>

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	<ul style="list-style-type: none"> • A member noted that since reporting for compensation and remediation has been separated, what should be done for sites where both remediation and compensation projects are implemented together. Will growers have to submit two reports? The Secretariat clarified that if a site involves both remediation and compensation projects, growers will indeed need to submit two separate forms—one for remediation and another for compensation. They should separate the information accordingly and complete each form as required. • A follow-up question asked if these requirements apply to all past projects. The Secretariat responded that for annual progress monitoring, this approach can be adopted. For newly disclosed projects, growers should use the specific format. Projects still undergoing review can continue to use the old format until completed. 	
5	<p><u>AOB</u></p> <ul style="list-style-type: none"> • As the RaCP V2 development nears completion, only two subgroups remain under CTF2 (GIS and Grassland). This raised the question of whether CTF2 should continue or disband. After discussions with the co-chairs, it was decided to keep CTF2 operational until RaCP V2 is endorsed by the BoG, which is expected by November. If the need arises to reconvene CTF2, an email will be sent to arrange a meeting. 	
6	<p><u>End of meeting</u></p> <p>The co-chairs and the RSPO Secretariat thanked all the members for their participation in the meeting, and the meeting was adjourned.</p>	

Summary

The Secretariat presented the current version of the RaCP V2 document, along with the results of discussions from various subgroups under CTF2. Several of the key points discussed and the next steps required are as follows:

Under the guiding principles section specifically members divesting to non-members, BHCVWG will discuss the development of a remediation conversion matrix. This matrix, which converts remediation into monetary compensation, will be updated in the document once available.

Regarding the social components of the RaCP, there are potential overlaps between the Social Self-Assessment Matrix (SAM) and other RSPO documents that could result in repetitive work for growers. It was agreed that growers would sign a social liability declaration instead of proceeding with the SAM. This declaration ensures that if any issues missed during the initial disclosure are later

found, the grower would be bound to address them immediately. This approach provides an additional safeguard without adding another layer of documentation.

For the smallholder section, specifically compensation for ISH, the Secretariat will establish a funding platform. This platform, supported by contributions from various entities, will focus on biodiversity and compensation projects.