

INTERPRETATION OF INDICATOR 7.12.2 AND ANNEX 5

For the RSPO Principles and Criteria 2018

1.0 Introduction

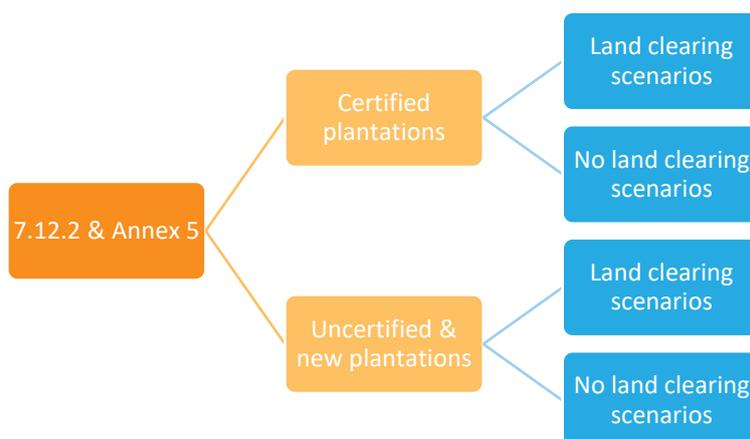
This document provides the interpretation of the **RSPO Principles and Criteria (2018) Indicator 7.12.2, whereby any new land clearing after 15 November 2018 must be preceded by an HCV-HCSA assessment, and Annex 5: Transition from HCV to HCV-HCSA Assessment, which shows how the new requirements apply in the different scenarios of existing and new certification, considering scenarios with and without new land clearing.**

In our [RSPO] commitment to halt deforestation, the application of an integrated HCV-HCSA assessment preceding any new land clearing starts with immediate effect on 15 November 2018. New land clearings after 15 November 2019 which are not registered in the 'case register' (**refer 3.4**) where required (**refer 4.3**), shall follow the requirements of 7.12.2 (b), the NPP 2015 and any of its subsequent revisions.

In the consideration that RSPO members may be in various stages of compliance with the newer RSPO P&C 2018, Annex 5 may be used to guide members in complying with the requirements for certification purposes.

This additional guideline comes as a result of the discussions of the 'No Deforestation Task Force' (NDTF) to provide clarity and guidance for RSPO members to implement the new requirements of Indicator 7.12.2 of the P&C (2018); while identifying and providing recommendations on any other gaps, and providing guidance for implementation and monitoring of Criterion 7.12 as a whole.

The NDTF recognizes that there may be inconsistencies in the interpretation of the normative Indicator 7.12.2 and the informative Annex 5 in terms of wordings and the terms used. Therefore, this document will clarify the language issues while providing some information on the intention and spirit of the clauses and terminology. The scenarios explained in this document, summarized below, are detailed further in this document:



2.0 Definitions & Explanatory Note

Standalone HCSA assessment: In the HCSA toolkit v2 (Module 3), an integrated HCV-HCSA assessment, reviewed by the HCVRN ALS is required after November 2017. In consideration for the various scenarios especially for members with valid HCV assessments (**refer 2.0**), the HCSA will allow standalone HCSA assessments for 'risk areas', which will be reviewed by the HCSA. The specific circumstances for which the standalone HCSA assessments qualify are shown in section 4.0 Flowchart & Scenarios. The NDTF will work together with the HCSA to produce a review template for a more definitive review of the HCSA assessment as the current peer review process does not include a "pass" or "fail" mechanism. Until then, the present HCSA Peer Review process is accepted.

Low Risk Areas: Areas identified as bare land, pasture, infrastructure, agriculture and monocrop tree plantations that have not been abandoned for more than 3 years through the Land Use Risk Identification (**refer 3.1**).

Risk Areas: Areas that are not identified as 'low risk' areas through the Land Use Risk Identification.

Land clearing: Conversion of land from one land use to another. Clearing actively managed oil palm plantation to replant oil palm is not considered land clearing. Within existing certified units, clearing of less than 10 ha meeting all the requirements below is not considered land clearing:

- a) 10ha threshold is the maximum limit (cumulative) within a specified unit of certification over the lifetime of the plantation.
- b) Must not be contiguous to HCV and potential HCS forests.
- c) Must not be HCV and potential HCS forests.

Replanting: Replacement of actively managed oil palm stands with oil palm on existing plantations (certified & uncertified) and no new areas cleared.

RSPO approved assessors (7.12.2(a)): The list below details who are "RSPO approved assessors"

- a) HCV Resource Network Assessor Licensing Scheme (ALS) licensed assessor
- b) Approved RSPO Assessor list
- c) Internal Assessor

ALS HCV Assessment: An HCV assessment following the HCV Approach and conducted by an HCVRN ALS licensed assessor which has gone through and passed the HCVRN Quality review.

Non-ALS HCV Assessment: An HCV assessment following the HCV Approach and conducted by an RSPO approved assessor(s)

Valid HCV Assessment: HCV assessments that are accepted by RSPO based on the various scenarios mentioned in this document. The additional requirements outlined in **section 4.0 Flowcharts & Scenarios** must be met for the HCV assessment to be acceptable.

3.0 Summary of Processes

3.1 Land Use (LU) Risk Identification

With the introduction of the Criterion 7.12, all new land clearing after 15 November 2018 must be preceded by an integrated HCV-HCSA assessment. It would be ideal for companies to undertake the integrated HCV-HCSA assessment on the entire unit of certification to meet the requirement; however, this may not be required in the respective circumstances described below.

Recognising the need to minimise disruption to operations while ensuring compliance to the new requirements of Criterion 7.12, the Land Use (LU) Risk Identification approach has been introduced. The LU Risk Identification allows companies to proceed with development in areas identified as 'low risk' while conducting a standalone HCSA assessment for 'risk areas' (**refer 2.0**). This process is applicable for the following scenarios:

- a) Existing certified plantations with land clearing after 15 November 2018
- b) New plantations & existing uncertified plantations with land clearing after 15 November 2018 (**refer 4.3**) with either:
 - i. ALS HCV assessment
 - ii. Non-ALS HCV assessment

The information for the LU risk identification can be drawn from the historic land use cover maps from the valid HCV assessments (**refer 2.0**), the Land Use Change Analysis (LUCA) from the New Planting Procedure (NPP) and/or Remediation and Compensation Procedure (RaCP) (whichever applicable) with the following expected output:

- a) Land use map identifying boundaries of 'low risk' and 'risk areas' with reference ID
- b) Current geo-tagged photographs of 'low risk' areas with reference ID
- c) Historical Land cover map (2015 & Nov 2018) overlaid with the areas identified in (a)

Map sources and specifications shall follow the requirements of the 'RSPO Guidance for Land Use Change Analysis (2017)' and shall be prepared following the RSPO 'Reporting Template for Land Use Risk Identification'. (**refer appendix 1**)

For new plantations and existing uncertified plantations, the LU Risk Identification shall be submitted to RSPO prior to starting/resuming land clearing by emailing the above to nodeforestation@rspo.org. Land clearing of 'low risk areas' may be resumed once the LU Risk Identification has been approved by RSPO. RSPO will revert with the results of the review within 30 days from receipt of the LU Risk Identification.

For existing certified plantations, the LU Risk Identification will be made available on-site and shall be audited by the certification body (CB) during the subsequent audit. Any non-conformance against the above requirements during the audit shall result in heavy penalties which may include but may not be limited to a complaint case being filed and the resolution be facilitated via the RSPO complaints system.

Standalone HCSA assessment(s) are required, at least on the areas to be developed, if there is no documented evidence that an area is a 'low risk' area (**refer 2.0**).

Companies are also given the option to forgo the LU Risk Identification and opt to conduct a standalone HCSA assessment. All standalone HCSA assessments are to be conducted by registered HCSA assessors and submitted to HCSA for peer review (refer 2.0).

Existing standalone HCSA assessments conducted by companies which have been formally reviewed by the HCSA before 15 November 2019 are accepted and do not require a new Standalone HCSA assessment. In these cases, the final version of the HCSA assessment public summary (incorporating recommendations for Peer Reviewers) should be available at the HCSA website.

3.2 RSPO HCV Assessment Review

Due to the varying quality of non-ALS HCV assessments, these assessments are required to undergo a review process by RSPO to ensure they meet the quality standards of the prevailing RSPO requirements during time period have been met. The review shall be done following a checklist developed by the NDTF (refer Appendix 2). The RSPO HCV Assessment review is applicable for:

- a) Uncertified plantations and no new land clearing after 15 November 2018 with a Non-ALS HCV assessment;
- b) Approved NPPs with land clearing after 15 November 2018 and Non-ALS HCV assessment

RSPO members for the scenarios above are required to submit their Non-ALS HCV assessments to RSPO through the registration form found in the RSPO website for the RSPO Secretariat's review. The scenario in point (b) requires registration in the RSPO Case Register (refer 3.4) and the results of the RSPO review shall be updated in the RSPO website within 30 days.

Failure of the RSPO review will result in a new integrated HCV-HCSA assessment or a new HCV assessment (ALS or Non-ALS) being required depending on the specific scenario (refer 4.0).

The RSPO HCV assessment review for point (a) is applicable for Non-ALS HCV assessments dated Jan 2009 - 21 June 2019 (refer 4.0). However, RSPO may extend the applicability of the HCV review beyond the period mentioned above based on the quality of the HCV assessments assessed in the preceding reviews.

ALS-approved HCV assessments are exempt from this requirement as they have undergone the ALS quality review process.

3.3 Time Limit Requirements

Additional time limit requirements are introduced to ensure all ongoing HCVs and/or NPPs are completed within a reasonable period. The requirements vary by the scenarios outlined in the section **4.0 Flowcharts & Scenarios**. The requirements are categorized in 4 separate groups being:

- a) Ongoing ALS HCV assessments
- b) ALS HCV assessments undergoing quality review by the ALS
- c) ALS HCV assessments published as satisfactory
- d) Non-ALS HCV assessments (Approved NPP only)

All ALS HCV assessments for uncertified plantations (existing and new) with land clearing must comply with the requirements of the NPP (2015). NPPs for these cases are to be submitted to RSPO by **15**

November 2019 or 6-months after the approval of the HCV assessment and/or HCSA peer review; whichever is longer.

Non-ALS HCV assessments (refer point (d) above) that pass the RSPO review (refer 3.2 & 3.3.4) are not required to resubmit their NPPs, however shall notify and submit their LU risk identification and standalone HCSA assessment report if required (refer 4.0), and revised development and management plans to the RSPO Secretariat.

3.3.1 Ongoing ALS HCV Assessments

For land clearing scenarios, all ALS HCV assessments which were ongoing prior to 15 November 2018 and yet to be submitted to ALS for quality review are given a 60-day period from the date of this announcement to report their HCV assessment's status to the RSPO Secretariat for inclusion in the case register (refer 3.4) Proper documented evidence (e.g. contract with assessor) must be provided showing the HCV assessment started before 15 Nov 2018. The registered HCV assessments will be exempt from the requirement of an integrated HCV-HCSA assessment, provided that the report passes the ALS quality review (Satisfactory). However additional requirements may apply (refer 4.0)

The registered HCV assessment(s) are required to be **submitted to ALS for quality review process by 15 November 2019. However, if 'risk areas' are identified in the LU risk assessment, a standalone HCSA assessment is still required for land clearing scenarios (refer 4.0).**

Failure to report and/or submit the HCV assessment report (or the ongoing assessment) within the stipulated deadline will result in an integrated HCV-HCSA assessment being required.

3.3.2 ALS HCV Assessments Pending ALS Approval

For land clearing scenarios, all ALS HCV assessments that have been submitted before 15 November 2018 but are pending approval are exempted from the registration to the case register (refer 3.4). In the event that the final result of the ALS quality review is 'Unsatisfactory', the requirement for an HCV-HCSA Assessment applies.

Note: 'Unsatisfactory' refers to the **final report review result**. Any additional information and/or revisions requested during the ALS review process is not considered as the final report result.

3.3.3 Approved ALS HCV Assessments (with Land Clearing)

Uncertified plantations (new & existing) with land clearing and with ALS-HCV assessments approved before 15 November 2018 are required to complete and submit their NPPs by **15 November 2019**.

3.3.4 Non-ALS HCV Assessments (Approved NPP Only)

Uncertified plantations (existing & new) with new land clearing planned after 15 November 2018 and Non-ALS HCV assessments are given a **60-day** period from the date of this announcement to report their HCV assessment(s) to the RSPO Secretariat for inclusion in the RSPO case register by filling in the registration form found in the RSPO website and attaching their Non-ALS HCV report for RSPO review. (refer 3.2, 3.4 & 4.3).

This is applicable for uncertified plantations (new & existing) with a previously approved NPP only.

Failure to report and/or submit the HCV assessment within the stipulated deadline will result in an integrated HCV-HCSA assessment being required.

3.4 RSPO Case Register

The RSPO case register is a document maintained by the RSPO Secretariat with the intention of identifying and monitoring cases with new land clearing which fall into the following situations:

- a) ALS HCV assessments which were ongoing before 15 November 2018 which are yet to be completed and/or submitted to ALS for quality review by 15 November 2018 (**refer 3.3.1 & 3.3.2**)
- b) Uncertified plantation (existing & new) with an approved NPP using a non-ALS HCV assessment and planning for land clearing after 15 November 2018 (**refer 3.3.4**)

Companies which are applicable to register their HCV assessments as per the scenarios and requirements outlined in **section 3.3 & 4.0** shall submit their registration by filling in the registration form found in the RSPO website. The status of each registered case will be published on the RSPO website for transparency and tracking purposes.

All existing uncertified and new plantations with new land clearing after 15 November 2018 which are not mentioned above are required to conduct an integrated HCV-HCSA assessment and comply with the requirements of the NPP 2015 (and subsequent revisions).

4.0 Flowcharts & Scenarios

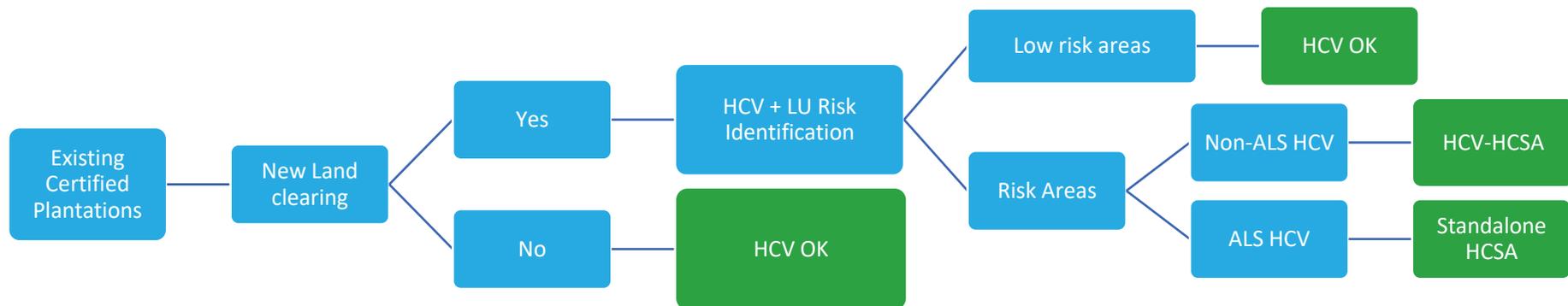
The flowcharts shown below provide a summary of the requirements for compliance to indicator 7.12.2 and aid companies in identifying the scenarios applicable to them. Details on the requirements for each scenario are further explained in the respective tables. The flowcharts are categorized as per below:

- Existing certified plantations
- Existing uncertified plantations (No new land clearing)
- New plantations & existing uncertified plantations (New land clearing)

It is important to highlight that the terms 'HCV' & 'HCV-HCSA' stated in the green boxes within the flowcharts refer to 'valid HCV assessment' and 'integrated HCV-HCSA assessment' respectively.

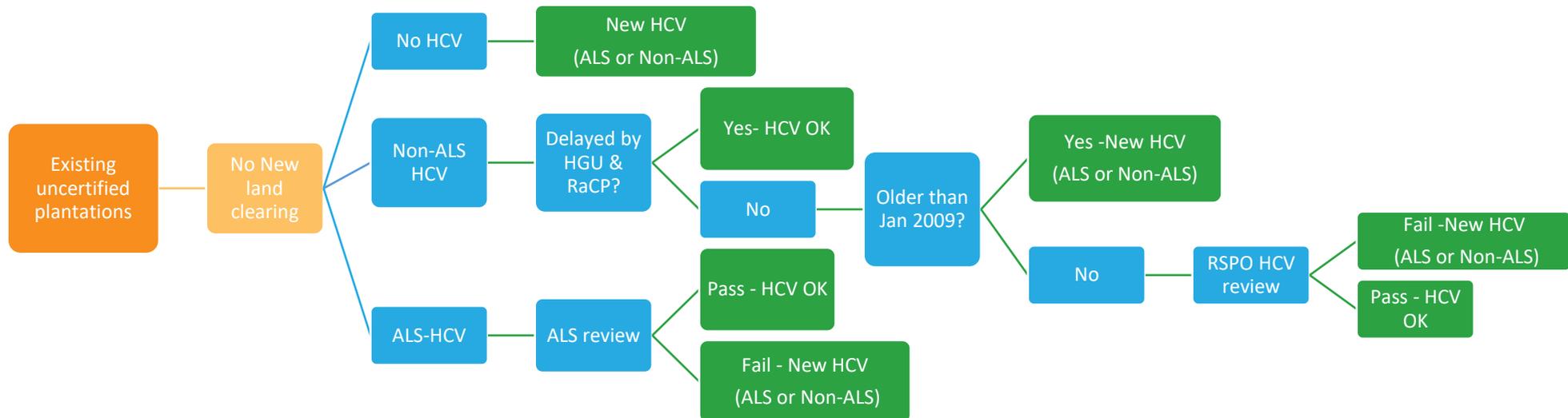
Companies may proceed directly to conduct an HCV-HCSA assessment or standalone HCSA assessment for those with non-ALS HCV or an approved ALS-HCV assessment respectively. For these instances, companies may forego registration for the RSPO case register and LU Risk Identification (refer specific scenarios for requirements). However, land clearing may only commence/restart once the HCV-HCSA/standalone HCSA assessments have successfully passed their respective review process.

4.1 Existing Certified Plantations



Scenario	Requirements
<ul style="list-style-type: none"> • Existing certified plantation • No new land clearing after 15 November 2018 	<p>HCV assessment conducted by an ‘RSPO approved assessor’ (refer 2.0) is accepted. This applies to both <u>recertification and replanting.</u></p>
<ul style="list-style-type: none"> • Existing certified plantation • With land clearing after 15 November 2018 	<p>HCV assessment conducted by an ‘RSPO approved assessor’ (refer 2.0) is accepted, however a LU Risk identification (refer 3.1) shall be conducted for areas planned for land clearing which will be verified by the certification body (CB) in the subsequent audit.</p> <p>The requirements for low risk and risk areas (refer 2.0) are as below:</p> <ol style="list-style-type: none"> a) Low risk areas – May proceed with land clearing. b) Risk areas – An HCV-HCSA assessment (Non-ALS HCV assessment) OR standalone HCSA assessment (ALS-HCV assessments) is required for the areas planned for land clearing taking into consideration the wider landscape (refer section 2.3.1 HCVRN HCV-HCSA manual). c) Mixture of low & risk areas – Exclusively low risk areas may be cleared; however, any clearing of risk areas will require either a HCV-HCSA assessment (Non-ALS HCV assessment) OR standalone HCSA assessment (ALS-HCV assessments) for the areas planned for land clearing taking into consideration the wider landscape(refer section 2.3.1 HCVRN HCV-HCSA manual). . <p>All other requirements for new land clearing within certified outlined in the NPP (2015) and any of its subsequent revisions must be followed.</p>

4.2 Existing Uncertified Plantations (No New Land Clearing)

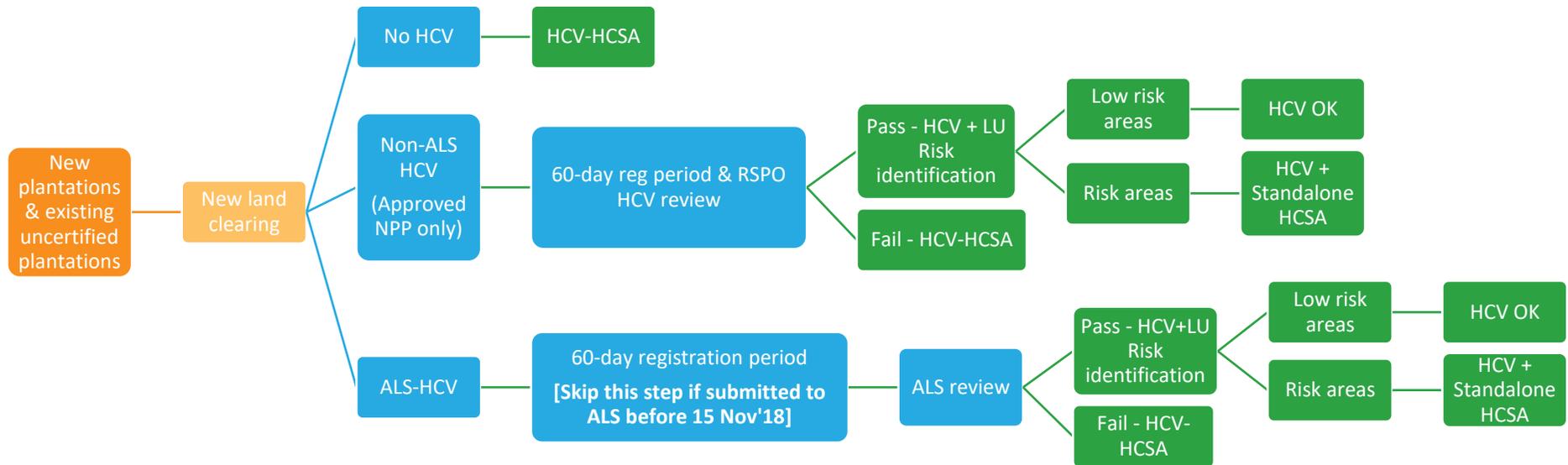


Scenario	Requirements
<ul style="list-style-type: none"> Existing uncertified plantation No new land clearing No HCV assessment 	<p>A new HCV assessment is required. Companies may opt to conduct either an ALS or Non-ALS HCV assessment.</p> <p><i>It is highly advisable for companies to opt for an ALS HCV or HCV-HCSA assessment for existing uncertified plantations that may have future new land clearing within 3 years of the initial certification.</i></p>

<ul style="list-style-type: none"> • Existing uncertified plantation • No new land clearing • Non-ALS HCV assessment 	<p>The Non-ALS HCV assessment is accepted with the condition that the HCV assessment is no older than Jan 2009 (Refer below scenario for cases delayed by RaCP & HGU) and passes the RSPO HCV review. For HCV assessments older than Jan 2009, a <u>new HCV assessment (ALS or Non-ALS) is required.</u></p> <p>HCV assessments dated Jan 2009 – date of circulation of this document are required to undergo the RSPO HCV Assessment review (refer 3.2). Results of the RSPO HCV assessment review will determine the requirements as follows:</p> <ul style="list-style-type: none"> a) Pass RSPO review – Existing HCV assessment is acceptable. No additional assessments required. b) Fail RSPO review – New HCV (ALS or Non-ALS) is required. <p><i>It is highly advisable for companies to opt for an ALS HCV or HCV-HCSA assessment for existing uncertified plantations that may have future new land clearing within 3 years of the initial certification.</i></p>
<ul style="list-style-type: none"> • Existing uncertified plantation • No new land clearing • Non- ALS HCV assessment • Delayed by RaCP & HGU 	<p>For plantations whose initial certification (IC) was delayed due to RaCP & HGU processes (before 15 November 2018), the age restriction for the HCV assessment does not apply.</p> <p>The existing HCV assessments conducted by ‘RSPO approved assessors’ (refer 2.0) for the said plantation is accepted. No additional assessments are required.</p>

<ul style="list-style-type: none"> • Existing uncertified plantation • No new land clearing • ALS HCV assessment 	<p>The ALS HCV assessment is accepted. This covers ALS- HCV assessments that are:</p> <ol style="list-style-type: none"> a) Submitted and published as ‘Satisfactory’ following ALS Quality review before 15 November 2018 b) Submitted before 15 November 2018 but published as ‘Satisfactory’ following ALS Quality review after 15 November 2018 <p>All ALS HCV assessments must obtain ‘Satisfactory’ in the final report result. A new <u>HCV assessment (ALS or Non-ALS)</u> is required if the final report result is ‘Unsatisfactory’.</p> <p><i>Note: ‘Unsatisfactory’ status refers to the final report result. Any additional information or revisions requested during the ALS review process is not considered as the final report result.</i></p> <p><i>It is highly advisable for companies to opt for an ALS HCV or HCV-HCSA assessment for existing uncertified plantations that may have future new land clearing within 3 years of the initial certification.</i></p>
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4.3 New Plantations & Existing Uncertified Plantations (New Land Clearing)



Scenario	Requirements
<ul style="list-style-type: none"> • New plantations & existing uncertified plantation • Land clearing after 15 Nov 2018 • No HCV assessment 	An HCV-HCSA assessment is required.

<ul style="list-style-type: none"> • New plantations & existing uncertified plantation (approved NPPs only) • Land clearing after 15 Nov 2018 • Non-ALS HCV assessment 	<p>Companies with Non-ALS HCV assessments are given <u>60-days from the date of this communication</u> to report and register their HCV assessments to the RSPO Secretariat for inclusion in the ‘case registry’ (refer 3.4).</p> <p>The HCV assessments will undergo the RSPO HCV assessment review (refer 3.2). HCV assessments that pass the process are accepted, however a LU Risk identification (refer 3.1) shall be conducted for areas planned for land clearing which shall then be submitted to the RSPO Secretariat for record & monitoring purposes.</p> <p>The requirements for low risk and risk areas (refer 2.0) are as below:</p> <ul style="list-style-type: none"> a) Low risk areas – May proceed with land clearing b) Risk areas – A Standalone HCSA assessment is required for the areas planned for land clearing taking into consideration the wider landscape (refer section 2.3.1 HCVRN HCV-HCSA manual). d) Mixture of low & risk areas – Exclusively low risk areas may be cleared; however, any clearing of risk areas will require a standalone HCSA assessment for the areas planned for land clearing taking into consideration the wider landscape (refer section 2.3.1 HCVRN HCV-HCSA manual). <p>HCV assessments that fail the RSPO HCV assessment review are required to conduct a <u>new HCV-HCSA assessment</u>.</p> <p>Failure to report and/or submit the HCV assessment within the stipulated deadline will result in an integrated HCV-HCSA assessment being required.</p> <p>This scenario is applicable for those with existing approved NPPs only and subject to the time limit requirements (refer 3.3)</p>
<ul style="list-style-type: none"> • New plantations & existing uncertified plantation • With new land clearing • ALS HCV assessment 	<p>The ALS HCV assessment is accepted. This covers ALS- HCV assessments that are:</p> <ul style="list-style-type: none"> a) Submitted and published as ‘Satisfactory’ following ALS Quality review before 15 November 2018 b) Submitted before 15 November 2018 but published as ‘Satisfactory’ following ALS Quality review after 15 November 2018

HCV assessments that pass the ALS quality review process are accepted, however a LU Risk identification (**refer 3.1**) shall be conducted for areas planned for land clearing which shall then be submitted to the RSPO Secretariat for record & monitoring purposes.

The requirements for low risk and risk areas (**refer 2.0**) are as below:

- a) **Low risk areas** – May proceed with land clearing
- b) **Risk areas** – A Standalone HCSA assessment is required for the areas planned for land clearing taking into consideration the wider landscape (refer section 2.3.1 HCVRN HCV-HCSA manual).
- e) **Mixture of low & risk areas** – Exclusively low risk areas may be cleared; however, any clearing of risk areas will require a standalone HCSA assessment for the areas planned for land clearing taking into consideration the wider landscape (refer section 2.3.1 HCVRN HCV-HCSA manual).

HCV assessments that fail the ALS quality review (Unsatisfactory) are required to conduct a new HCV-HCSA assessment.

Companies with ongoing assessments by ALS licensed assessors started before 15 Nov 2018 but not yet submitted to HCVRN ALS (refer 3.4) are given 60-days from the date of this communication to inform and register their assessments to the RSPO Secretariat for inclusion in the 'case registry' (**refer 2.0**). Proper documented evidence (e.g. contract with assessor) must be provided showing the HCV assessment started before 15 Nov 2018.

All the ongoing assessments must be submitted to ALS by 15 November 2019 and must obtain 'Satisfactory' in the final report result. A new HCV-HCSA assessment is required if the final report result is 'Unsatisfactory'.

All other requirements for new land clearing outlined in the NPP (2015) and any of its subsequent revisions must be followed.

	<p>Failure to report and/or submit the HCV assessment within the stipulated deadline will result in an integrated HCV-HCSA assessment being required.</p> <p><i>Note: 'Unsatisfactory' status refers to the final report result. Any additional information or revisions requested during the ALS review process is not considered as the final report result.</i></p> <p>This scenario is subject to the time limit requirements (refer 3.3)</p>
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5.0 Glossary

ALS	Assessor Licensing Scheme
HCS	High Carbon Stock
HCSA	High Carbon Stock Approach
HCV	High Conservation Value
HCVRN	High Conservation Value Resource Network
HCV-HCSA	Combined High Conservation Value – High Carbon Stock Approach Assessment
HGU	Hak Guna Usaha
LU	Land Use
LUCA	Land Use Change Assessment
NPP	New Planting Procedure
P&C 2018	Principles and Criteria 2018
RaCP	Remediation and Compensation Procedure
RSPO	Roundtable on Sustainable Palm Oil

The RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

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