

MINUTES OF MEETING

Smallholder Standing Committee #11 and Follow Up Meeting

Time : 1930- 2130 (MYT)

Date : Meeting #11 Thursday, 14/10/2021; Meeting #11.5 Thursday, 11/11/2021

Venue : Zoom Room 2 / Conference Call

Attendees:

Name <small>(all attended both meetings except marked accordingly)</small>	Initial	Organisation	Representative Category
Lee Kuan Chun	LKC	P&G	CGM - Substantive, Co-Chair
Marieke Leegwater	ML	Solidaridad	Social NGO - Substantive, CO- Chair
Rob Nicholls	RN	PT Musim Mas	P&T - Substantive
Marie Antoinette	MA	HOFER Kg	Retailer - Substantive
Philippa Walker	PW	WWF	Environmental NGO - Substantive
Maria Carmen Lopez	MCL	Oleopalma	Smallholder (LatAm) - Substantive
Eleanor Spencer	ES	ZSL	Environmental NGO - Substantive
Ian Orrell	IO	NBPOL	Smallholder (PNG) - Substantive
Kalindi Lorenzo	KL	Planting Naturals	Grower (RoW) - Substantive
Rukaiyah Rafik	RR	Setara Jambi	Smallholder (INA) - Alternate
Narno (#11)	N	Asosiasi Amanah	Smallholder (INA) - Substantive
Johan Verburg (#11)	JV	Rabobank	Financial Institution - Substantive
PJ Tan (#11)	PJT	Unilever	CGM - Alternate
Paula den Hartog (#11)	PH	Rainforest Alliance	Invited for Agenda no 5 Meeting#11
Javin Tan (#11)	JT	RSPO Secretariat - Std Devp	Invited for Agenda no 6 Meeting#11
Aryo Gustomo	AG	RSPO Secretariat - Assurance	Invited for Agenda no 4
Mohd. Shazaly	MS	RSPO Secretariat - Assurance	
Neil Judd	NJ	RSPO Secretariat	
Guntur Cahyo Prabowo	GCP	RSPO Secretariat	
Aaina Karina	KS	RSPO Secretariat	
Krishnabalan Jeyabalan	KJ	RSPO Secretariat	
Kertijah Abdul Kadir	KAK	RSPO Secretariat	
Nizar Wickasono	NW	RSPO Secretariat	
Yeoh Zhi Lin	YZL	RSPO Secretariat	

Agenda:

Time	Topic

7:30 – 7:35 pm	<p>1. Welcome and Introduction</p> <ul style="list-style-type: none"> • RSPO Antitrust laws • RSPO Consensus-based decision making • Declaration of Conflict of Interest • Acceptance of Meeting Agenda
7:35 – 7:45 pm	<p>2. Adoption of Meeting minutes #10(Annex 1) and Update on Action Points</p>
7:45 – 8:05 pm	<p>3. <i>[Q&A Session]</i> based on Updates from Secretariat (refer Annex 2)</p> <ul style="list-style-type: none"> A. Livelihoods programme B. Membership, certification and market uptake data C. BoG endorsement of RISS internal audit requirements D. Progress update on the development Simplified FPIC approach E. ISH Standard - NI Indonesia F. Independent Review - Final ToR G. Group Certification Public Consultation & role in ISH certification H. Financial Assistance - Membership Fee Waiver and Hardship Fund for ISH I. ISH Peat Guidance
8.05 – 8:20 pm	<p>4. <i>[Discussion]</i> Potential options for ISH certification</p> <ul style="list-style-type: none"> ● Inclusion of the ISH Group in mill P&C certificate ● Potential challenges
8.20 – 8:55 pm	<p>5. <i>[Discussion]</i> PalmTrace Challenges</p>
8:55 – 9:05 pm	<p>6. <i>[Discussion]</i> Criteria for RISS NI and LI</p>
9:05 – 9.20 pm	<p>7. <i>[Discussion and direction]</i> Development of the Simplified Combined HCV-HCS for ISH</p> <ul style="list-style-type: none"> ● Progress update ● Change in terminology ● HCSA MoU
9:20 – 9:30 pm	<p>8. AOB</p> <ul style="list-style-type: none"> ● RT Post Event: Smallholder Standalone Session ● Next meeting date

DISCUSSION:

No.	Description	Action Points (PIC)
1.0 Welcome and Introduction		
	<p>The Chair welcomed everyone and presented the agenda. No comments were made and the agenda was accepted.</p> <p>The RSPO Antitrust Guidelines were read out to the members of SHSC. All members attending were reminded that the Committee uses consensus-based decision making, and any Conflicts of Interest (CoI) should be declared.</p>	
2.0 Adoption of Meeting (Annex 1) and Update on Action Points		
	<p>No comment was raised on the finalised Minute of Meeting of the 10th SHSC meeting held on 31st August 2021.</p> <p>Action Tracker was presented with a few points raised: Action Point no.4 - NJ informed that updates on the RSSF revised governance policy will be shared in the next meeting.</p> <p>Action Point no. 11 - KC updated that there are two nominations received for the SH seat in BoG (Felda and Fortasbi). So the idea of approaching a consultant as SH representative in the BoG is now put on hold.</p>	
3.0 (Q&A Session) Updates from Secretariat based on Annex 2		
3a	<p>Updates on SH Livelihood Programme No comments raised.</p>	
3b	<p>SH Membership, Certification and Market Uptake KJ highlighted that the ISH production of certified FFB has finally crossed 1 million metric tonne since August last year.</p> <p>Members are impressed with the good price of IS-CSPKO. ML suggested that if this can be communicated widely to a wider audience this will promote more growth in support to SH. GCP clarified that there has been communication material published about this such as in the annual report and articles. RR further added that Fortasbi also organised appreciation events to their donor and this act as campaign for them to attract more buyers. KC and MA pointed out that it important to have these good demand (on ISH credits) communicated widely to proof that the market demand is there and this a great impact story to share.</p>	

<p>3c</p> <p>3d</p> <p>3e</p> <p>3f</p> <p>3g</p> <p>3h</p> <p>3i</p>	<p>Update on internal audit requirements No comments were raised.</p> <p>Updates on the Simplified FPIC No comments were raised except that RR reminded that Fortasbi has submitted a letter to the Secretariat which is still pending for response. KJ responded that an official response should be submitted soon.</p> <p>ISH Standard - NI Indonesia NJ reminded that as per requested by SSC, SHSC are to provide agreement to the production of the National Interpretation of ISH Standard for Indonesia.</p> <p>Independent Review - Final ToR NJ updated that the ToR has been announced for Call for Tender.</p> <p>Group Certification Public Consultation & role in ISH certification No questions were raised.</p> <p>Financial Assistance - Membership Fee Waiver and Hardship Fund for ISH No comments were raised.</p> <p>Updates on ISH Peat BMP KC asked about the progress of involving some smallholder groups in this work. KJ updated that the groups were involved in testing the flood risks assessments template and all are done. No other comments raised.</p>	
<p>4.0 [Discussion] Potential options for ISH certification</p>		
	<p>Due to time constraint, this agenda topic was discussed in a separate follow-up meeting call held on 11th Nov 2021 (7pm -8.30pm). Minutes are captured as below:</p> <p>AG explained in length the background and why this is an essential issue that needs direction from SHSC. This issue applies to ISH groups that were certified under a mill’s certificate of P&C (as supply base) which recently was taken out from the mill’s P&C certificate as they are interpreted as independent and shall be in a separate RISS certificate.</p> <p>This is due to CB’s interpretation of P&C Certification System document (ver 2020) clause 5.1.1 and 5.1.5.</p> <p>RR highlighted that it is pertinent that the P&C Certification System</p>	

document be aligned with RISS 2019 to avoid confusion as such. JV reminded that SHSC should consider maximum inclusion for ISH in certification - so closer link to mill is better while keeping their independence. This was the spirit of the SHIG discussion before.

After a lengthy discussion, SHSC members concluded that the source of this 'confusion' is the lack of clear interpretation in the P&C Certification System document that represents the non-scheme smallholders (which holds wider typology of description than just independent smallholders), hence the restricted interpretation by CB.

Based on the Decision Paper for ASC, AG summarised that two recommendation proposed was (i) to ensure alignment and consistency between the P&C Certification System document and RISS, and (ii) during the completion of (i) ISH group are allowed to be part of P&C certificate as supply base.

IO added that in some countries (esp PNG) the independent smallholders are not truly independent, as per definitions (due to capacity & resource limitations). If there is only one mill and that mill is selling IP or SG oil to the market, the smallholders are certified as part of the supply base. This means that the mill is covering all costs, also all certification costs, so the only obligation on the part of the smallholders is compliance, there are no other costs, and this system actually works very well. The only concern is on the NPP requirements where the HFCC status applies. Hence why the complication on smallholder's part.

MS asked the members in case where the ISH group being a part of the supply bases, does all the 'privileges' given for ISH still applicable? Ie RaCP process that is only ended at LUCA stage, ISH is not applicable for any FCL case, and how about the expansion of new development areas as part of the NPP? MS highlighted that a proper mechanism is needed in order to make this feasible. ML suggests MS to compile those potential issues in writing so it can be discussed in next meetings and if need be a subgroup that consist Assurance and SH experts of this committee can be formed and discuss this together.

In the case where the SH group are under a mill's P&C certification, SHSC were in agreement that the ISH group should be in compliance to the P&C (as they are part of the supply base) and the mill should do the heavy-lifting of these requirements to support the ISH group. The ISH group will have to give full cooperation to the mill, otherwise they have to opt to be fully independent and be as their own unit of certification (under RISS).

Understanding the fact that mill's support is essential to support SH

Secretariat (Assurance Team-MS) to compile and present to SHSC potential issues of ISH group being part of supply base for discussion on best mechanism.

<p>group in this type of scenario, it was agreed that SHSC’s direction in this matter are:</p> <ol style="list-style-type: none"> 1. as an immediate interim solution - to allow ISH group as part of current P&C certification of a mill, until the P&C certification system document has been given clear interpretation for CB (either by developing a guidance OR being updated/amended). 2. Recommendation to change P&C system doc to ensure ISH group can be certified independently according to RISS 2019 or P&C 2018. 3. In relevance to item 1 above, guidance/mechanism for CB on sampling and ensuring compliance of P&C by the ISH group are to be developed. <p>Action point:</p> <ol style="list-style-type: none"> 1. Amend the ASC decision paper and circulate among SHSC for agreement on decisions and next step. 2. Organise discussion between SHSC and ASC co-chairs to solicit agreement. 	<p>Secretariat to circulate the decision paper for final agreement</p>
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5.0 [Discussion] PalmTrace Challenges

<p>Paula from RA presented to members on PT process for ISH groups. Few note points:</p> <ul style="list-style-type: none"> - Credit purchase process and challenges ; which mostly are not systemic issues but on processes eg incorrect details, delays in payment by buyers, etc. - Improvement made so far: <ul style="list-style-type: none"> - Prioritizing invoices for ISH, increase follow-us frequencies, blocked unresponsive buyers, cancelling old matches where sellers approves and returns volumes to seller - Other issues: <ul style="list-style-type: none"> - conversion from FFB to IS credits: still an ongoing challenges to solve - discrepancies on volumes between PT and B&C: resolved since last year. - transfer of extra funds to GM: due to duplication. All funds were recovered. - Incorrect footprint info on the credit claims by buyer: resolved last year - Paula admits there are still few system maintenance in PT that is still being improved. They are doing extensive testing on processes to minimise risks. She urged users to report issues continuously. - KL suggested a pop-up feature that appears every time transaction to be made to ensure details information are double-checked. Paula agrees to it as a yearly check instead. - SS seek confirmation whether the old match cancellations are 	
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	<p>still manual or auto-cancel. Paula confirms that it is still manual to enable confirmation checking by their internal team.</p> <ul style="list-style-type: none"> - Paula corrected SS that each conversion from FFB to credits refers to all three type of PKO, PO and ... and not separated. - Pak Narno suggested that PT to have an auto-notification to all unpaying buyers. Paula clarifies that there is a notification sent to buyer for all pending payments and manual follow-ups are made frequently. - RR highlighted a few issues on slow responses from PT to their email enquiries which affects many of logistical costs for farmers. She also suggested PT to do annual users assessment to improve services. 	
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6.0 [Discussion] Criteria for RISS NI and LI

	<p>Due to time constraint, this agenda topic was discussed separately in a follow-up meeting call held on 11th Nov 2021 (7pm -8.30pm). Minutes are captured as below:</p> <p>NJ briefly recap on the background of the discussion. The objective of bringing this into the agenda is to update SHSC members on the criteria for NI and LI as per the Standard Setting SOP. All this are captured in the Decision paper attached. Endorsement from SHSC members is required to support this understanding.</p> <p>No comments were raised and members agreed to the Decision Paper details.</p>	
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7.0 [Discussion and direction] Development of the Simplified Combined HCV-HCS for ISH

	<p><i>(Notes below combines discussion held in both Meeting#11 and 11.5 accordingly):</i></p> <p>KJ provided an overview of the phases (three (3) phases) involved in the development of the additional components to identify the HCS elements within the Simplified Combined HCV-HCS approach.</p> <p>Further elaboration was provided on the timeline and how the pandemic as well as government restrictions have prevented field works which resulted in the completion date being delayed which was initially targeted for the 10th of September 2021. Field works have not begun pending allowance from the authorities.</p> <p>Further information was provided on the work plan for activities required once the additional components to identify the HCS elements</p>	
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within the Simplified Combined HCV-HCS approach has been completed. Field calibrations will be required for LATAM and Africa as priority regions. This will be carried out simultaneously with the field trials in Indonesia followed by field trials in LATAM and Africa (Note: Field Calibration precedes Field Trials)

The challenges faced by the secretariat apart from the pandemic were highlighted. This includes the multiple push backs from the HCSA on the development. It was detailed that during the 10th IS-NDTF meeting, 2 major points were agreed upon by the IS-NDTF and HCSA:

- Agreement on the RSPO developing the Simplified Combined HCV-HCS Approach more collaboratively with the HCSA as per the mention in the RSPO ISH Standard. The element of decision making will be reviewed.
- Development of the additional components within Simplified Combined HCV-HCS Approach will proceed. The results of the development (i.e., Checklist and supporting documents) will be shared for further input from members of the IS-NDTF and technical experts (HCVN and HCSA [inclusive of feedback from the HCSA Smallholder Working Group]).

It was mentioned that the SPKS has rejected a request for collaboration and involvement in the field calibration to be carried out by PT Ekologika (Consultant engaged by RSPO). Further clarification in the form of an official response letter is currently expected from the HCSA.

7.0 AoB

1. SH Event
 - Initially it was planned to organise a SH event during RT. FORTASBI has volunteered to organise this with help from the Secretariat. This event is to highlight challenges on certification but also on opportunities around how to better include SH in our supply chains , the new RISS document and how buyers can engage.
 - Looking at the limited time to do this event during RT, it seems the plan needs to be adjusted to January instead.
 - Suggested date is 19th January 2022 (7pm WIB) for a 2 hrs dialogue session, with panelists from all regions (Ivory Coast, Ghana, Central & South America, MY, INA). Appointment of moderator and 3-5mins content to be presented by panelists as intro.

<ul style="list-style-type: none">- Intro slide points:<ul style="list-style-type: none">- SH hectarage and volumes amount certified- How they are selling- Phase of certification <p>ML offered to draft a programme for the event and share it as a working document.</p> <p>NJ updated that both RR and KJ will be presenting on SH in the coming RT regional webinar.</p>	
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Meeting ended 2140

ABBREVIATIONS

ASA	Annual Surveillance Assessment
CSPO	Certified Sustainable Palm Oil
FFB	Fresh Fruit Bunches
FPIC	Free, Prior and Informed Consent
HCS	High Carbon Stock
HCV	High Conservation Values
ICS	Internal Control System
ISH	Independent Smallholders
MoM	Minutes of Meeting
MS	Milestone
NDTF	No Deforestation Task Force
RaCP	Remediation and Compensation Process
RISS	RSPO Independent Smallholder Standard
RSEP	RSPO Smallholder Engagement Platform
RSSF	RSPO Smallholder Support Fund
SCPOPP	Sustainable and Climate-Friendly Palm Oil Production and Procurement
SHSC	Smallholder Standing Committee
STA	Smallholder Trainer Academy