

MINUTES OF MEETING

Smallholder Standing Committee

Time : 1700 - 1900 (MYT)
Date : Thursday, 24th September 2020
Venue : Conference Call (Zoom)

Attendees:

| Name | Initial | Organisation | Representative Category |
|------------------------|---------|--------------------------|------------------------------------|
| Marieke Leegwater | ML | Solidaridad | Substantive- SNGO; Chair |
| Maricarmen Piemental | MP | Oleopalma | Substantive -Smallholder (LatAm) |
| Hiew Koh Thien | KT | NY Hiew Holdings Sdn Bhd | Substantive-Smallholder (MY) |
| Ian Orrell | IO | Sime Darby (PNG) | Substantive -Smallholder (PNG) |
| Kalindi Lorenzo | KL | Planting Naturals | Substantive - Grower (RoW) |
| Rob Nicholls | RN | Musim Mas | Substantive – Processors & Traders |
| Eleanor Spencer | ES | ZSL | Substantive – ENGO |
| Phillippa Walker | PW | WWF | Substantive – ENGO |
| Lee Kuan Chun | KC | Procter & Gamble | Substantive – CGM |
| Romain Deveza | RD | WWF | Substantive – ENGO |
| Sharyn Shufiyan | SS | Wild Asia | Alternate – Smallholder (MY) |
| Beverly Postma | BP | RSPO Secretariat | |
| Bakhtiar Talhah | BT | RSPO Secretariat | |
| Ashwin Selvaraj | AS | RSPO Secretariat | |
| Fay Richards | FR | RSPO Secretariat | |
| Kertijah Abdul Kadir | KAK | RSPO Secretariat | |
| Guntur Cahyo Prabowo | GCP | RSPO Secretariat | |
| Krishnabalan Jeyabalan | KJ | RSPO Secretariat | |
| Aaina Karina M Senawi | AKS | RSPO Secretariat | |
| Nizar Wicaksono | NW | RSPO Secretariat | |
| Yeoh Zhi Lin | ZL | RSPO Secretariat | |
| Emir Bustami | EB | RSPO Secretariat | |
| Nefissa Sahnoun | NS | RSPO Secretariat | |

Absent with apologies:

| Name | Initial | Organisation | Representative Category |
|---------------|---------|--------------------------------|---------------------------------|
| Mareike Felix | MF | HOFER KG dba; ALDI South Group | Alternate - Retailer |
| Johan Verburg | JV | Rabobank | Substantive - Banks & Investors |
| David Wigand | DW | HOFER KG dba; ALDI South Group | Substantive - Retailer |

Agenda:

| Time | Topic |
|-------------|--|
| 1700 - 1705 | 1. Welcome and introduction <ul style="list-style-type: none"> ● RSPO Antitrust Laws ● RSPO Consensus based decision making ● Declaration of Conflict of Interest |
| 1705 - 1715 | 2. Adoption of meeting minutes (<i>Refer Annex 1</i>) and update on Action Points |
| 1715 - 1745 | 3. [<i>Update</i>] Progress update on the implementation of SH Strategy |
| 1745 - 1815 | 4. [<i>Decision</i>] RSSF Governance Policy - Discussion on feedback from SHSC members (<i>Refer Annex 2 - find attached</i>) |
| 1815 - 1830 | 5. [<i>Decision</i>] Proposal on interpretation of FPIC requirements from IS-FPIC expert group (<i>Refer Annex 3 - find below</i>) |
| 1830 - 1845 | 6. [<i>Decision</i>] Discussion on KPIs for the SHSC (<i>Refer Annex 4 - find below</i>) |
| 1845 - 1900 | 7. AOB and next meeting |

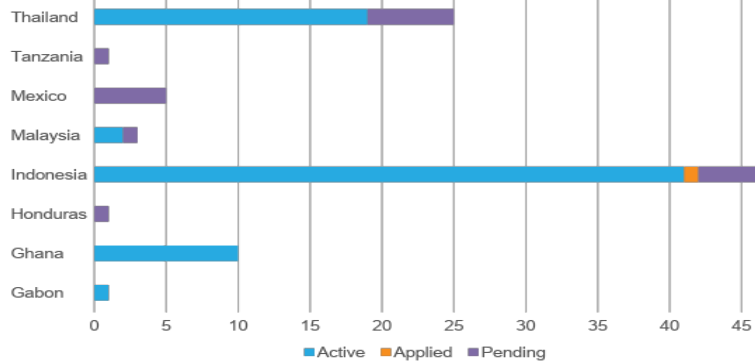
Updates on Action Points from last meeting:

| No. | Action Point | Status |
|-----|---|-------------|
| 1. | AS to share the revised TOR for the SHSC. | Completed |
| 2. | SHSC Co-Chair will reach out to other Chairs seeking approval to implement a proposal that allows secretariat staff to support/represent SHs. | In progress |
| 3. | Secretariat to finalise IS-LURI mechanism and present it to members. | Completed |
| 4. | Secretariat to initiate the setup of a joint task force developing the monitoring framework. | In progress |
| 5. | Propose differentiation of claims for IS-Credits to MDSC. | In progress |
| 6. | Draft proposal of the new RSSF mechanism for next meeting. | In progress |
| 7. | Secretariat to actively reach out to supply chain actors and other donors for livelihood program. | In progress |

| | | |
|-----|---|-------------|
| 8. | Secretariat to reachout to governments agencies to get exemption of premiums on income of smallholders. | Not started |
| 9. | Develop a ToR for the independent review and share it with the SHSC. | Not started |
| 10. | Assess the cost of certification against the new RSPO ISH standard. | Not started |
| 11. | AS to share the draft RSSF governance policy as a working file with the SHSC members. | Completed |

DISCUSSION:

| No. | Description | Action Points (PIC) |
|--|--|--|
| 1.0 Welcome and Introduction | | |
| 1.1 | <p>The Chair welcomes members of the SHSC to the meeting. BP introduced herself and her relevant experiences; EB and NS were introduced; SS is introduced as a smallholder representative from Wild Asia.</p> <p>The Chair reminds the members of the following,</p> <ul style="list-style-type: none"> • All SHSC members will have to abide by the RSPO Antitrust law • SHSC follows a consensus-based decision making as outlined in the ToR • Members have to declare Conflict of Interest (Col) under any items and excuse themselves to remain objective to the discussion. | |
| 2.0 Adoption of Meeting Minutes | | |
| 2.1 | The Committee went through the draft meeting minutes of the meeting held on 23rd July 2020, and the meeting minutes were adopted with remarks to correct typos. | |
| 3.0 [Update] Progress update on the implementation of SH Strategy | | |
| 3.1 | <p>ISH Membership</p> <p>ISH Membership now has 73 groups - 41 old and 32 new - with 20 pending.</p> <ul style="list-style-type: none"> - Pending applications are due to paperwork. | Percentage of membership growth over the past 3 months to be presented to the Committee. |



Requirements of LUCA will be removed from Membership application. The decision was approved by the BHCV WG and will be discussed by the Standard Standing Committee.

- Subsequently, memberships can be approved without LUCA and Liability Calculation.
- LUCA is still required for certification.

SH Livelihood Program

5 partners have implemented the training programmes successfully. 14 sessions have been carried out between Nov 2019 and Jul 2020, of which 8 were for SH and the rest for ToT making up a total of 394 SH and 116 Trainers trained. First Livelihood Workshop with the aim of helping SH in various aspects successfully executed.

SH Certification Program

Total individual farmers are at 8012 with 103533 MT of CSPO as of Aug 2020.

Members noted that an alternative to the onsite visit within 6 months is required due to COVID-19.

The Committee was reminded by a Member that a significant number of Independent SH certified as part of certified mills supply base applying the main PnC. Due to oversights, that group often ends up ignored when RSPO develops systems.

IS Credit Market Overview

Time frame is from Jan 2017 to Aug 2020
Shortage of credits was observed in the last few months due to demand outstripping supply.

IS-CSPO rose to 30 USD per credit while IS-CSPKO increased to 100 USD per credit in August 2020.

Roadmap

3. Roadmap – What’s in progress?



Objective 1: Livelihood Improvement

- Development of an implementation plan for the livelihood program over and above the SH Academy (workshops in progress with key members)
- Completion of diagnostic study undertaken by the Secretariat
- Assess the possibility of conducting virtual training of the Smallholder Trainer Academy
- Support partners and trainers in the implementation of the training program

Objective 2: Smallholder certification

- Management of the IS-NDTF to develop the simplified HCV-HCS approach
- Development of simplified FPIC for Smallholders with the IS-FPIC expert group and consultants
- Peat BMP, Child Rights, labour guidance, RaCP and revised disclosure form to support SH group managers – in progress
- Metrication of the RSPO SH Standard in 2019
- On going support to existing certified groups and new groups across all regions

Objective 3: Business case for smallholder inclusion

- Setup and oversee the work of the sub-group between MDSC and SHSC on smallholder business case
- Revamp Smallholder Hub on the website with more relevant information for all stakeholders
- Profile Smallholder groups and collate stories to be turned into communication/marketing assets

Governance & Support Programs

- Formalise the RSSF Governance policy and Standard Operating Procedures(SOPs); Monitoring the implementation of the ongoing RSSF projects
- Development of an M&E plan for Smallholder program

4.0 [Decision] RSSF Governance Policy - Discussion on feedback from SHSC members

4.1 The Committee has been informed regarding the revised RSSF timeline; aims to be completed and announced in Jan 2021 and open the fund by April 2021.

4.2 The Secretariat brought up **3 topics** identified to be discussed in the Feedback from SHSC:

1. Proposal for RSSF to accept external funding

The Committee members suggested the fund should be open to accepting external funding. The Secretariat responded that it is possible, however, due to capacity issues, funds are not able to be actively sourced. As the new strategy of RSPO and the resourcing plan is finalized, this activity can be considered and taken up more proactively. This also aligns with the Shared Responsibility concept as it evolves; potential funding resources should be linked to the RSSF if the opportunities arise.

- Members of the Committee suggested to include other stakeholders (retailers, suppliers, etc) to contribute as well after a thorough screening of the fund contributors.

2. Proposal to allocate funding for Objective 3 (Business Case)

Members of the Committee highlighted the need to support Objective 3 but no specific examples were provided on what type of projects could be funded. Therefore, the Secretariat agreed to follow the decision made in the July SHSC Meeting.

Secretariat to provide an update to the Committee Members on the mechanics of specific fundings and approval process

3. Composition of fund panel

The proposed composition of the fund panel was considered weak by some members of the SHSC.

Current Proposal

| | | |
|-------------------------------|--|-----------------|
| External | Member of SHSC Representing all Region (LatAm, Africa, SEA) | 3 person |
| Internal (Secretariat) | Representative from the RSPO Secretariat - Finance | 1 person |
| | Representative from RSPO Secretariat - Smallholder Unit (Livelihood and Certification) | 2 person |
| | Representative from Regional Office (based on origin of application) | 1 person |
| TOTAL | | 7 person |

New Proposal

| | | |
|---------------------------------|---|----------|
| Proposed RSSF Fund Panel | Member of SHSC Representing all Region (LatAm, Africa, SEA) | 3 people |
| | Members of SHSC representing other sectors (CGMs, Banks, Retailers) | 2 people |
| Total members | | 5 people |

**The fund panel will be supported by the Fund management body (Secretariat) comprising of staff from the finance team, regional teams and smallholder team*

The Committee members agreed to maintain the RSSF Panel external, supported by the Secretariat fund management body. This is to bring in the balance and remove the potential conflict that might arise from the Members.

Co-funding is an option for external funders who would like to be specific and will be processed through the standard co-funding procedure. In general, people will donate to RSSF and trust in RSPO to

Secretariat to review the inclusion of due diligence for objective-specific funding in the

| | | |
|------------|--|---|
| <p>4.3</p> | <p>channel the funds appropriately - due diligence in accepting funds and will be incorporated in the SOP.</p> <p>Committee Members also suggested offering a seat in the Fund Panel for external funders that exceeds a certain amount.</p> <p>Secretariat will review the rest of the comments and suggestions from smallholders and allocate 2 weeks for people or participants to comment.</p> | <p>SOP.</p> <p>To be discussed in the next meeting.</p> <p>Secretariat will send out a few versions of the document and highlight the changes since the last version.</p> |
|------------|--|---|

5.0 [Decision] Proposal on the interpretation of FPIC requirements from IS-FPIC expert group

| | | |
|------------|--|--|
| <p>5.1</p> | <pre> graph TD Q1[Do you have the legal or customary right to use the land (including set asides) you have developed or plan to develop for oil palm?] -- YES --> Q2[Is the right to use the land disputed by indigenous people, local communities or other users?] Q1 -- NO --> Q3[Are you in the process of legalizing your right to use the land? *] Q2 -- NO --> Q4[Proof for absence of dispute required *] Q2 -- YES --> Q5[Carry out dispute resolution process as per Criteria 2.3] Q4 --> Q4a[Proof available] Q4 --> Q4b[Proof not available] Q4a --> R1[Simplified FPIC Procedure not required] Q4b --> R2[Simplified FPIC Procedure required] Q5 --> R3[Dispute resolution process implemented and the process is accepted by all parties involved] Q3 -- YES --> R4[Simplified FPIC Procedure for ISH will be required] Q3 -- NO --> R5[No development allowed] Note[*As per national/local requirements] </pre> <p>The Committee suggested to clarify the local and international requirements as to not to place the burden on the smallholders. It was also stated by the Committee Members that legal documents should be enough for proof of land ownership which dictates that FPIC will not be necessary (in some cases)</p> <ul style="list-style-type: none"> - If there are no legal (local or international) documents, RSPO has to help out with a standard template for the smallholders to inform RSPO if there are any disputes. <p>A member of the Committee stated that a separate meeting is required to define the details regarding land ownership and FPIC.</p> <p>A vote was casted and majority of the Members are against the adoption of this proposal.</p> | <p>Proof manager to record all conflict</p> <p>Secretariat to discuss this again in the next meeting after a revision of the proposal</p> <p>Secretariat to hold off on this proposal and to revert back on the next meeting</p> |
|------------|--|--|

6.0 [Decision] Discussion on KPIs for the SHSC

| | | |
|---------------------------------|--|---|
| 6.1 | Proposed KPIs were presented and no comments were added. Members shall revert back to the Secretariat within 2 weeks. If there are no further comments, the KPIs will be adopted for SHSC. | |
| 7.0 AOB and next meeting | | |
| | <p>A Member raised a point regarding the number of total hectares requirement specifically for smallholders:</p> <ul style="list-style-type: none"> - 50 acres has been planted v.s. 50 acres of total area. <p>The Secretariat informed the Committee that the Round Table is set online and members can send in topics for discussion.</p> <p>A Member suggested to allocate more time for AOB in future meetings.</p> <p>Follow up on the appointment of the Grower Co-Chair.</p> <p>A request from the Committee Members to provide the slide deck before the meeting for easier reference.</p> | <p>Secretariat to clarify in the next meeting</p> <p>Secretariat has sent out request for nominations but has received none so far.</p> |

Annex:

In alphabetical order:

BHCV WG - Biodiversity High Conservation Values Working Group

CSPO - Certified Sustainable Palm Oil

FPIC - Free, Prior and Informed Consent

IS-CSPO - Independent Smallholder-Certified Sustainable Palm Oil

IS-CSPKO - Independent Smallholder-Certified Sustainable Palm Kernel Oil

ISH - Independent Smallholder

IS-FPIC - Independent Smallholder-Free, Prior and Informed Consent

IS-LURI - Independent Smallholder - Land Use Risk Identification

LUCA - Land Use Change Analysis

MT - Metric Ton

RSSF - RSPO Smallholder Support Fund

ToR - Terms of Reference

ToT - Training of Trainers