

MINUTES OF MEETING

Smallholder Standing Committee #13 with Follow Up Meeting #12

Time : 1930- 2130 (MYT)

Date : Meeting #12 Thursday, 10/11/2021; Meeting #13 Thursday, 26/01/2022

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
Ivan Novrizaldie	IN	Asian Agri	Oil Palm Grower (Indonesia)
Eleanor Spencer	ES	ZSL	Environmental NGO - Substantive
Ian Orrell	IO	NBPOL	Smallholder (PNG) - 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
Javin Tan (#11)	JT	RSPO Secretariat - Std Devp	Invited for Agenda no 6 Meeting#13
Edem Asimadu	EA	RSPO Secretariat - Africa	
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	

Note: Meeting #12 was held specifically to brief and discuss on HCV-HCS Simplified Approach for ISH (Refer Annex SHSC HCV-HCS Briefing & Discussion slide deck). For easy reference and documentation, this Minutes combined discussion points on the topic (in agenda 7) from both meeting #12 and #13.

Agenda #13:

Time	Topic
7:30 – 7:35 pm	1. Welcome and Introduction <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	2. Adoption of Meeting minutes #11 & 11.5(Annex 1) and Update on Action Points
7.45 - 8.00 pm	3. Update on BoG development <ul style="list-style-type: none"> • New BoG members • Priority issues
8:00 – 8:20 pm	4. <i>[Q&A Session]</i> based on Updates from Secretariat (refer Annex 2) <ul style="list-style-type: none"> A. Membership, certification and market uptake data B. Livelihoods programme C. BoG endorsement of RISS internal audit requirements D. Progress update on the development Simplified FPIC approach E. Financial Assistance - Membership Fee Waiver and Hardship Fund for ISH F. Regional Highlights
8.20 - 8.40 pm	5. <i>[Progress Update]</i> RSSF Progress <ul style="list-style-type: none"> • Progress of Governance Policy review
8.40 – 8:55 pm	6. <i>[Discussion]</i> Options for ISH certification <ul style="list-style-type: none"> • Update
8:55 – 9.15 pm	7. <i>[Discussion and direction]</i> Development of the Simplified Combined HCV-HCS for ISH <ul style="list-style-type: none"> • Progress update • Change in terminology • HCSA MoU
9:15 – 9:30 pm	8. AOB <ul style="list-style-type: none"> • GA resolution 2d • New due diligence regulations – implications for smallholders • 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	

EL enquired if the minutes of meeting shared included discussion held on November 10th, 2021 which was focusing on the HCV-HCS Simplified Approach. KJ explained that since the discussion was about briefing and updating the members on development, no decision making were made hence it was not minuted in the particular minute.

Action Tracker was presented with a few points were clarified:
Action Point no.8 - KJ clarified to KC that the results from this independent review on RISS implementation will be used as part of the data for the coming P&C Review.

3.0 Update on BoG Development (refer Annex 3 for slide presentation)

Pak Narno being the new BoG member representing Smallholder sector presented Priority Issues planned to be highlighted at the BoG level.

Workplan 2022

Objective	Output	Time	Main Activities
Strengthening the involvement of ISH members in decision-making at RSPO	More than 80% ISH members will participate in GA 2022	GA 2022	Plan : Development of ISH Caucus (To consolidate all ISH member from Indonesia, Africa, Malaysia, Thailand, PNG, Siera Leone)
	All document available in languages understood by ISH (E-Voting document, Resolution and all certification document)	GA 2022	Facilitate meeting with all member (ISH) before GA meeting to ensure the ISH understand the Resolutions and the decision that they will make
Strengthening multi-stakeholder support to independent smallholders	Improved Palm Trace services for credit transactions	2022	Request Palm Trace /Secretariat to prepare a system improvement Work Plan and submit it to BoG
	Support from Local Government to smallholders in certification.	2022	<ul style="list-style-type: none"> Encourage Collaboration between RSPO and Government to support smallholders through regulation, and research. RSPO allocate fund to support the collaboration with regional government.
Establishing more credible and inclusive certification for ISH	Strong standards that reach all independent smallholders	2022	<ul style="list-style-type: none"> RSPO facilitate the discussion Farmer to Famer (F to F) to understand the challenges and implementation of RISS (1-2 times per year) RSPO facilitate the dialogue between buyer and smallholders to see the impact of the credits.

RN agreed to the issues raised and work plan presented. ML enquired what will be the support or assistance needed from the SHSC. Being in the BoG currently, KC advised that there are three approaches of support that can be seek upon i) funding from the Secretariat, ii) proposal from this steering committee, and (iii) get support from BoG co-Chair to directly brought in issues to high-level discussion in the BoG. ES suggested that if SHSC members can agree on some topics in advance to discuss and brought forward by the new Members for the next board meeting agenda, that would help our focus. JV expressed his gratitude that smallholder direct representation in the BoG finally materialized. He further emphasized that in many of the topics discussed at BoG level, there is always smallholder relevance, and it would be good to have that sort of reactive check and proactive action to bring in a smallholder agenda on each and every topic. Bringing agenda to reality.

Wrt to the issue on PalmTrace (usually technical-related) it was suggested that a separate discussion be held between PalmTrace with Assurance team and SH Unit (representing affected ISH groups).

Secretariat to arrange calls with PalmTrace/UTZ, Assurance and ISH groups to follow up issues.

4.0 (Q&A Session) Updates from Secretariat based on Annex 2

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| 4a | <p>SH Membership, Certification and Market Uptake
On the membership figure, ML suggests that the numbers presented are compared against previous year.</p> |
| 4b | <p>Updates on SH Livelihood Programme
No comments raised.</p> |
| 4c | <p>Update on internal audit requirements
No comments were raised.</p> |
| 4d | <p>Updates on the Simplified FPIC
Official letter responding to the Fortasbi letter were sent in November 2021.</p> |
| 4e | <p>Financial Assistance - Membership Fee Waiver and Hardship Fund for ISH
No comments were raised.</p> |
| 4f | <p>Regional Updates
ML congratulated the recruitment of SH Manager for LatAm.</p> |

5.0 [Progress Update] RSSF

AKMS updated that, if there is no strong objection to the current draft of the revised RSSF governance policy, the plan is to get endorsement from BoG by June 2022 and reactivate RSSF funding. The RSSF Governance Policy document (revised draft) was shared to all members for comments. AKMS summarized the changes made to the document in a table for easy reference. No comments were raised. Discussion were focused on the proposed funding eligibilities based on scenarios. Few points noted for Scenario 6 were:

- ML and RN agreed that for Scenario 6, applicants are eligible to apply - with suggestions to support the application with a business plan.
- IV added that only groups at Eligibility should be able to apply compared to those who are already in MS A or MS B.
- RR suggested that number of additional members to the group applying should be considered as well.

RR raised another scenario where an existing certified group applying for funding for another new group for certification. AKMS suggests that it is possible with provision of legality applicants. Scenario 4 should be added to Under Condition as in the earlier certification project, the initial certification should already have been included in the project plan. ML requests members to provide further comments to Secretariat when the word version will be shared after the call. KC suggested that a review on RSSF spending should be done before the

	<p>next annual review.</p>	
<p>5.0 [Discussion] Potential options for ISH certification</p>		
	<p>As background, summary of previous discussion (11th Nov 2021) is as below: 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>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.</p> <p>Understanding the fact that mill’s support is essential to support SH 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>As of <u>26th January SHSC meeting</u>, update on the options for ISH certification under P&C 2018 are as listed below:</p> <p>SSC Endorsement:</p> <ol style="list-style-type: none"> 1. ONLY existing certificates (with ISH included) are allowed to continue be certified. 2. The Secretariat to work on the relevant guidance needed resolving this matter, which is to be endorsed by SHSC with input from ASC. <p>Next Steps:</p> <ol style="list-style-type: none"> 1. Certification System Document (CSD) to be updated (details refer slide 2 (image attached below)). 2. Transition period to be provided to existing certificate holders - on ensuring ISH transition towards P&C compliance (recommendation refer slide 3 (image attached below)). 	

3. The Secretariat to develop the compliance guidance (audit requirements) and inserted into the updated CSD.

Slide 2:

Recommendations (Revise CSD):

5.1.2 The unit of certification shall include both directly managed land (and estates) and scheme smallholders and outgrowers, where estates have been legally established with proportions of lands allocated to each. The CB shall determine the status of the smallholders at the time of the assessment.

5.1.x The unit of certification may include other outgrowers and independent smallholders, where the sale of FFB is exclusively contracted to the unit of certification.

5.1.5 For group certification ~~other than ISH~~, the RSPO Management System Requirements and Guidance for Group Certification of FFB Production is applicable. For group certification, the unit of certification shall be the group manager and the group members.

To include compliance guidance for Mill with ISHs as supply base(s) for P&C certification as additional Annex (refer next two slides).

Slide 3:

Recommendations (Transition):

- Development of guidance to assist the mill certificate holder and CB to implement and assure adequate monitoring systems to ensure that independent smallholders that are included in a mill's unit of certification are **complying with the P&C** requirements.

All new (initial) P&C certification of mill with ISH as supply base are to ensure ISH complying with the P&C requirements.

Transition period (existing certificate): (details to be discussed)

- Mill with 1 up to 500 ISH within scope of a single certificate - 1 year from the date of announcement;
- Mill with >500 ISH within scope of a single certificate - 2 year from the date of announcement

6.0 [Discussion and direction] Development of the Simplified Combined HCV-HCS for ISH

(Notes below combines discussion held in both Meeting#12 and 13 accordingly):

12th Meeting:

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.

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.

Further information was provided on the work plan for activities required once the additional components to identify the HCS elements 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.

13th Meeting:

Due to shortage of time, the only item presented was on the proceeding of the field trials as it required a decision by the SHSC.

Proposed Next Step & Implication (SHSC Decision required):

- To proceed with Field Trials of the approach in the first quarter of 2022 in four locations.
- The field trials of the approach will provide data and evidence on the feasibility of the approach for practical use towards ensuring no deforestation by ISH Groups.

Change in Terminology

HCSA has indicated “It is important to note that RSPO IS-NDTF cannot refer or claim to be developing a simplified HCS Approach for independent smallholders without the endorsement of HCSA (i.e., through an approved HCSA trial and/or ToR/MoU).”

There was no objection by the SHSC in proceeding with the field trials.

<p>As a result of the mentioned item above by HCSA, the RSPO Secretariat is currently considering an alternative terminology for the approach. The two alternatives are:</p> <ol style="list-style-type: none"> 1. Smallholder Deforestation Prevention Tool/ Approach 2. Smallholder Forest Protection Tool/ Approach <ul style="list-style-type: none"> ● A change in terminology will result in indicators within the standard that will require attention. ● The final naming of the approach will be decided by the IS-NDTF as the official task force overseeing the development of the approach. 	
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7.0 AoB

<p>Notes from Meeting #13.5.</p> <ul style="list-style-type: none"> ● GA resolution 2d BHCV-WG is still working on the review process for the Resolution. EL was stressing on the reprieve of RaCP for SH that was implicated from the resolution. The reprieve has not been announced yet (during time of meeting). KL and EL raised about timeline that needs to be clearly set and announced esp on the RaCP reprieve. SHSC can request BHCV-WG to prioritize providing clarity on the timeline. KJ raised that there is no current smallholder’s representative in BHCV-WG. Kalindi clarified that she sits in the CTF-2 under BHCV-WG, and EL sits in BHCV-WG as NGO rep - not SH. ML highlighted that the main functions of this seats is to highlight issues/perspectives from the lens of smallholder interests. This role can be played by current SH Unit staff in the Secretariat to flag issues to the respective representative (provided they are called to attend the BHCV-WG or CTF2 meeting). KC suggested proponents of the Resolution to hold a meeting with BHCV-WG to identify key priorities to review and process wrt to the Resolution. ● New due diligence EU regulations – implications for smallholders. KJ shared the announcement by RSPO that highlight the potential implication of the EU regulations to smallholders globally. Among others are the smallholders credits may not be useful anymore, and purchases from big companies will be lesser (due to compliance against strict requirement). SHSC members agrees that a combined voice from SHSC should be crafted to represent concerns from SH. PW raised that certified SH should be protected by these regulations - but ML argued that the requirement of geolocation and traceability of sources which goes down to individuals including traders - makes its difficult, hence in compliance of this makes the whole volume 	<p>(post-meeting note: a meeting between BHCV-WG and resolution proponents were then held on 8th March 2022. KC attended the call)</p> <p>(post-meeting note: the briefing by Reuben B. was held on 21st Feb 2022. Few of SHSC members attended)</p>
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	<p>from SH being at risk. It was suggested that SHSC invites Rueben Brunswelk to present details of the regulation and look at what issues would be for SHs so he can communicate to the relevant EU rep.</p> <ul style="list-style-type: none">● Smallholder Standalone Session An interim small organising team were setup which consists of both Co-Chairs, RR and two secretariat staffs. SHSC members will be informed on progress accordingly. <p>Next meeting date options will be circulated via Doodle poll for majority vote.</p>	<p>(post meeting note: Date for the session will be on 19th April and 27th April 2022 to cater Asia/Europe and LatAm/Africa regions.)</p>
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Meeting ended 2145

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