

POCG

Palm Oil Collaboration Group

In this update:

- 1. Introduction** slides 2-3
- 2. Highlights from Quarter 2** slide 4-8
- 3. Deforestation and Peat** slides 9-12
- 4. Land and Labour** slides 13-16
- 5. Priorities for Q3 and Q4** slide 17-22

Q2 2023 Update

August 2023

POCG Participants' version



Introduction

This document presents the updates on the different POCG activities and workstreams for the second quarter of 2023.

The Palm Oil Collaboration Group (POCG) brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of No Deforestation, No Peat Expansion, No Exploitation (NDPE) commitments. In addition to discussions which help to align thinking on key issues, the group also identifies areas for collaborative action.

To highlight how each workstream within the POCG contributes to the wider areas of focus for the Group, this update is structured around the following two topics of interest to POCG participants:

1. Deforestation and Peat



2. Land and Labour



Any thoughts on this format? Please feel free to provide feedback by contacting us at: POCollaborationGroup@proforest.net

Overview of how the POCG works

The **Palm Oil Collaboration Group** aims to meet twice a year to discuss issues and challenges as a full group. Through these discussions, areas are identified where there are opportunities to collaboratively accelerate progress through development of practical solutions.

Work is then taken forward through working groups, which include stakeholders such as social and environmental NGOs, service providers and technical practitioners in addition to companies.

Currently there are four working groups:



Implementation Reporting Framework Active Working Group (IRF AWG): to provide a tool for companies to monitor and understand progress of implementation of NDPE policy commitments across the entire production base connected to their supply chain.



Social Issues Working Group (SIWG): to foster collaboration to address human rights issues on the ground.



Production and Protection Beyond Concessions Working Group (PPBC): to support smallholder production and forest protection beyond concessions through identification of proactive interventions, action protocols and targeted monitoring.



Independent Verification Working Group (IVWG): to discuss, better understand and develop the most effective approaches to independent verification (IV) across different issues and for different purposes.

In 2021, the **POCG Latin America Chapter** was created to support the effective implementation of the sustainability commitments of the Latin American palm oil industry and contribute to addressing challenges and opportunities specific to that region. To do this, the LatAm Chapter remains in line with the work axes defined by the global chapter of the Palm Oil Collaboration Group.





Highlights from Quarter 2

Highlights from Quarter 2 – POCG meetings

The POCG met in person three times in June 2023 – the first meeting was organised around SPOD in Frankfurt, with a focus on the work done by the different POCG workstreams put in the context of the EUDR. This was followed by two days of workshops in Kuala Lumpur where the topics of Deforestation and Peat as well as Land and labour rights were covered in more detail.

Additionally, the POCG LatAm chapter met in person on the 1st of June at the fringe of RSPO Inter-America conference in Miami. The meeting focused on providing an overview of the work done by the LatAm chapter as well as discuss the implications of the EUDR on the sector.

POCG LatAm Chapter Meeting Miami, 1st June 2023

Sessions
1. Outlook on the POCG Global Program; milestones and challenges for LATAM
2. POCG Latam Chapter – 2023 workplan and progress
3. EU Regulation on Deforestation Due Diligence

POCG in-person side meeting at SPOD Frankfurt, 15th June 2023

Sessions
1. IRF Status and Case Study
2. IRF in the context of the EUDR
3. Deep dive into PPBC work: <ul style="list-style-type: none"> i. Framing the PPBC approach & public summary ii. Draft negligible risk results iii. ISH IRF framework, with deep dive on landscape criteria iv. Scaling investment in high priority areas

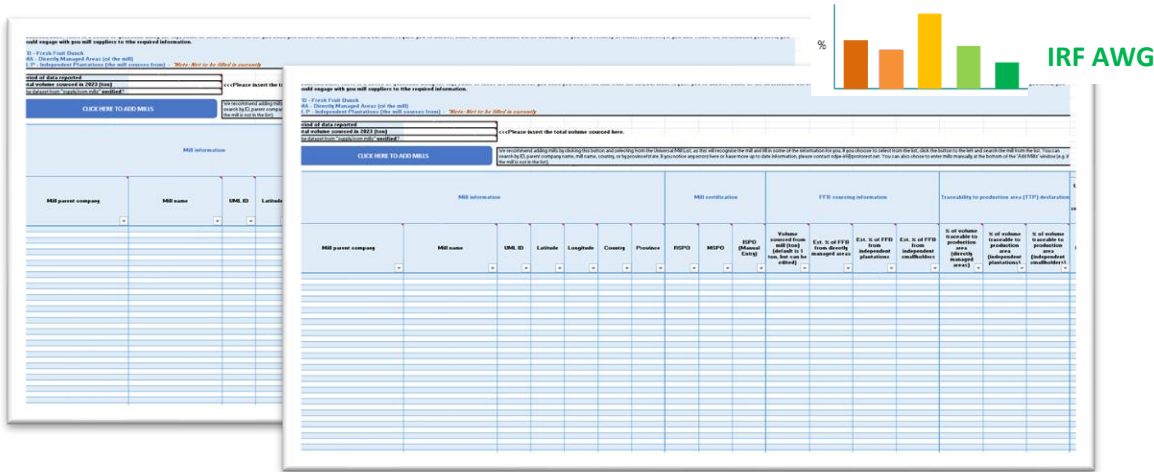
POCG in-person meeting – Day 1 Land & Labour Kuala Lumpur, 22nd June 2023

Sessions
1. Land and Labour IRF Own Operations
2. Land and Labour Smallholders Approach
3. HRDD at Refinery Level

POCG in-person meeting – Day 2 Deforestation & Peat Kuala Lumpur, 23rd June 2023

Sessions
1. POCG/IDH/WWF Joint Session: Traceability and Landscapes
2. D&P IRF - Directly Managed Areas
3. PPBC and D&P IRF – Indirectly Managed Areas And Smallholders Methodology
4. PPBC – Negligible Risk Layer

Highlights from Quarter 2 – Key outputs



(NEW) Land and labour IRF templates for own operations/directly managed areas

Developed by the IRF AWG and reviewed by the whole POCG group during KL meetings

SOCIAL ISSUES WORKING GROUP

POCG SIWG: Refineries HRDD System Questionnaire

This questionnaire was developed using the Core Elements for Assessing Refineries HRDD Systems Maturity developed by the SIWG. Please note that the questionnaire is thought to be filled in by refineries and then verified by a third party. Hence the sections with examples of evidence and the guidance for the evaluator in order to verify the answers. Guidance for evaluator section would need to be further developed.

HRDD step	No.	Question	Answers	Examples of evidence	Guidance for evaluator
Policy Commitments & Governance	1	Does the refinery (or the company's group) have written public policies on Human Rights/No Exploitation commitments?	Yes, the policy applies to refinery facility Yes, the policy applies to contractors and sub-contractors of labour and services (e.g. labour agencies, security, cleaning, catering, etc.) Yes, the policy applies to direct and indirect palm oil suppliers No	Policy document	The policy is considered published when it is available in the refinery (or the company's group) website
	2	Does the policy cover all commitments listed in the guidance?	Yes	Policy document	To reply yes the policy would need to have all the below elements (language may differ, but the issues below should be included): <ul style="list-style-type: none"> No child labour and prohibit worst forms of child labour No forced labour* No trafficking in persons

(NEW) HRDD questionnaire for refineries – core elements to assess refineries' HRDD maturity

Developed by the SIWG and reviewed by the whole POCG group during KL meetings

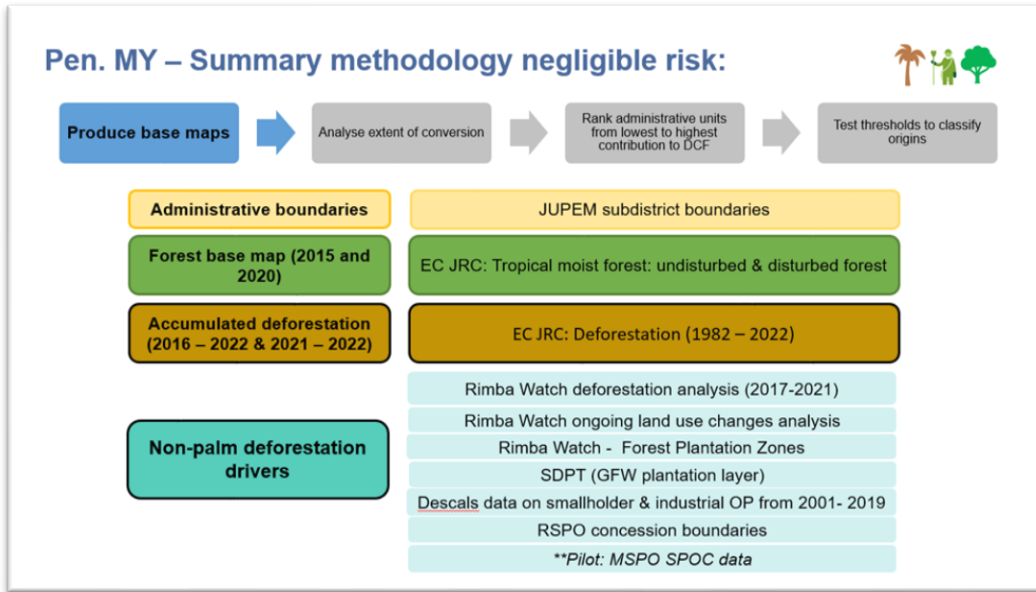


FOCUS: HCV AND HCS																
11. Is the remaining forest within FFB production area being monitored (in line with FPC MRF)?		12. Have any deforestation alerts led to validated deforestation grievances?		13. Has HCV and HCS assessment been conducted within FFB production areas since cut off date?		14. Has any HCV area/HCS forest been identified within the boundaries of FFB production areas?		15. Are HCV areas/HCS forests within FFB production areas being monitored?		16. Has peat or soil assessment been conducted for respective FFB production areas?		17. Has any peatland identified within boundaries of FFB production areas at off date?				
11(a). Response for DMA	11(b). Response for Ind.P	12(a). Response for DMA	12(b). Response for Ind.P	13(a). Response for DMA	13(b). Response for Ind.P	14(a). Response for DMA	14(b). Response for Ind.P	15(a). Response for DMA	15(b). Response for Ind.P	16(a). Response for DMA	16(b). Response for Ind.P	17(a). Response for DMA	17(b). Response for Ind.P			
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Deforestation and peat IRF – own operations UPDATED template

Developed by the IRF AWG and reviewed by the whole POCG group during KL meetings

Highlights from Quarter 2 – Key outputs



(NEW) PPBC ISH Negligible risk layer – preliminary results
Developed by the PPBC WG and reviewed by the whole POCG group during KL meetings

IVWG Deforestation Verification Framework draft

Developed by Peterson and the IVWG and sent for review by to whole POCG group



1. Background

1.1 Definition of Independent Verification
Verification = Assessment and validation of compliance, performance, and/or actions relative to a stated commitment, standard, or target
Independent = Not involved in the operation or entity being assessed

1.2 Whose land rights
Many companies have made commitments to respect the rights of Indigenous Peoples and local communities, notably with respect to the right to decide how and when palm oil development should proceed on their traditional lands, through a process of free, prior and informed consent. For this guidance the land rights in scope encompass both rights that are held on a collective basis, as well as collectivities of individual rightsholders living in the same geographical area who hold individual rights. This guidance does not cover other rights of indigenous Peoples and Local Communities such as rights over mineral or water resources, food security and decent livelihoods.
See Annex A of this document for the definition of IPLCs adopted for the purposes of this framework guidance.
Rightsholders are those individuals or groups of individuals who possess certain rights in relation to a particular issue. Stakeholders are those individuals or groups of individuals who may have an interest in a particular issue but do not necessarily hold rights implicated by that issue. In the context of this framework guidance, Rightsholders will refer to those individuals and groups, especially indigenous peoples and local communities, who possess land rights under formal and/or customary law that may be affected by the company's supply chain.

1.3 Where Independent Verification can and cannot add value
Independent Verification can add value for a range of different claims, which may refer to different standards, commitments or targets, for example:

- Palm Oil Collaboration Group (POCG) Implementation Reporting Framework (IRF) allocation criteria,
- Voluntary Sustainability Standards
- Specific Accountability Framework Initiative (AFI) Core Principles and Operational Guidance
- High Carbon Stock Approach social requirements

The value of a company's claim will depend on the rigour of the standard, commitment or target it refers to.
The IVWG does not determine the policies and commitments of companies and there is no definitive set of requirements agreed by the industry.
Many companies' commitments on land rights do refer to international conventions and

IVWG Land Rights Verification Framework draft

Developed by Proforest and the IVWG and sent for review to the whole POCG group



- o Chain of custody (volume reconciliation)
- o Traceability systems to origin (where applicable)
- o Forest Monitoring and Response systems (where applicable)

Overall, this document serves two main purposes:

- Describe POCG's expectations and evidence for all suppliers to demonstrate and independently verify deforestation free claims.
- Guide independent verification bodies that are undertaking verification of deforestation-free claim on behalf of downstream buyers, refineries, mills or other supply chain actors on how the verification of such claims—and associated systems—shall be conducted.

The protocol is divided in two main parts:

Part I of this document is designed to inform for all direct and indirect supply chain actors that are being subject to the independent verification of deforestation free claims so can understand the requirements that will be evaluated during a verification process. This includes any company that produces, manufactures, processes, trades or distributes Palm Oil and Palm Kernel products or derivatives. The numbered prescriptions in this chapter refer to expectations applicable to suppliers. Clarification and guidance are provided in separate boxes next to the expectations. Guidance is not a requirement, but provides explanation or examples of how expectations shall be understood.

Part II of this document is designed for verification bodies and verifiers that have been appointed by a company—or collective of companies—to undertake independent verification of palm oil suppliers' compliance with 'deforestation-free' requirements detailed in its palm oil procurement policies in this Deforestation-Free Framework. It provides guidance on how the verification of deforestation free claims—and the systems and evidence that have been used to generate such claims— shall be conducted

Durability of DF claims

The processes used and data collected, validated, monitored and reported for DF claims should be updated at least annually and thus have a validity of **maximum 1 year**.

Application of the Verification Framework by Different Supply Chain Actors



Highlights from Quarter 2 - Key takeaways from the in-person meetings

- Agreement on the importance to **develop clear guidance on claims** for both D&P and L&L IRF
- **Continue prioritizing the work on smallholders** as this will have increasing importance moving forward
- **Stakeholder engagement** – strengthen through the various working groups and workstreams
- Make sure that we provide **sufficient time for feedback** gathering on all outputs under the POCG



An aerial photograph showing a large area of palm oil plantation on the left and a natural forest on the right. The palm trees are arranged in neat rows, while the natural forest has a more irregular, dense canopy. A small stream or road is visible in the upper right corner.

Updates on Deforestation and Peat

What are POCG's D&P objectives for 2023?



This objective for this year is to ensure that the methodology for DCF reporting used by the **Implementation and Reporting Framework (IRF)**, particularly for the 'delivering' category, is aligned with sector best practice and is understood by key stakeholders and credible.

The key outputs therefore are:

- Fully updated D&P IRF methodology and template by the end of 2023 for greater alignment with existing DCF methodologies, Scope 3 reporting methodologies and the requirements under the EUDR
- Inclusion of third-party volumes in the IRF D&P methodology and template, including the introduction of a negligible risk layer and aligned with the work done under the PPBC WG
- Refinery list published on the IRF website to facilitate sharing of IRF profiles among companies

The **Production and Protection Beyond Concessions (PPBC)** group's priority for this year is to scale up forest and livelihood positive action beyond concessions through the operationalisation of the framework to deliver D-free for the palm ISH supply-base as well through the scaling up of individual & collective action in high priority areas.

The key outputs therefore are:

- Integration of PPBC actions into Deforestation IRF template
- ISH negligible risk layer
- monitoring protocols for low and high priority areas
- External engagement to promote support for high priority areas & reduce smallholder exclusion



The **Independent Verification Working Group's (IVWG)** priority for 2023 is to pilot and test the draft guidance and tools which have been developed by the group in order to refine them and produce final guidance for Independent Verification (IV) of No Deforestation and Peat conversion (NDP).

The key outputs therefore are:

- NDP IV guidance piloted with upstream companies
- NDP IV guidance reviewed and revised following the piloting phase
- Greater alignment of guidance with the IRF methodology

What are POCG's key D&P outputs for 2023?

Directly managed operations



Own concessions Scheme Smallholders

Independent plantations



Independent Smallholders




Revision of the IRF D&P template for greater alignment with:

1. Existing DCF methodologies,
2. Scope 3 reporting methodologies
3. Requirements under the EUDR

- Introduction of a negligible risk layer for ISH volumes
- Monitoring protocols for low and high priority areas
- Alignment of ISH methodology with IRF

IVWG

NDP Independent Verification Guidance piloted and published

Q4 2023



Full Deforestation & Peat IRF methodology and template

External engagement to promote support for high priority areas & reduce smallholder exclusion

Integration of changes into the full D&P IRF

Integration of ISH questions into the full D&P IRF

Greater alignment of guidance with the IRF methodology

Below is an overview of the work done during the second quarter of 2023 by the POCG workstreams working towards addressing deforestation and peat conversion in palm oil supply chains



NDPE Implementation Reporting Framework (IRF)

- **D&P own operations template** – updated version shared
- **Smallholders methodology** under development (to be integrated in template), PPBC WG leading on it
- **Refinery list** published
- **Updated timeline** for the development of the **fully updated template**



Production and Protection Beyond Concessions (PPBC)

- **ISH negligible risk layer** - Preliminary results for Peninsular Malaysia and Indonesia presented in June POCG meetings
- Presentation of **framework and flow of IRF criteria for ISH** (landscapes and dealers) during June meeting for future integration in D-IRF for ISH template
- **Business case draft**, final revisions ongoing
- **Malaysia engagement** ongoing, **Indonesia** engagement meetings with Bappenas



Independent Verification Working Group (IVWG)

- Refined the draft NDP IV Framework to incorporate feedback from upstream POCG participants and produce a **revised draft and compiled a fresh overview of points requiring further discussion**
- Shared revised draft with wider POCG for feedback in June

A tractor is shown from a rear perspective, moving along a dirt path in a palm oil plantation. The tractor is heavily loaded with palm fronds. A person wearing a light-colored shirt and a cap is visible in the driver's seat. The surrounding area is filled with tall palm trees and lush green undergrowth.

Updates on Land and Labour

What are POCG's L&L objectives for 2023?



After several rounds of piloting and reviews with a strong participation from upstream companies, this year the **Implementation and Reporting Framework (IRF)** will introduce the new Land and Labour IRF methodology and template for own operations. In parallel, AWG agreed to initiate a 1-2 year process to develop and test an approach which works to address land and labour risks for independent smallholders in the supply base

The key outputs therefore are:

- Own operations and scheme smallholders IRF template V1
- Development of an IRF independent smallholder Land & Labour approach

SOCIAL ISSUES WORKING GROUP

The **Social Issues Working Group (SIWG)** is divided into three subgroups, namely the Human Rights Due Diligence (HRDD) subgroup, the Responsible Recruitment (RR) subgroup and the subgroup on Indigenous Peoples and Local Communities (IPLC). The 2023 objectives of the SIWG is to a. reduce reporting burden for suppliers through mutual recognition of tools used by buyers to assess refineries HRDD systems; b. collaboratively support refineries to improve their HRDD systems; c. develop a common checklist for reporting on implementation responsible recruitment/employer pays principle; and d. foster collaboration on supporting resolution of land conflicts and grievances in the palm oil supply chain exclusion

The key outputs therefore are:

- HRDD subgroup: Core elements/questions to assess refineries HRDD systems maturity & specific outputs on how to collaborate to support refineries improve their HRDD systems
- RR subgroup: Development of a common reporting checklist for responsible recruitment practices
- IPLC subgroup: Independent investigation of grievances around smallholder plasma schemes in Indonesia & series of webinars to share approaches to land rights grievance resolution and remediation

The **Independent Verification Working Group's (IVWG)** priority for 2023 is to pilot and test the draft guidance and tools which have been developed by the group in order to refine them and produce final guidance for Independent Verification (IV) of Land and Labour Rights (E element of NDPE).

The key outputs therefore are:

- Piloting of the Land & Labour components of the IV approach (tools to prioritize IV) with upstream companies
- Publication of a Land and Labour IV guidance



What are POCG's key L&L outputs for 2023?

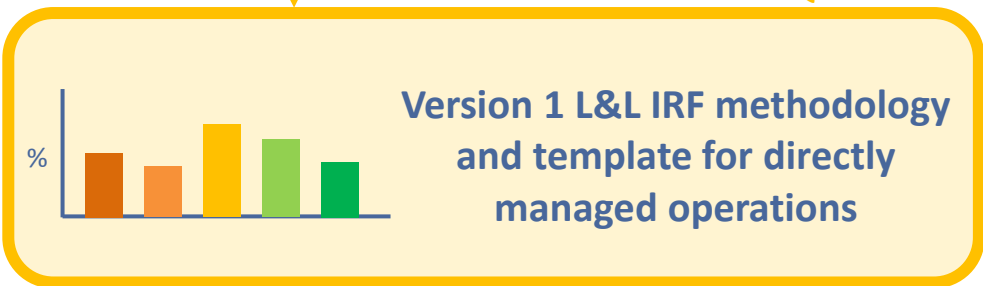


Finalisation of the development of the **IRF Land and Labour methodology and template** for directly managed operations

Several rounds of piloting and reviews with a strong participation from upstream companies

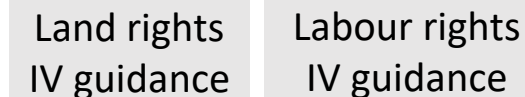
Rolling out

Q3 2023



IRF methodology TBD 2024 workplan

Development of an IRF Independent Smallholder Land & Labour approach **2023-2024**



SOCIAL ISSUES
WORKING GROUP

HRDD Subgroup

Core elements/questions to assess refineries HRDD systems maturity

Responsible Recruitment Subgroup

Development of a common reporting checklist for RR practices

IPLC Subgroup

Independent investigation of grievances around smallholder plasma schemes in Indonesia

Webinars to share approaches to land rights grievance resolution and remediation

Below is an overview of the work done during the second quarter of 2023 by the POCG workstreams working towards addressing issues around land and labour rights in palm oil supply chains



NDPE Implementation Reporting Framework (IRF)

- **Land and labour IRF templates for own operations** have been shared for testing and tested in the POCG in person session
- **Feedback** has been collected from companies during in-person meetings
- **Smallholder approach** for Land and Labour IRF methodology underway.
 - Presentation of initial findings to the Malaysia engagement group. Indonesia engagement group to meet in July 2023
 - Initial findings presented to POCG group and methodology refined
 - Company subgroup created following KL meetings.



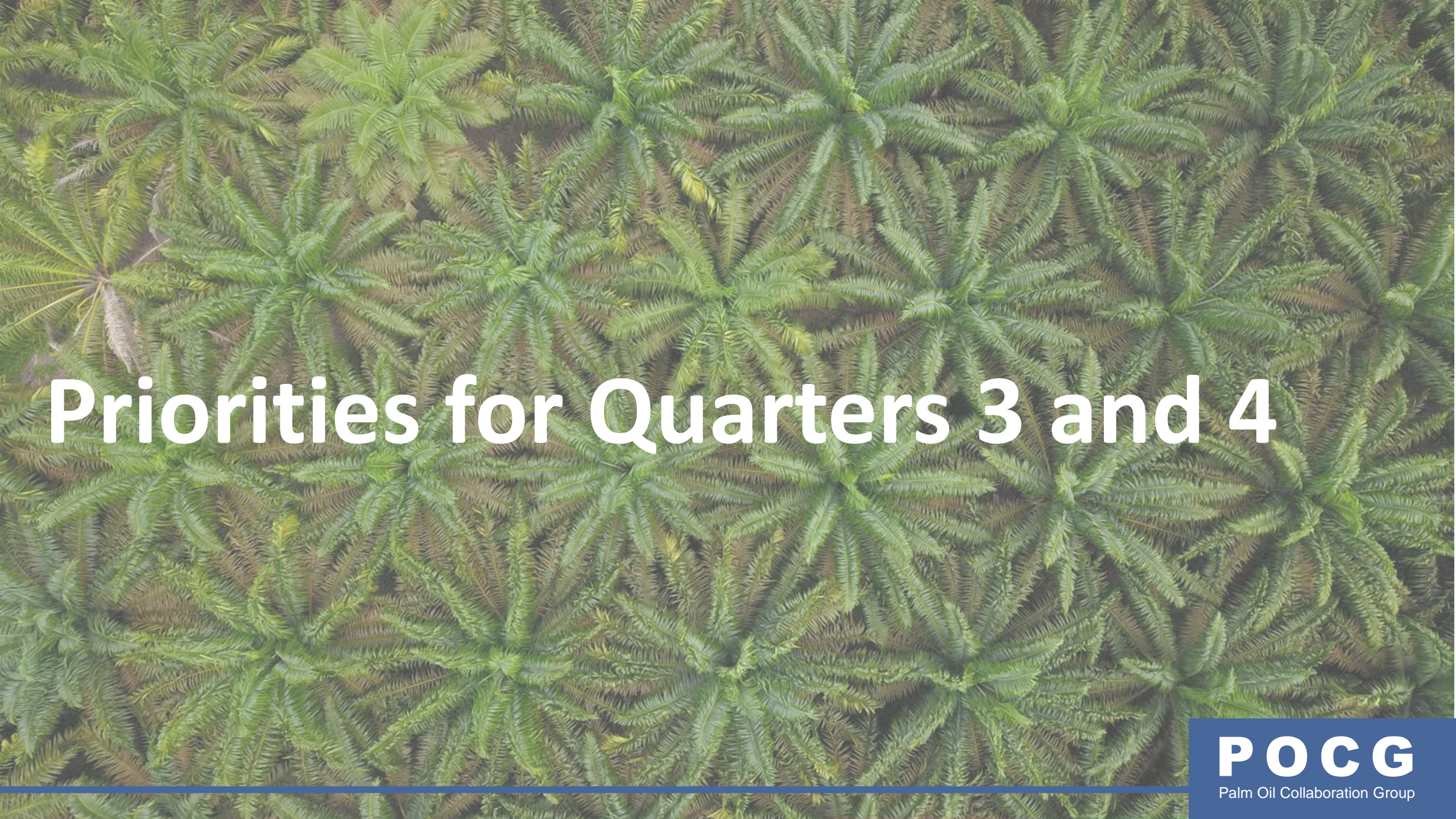
Social Issues Working Group (Q2 HRDD focus)

- **Refinery level HRDD questions** shared and feedback provided
- **Responsible recruitment** working group call ahead of POCG in person meetings



Independent Verification Working Group (IVWG)

- **Revised draft Land Rights IV Framework** to incorporate feedback from WG participants on an earlier draft
- Shared revised draft with wider POCG for feedback in June
- The IVWG is taking a phased approach to the development of the guidance. The revised document represents the **draft output of the first phase**. The first phase guidance covers:
 - Concession/estate production (production by smallholders will be addressed in a second phase)
 - Claims relating to palm oil volumes supplied
 - Context where there are no known active grievances



Priorities for Quarters 3 and 4

Deforestation & Peat priorities for Q3



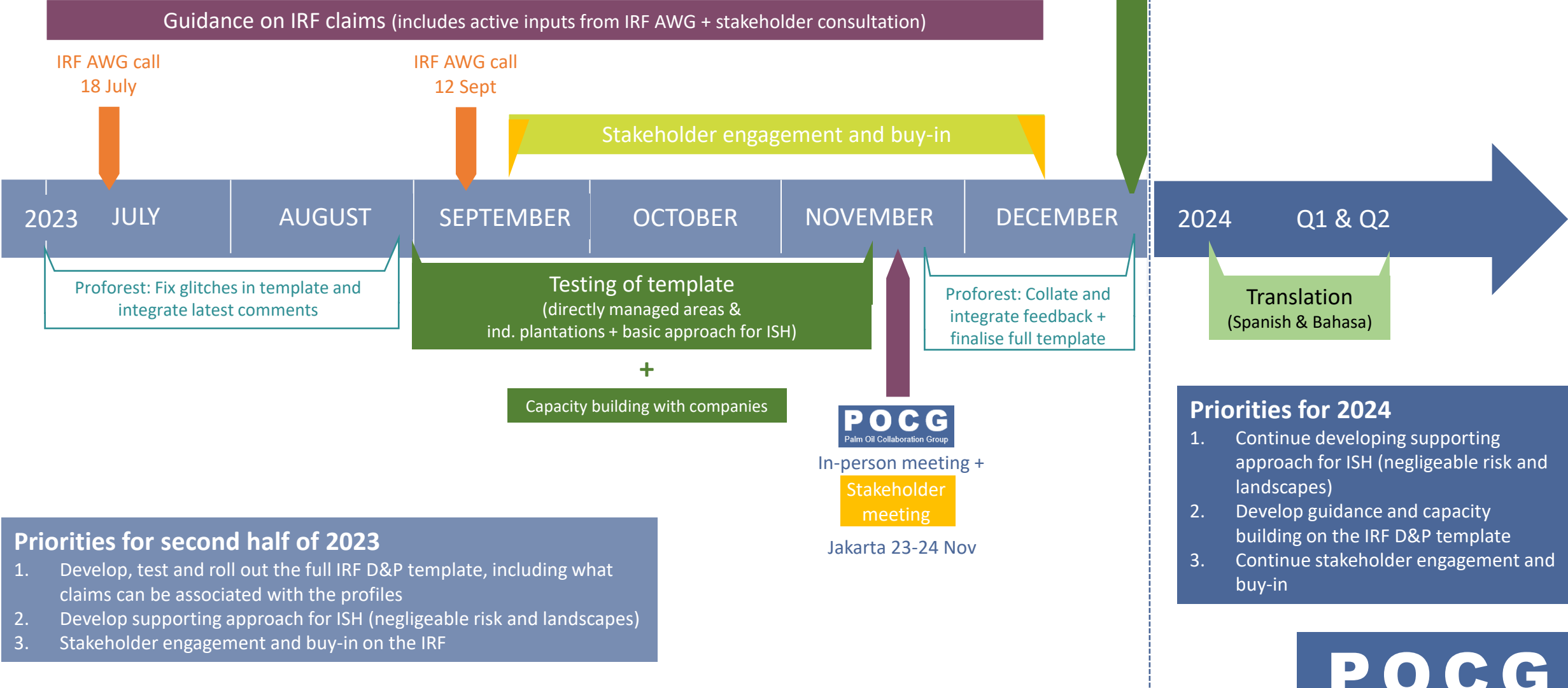
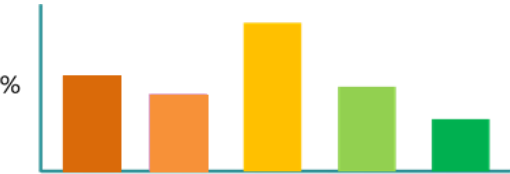
- Share D&P IRF template for additional review and gather feedback
- Proforest to fix glitches initially identified and work on another version of the template
- In September companies to receive updated template for another round of testing
- Work collaboratively with PPBC working group on the smallholders methodology and the negligible risk layer development and cross-checks

- ISH negligible risk layer – refine results and agree thresholds
- Consultation webinar for integrating PPBC actions into D-IRF updates to be held
- Publication of business case
- Align consultation of 2 landscape initiatives with guidance and questions developed for IRF ISH criteria guidance



- Refine draft Deforestation IV Framework to incorporate:
 - Agreed approach to points requiring further discussion (agreed during July IVWG call)
 - Feedback from IVWG and wider POCG participants
- Peterson to take responsibility for updating the draft framework, subject to agreement on covering their costs

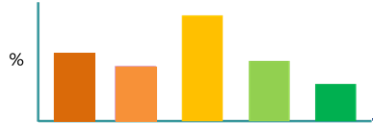
Deforestation and Peat IRF timeline Q3-Q4 2023



- Priorities for second half of 2023**
1. Develop, test and roll out the full IRF D&P template, including what claims can be associated with the profiles
 2. Develop supporting approach for ISH (negligeable risk and landscapes)
 3. Stakeholder engagement and buy-in on the IRF

- Priorities for 2024**
1. Continue developing supporting approach for ISH (negligeable risk and landscapes)
 2. Develop guidance and capacity building on the IRF D&P template
 3. Continue stakeholder engagement and buy-in

Land & Labour priorities for Q3?



- Increase use of the template for Land and Labour IRF – encourage POCG companies to use the templates and identify potential challenges
- Integrate changes and act on feedback received during in-person meetings and follow up communication
- Benchmarking of certification standards to be shared with the wider POCG group
- Development of the risk materiality matrix for smallholder land and labour issues

SOCIAL ISSUES WORKING GROUP

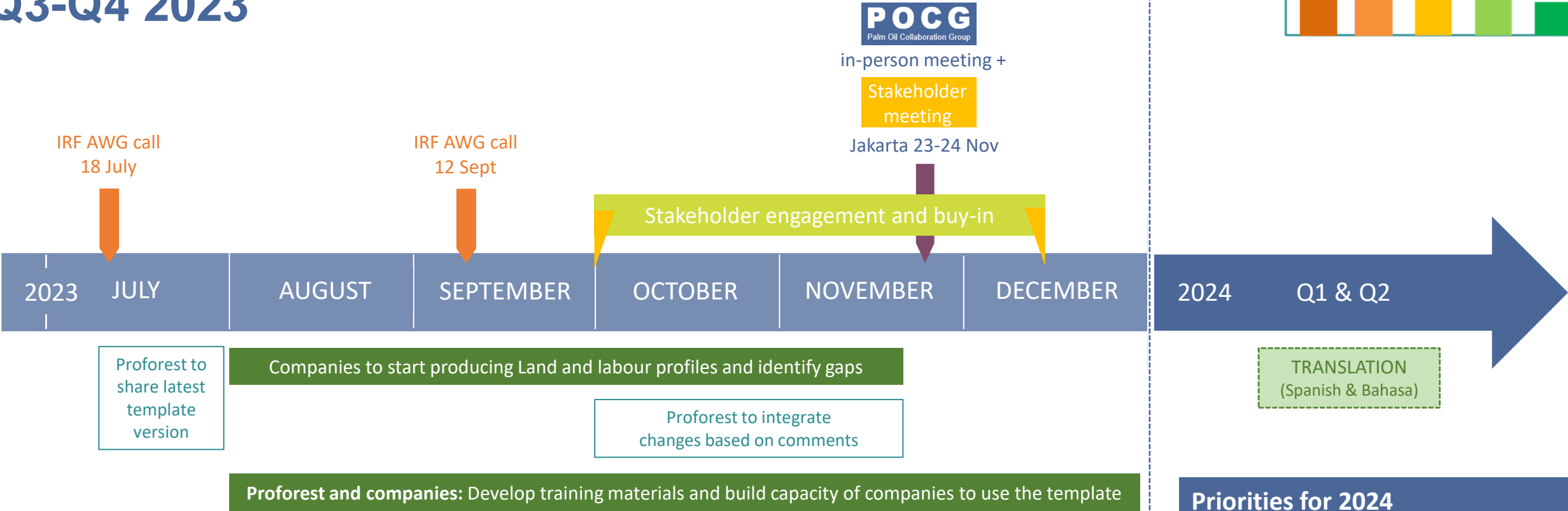
- Continue discussions with selected interested companies on potential intervention in Indonesia on respecting Indigenous Peoples and Local Communities land rights and land conflict resolution, including national and sub-national level engagement.

- Collate feedback from IVWG participants and wider POCG on draft Land Rights IV Framework and discuss resolutions to comments in IVWG call
- Refine draft Land Rights IV Framework to incorporate feedback
- Explore interest of POCG participants in testing application of guidance (in Oct/Nov if possible)



Land and Labour IRF (own operations) timeline

Q3-Q4 2023



Priorities for second half of 2023

1. Encourage use of the land and labour templates, for content proofing and identifying any technical glitches to be fixed
2. Develop further thinking on the claims made and use of the land and labour profiles
3. Start building companies' capacity on the template

Priorities for 2024

1. Continued uptake on L&L IRF templates
2. Use of L&L IRF for monitoring and reporting - public reporting in line with agreed claims
3. Continue stakeholder engagement and buy-in

In person POCG meetings:

POCG meetings at the fringe of RSPO RT in Jakarta:

- 23rd November, Thursday – Land and labour rights focus
- 24th November, Friday – Deforestation and peat focus



IRF AWG calls:

- 18th July
- 12th September
- 17th October (TBC)



PPBC WG calls:

- September TBC



SIWG calls:

- TBC



IVWG calls:

- TBC



For more information, please visit the POCG website:
<https://palmoilcollaborationgroup.net>

You can also email us at:
pocollaborationgroup@proforest.net