



6. HCV, HCS and impact assessment

SPOTT indicators: Does the company disclose...

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| 37) Commitment to the High Conservation Value (HCV) approach? | 42) High Conservation Value (HCV) management and monitoring plans for all estates planted since January 2015? |
| 38) HCV commitment applies to scheme smallholders and independent suppliers? | 43) Satisfactory review of all High Conservation Value (HCV) assessments undertaken since January 2015 by the HCV ALS Quality Panel? |
| 39) Commitment to only use licensed High Conservation Value (HCV) assessors accredited by the HCV Resource Network's Assessor Licensing Scheme (ALS)? | 44) Commitment to the High Carbon Stock (HCS) Approach? |
| 40) High Conservation Value (HCV) assessments for planting undertaken prior to January 2015, and associated management and monitoring plans? | 45) High Carbon Stock (HCS) assessments? |
| 41) High Conservation Value (HCV) assessments for all estates planted since January 2015? | 46) Commitment to conduct social and environmental impact assessments (SEIAs)? |
| | 47) Social and environmental impact assessment (SEIAs) undertaken, and associated management and monitoring plans? |

Relevant SDGs



Context

High Conservation Value (HCV), High Carbon Stock (HCS) and impact assessments all aim to identify the environmental and social values that are important and should be addressed and conserved prior to new development. As the palm oil industry often operates in highly biodiverse, carbon-rich landscapes that are critical for local and indigenous peoples, these assessments are instrumental to companies' due diligence processes, and contribute to the implementation of commitments regarding no deforestation, greenhouse gas emissions and local communities' rights. Companies that fail to identify and protect HCVs might violate local communities or indigenous peoples' rights and risk exposure to legal challenges, reputational damage, or costly restoration and compensation measures.

HCV, HCS and impact assessments are designed to mitigate the significant sustainability risks associated with new oil palm plantation development. While the costs of re-siting or mitigating development can be high, the loss of biodiversity resulting from damage to habitats can be irreversible.

Obligations and expectations

In many countries, variations of SEIAs are required under national laws and regulations prior to new development. In Indonesia, for example, an environmental impact assessment (AMDAL) must be conducted prior to obtaining a plantation business permit and in Nigeria, environmental impact assessments must be carried out before undertaking any project that may have an effect on the environment, in accordance with the Environmental Impact Assessment Decree (no 86 of 1992). Additionally, conducting HCV assessments using the HCV Approach and HCVRN ALS assessors are a requirement of the RSPO New Planting Procedure (NPP).

Glossary

High Conservation Value (HCV) approach

The ongoing process of identifying, managing and monitoring biological, ecological, social or cultural values of critical importance at the national, regional or global level. There are six types of HCV; HCV 1: Concentrations of biological diversity; HCV 2: Landscape-level ecosystems and mosaics; HCV 3: Rare, threatened, or endangered ecosystems, habitats or refugia; HCV 4: Basic ecosystem services; HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples; HCV 6: Values of national cultural, archaeological or historical significance.¹

High Carbon Stock (HCS) approach

The High Carbon Stock methodology evaluates the quantity of carbon in a "pool", meaning a reservoir or system with the capacity to accumulate or release carbon. This can help to distinguish forest areas needing protection from degraded lands with low carbon and biodiversity values that may be developed.²

¹ What are High Conservation Values?, HCV Resource Network. [Accessed August 25, 2017]. Available from: hcvnetwork.org/about-hcvf

² The High Carbon Stock Approach', High Carbon Stock Approach. [Accessed August 25, 2017]. Available from: highcarbonstock.org/the-high-carbon-stock-approach/

Olam's approach to new developments

"Today, the world has breached 4 out of 9 planetary boundaries; there is clear pressure to increase food production efficiently by 70% to feed 9.8 billion people by 2050. As we develop new operations in Africa, Olam has a unique position to drive industry transformation.

"First of all, there is clear direction from our top leadership and our shareholders on the way we develop in new frontiers. It ensures our profitable growth is ethical, puts environmental stewardship firmly into our decision-making process and unlocks mutual value for communities.

"Resources and expertise are built internally to ensure successful implementation, it includes time and budget planning during the initiation phase to ensure credible studies are conducted to inform any land use decision. During monitoring, we are partnering with external organizations including international or national NGOs, government agencies and various research institutions to help to raise our standard continuously and find solutions to various challenges. For example in Awala and Mouila, all new planting areas are designed based on various studies including HCV, FPIC process' and high resolution LiDAR mapping. Approximately half of these concessions will be managed for conservation and community use as recommended by various studies. These conservation areas are also connected to a larger landscape and a monitoring program has been established.

"Continuous engagement with the communities to ensure communication on implementation of progress of the social contracts are reported to the self-elected committee by villagers. This has resulted in the establishment of a climate positive, ecologically and socially integrated new palm development in Gabon."

**Audrey Lee Mei Fong, General Manager, Sustainability
OLAM PALM AND RUBBER**

Challenges

- There is a lack of recognition of HCV areas by governments. In certain jurisdictions, companies have an obligation to develop land which does not recognise the need to set areas aside for conservation. If the area has been granted to a palm oil company for development, it may be reclaimed by the government.
- Making full HCV assessments publicly available may expose sensitive information relating to local and indigenous communities, or to species that are susceptible to poaching. In such cases, publishing summaries is good practice.
- The cost of contracting assessors to undertake HCV, HCS, and SEIA assessments is significant, and falls upon upstream companies.
- The quality of HCV, HCS and SEIA assessments undertaken by assessors can vary significantly.
- Companies have limited internal resources and capacity for ongoing management and monitoring, and for incorporating assessments findings into management processes and Standard Operating Procedures (SOPs).

Best practice for HCV, HCS and impact assessments

There are several steps that a palm oil company should follow to implement best practice:

- HCV, HCS and SEIA assessments should be conducted prior to any new development.
- Companies should consider “no development” options in high-risk scenarios.
- Companies should ensure that high-quality assessments are conducted, using assessors accredited by the HCVRN ALS, and that recommendations are followed by incorporating them into management plans and Standard Operating Procedures (SOPs).
- Adaptive management: companies should review assessments and management processes periodically and use updated information to inform management and monitoring.
- HCV, HCS and SEIA assessments require participatory processes with affected peoples, and should involve long-term processes of engagement.
- Companies should engage with government authorities on HCV, HCS and SEIA requirements.
- Disclosure of assessment approaches, and monitoring and management summaries provide confidence to interested stakeholders that companies are conducting assessments and implementing commitments.



Recommended resources

- HCV Resource Network. What Are High Conservation Values? [Accessed 25 August 2017]. Available from: hcvnetwork.org/about-hcvf/what-are-high-conservation-value-forests
- HCV Resource Network. HCV-HCSA Assessment Manual, for use during integrated HCV-HCSA assessments. Available from: hcvnetwork.org/als/sites/default/files/sites/default/files/documents/hcv_hcs_manual_final.pdf
- High Carbon Stock Approach. The High Carbon Stock Approach. [Accessed 25 August 2017]. Available from: highcarbonstock.org/the-high-carbon-stock-approach/
- Suryadi, S. 2011. Legal and Policy Barriers for Biodiversity Conservation within Oil Palm Plantations. Technical Report. Bogor: World Conservation Society/ZSL. [Accessed 25 August 2017]. Available from: ifc.org/wps/wcm/connect/39a75c004a682fc18592fdf998895a12/bacp-zsl.legalpolicybarrierforbiodiversity-in-oilpalmplantationsreport.pdf?mod=ajperes

Other SPOTT indicator framework factsheets in the series

This document is part of a series of factsheets in the publication: *From disclosure to engagement: A guide to the SPOTT indicator framework for assessing palm oil producers and traders*. Below is a full list of the factsheets:

- Factsheet 1: Sustainability policy and leadership
- Factsheet 2: Landbank and maps
- Factsheet 3: Traceability
- Factsheet 4: Deforestation
- Factsheet 5: Biodiversity
- Factsheet 6: HCV, HCS and impact assessment
- Factsheet 7: Peat
- Factsheet 8: Fire
- Factsheet 9: Greenhouse gas emissions
- Factsheet 10: Water
- Factsheet 11: Chemical and pest management
- Factsheet 12: Community and land rights
- Factsheet 13: Labour rights
- Factsheet 14: Palm oil certification
- Factsheet 15: Smallholder support
- Factsheet 16: Supplier selection
- Factsheet 17: Governance and grievances

About SPOTT

SPOTT is an online platform promoting transparency and accountability to drive implementation of environmental and social best practice for the sustainable production and trade of global commodities. SPOTT assessments score some of the largest palm oil producers and traders on the public availability of corporate information relating to environmental, social and governance (ESG) issues.

Reframed as the **Sustainability Policy Transparency Toolkit** in 2017, SPOTT now supports transparency for other industries that pose some of the greatest risks to the environment, with SPOTT assessments of timber, pulp and paper companies launched in November 2017.

For more information, visit SPOTT.org or contact SPOTT@ZSL.org.

About ZSL

Founded in 1826, the **Zoological Society of London (ZSL)** is an international scientific, conservation and educational charity whose mission is to promote and achieve the worldwide conservation of animals and their habitats.

Our mission is realised through our groundbreaking science, our active conservation projects in more than 50 countries and our two Zoos, ZSL London Zoo and ZSL Whipsnade Zoo.

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