

MINUTES OF MEETING

36th SSC Meeting

Time: 1500 - 1730 (MYT)

Date: Thursday, 27th July 2023

Venue: Zoom Meeting <https://zoom.us/j/94468839722> Meeting ID: 944 6883 9722 Passcode: 36@SSC

ATTENDEES

Name	Initial	Organisation	
1. Lim Sian Choo (Co-Chair)	LSC	Bumitama Group	Grower (INA) - Substantive
2. Olivier Tichit (Co-Chair)	OT	Musim Mas	P & T – Substantive
3. Anne Rosenbarger	AR	WRI	ENGO – Substantive
4. Sander Van den Ende	SvE	SIPEF	Grower (RoW) – Substantive
1. Leena Ghosh	LG	RSPO Secretariat	
2. Liyana Zulkipli	LZ	RSPO Secretariat	
3. Javin Tan	JT	RSPO Secretariat	
4. Roa'a binti Hagir	RH	RSPO Secretariat	
5. Aryo Gustomo	AG	RSPO Secretariat	
<i>Absence with apology:</i>			
1. Nurul Hasanah	NH	FGV	Grower (MY) – Alternate
2. William Siow	WS	MPOA/IOI	Grower (MY) – Substantive
3. Brian Lariche	BL	Humana	SNGO – Substantive
4. Jenny Walther-Thoss	JWT	WWF Singapore	ENGO – Substantive
5. Ian Orrell	IO	NBPOL	Grower (Smallholder) - Substantive
6. Alice Lémont	AL	L'Oréal	CGM – Substantive
7. Librian Angraeni	LA	Musim Mas	P & T – Alternate
8. Mohammed Dao	MD	OLAM Group	Grower (RoW) – Alternate

AGENDA

Time	Item	Agenda	PIC
1500 - 1505	1.0	Opening	Co-Chairs
	1.1	Acceptance of agenda	
	1.2	RSPO Antitrust Law	
	1.3	RSPO Consensus-Based Decision Making	
	1.4	RSPO Declaration of Conflict of Interest	
1505 - 1515	2.0	Meeting Dashboard	Co-Chairs
	2.1	Confirmation of the 35th MoM on 21 st June 2023	
	2.2	Action Tracker	
	2.3	Progress Update WG/TF/SG under SSC	
1515 - 1530	3.0	For Endorsement	LZ
	3.1	Interim Measures Implementing RSPO Group Certification	
1530 - 1545	4.0	For Update	JT
	4.1	Standards Review 2023	

1545 – 1600	5.0	Any Other Business (Announcement for Proposed Interpretation on Mass Balance 'Unused Volume' in RSPO Supply Chain Standard)	
1635		END	

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Opening	
1.1	The Chairs welcomed everyone to the meeting and presented the agenda of the meeting.	
1.2	The RSPO Antitrust Law, Consensus-Based Decision Making, and Declaration of Conflict of Interest were read out to the Committee.	
2.0	Meeting Dashboard	
2.1	<u>Confirmation of the 35th MoM on 21st June 2023</u> The minutes of the meeting were adopted.	
2.2	<u>Action Trackers</u> Action tracker of the previous meeting was presented. No comments were received.	
2.3	<u>Progress Update WG/TF/SG under SSC</u> The progress update for the WG/TF/SG Committee was presented. An email was sent from the Secretariat to the NDJSG members regarding the decision made by the SSC members for the group to resume activities. Committee raised a question regarding the progress on the MOU between RSPO and HCSA. The Secretariat responded that there has been no further update yet.	
3.0	For Endorsement	
3.1	<u>Interim Measures Implementing RSPO Group Certification</u> The Secretariat presented the decision paper for interim measures implementing RSPO Group Certification. There are two parts of the paper: 1. The Secretariat would like to seek the SSC's approval on the proposed interim measures related to the application of RSPO Management System Requirements for Group Certification of FFB Production 2018 (known as Group Certification) that was revised in 2022: namely that for existing Group Certification certificates which include medium and large growers, the Group Certificates remain valid and may be renewed.	

2. The Secretariat also seeks the SSC’s acknowledgement regarding the process to deal with potential cases of non-compliance to clause E3.2.5 of the 2022 Group Certification. The risk is low, and the Secretariat foresees it remains low for the next one year.

The background for Part 1:

- The 2018 Group Certification facilitates the RSPO certification process for any FFB producers who are not a mill-with-supply base. The 2018 Group Certification provided different certification options from the Principles and Criteria (P&C) and section 1.2 had stated that Group Certification was applicable to all groups (i.e., individual/independent growers, including smallholders, outgrowers and other independent growers).
- One of the key changes made in the 2022 RSPO Group Certification is that large growers (more than 500 ha of land holding) are excluded from being certified under Group Certification. The rationale for the change is that a large grower without a mill (with landholding more than 500 ha) has the resources to pursue its own certification.
- The RSPO Secretariat received an appeal letter dated 10 April 2023 from Wild Asia that explained the hardship encountered in following the 2022 revised requirements and this may lead to the expulsion of RSPO Members from their Group Certificate. They have requested for existing Group Certification certificates where medium and large growers are already included, to be exempted from the 2022 ruling and be allowed to be recertified as Group Certification.
- This position was also supported by WWF-Malaysia, who has been supporting independent growers towards achieving RSPO certification through the Sabah Jurisdictional Approach. The Secretariat through an email exchange has been informed of WWF-Malaysia’s concerns and their request for removal of the requirement. WWF-Malaysia would like to request the rule to be removed with justifications listed below:
 - If we are to progress Jurisdictional Certification, we need to be open to a wide range of grower sizes which are certificated under a group. This needs to be a fundamental principle for encouraging wider uptake of RSPO certification, and setting a limit to grower sizes establishes a barrier to progressing jurisdictional certification.
 - In an effort to scale-up the area of certificated oil palms in Sabah, a new Co-operative model is being developed which combines small-holders and middle-sized growers under a single group for certification. The costs of the 'group management' is shared according to volume of production - so larger producers provide more funds for the group management costs. This

approach of larger growers supporting smaller growers within a group follows a number of RSPO Principles, and growers over 500ha contribute much to the 'group management costs under this system; limiting the size of growers in a group hampers this business model and makes a barrier to scaling up RSPO certification.

- It is not clear why 500 ha is set as a limit to group membership, and it raises the question of why RSPO would set this limit in the first place. It is not RSPO's purpose to determine business practices, as long as growers comply with RSPO P, C & I, especially when there are clear reasons to include larger growers to bolster financial sustainability of groups.
- Currently there is an existing group certificate, managed through Wild Asia Group Scheme (WAGS) Eastern Sabah which will be impacted if no exemption is given.

The background for Part 2:

- Requirement for FFB Trader (if any) to be part of the Group Certification or Supply Chain Certification.
- Paragraph E3.2.5 of the RSPO Management System Requirement for Group Certification of FFB Productions 2022 states that: "Traders of FFB shall be either part of the group management system following this guidance or be RSPO Supply Chain Certified in order to sell certified FFB. If the FFB Trader is RSPO Supply Chain certified, a copy of the certificate shall be provided to the Group Manager."
- The revised definition and scope of traders within the Supply Chain Standard 2020 excluded the FFB trader. The definition of trader is described as a participant in the supply chain of RSPO certified oil palm products who takes legal ownership of oil palm products, derivatives, and/or purchases and sells futures without physically handling the oil palm products. Traders not complying with this definition need to hold a Supply Chain Certification.
- FFB traders are no longer covered by the Supply Chain Standard 2020 and hence it is not possible to implement E3.2.5.
- There are no reported cases or appeals as yet; but there are the potential cases of non-compliance with E3.2.5.

The Secretariat provided the recommendations below:

- For Part 1 – All existing group certificates in which there are growers with landholding larger than 500ha, be allowed to continue to be certified through Group Certification.
- For Part 2 – In any reported case of a group certificate being challenged by the requirement of E3.2.5 (i.e. when it is not possible to show

compliance to E3.2.5 during audit or if an NC has been issued to the Group and it cannot be closed), the case shall be referred to the SSC, for audit guidance on a case by case basis.

- An announcement on the above two endorsed next steps shall be made by the Secretariat.
- In addition to the above, the Secretariat recommends that RSPO should rectify and allow independent growers (regardless of size) to use Group Certification obtaining RSPO P&C certificate. This issue may be rectified through the next review process scheduled in next year (2024).

Committee commented:

- The basis of land and mill size should have gone into the thinking process of how to determine the cut off. We are isolating those that don't have a mill if they are not allowed into the Group Certification as they cannot be certified other ways.
- Committee raised a question on why there is a limit on sizes, for not allowing different sizes of growers in Group Certification and why mills are not included in Group Certification. Secretariat responded that during the discussion of the last Standards Review, it was decided that 500 ha of land size is a good yardstick, and this can be further modified by National Interpretation for growers that are beyond the size of smallholders. There are no mills in the Group Certification because Group Certification was for non-mill plus supply base certification, and for smaller growers to be certified outside of the Independent Smallholder.
- Is it confirmed that this is the only case? Are there any implications that we need to consider in setting a precedent or is this just consideration for a single case? We need to be clear that this is a specific consideration for existing group certification only.
- Secretariat clarified that there is only one certificate currently affected as the previous Group Certification document allows large grower (500 ha) to be included. They are requesting to allow them to remain certified until the next review of the Group Certification. This certificate is only valid for 2 years until 2024. Any new groups with large grower included cannot be certified within the Group Certification. The issue on large grower or grower with land holding more than 500 ha should be included in the Group Certification will be discussed in the next review process in 2024.
- Committee highlighted that we should not make any exemptions for now in terms of requirement except for this existing group who has been certified and this matter will be relooked at during the next review process. We should be clear that it is not for all existing certification but only this specific one, and they are not allowed to add any land holding

larger than 500 ha. A caveat should be added that the group cannot have the addition of large growers in their group and this will remain valid until the outcome of the next review process.

- We can make the decision on this exceptional case but should also revert to Wild Asia and WWF that if they have a bigger concern than this case, they should put it to the General Assembly to resolve it. This should be considered for the next review process, acknowledging that there might be a broader set of issues that might come up in the future.
- Committee also requested more clarity on the issue of part 2 regarding the requirement of E3.2.5 physical traders. Secretariat explained that the requirement of E3.2.5 in Group Certification refers to the third-party Fresh Fruit Bunch (FFB) traders which is the FFB collection centre. The requirement of the Group Certification includes ensuring that there is no mixing of uncertified volumes throughout the chain before selling the certified physical FFB. The requirement stated that if any of the FFB are collected through collection centres (termed as FFB traders), then the FFB traders should also follow the Group Certification and be checked on compliance. This is to make sure that the chain of custody of these collection centres are also being checked to ensure that physical FFB remain certified. In cases where the collection centre has been certified through the Supply Chain Certification Standard (SCCS), then they will be checked on compliance with SCCS. Currently the issue is that in the previous SCCS, the traders has been defined loosely to include FFB traders. However, for the definition of traders for SCCS 2020 version, it is specific to only supply chain players. This means that these collection centres have no means to be certified. The Secretariat confirmed that there are no reported cases for now but would like to bring this matter to SSC's attention so that moving forward, if there is any case, it will have to be referred to on a case-by-case guidance.
 - We are referring to FFB collection centres as traders, but they are not the same as traders. Those that do not take physical ownership of FFB and other products and are trading them, do not need a certificate.
- Committee suggested that the decision paper should be split into two as they cover different topics to avoid confusion.
- Committee also asked how this will work for groups trying to implement Jurisdictional Approach (JA).
- In the decision paper on Point 4.0 Feedback received: "if we are to progress Jurisdictional Certification then we need to open to a wide range of grower sizes". This requires a wider discussion, and it would be good if this question can be handled specifically. The JA partially hinges on that assumption being possible and it is necessary for us to address that in more detail. JA should not result in Jurisdictional Certification.

	<p>The Group Certification should be something useful for certification within jurisdictions.</p> <ul style="list-style-type: none"> ● The Jurisdictional Working Group (JWG) was tasked to facilitate Jurisdictional Certification. If that is not the ultimate objective of the group, we should make it very clear. ● The context of Group Certification for JA is slightly different for Group Certification in non-JA areas. Do we want to specifically flag that as an additional part of the recommendation that needs to be considered through the review or that needs to be expedited ahead of the review? Committee wants to expedite this because the JWG has been doing this for 5 years. We need to have a more flexible approach within jurisdictions that are conducive to certification due to governance and economic aspects. This requires different changes in many aspects of the current standard, such as membership rules, HCV-HCS implementation, etc. This cannot be held off any longer and we need to question some of the aspects of standards that are creating problems to be implemented within a jurisdiction. <ul style="list-style-type: none"> ○ The Committee agrees that the only way to fix all the issues that JA needs to tackle is through overall amendments of the full document, but we do not necessarily have to change the entire Group Certification document to make specific caveats of how it would need to be adjusted in JA jurisdictions. It is not feasible to go through every single associated document to be amended rather than make amendments related to JA. It is good to have a separate discussion about this matter. There is plenty of work to be done on Jurisdictional Entity which is a new membership category. ● The Secretariat explained that there are two levels of Group Certification. One is within the jurisdiction which is the current process. In terms of JA level, whether it is going to be just one document on Group Certification or combination has yet to be decided. The JWG needs to discuss this during the pilot phase on which requirements need to be changed. This may not involve all aspects such as the certification system, membership and many more. The review process next year is perhaps the platform to discuss this in a wider context, whether large grower with land holding of more than 500 ha should be included. The Secretariat also informed JWG members about this matter during the last meeting and hope to rectify this issue during the next review process. Whatever decided during the Group Certification does not mean that the jurisdictional level cannot have a separate consideration. ● We can mention that we take on board the concerns for JA in respect to Group Certification and are proactively looking at how to work on addressing these issues. We do not want to set a precedent but are making an exemption for this. It is good to be clear that we are shutting 	
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	<p>the door on additional exemption beyond the JA context discussion, but leaving the door open for how we will address JA in the future.</p> <ul style="list-style-type: none"> ● Regarding E3.2.5, the Secretariat wants SSC to acknowledge that if there is any reported case in the future prior to the review process, SSC will be called upon to look at the reported cases. <ul style="list-style-type: none"> ○ Committee commented that they are not sure if this is the right way forward as there might not be many FFB traders that will volunteer to be RSPO certified, but the system currently has a gap and the FFB traders are affected. The FFB traders are mentioned in the Group Certification but cannot get certified in any possible manner. The gap should not be there unless it is temporary. ○ Committee suggested either to include this in the revision of the SCCS or in the Group Certification Standard. However, if this is revised in the Group Certification Standard, it means that the FFB trader will only be certified if they are a part of a group, limiting their options. It is better to open up to be included in either Group Certification or SCCS. This allows for more options to be certified. <p>Decision:</p> <ul style="list-style-type: none"> ● Committee agreed to allow exemption for the WAGS to remain certified but to add a caveat on no addition of other large growers in their group. ● Committee took note of the potential cases regarding requirement E3.2.5 and recommended addressing this matter during the review of Group Certification and/or SCCS. ● Secretariat to seek approval from the SSC members who are not present via email. 	<p>Seek approval from SSC via email Action by: Secretariat</p>
<p>4.0</p>	<p>For Update</p>	
<p>4.1</p>	<p><u>Standards Review Update</u></p> <p>The Secretariat presented an update on the Standards Review process.</p> <ul style="list-style-type: none"> ● The 2nd public consultation that happened during 1st to 30th June 2023 has been concluded. The draft was available in six languages (English, Bahasa Malaysia, Bahasa Indonesia, French, Spanish and Thai). During this consultation period, six physical workshops and six webinars were conducted. ● The Secretariat received a letter of concern from the Indonesia Grower Caucus (IGC) regarding inadequate conduct of the physical workshop in Jakarta. The physical workshop in Jakarta was scheduled and announced before the finalisation of draft 2 that was further delayed due to continuous discussions at the Task Force (TF) and Steering Group (SG) level. The concern raised was that the draft document was only ready on the day of the workshop and the Bahasa Indonesia was only ready the next day. The Secretariat has responded back to IGC and 	

acknowledged that and will improve on the process moving forward.

- Comments received for the public consultation came from different channels such as Konveio which is the online platform, physical workshops and emails from working groups (Human Rights Working Group, Living Wage Task Force, Biodiversity and High Conservation Value Working Group).
- The TF members also have a sub-group formed to look at the consolidation of indicators. The sub-group merged duplicated indicators together and looked at the flow of the entire principle.
- After the public consultation, the Technical Committee (TC) for People and Planet was not established. All the comments were directly looked at by the TF members and they came up with a proposition to discuss in the next TF meeting.
- The Smallholder TC was reconvened to come up with the draft 3 of Independent Smallholder (ISH) Standard. They conducted two virtual meetings and looked at the comments for Principle 5 as well as the support of mill level and implementation of the ISH standard.
- There are a total of 2892 comments received for Draft 2 P&C on Konveio. There are quite an even number of comments spread across all the principles. For ISH Standard, we received less comments for Draft 2 with only a total of 54 comments. The comments are also quite evenly distributed across the principles.
- There is an increase of comments in draft 2 compared to draft 1 on Principle 6. Another trend we noticed was draft 1 has more comments from the growers and NGOs caucuses while draft 2 has more comments from the Consumer Goods Manufacturer (CGM) and Supply Chain caucuses. Most of them are repeated comments but from different members. This is a good sign as we can get a more holistic standard from different caucus groups.

Next Step

- The next TF meeting will take place physically for five days at Sheraton Imperial Kuala Lumpur Hotel. The approach for the process for this meeting is slightly changed due to concerns raised by the TF members. The meeting will now be conducted mainly in plenary discussion. The TF members will look at the entire criteria together and get different caucuses' views and opinions. The members will sit among their causes to discuss before the plenary discussion. The endorsement will then be run on the Principle level. After discussing one principle, we will run the endorsement and lock that principle the moment we achieve consensus. We will not move on to the next principle until the TF has reached consensus. During the meeting, we will also look at the National Interpretation (NI) or Local Interpretation (LI) process.

	<ul style="list-style-type: none"> • The mock audit of the revised standard will take place in September. The Secretariat have already reached out to the pilot areas, in Malaysia, Indonesia, one country in Latin America and one country in Africa. There will be 7 potential sites, for both P&C and ISH. Committee suggested choosing a variety of categories of growers. • The quorum for the TF meeting is achieved for most of the caucuses except for retailer and CGM. The Secretariat will revert to them for final consensus. <p>Committee commented that:</p> <ul style="list-style-type: none"> • More comments were expected on the definitions. The Secretariat clarified that there are some comments seeking clarification on the definition that was placed under the specific principle. A lot of the comments for definition revolves around the need to be more specific for implementation issues. Some of them are about the generic sources of the definition and requested to have more specific sources that are relevant to the industry. • Regarding the NI and LI, the TF members should look at the definitions at a holistic level, not a country level. Secretariat clarified that we want the TF to agree that the definition will have to be addressed at the NI level or LI level and whether the ISH will have NI or LI. We want to avoid a situation where the LI have a different definition compared with the NI. 	
<p>5.0</p>	<p>Any Other Business</p>	
<p>5.1</p>	<p><u>Revised Announcement for Proposed Interpretation on Mass Balance ‘Unused Volume’ in RSPO Supply Chain Standard</u></p> <p>Secretariat updated that the announcement for the Proposed Interpretation on Mass Balance ‘Unused Volume’ in RSPO Supply Chain Standard has been revised to make it more readable and simpler.</p> <ul style="list-style-type: none"> • The revised announcement stated that the decision remains the same where the SSC has agreed the interpretation of unused volume as “unused credits” remains unchanged until the next review of the Supply Chain Standard is completed and endorsed. With regards to members who have received non-compliance, the auditors will be informed through the RSPO Interpretation Forum that any non-compliance raised will be lifted. This announcement is planned to go out on 9 August 2023. • The Secretariat will seek feedback and approval from the SSC members who are not present via email. <p>All the decisions made today will be circulated by email with the deadline within 5 working days after the Task Force meeting next week.</p>	<p>Seek approval from SSC via email</p> <p>Action by: Secretariat</p>

MEETING ENDED AT 1633 MYT