

MINUTES OF MEETING
RSPO Oleo Task Force Meeting

Time : 1603 - 1726 (MYT)
Date : Tuesday, 7/06/2022
Venue : Conference Call/MS Teams

Attendees:

Name	Initial	Organisation	Representative Category
Alexandre Rossi	AR	Barry Callebaut	Processors and/or Traders
Choong Wai Tuck	CWT	IOI Oleochemical Ind.	Processors and/or Traders
Mark Wong	MW	Sime Darby Oils	Palm Oil Growers
Marieke Leegwater	ML	Solidaridad	sNGO
Martin Huxtable	MH	Unilever	Processors and/or Traders
Paula Kasprzyk	PK	Avon, Bodyshop & Natura	Consumer Goods Manufacturer
Robert Kessels	RK	Sipef Group	Palm Oil Growers
Sietse Buisman	SB	Cargill	Processors and/or Traders
Tobias Zobel	TZ	BASF	Processors and/or Traders
Inke van der Sluijs	IS	RSPO Secretariat	Director, Market Transformation
Ahmad Amirul Ariff	AAA	RSPO Secretariat	Certification Manager
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office
Divya Bajpai	DB	RSPO Secretariat	Manager, Assurance Europe
Hanib Bin Libon	HBL	RSPO Secretariat	Senior Executive, Supply Chain
Muhammad Shazaley Abdullah	MSA	RSPO Secretariat	Head of Certification
Mohd Shafiquil Syaznil	MSS	RSPO Secretariat	Executive, Certification
Ruzita Abd Gani	RAG	RSPO Secretariat	Supply Chain Manager

Absent with apologies:

Name	Initial	Organisation	Representative Category
Agathe Laville	AL	Barry Callebaut	Processors and/or Traders
Girish Deshpande	GD	P&G	Consumer Goods Manufacturer
Helen Scholey	HS	Shell	Processors and/or Traders
Joshua Lim	JL	Wilmar Trading	Processors and/or Traders
Rina Rahayu	RR	IOI Group	Processors and/or Traders
Teun Eigenraam	TE	IOI Group	Processors and/or Traders
Yen Hun Sung	YHS	RSPO Secretariat	Acting Head I&MEL/Sr Data Scientist

Invited but not in attendance:

Name	Initial	Organisation	Representative Category
Diana Foong	DF	KLK Oleo	Palm Oil Growers (no response)
Peter Becker	PB	Evonik	Processors and/or Traders
Siti Rosemina Bux	SR	Emery	Processors and/or Traders (no response)
Nur Amanina Zahir	AZ	RSPO Secretariat	Senior Executive, Supply Chain


Agenda:

Time	Topic	
16.03 - 16.03	1.0 RSPO Antitrust Statement Reading	Secretariat
16.04 - 16.04	2.0 Approval of the Agenda	Secretariat
16.04 - 16.06	3.0 RSPO Secretarial Updates	Secretariat
16.06 - 16.53	4.0 Approval of Draft Minutes of Meeting 24 March 2022) 4.1 Pending Actions	Secretariat
16.53 - 17.23	5.0 Paper on Conversion Rules	All
17.23 - 17.25	6.0 Draft BoG Decision Paper	All
17.25 - 17.26	7.0 AOB - Next Meeting	Secretariat

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	RSPO Antitrust Statement Reading	
1.0	IS welcomed members to the Oleo Task Force (“OTF”) and read the Antitrust Statement.	
1.1	<p>Antitrust Statement</p> <p>The Oleo Task Force (“OTF”) refers to the RSPO’s Antitrust Guidelines for the conduct of our meetings and conference calls. They can be found at http://www.rspo.org/file/RSPO_Antitrust_Guidelines.pdf.</p> <p>There shall be no discussion of specific selling or buying of materials, pricing or any joint venture, future or collusive actions, such as excluding or choosing a supplier. All commentary is limited to current or historical activity. Any decision</p>	

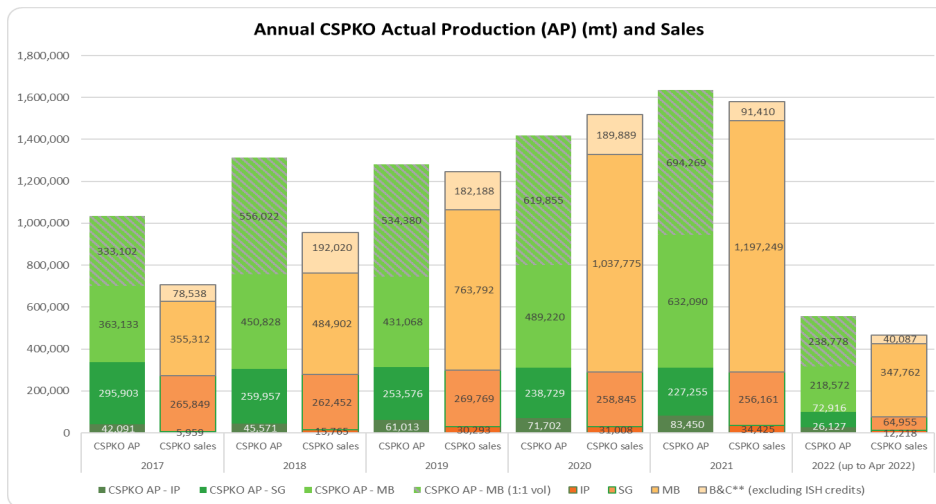
	you reach from the information from the Oleo Task Force (OTF) materials or discussed in the meeting is an individual decision based on your own investigation and judgement.	
2.0 Approval of Agenda		
2.0	IS presented the draft Agenda to the OTF which was approved by the members.	
3.0 RSPO Secretarial Updates		
	IS shared some Secretarial Updates with the OTF Members:	
3.1	Annual Communication of Progress (ACOP) reports closed. Highest submission rates ever: 89%	
3.2	Standards Review 2023 has been launched.	
3.3	Sustainable Palm Oil Dialogue (SPOD) Europe: 20 October in the Netherlands	
3.4	RT2022 and GA: Will be held from 29 November - 1 December in Shangri-La, Kuala Lumpur, Malaysia. It will be a physical “in-person” RT.	
4.0 Approval of Draft Minutes of Meeting		
4.1	Minutes The meeting minutes from the previous RSPO-Oleo Task Force Meeting (24 March 2022) was presented. The Minutes were accepted with no amendments and/or objections but with some pending action points which will be discussed in the meeting.	
4.2	Pending Actions: <ul style="list-style-type: none"> I. Present new graphs to SCT WG for publication on the website: Thursday 9 June II. Map mills with unsold volumes to see the geographical spread and check which information can be shared publicly III. CSPKO sales performance data per country to be presented in actual volumes IV. OTF to describe the current conversion rules for CSPK/CSPO in the Supply Chain Certification Standard, conversions possible in PalmTrace and the consequences / impact of changing the rules: Agenda #5 V. OTF Members to review the draft BoG decision paper on short, 	

	<p>intermediate and long term solutions to the BoG: Agenda #6</p> <p>VI. Inform new Independent Smallholder Groups about the option to sell IS-CSPKO Credits: ongoing</p> <p>VII. Explain benefits of RSPO supply chain certification to Palm Kernel Crushers</p>	
<p>4.2.1</p>	<p>A study on POM that not selling the Certified Palm Kernels (in 2021)</p> <ul style="list-style-type: none"> Mills that are selling <30% of their certified volume are identified (90 mills). RSPO Certified Kernel Crushing Plants are identified (183 KCPs) GPS coordinates for RSPO Certified KCPs are gathered from the CBs (not part of the audit requirement) Both the Mill(s) and KCP(s) are plotted and mapped in Tableau - <i>work in progress</i> 	
<p>4.2.2</p>	<p>A study of CSPK Sales Performance in 2021 - by Country Level (10 lowest selling volume)</p> <p>The data was presented to the OTF. The members highlighted that certified CSPK volumes are not an accurate reflection of the actual produced CSPK and recommend reaching out to the members to obtain this data. This data can be cross checked with ACOP data. The certified volume is overestimated and the standard palm kernel oil extraction rate (set to 45% in PalmTrace) is too high. The certified volume should not be published. It is recommended to work with the estimated CSPK production data. The OTF predicts that sales will match actual CSPK production volumes and that close to 100% of the CSPK is sold to the market.</p>	<p>RSPO secretariat to get better estimates on CSPK production volumes through member outreach and ACOP</p>
<p>4.2.3</p>	<p>A Mapping of POM and KCP Locations (POM with <30% Selling of the CSPK Certified Volume in 2021)</p>	<p>RSPO secretariat to (1) seek consent of the mills to share this data (2) obtain the list of uncertified KCPs from RA or members</p>
		

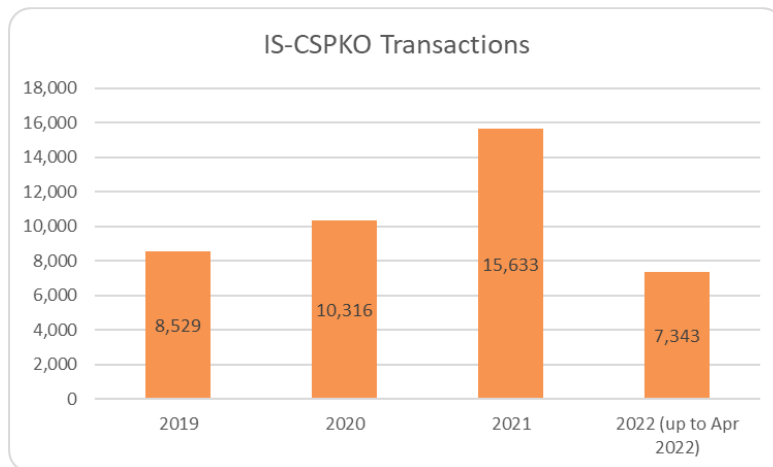
- 4.2.4 A study on CSPKO Actual Production and Sold Volume (in 2021)**
- Volume of CSPKO Production based on 'Converted' CSPK to CSPKO by the KCP
 - Volume of 'Converted' Other Products to CSPKO by Supply Chain Actor
 - Sold Volume of CSPKO is based on Confirmed 'Announcement' and 'Matched' RSPO Credits transactions by KCP

4.2.5 A study of CSPKO Sales Performance in 2021 - by Country Level (10 lowest selling volume)
The RSPO secretariat should exclude the Cameroon volume because this volume was not converted by a KCP.

4.2.6 An overview of the Annual CSPKO Actual Production and Sales

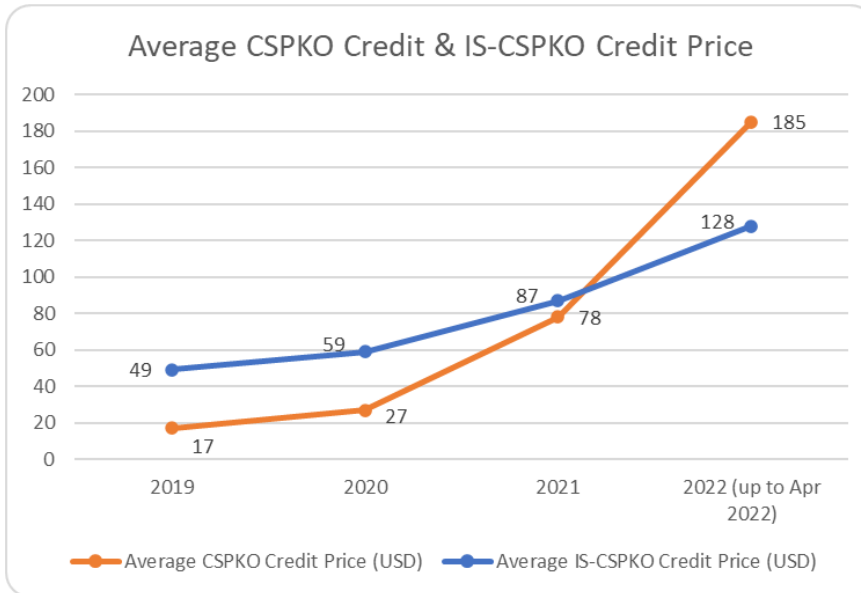


4.2.7 Trend of IS-CSPKO Transactions (No. of Credits Sold)



4.2.8

Average IS-CSPKO Credit Price



Over the past years, the average ISH CSPKO Credit prices were higher than normal CSPKO Credits. Now it seems that there is a lag in price increase for the ISH groups. ML comments that the SHSC and the MDSC should discuss these trends.

5.0 Paper on Conversion Rules

Background

- The requirements of C.5.3 of RSPO SCC Standard states that ***“Sites can purchase a certain volume or weight of Identity Preserved (IP) or Segregated (SG) RSPO certified palm oil and palm kernel products and use it to match the sales of equal volumes of oil palm product derivatives that then carry a Mass Balance claim without requiring a physical or chemical link between the acquired Identity Preserved or Segregated product and the derivative that is sold under Mass Balance (see Figure 1). The conversion from Identity Preserved or Segregated products to Mass Balance is allowed upwards, sideways, and downwards in the same product tree”.***
- Sites can purchase a **certain volume or weight** of Identity Preserved (IP) or Segregated (SG) RSPO certified palm oil and palm kernel products and **use it to match the sales of equal volumes of oil palm product derivatives** that **then carry a Mass Balance claim** without requiring a **physical or chemical link** between the acquired Identity Preserved or Segregated product and the derivative that is sold under Mass Balance.

- The **conversion from Identity Preserved or Segregated products to Mass Balance** is allowed **upwards, sideways, and downwards** in the **same product tree**.

Example:

Figure 1.a. Palm Oil Yield (Normal)

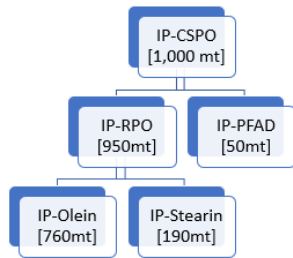


Figure 1.b. Conversion 1 to 1 (Downwards)



*Conversion 1 to 1 IP-CSPO to MB-Olen

Please note that IP and SG can be converted.

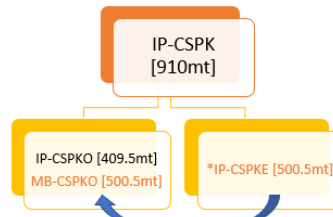
- The understanding of some members of the OTF was that when the 1 to 1 conversion was used, the entire volume would be downgraded to MB. Furthermore, the statement about the physical or chemical link is perceived to be misleading.

Example:

Figure 2.a. Palm Kernel Oil Yield (Normal)



Figure 2.b. Conversion 1 to 1 (Sideways)



*Conversion 1 to 1 IP-CSPKE to MB-CSPKO

Please note that IP and SG can be converted.

With regards to the data gathering and analysis, the Certification Unit would like to emphasise that the existence of 1 to 1 rules would create misleading information to the members.

The recommendation of the Certification Unit to the OTF:

- to **review the 1 to 1 conversion rules** and
- recommend changes **to strengthen or remove** the 1 to 1 rules

Some members were in favour of removing the option to convert IP/SG CSPKE to MB CSPKO. Others highlight that the impact should be understood as less material will become available in the market. The recommendation to the BoG should be clear about the different scenarios including the impact of the final decision.

RSPO secretariat to include the scenarios and impact in the paper

6.0 Draft BoG Decision Paper

Improve (short-term)

To improve the availability of CSPKO credits in the short-term to cover the tightness in physical markets by:

- Running a spatial mapping of mills that sell less than 30% of CSPK as certified, identify those that are legitimately facing issues selling CSPK due to a lack of certified PK crushers in their vicinity.
- Allow those mills to sell CSPKO credits for a limited time period of one year, after which an evaluation is undertaken.
- Identify members with certified palm kernel crushing operations where there is capacity to process more certified material, potentially publishing the list publicly (with permission of the members) to encourage increased CSPK sourcing.
- Encourage Independent Smallholder (IS) groups to sell IS-CSPKO credits, to address the concern that CSPKO credits bypass the supply chain since such credit sales directly benefit smallholders.

Involve (medium-term)

- To encourage more Palm Kernel Crushers to become RSPO Supply Chain Certified, especially those within the vicinity of mills identified in the previous step.
- To publish an analysis of regions in key producing markets where a large gap between CSPK availability and CSPKO processing capacity is noticed (without naming specific units of certification) to educate the market.

Increase (long-term)

- To increase the long-term availability of CSPK through increased certification of plantations, linked with the previous step to also ensure that there is sufficient CSPKO processing capacity to absorb the anticipated increase in CSPK. Note that this will also affect the supply/demand dynamics of CSPO, the implications of this being beyond the ToR for the Oleo Task Force.

There are no further questions or suggestions for the BoG decision paper and this can be shared with the SCT WG and/or MDSC.

7.0 AOB

Next Meeting:

The Secretariat to send out a Doodle Poll for the next meeting date.

The Secretariat to send out a Doodle Poll for the next meeting date.