

MINUTES OF MEETING
RSPO Oleo Task Force Meeting

Time : 1601 - 1722 (MYT)
Date : Monday, 07/11//2022
Venue : Conference Call/MS Teams

Attendees:

Name	Initial	Organisation	Representative Category
Agathe Laville	AL	Barry Callebaut	Processors and/or Traders
Choong Wai Tuck	CWT	IOI Oleochemical Ind.	Processors and/or Traders
Helen Scholey	HS	Shell	Processors and/or Traders
Joshua Lim	JL	Wilmar Trading	Processors and/or Traders
Marieke Leegwater	ML	Solidaridad	sNGO
Mark Wong	MW	Sime Darby Oils	Processors and/or Traders
Rina Rahayu	RR	IOI Group	Processors and/or Traders
Robert Kessels	RK	Sipef Group	Palm Oil Growers
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
Nur Amanina Bt Zahir	NAZ	RSPO Secretariat	Executive, Certification
Muhammad Shazaley Abdullah	MSA	RSPO Secretariat	Head of Certification
Mohd Shafiqul Syaznil	MSS	RSPO Secretariat	Senior Executive, Supply Chain
Ruzita Abd Gani	RAG	RSPO Secretariat	Supply Chain Manager

Absent with apologies:

Name	Initial	Organisation	Representative Category
Alexandre Rossi	AR	Barry Callebaut	Processors and/or Traders
Girish Deshpande	GD	P&G	Consumer Goods Manufacturer
Martin Huxtable	MH	Unilever	Processors and/or Traders
Paula Kasprzyk	PK	Avon, Bodyshop & Natura	Consumer Goods Manufacturer
Teun Eigenraam	TE	IOI Group	Processors and/or Traders

Invited but not in attendance:

Name	Initial	Organisation	Representative Category
Peter Becker	PB	Evonik	Processors and/or Traders
Rafael Milantonio	RM	Natura & Co	Consumer Goods Manufacturer
Sietse Buisman	SB	Cargill	Processors and/or Traders

Agenda:

Time	Topic	
4.01 - 4.01	1.0 RSPO Antitrust Statement Reading	Secretariat
4.01 - 4.02	2.0 Approval of the Agenda	Secretariat
4.02 - 4.03	3.0 RSPO Secretarial Updates	Secretariat
4.04 - 4.05	4.0 Approval of Draft Minutes of Meeting (20 September 2022) 4.1 Pending Actions	Secretariat
4.05 - 4.35	5.0 BoG Decision Paper on CSPKO shortage in the market: Discuss feedback from the BoG	Secretariat
4.36 - 4.59	6.0 BoG Decision Paper on 1 to 1 Conversion Rules: Finalise draft	Secretariat
4.59 - 5.05	7.0 Unsold CSPK	Secretariat
5.05 - 5.06	8.0 Update on Technical Specialist For Annex 6 Rules For Oleochemicals and Its Derivatives	Secretariat
5.06 - 5.22	9.0 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 RSPO Antitrust Guidelines.</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 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.</p>	

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	
	<p>IS shared some Secretarial Updates with the OTF Members:</p> <ul style="list-style-type: none"> ● RT2022: latest programme on website ● GA: registration and voting is open ● Inter-American conference May 2023 in Miami, US
4.0 Approval of Draft Minutes of Meeting	
4.1	<p>Review of Minutes</p> <p>The minutes from the previous RSPO-Oleo Task Force Meeting (20 September, 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.</p>
4.2	<p>Pending Action Points From Last Meeting:</p> <ol style="list-style-type: none"> I. RSPO Secretariat to circulate the BoG decision paper on CSPKO shortage II. RSPO Secretariat to report the total CSPK volume that was not sold to the market III. RSPO Secretariat to project future production based on ACOP IV. RSPO Secretariat to share the Draft Paper on Conversion Rules V. RSPO Secretariat to engage a Technical Specialist for Annex 6
5.0 BoG Decision Paper On CSPKO shortage in the market	
5.1	BoG paper: “CSPKO shortage in the market” was discussed on 27/09/2022
5.2	<p>Questions from the BoG were:</p> <ol style="list-style-type: none"> 1. If mills that sell less than 30% CSPK are permitted to sell CSPKO credits for a limited one year a how much more volume in MT (estimated) would be generated? The OTF discussed the volume published in the decision paper. It was the actual available CSPK volume converted to CSPKO.

	<p>However, this volume can also be sold as Mass Balance or Segregated. The RSPO secretariat will estimate the unsold volume over the past 12 months by these mills and correct this in the paper.</p> <ol style="list-style-type: none"> 2. How will the RSPO manage to control mills that sell less than 30 percent as CSPK vs mills that sell 31 percent or higher CSPK? Allow those Palm Oil Mills that sold less than 30% of CSPK Volume as certified to sell CSPKO credits by granting them the functionality to convert CSPK Certified Volume to CSPKO Credits. 3. Is one MT of CSPK equal to one MT of CSPKO or will it be based on a 45% conversion? 4. Allow those Palm Oil Mills that sold less than 30% of CSPK Volume as certified to sell CSPKO credits by granting them the functionality to convert CSPK Certified Volume to CSPKO Credits by using the logics based on 45% yield ratio in PalmTrace. 5. What commitments will the demand side provide if the supply is improved by accepting this one year time period? The members have uptake commitments for CSPKO that they currently cannot fulfil. When supply is improved, the markets will continue to buy to fulfil their commitments. 6. Is it correctly understood that this will facilitate more CSPKO credits but not improve MB or SG physical volumes of CSPKO? Note: this measure will increase the availability of CSPKO Credits but will not improve the availability of physical Mass Balance, Segregated or Identity Preserved CSPKO. 7. Furthermore, it would be good to see figures for the total CSPKO demand and the so called supply constraints and see members commitment as it must be based on the spirit of shared responsibility? Unfortunately, we do not have an accurate analysis on CSPKO demand from ACOP yet. 8. What is the status of the conversion discussion? This paper is still in draft pending OTF approval. <p>The answers to these questions were already incorporated in the paper and highlighted in yellow. The OTF recommended to prioritise raising awareness amongst the members, including independent smallholders, to achieve supply chain optimisation. Companies with expiring licences should be reminded that their volume will be lost upon licence expiry. The paper should provide clarity on timelines for implementation in case the paper is endorsed. A new version of the paper will be shared with the OTF for approval by Monday so it can be shared with the BoG for their next</p>	<p>Action RSPO secretariat: share a new version of the paper this week so it can be shared with the BoG in time for the December meeting</p>
--	--	--

meeting.

6.0 BoG Decision Paper on 1 to 1 Conversion Rules

This paper was still in draft and the OTF discussed the pending discussion items. The members stressed that this paper should be less of a priority because this was not the task for the OTF. In fact, tightening the conversion rules would further reduce the available volumes of CSPKO in the market. The RSPO secretariat explained that the data analyses for the OTF brought these conversion rules to the attention and members expressed their concerns about the rules and the awareness amongst the members.

Figure 1 has been changed to sideways conversion to have the same conversion as Figure 2

Figure 1.a. Palm Oil Yield (Normal)

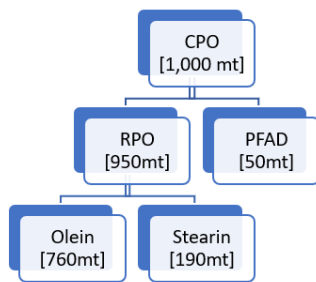
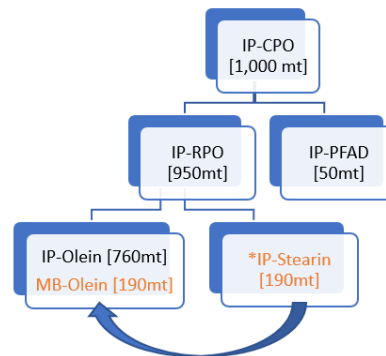


Figure 1.b. Conversion 1 to 1 (Sideways)



This was just an example of one of the conversion rules.

The OTF discussed the options for the conversion rules that are proposed in the BoG decision paper:

- Option 1: Keep the current rules and ensure socialisation of the rules.
- Option 2: Limiting part of the conversion rules.
- Option 3: Remove all 1 to 1 conversion rules.

Seen the current circumstances, the OTF members agreed that option 3 is not preferred. The current shortage of CSPKO and derivatives in the market calls for Option 1 however, most members were in favour of looking into finding agreement for limiting some of the conversion rules (Option 2). This is important for the credibility of the RSPO as well as the need for members importing into the EU to have a strengthened MB model. The risks of current conversion rules should be better covered in the paper and the OTF recommend bringing the draft to the MDSC for discussion.

Revise the Conversion paper to reflect the discussion and recirculate before asking the MDSC for advise

7.0 Unsold CSPK

As of September 2022:

- There are 272 mills with less than 30% sold CSPK where
 - Total CSPK Certified Volume: 1,904,706
 - Total CSPK Shipping Announcement: 248,647

Top 10 countries with less than 30% sold CSPK:

Country	Total Certified Volume CSPK	Last Year CSPK Actual Production	CSPK Shipping Announcement	Unsold CSPK	No of Mills
Indonesia	953,443	1,049,440	123,162	830,281	127
Malaysia	659,802	528,884	95,096	564,706	88
Brazil	47,600	23,729	5,500	42,100	4
Ecuador	37,910	8,648	5,278	32,632	5
Colombia	38,129	29,963	6,352	31,777	12
Papua New Guinea	32,003	8,339	3,362	28,641	4
Guatemala	20,846	18,372	621	20,225	3
Honduras	21,528	20,449	3,530	17,998	4
Ghana	15,467	14,890	0	15,467	4
Gabon	18,236	14,265	2,861	15,375	2

This data is from active licences. The OTF recommends working with unsold volumes of expired licences to understand the market potential. Data will be an estimate as there are complications with licence extensions due to COVID.

8.0 Update on Technical Specialist For Annex 6 Rules For Oleochemicals and its Derivatives

8.1 Draft Frequently Asked Questions (FAQs) have been presented to RSPO Standard Development Division (SDD) and no comment from them.

8.2 The Certification Unit had developed the Term of Reference (ToR) for a Technical Specialist (Professional Chemist - Ts. ChM. Dr. Shamsul bin Zakaria from University of Malaysia Pahang) to assist the Certification Unit on the technical knowledge related to Oleochemicals and its derivatives.

9.0 AOB

The OTF members discussed the traceability requirements in RSPO P&C certified for 3rd party conventional FFB bought by MB mills. This was supposed to be implemented by November 2021 but under certain

Discuss impact of enforcement of traceability

	<p>conditions, extensions can be applied for, see details here. Strict enforcement of this will have a massive impact on the availability of MB CSPKO as well as on Independent Smallholders. Traceability to legal and deforestation-free sources is also relevant in the context of the upcoming EU due diligence legislation. This topic should be included in the agenda for the next meeting.</p> <p>Next Meeting: The Secretariat to send out a Doodle Poll for the next meeting date.</p> <ul style="list-style-type: none"> - January 2023 	<p>requirements for MB mills.</p> <p>The Secretariat to send out a Doodle Poll for the next meeting date.</p>
--	--	---