

MINUTES OF MEETING

RSPO Supply Chain Traceability Working Group (SCT WG)

7th Meeting (via Zoom)

Date and time: 24 February 2022 at 10.00am – 11.30am CET.

Agenda

1. Opening remarks and antitrust statement
2. Agenda
3. Approval of previous minutes – Open actions points
4. Updates RSPO Secretariat
5. CSPO website Overview and CSPKO Graphs
6. Smallholders FFB
7. Priority Setting 2022
8. AOB

Members Attendance:

Name	Organisation	Group Representation	Attendance
Robbert Kessels	Sipef	Grower	Yes
Daphne Hameeteman	Wilmar Europe	P&T	No
Sietse Buisman	Cargill	P&T	Yes
Helen Scholey	Shell	P&T	No
Rina Rahayu	IOI Group	P&T	Yes
Angga Prathama Putra	WWF	eNGO	Yes
Mark Wong	Sime Darby Oils	Grower	Yes

RSPO Secretariat Attendance:

Name	Position
Inke Van Der Sluijs	Director, Market Transformation
Aryo Gustomo	Deputy Director of Compliance
Muhammad Shazaley Abdullah	Head of Certification
Ruzita Abd Gani	Supply Chain Manager
Divya Bajpai	Assurance Manager, Europe
Mohd Shafiqul Syaznil	Data Analyst Executive

1. Opening remarks and Antitrust statement

Inke welcomed the members to the 7th meeting of the SCT WG. Inke reminded all members of the RSPO antitrust statement.

2. Agenda

Inke presented the Agenda for the 7th SCT WG Meeting. Rina asked about the item 5 mentioned in the agenda, about CSPO and CSPKO new graph approval request. Rina clarified that the CSPO graph has no changes, which was confirmed by Inke. It was updated by Inke that there will be input given by Shazaley later in the meeting on the Graphs. Mark Wong asked to discuss the expiry dates of Mills in the Mill list in this meeting under AOB.

3. Approval of previous minutes and Open Action Points

The minutes of the 6th meeting were approved without any amendment and comments.

- Inke highlighted the open vacancies of the SCT WG representing CGM, sNGO, Retailer and B&I and requested SCT WG members if they know anyone who can bring value to this WG.
- Inke emphasised on the workstreams, timeline and KPI so if time permits she wants to discuss that document in this meeting.
- CSPKO position paper will be discussed in this meeting.

4. Update RSPO Secretariat

Inke updated the SCT WG on the new joiners in the team Divya Bajpai- Assurance Manager Europe, Joyce Van Wijk - Shared Responsibility Manager, Irene Fischbach- Director, Stakeholder Engagement and Kimasha Pauline Williams- Manager Communications, Europe. The RSPO new CEO will be onboard from 15th March 2022. Divya introduced herself and spoke about her background.

5. CSPO - Website Overview

Robert asked for clarification about the difference between Oleo TF and SCT WG as he thought these were the same. Inke explained that these are two different groups but content overlaps because the Oleo TF reports to the SCT WG. The Oleo TF has been revived upon request by the Board of Government to discuss the shortage of the CSPKO

and derivatives in the market. The SCT WG is a permanent Working Group under the Market Development Standing Committee (MDSC) to review data of CSPO and CSPKO, to look at supply chain models, to review PalmTrace and to position RSPO with regards to other schemes. Details are defined in terms and references.

Graph 1 : Monthly CSPO sales(mt) per RSPO SC model.

Graph 2 : Annual CSPO Certified Volume.

Graph 3 : Yearly Sales (RSPO and other schemes) and Actual Production

Shazaley explained the CSPO Graph as discussed in our position paper published in the Impacts Page of RSPO website. Graph 1 shows monthly CSPO Sales by Supply Chain Model, we can also filter it by year. Graph 2 is on annual CSPO certified volume. In Graph 3 we show the annual CSPO actual production volumes vs Sales. Shazaley thanks the WG for giving approval for the publication of these Graphs. Robert highlighted the unclarity of the Graph and requested to include Legends in the Graph so that people can understand more clearly. Shazaley explained that the difference between data is due to the PalmTrace license validity of certificate holders. Siese asked if the difference in CSPO production can be shown per country. Rina explains that the certified production volume comes from the Company budgeted figure. Shazaley responds when RSPO review license requests submitted by CB on actual production and estimated certified volume, RSPO practice is to accept an 80% threshold. Mark suggested annual certified volume rename as *potential estimated volume* and in fact members are interested to know about the actual volume. Also Mark acknowledges that it is not an easy task to provide estimated certified volume. Shazaley agreed to Mark's point where it is quite difficult to get accurate certified volume and during the license review, RSPO does not have the right to reduce or set any limit to the estimated certified volume because it was verified by CB during the audit. If the estimated certified volume is underestimated, the member will request a volume extension through their CB. Shazaley mentioned that members need to fill up the Matrix Template as required by the P&C 2018. In the template, the member is asked for data based on the calendar year (January to December) as well as their license period. Hopefully by next year a full 12 months data will be obtained for both timelines.

SCT members debated whether the certified volume should be published on the RSPO website. Inke suggested an interim solution if we can add the word *Forecast* for Graph 2. No conclusion was drawn due to time constraints. Inke summarized four actions items for secretariat will be:

- 1.) To review title and information which describes the CSPO Graph 1 and 2 better;
- 2.) To discuss the 20% difference between actual production and certified volume during the upcoming CB forum;

- 3.) To check if we can get data as per country specific to see if there is variations in CSPO certified volume;
- 4.) To include in CSPO Graph 1 and 2 what the different colours mean. This is now only visible when hovering over the bars.

5. **CSPKO Graph: What has changed?**

Shazaley presented the CSPKO graph and explained the difference with the previous Graph. The parameters and data sets used are the same and consideration about CSPKO graph as follows:

1. CSPKO sold volume - same data set is kept and no changes were made.
2. CSPKO certified volume - same data set and no changes as there is no actual certified volume for CSPKO in which CSPKO certified volume is obtained from CSPK certified volume multiplied with 45% yield.
3. On actual production of CSPKO, in the previous meeting the CSPKO was presented by calculating actual production on confirmed shipping announcement done by Palm oil mill. But in the new graph in our data set we can filter on confirmed converted CSPK to CSPKO.

Sietse asked about the percentage of the palm kernel oil extraction rate. Shazaley informed that the data sets show the range of 48% to 50% of the kernel extraction rate. The SCT members raised concerns about this, it is too high. Shazaley explains the methodology in PalmTrace for volume conversion from CSPK to CSPKO in the palm kernel crusher account.

Shazaley summarised the next action items as follows:

- 1) To do a background study of the existing data on the conversion of CSPK to CSPKO.
- 2) To compare the palm kernel oil extraction rates between the countries.
- 3) To review whether we can agree to set upper limits in PalmTrace (to decide in the next meeting).

Shazaley presented the previous and new graphs i.e. Graph 1 Monthly CSPKO sales by palm kernel crushers, Graph 2 Annual CSPKO Certified Volume and Graph 3 Annual CSPKO Actual Production vs Sales

Graph 1 - does not take into consideration the ISH credit; this is similar to the CSPO graph.

Graph 2- the data was calculated based on CSPK Certified Volume (issued for the Palm Oil Mill) and multiplied with 45% CSPKO Yield Scheme. This data did not directly correlate with any of the indicators as the volume was manually calculated based on the estimated 45% Yield Scheme of the CSPK Certified Volume. The intention is to put in the same factor of CSPO graph 2.

Graph 3 - shows CSPKO Actual Production vs Sales.

Shazaley asked for the opinion of the SCT members whether the rule 1 to 1 is still relevant to be implemented or to limit the rule 1 to 1 to certain factors or how to control the rule. Inke intervened that this discussion will be taken forward by the Oleo Task Force. She requested the SCT WG to give approval to publish the discussed graph. Oleo Task Force has agreed on the graphs, before publishing on the website and requires approval from SCT WG. Shazaley suggested sharing the CSPO Position papers which provide a detailed explanation about the rule 1 to 1 to SCT WG members. SCT WG also requested that the graphs need to be shared first before they are published on the RSPO website.

6. Smallholders FFB

Skipped the discussion on Smallholders due to time constraint.

7. Priority setting 2022

Inke reminded SCT WG on the workstream priority setting 2022 and gave a brief update.

- 1) Reporting update - we are focusing on it
- 2) Supply Chain Models- we need to follow
- 3) Jurisdiction Approach- no need to be picked in 2022
- 4) Palm Trace - need to discuss as RA is the service provider and their contract is up for renewal. Therefore it is good to obtain feedback and opinion from SCT WG as these are the users of PalmTrace.
- 5) Dual certification e.g. ISCC to discuss.

Inke asked the WG will there be any other topic which need to be brought forward to this calendar year otherwise we can follow the workstream priority setting 2022.

8. AOB

The meeting adjourned at 11.30 am CET.