



Minutes T&T Telcon March 1, 2016

Dial in details:

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Participant Passcode: 75708977#

Present

Adam Thomas	New Britain Palm Oil (AT)
Andy Green	Exova BM Trada (AG)
Alien ten Kleij	Contol Union (AK)
Belinda Howell	Retailers Palm Oil group representative (BH)
Ben Vreeburg	IOI Loders Croklaan (BV)
Daphne Hameeteman	Wilmar Europe Holdings (DH)
Ed McPhillimy	Oriflame (EM)
Eddy Esselink	MVO (chair-EE)
Harald Sauthoff	BASF (HS)
Helen Scholey	Shell Oil Company (HY)
Inke van der Sluijs	RSPO secretariat (minutes-IS)
Jan van Driel	RSPO secretariat (JD)
Joshua Lim	Wilmar (JL)
Judith Murdoch	AAK (JM)
Laura de Gruijter	IOI Loders Croklaan (LG)
Lieven Callewaert	EU rep RTRS, project leader IT project for RSPO (Observer, LC)
Marieke Leegwater	Solidaridad (ML)
Paula den Hartog	UTZ Certified (PH)
Premalatha Mogan	RSPO secretariat (PM)
Qua Kiat Seng	Asean Oleochemical Manufacturers group (QS)
Robbert Kessels	Sipef (RK)
Sietse Buisman	Cargill (SB)
Siti Rosemina	Emery Oleochemicals (SR)
Thibault Gravier	Transitions (Observer)
Wai-Tuck Choong	IOI Oleochemicals (CT)

1. Approval agenda

Validity of certificate checks was added to the agenda.

2. Approval minutes T&T November 16, 2015

p3 Active members need definition, reworded to current members meaning paying members.

p4 Point 5 One-to-one rule SG to MB. Up is allowed, this has been corrected.

Follow up on p5 WG on MB per site: Volunteers are HS, EE, PH, AM, SB, DH, JL, LG. IS and EE will schedule the first call.

p5 Point 7: avoid the word final refinery. This has been reworded.

p6 Point 10: Conclusion was that credit trade will remain anonymous. This has been added.

p6 Point 11: BH would like to add Initially to the second sentence. This has been changed.

Follow up on p6 Point 13: minimum price for credits. This was endorsed by the BoG in November 2016. The BoG has asked to start a WG under the T&T that will look into the legality of this and which can determine the minimum on an annual basis. The secretariat



sought legal advice after the meeting and the lawyer confirmed that setting a minimum price under which credits cannot be sold is allowed for the RSPO. This is also relevant for RSPO NEXT as these credits will follow the rules of RSPO credits. Volunteers for this WG can write to IS.

All corrected and approved minutes of T&T meetings as well as the current members of the T&T can be found at:

<http://www.rspo.org/about/who-we-are/standing-committees/trade-and-traceability>

3. Announcements secretariat

The secretariat has organized CB meetings in Asia and Europe.

The EU RT will be in Milan. June 8 is the opening reception and side meetings (RSPO NEXT, eTrace workshop), June 9 is the conference day. T&T meeting will be planned on the 10th.

Online ACOP reporting is now open.

LMC has been commissioned to conduct a market study for the EU. After discussion in T&T and C&C we have chosen a phased approach with evaluation after each phase. We hope that members are willing to contribute to interviews.

RSPO secretariat has hired a smallholders program executive, greenhouse gas executive and manager, HR executive, and a receptionist for the head office. In Europe, we have hired an assistant technical manager: Ashwin Canakarambedu Selvaraj. He used to work on different commodities at UTZ Certified and some may know him as the contact person for eTrace developments. He will start in the middle of March. Soon we will also announce an assistant outreach and engagement manager for Europe.

4. Liza Murphy presents RSPO NEXT

The voluntary add on module to RSPO P&C and its eligibility framework was launched on February 9. It is focused on the production end of supply chain and corporate policies of producer companies. The module went through public consultation and was approved by the BoG in November 2015 after which the eligibility and application framework was developed. It remains important to support the uptake of 'normal' RSPO material. Companies have to have sign a commitment to RSPO P&C certified production and RSPO NEXT production. Before a company can start with RSPO NEXT, 60% of the management units must be RSPO P&C certified. Once eligible, then 30% has to be RSPO NEXT certified before this company can claim the RSPO NEXT status. Commensurate effort is the basis: equal effort of both ends of the SC to move this forward. There is also an application framework for SC members. 100% of purchases of oil palm derived products must be RSPO certified according to one of the four supply chain models. Then 20% or 150,000 mt has to be RSPO NEXT before you can claim this. SB: what happens if refinery selling ISCC? LM: will come back to that as refineries will probably not be directly involved in the trade of RSPO NEXT. RSPO NEXT credits will be offered to the market as initially asked by BoG to keep it simple and to avoid full doubling of the existing supply chain models. BH: disagrees with this and says that the initial discussion was about credits but ultimately physical supply will be expected in the market. LM disagrees and states that there is no wording on any commitment to physical supply chain models. This will be explored. The proposal is to have one type of RSPO NEXT credits that represents a combined factor of CSPO and CSPK. RSPO NEXT credits will follow the rules on normal RSPO credits on pricing and claims. Since the new IT platform is under development, the initial trades cannot be done in eTrace or in GreenPalm. The RSPO secretariat needs to facilitate this trade,



probably manually.

The guidance document for CBs is under development. LM already informed CBs in Asia, and there will be a CB training in April in Asia. CBs will be able to offer RSPO NEXT certification soon after that. Credits can then become available as soon as the first companies are certified, expectation = Q3. We need to develop a rule base and claim language for the supply chain. LM is establishing a WG to develop this further. The module needs to be renewed no sooner than 2 years, no later than 5 years from now. Coming back to SBs open question, buyers will be manufacturers because secondary trading of credits will not be allowed. This needs to be explored with the WG. In the new IT system, buyers will have information on the origin of the SG and MB oil palm products that they purchase. Then if a mill is successfully participating in RSPO NEXT, this information is known. The WG needs to determine what you can claim. SB: it can never be a physical SC. We need to have that discussion in the WG.

ML: is it more about the technical guidance, process and timeline? LM we need the guidance document for auditor training. The guidance is published on a survey platform to receive comments. LM has asked all CBs, ASI, and NGOs for comments. Comments from members of the T&T is also welcome. This is not to change the content or rules, but to develop a guidance for auditors. The survey is open until mid-March.

IS forward link to T&T (done).

DH: so there will be two different credits: normal and RSPO NEXT. What about smallholders? Can they participate? Yes, they can but have to use the same set of rules and there will not be a separate smallholder module.

HS: will a RSPO NEXT credit represent a combined volume of CSPO and CSPK? Yes. Smallholders sells FFB, we need to think this through with the WG.

ML regular RSPO certification is difficult enough for smallholder and it is too early for RSPO NEXT. In the Content document fair treatment of smallholders is included as an indicator H1.1 and smallholders are also part of HR3.4, TR3.1, and TR 3.3. There is no intend to build something that pushes out smallholders.

ML: who asked for input? LM: public comments and Perpetua George on smallholder WG was part of process. We should all be sensitive to this. Smallholder WG will need to raise it. JL: smallholders who cleared land after 2015 cannot be eligible because they cannot pay for compensation. LM: compensation is not part of NEXT, compliance with P&C. ML: language RSPO NEXT should be improved and guidance necessary. Invitation to comments asap once IS has shared linked will be helpful to LM.

DH: some growers/mills can be certified very soon, what happens? Trading system will be done manually by secretariat as the IT system will not be ready yet.

RK: is the percentage referring to a claims requirement or a selling requirement? LM: WG members need to discuss.

EE: what is the schedule for the WG? LM will send ToR this week. There will be teleconferences schedules, at least monthly. What will be the composition of the WG? Most members from original WG will be in the new WG and some additional members from manufacturing companies and growers. LM is finalizing the list, IS will circulate to T&T and Danielle to C&C.

RK: can a company cover its total palm consumption by GreenPalm certificates and purchase RSPO NEXT credits on top claim to be best in class? LM you may, starting point is credits. Credits and physical certified material have the same level of credibility. RK: this



is the biggest weakness of RSPO NEXT. SB: MB should be minimum requirement. Commensurate effort and eligibility is defined in the document and this cannot be changed now.

5. Progress IT system and WG (PH)

Presentation is shared before the meeting.

SB: asks how the percentage on slide 8 is defined (PH, SB, IS, EE, LG to discuss and define).

RK: do you accept the responsibilities of the clearing house? For example, if there is no payment by the buyer. PH: no. To clarify, OMD can be made in the new system.

SB: will the credit trade be anonymous trade because only Unilever wants it to be? No, EM also expressed the concerns for open trade.

The contract with GreenPalm as service provider for the credit trade will end by the end of this year. We need to make a detailed plan on this transition to the new service providers, including pilots. EE: declaration of mills should be ready by June. Testing for credits in Q4 which mean that the system needs to be ready in November system so that it is up and running on January 1st including training for users. We need two test phases: internal, and user testing.

6. Validity of certificate checks (SB)

The Supply Chain Certification Standard clause 5.4.1 bullet 3 states:

A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website at least annually. Companies that confirm or make announcements in eTrace do this automatically as announcements cannot be made to uncertified companies. This should be an acceptable check although there is no proof of the check and it has to be auditable by CBs. A confirmation of a shipping announcement should be seen as evidence for validity check of the Supply Chain Certification of the supplier. This is an automatic check. For supply chain actors that do not trade in eTrace the rules remain the same.

The following change in the Supply Chain Certification Standard is proposed:

*This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually **or through the e-Trace system by confirmation of shipping announcements.***

The secretariat will communicate this to the CBs and ASI.

This will also be included in the revision of the Standard.

Remote audit of trading sites as part of multisite (AK)

According to the standard this is not allowed. AG it is allowed for ASA. Systems: initial audit has to be on site. JD: answered is consequence of inclusion in multisite. AG does remote audits. AK, AG, JD to take offline and clarify via mail to T&T.

7. AOB: RK when will the minimum price of credits be implemented? We need to think about the transition phase. This has to be announced otherwise misuse is possible. Legal advice: allowed, we need to set up a WG and build a framework. This needs to be share with members although it has been determined when the transition will take place. *(After this T&T call, the BoG discussed another legal advice on minimum price that states that a minimum price for credits risks to be in violation with competition laws in the EU. The BoG has requested the T&T to discuss and give advice to the BoG as soon as possible).*

8. Next meeting Live meeting in **Milan June 10: time 9-14h** and telcon if needed