

Meeting Minutes of RSPO SC T&T on 11-06-2013

Location: Johnson & Johnson, Zug, Switzerland

Present at J&J	Present by telco
Sietse Buisman, Cargill - SBU Hugo Byrnes, Ahold - HBy Martin Craven, AAK - MCr Eddy Esselink, Unilever - EEs Joyce Ho, RSPO Secretariat - JHo Michelle Morton, Shell - MMO Bob Norman, Greenpalm - BNo Olivier van Oort, RSPO consultant, OVO Harald Sauthoff, Cognis - HSA Helen Scholey, Shell - HSc Joost Sprakel, UTZ Certified - JSp Simon Perry, J&J - SPe Veronique ... , J&J, V..	Natalie Evans, SGS - NEV Hidde van Kersen, IOI Lodders Croklaan - HvK Alien ten Kleij, Control Union - AtK Erin Logan, ProForest - ELO Sandra Mulder, WWF – SMu Adam Thomas, NBO – ATH
	Apologies for absence
	Liz Crosbie, SEC Robert Kessels, Sipef Marieke Leegwater, Solidaridad Alasdair McGregor, BM Trada Ed McPhillimy, Oriflame David Ogg, David Ogg & partners Jan Sintobin, Fuji Oil Europe

1. Introduction and welcome

EEs opens the meeting at 9:06 hrs and welcomes everybody around the table. He plans to end the meeting around 16:00 hrs.

MMo will have her presentation immediately after NEV's presentation.

2. Minutes meeting 8th February 2013

EEs goes through the minutes page by page. No comments on the minutes.

Follow up on item 10: JHo: Ann Gabriel has set a date, she has not acted on it yet, but will take responsibility.

3. Announcements Secretariat (Actions / EB / T&T set-up)

- Presentation by JHo. RT11 will be in Medan, Indonesia from 11 – 14 November in a Convention Centre, hotels are identified but not definite, more info will be on the RSPO website when available. EEs asks if the T&T meeting could take place in one of the side rooms. He already made a reservation.
- EU has approved RED in November 2012, MMo will go into it in her presentation.
- SC Group Certification: BNo asks for the interest in groups. JHo states it's coming from Europe. Will be taken into the SCC review. EEs adds there is a Dutch Task Force on PO. Dutch and Belgian Bakery Associations are interested as well. One person from Belgium would like to apply for Group Manager. The Group Manager has quite a task and should be really capable. We should have a guidance document for CB's to assess the capability of a GM, also based on experiences with FSC. CB is allowed to refuse a GM. MCr: Voluntary training for GM's is needed. JHo confirms no group is operational yet. Secretariat will closely follow group performances.
- SC Benchmarking: there are 12 sustainability schemes, the objective is to cut down certification costs.
- New hires: there are 2 more positions in Europe and applications are coming in. There seem to be suitable candidates. Exact job descriptions are on the RSPO website. Salahudin has more info

on the Technical Manager. RSPO also needs to move in to India and China. MMo: An RSPO representative in Europe should speak German, that would be very helpful in this huge market. EEs asks for the role of Hill+Knowlton here, because H+K is also active for the Dutch Taskforce. Ann Gabriel should answer this. MCr: Somebody local in Europe should oversee H+K activities in Europe instead of from KL.

- Website for RSPO trademarks: there is a new website for trademarks. JHo explains the RSPO website had too much information, trademark info was hard to find. She asks us to spread the information. The intention is to put trademarks more to the front, directed to consumers and NGO's.
- Thoughts on the composition of the T&T group: (ATh and HvK join) EEs shares his thoughts with the group and presents some slides on the role of the T&T group. Group size is considerable, no rules on who can join or not. Present group size (>30) leads to agenda en meeting date problems, limiting has advantages. The C&C committee could be an example. Proposal: one representative per sector, knowledge and valuable input should be preserved. Which sectors or sub-groups (growers, refineries, manufacturers, biofuel, etc.) should be discussed, because some members can be placed in more than one sector (presently banks are missing). A representative should act on coming meetings. HvK is happy about the composition of the C&C group, but they have 2 representatives per sector, why limit it to 1 in the T&T group? HBy proposes 2 representatives per sector plus 2 alternates, confirms that the C&C is working fine. Service providers should be merely observers. MMo is hesitant to kick out people who want to contribute. Premeetings per sector should work fine, depends on how the sectors are organized. SBU asks for the number of meetings. EEs: originally 4 but now things are getting into place frequency could be less.
MMo: could input for the meetings be more structured? EEs: presently there are no rules, he asks the Secretariat for rules and some consistency within RSPO.
HSA: should there be a ToR? MCr: it was a conscious decision to let the T&T group be as it is now. HvK supports: "be more effective". SBU: leave it to the sub-groups to decide on their own representation. MMo warns for overlaps between sectors, presently there is a sub-group Derivatives so be careful in the definitions and compositions of sub-groups.
EEs concludes to propose 2 representatives per sector, ask them to form sub-groups and organize premeetings. Parallel a yearly schedule for T&T meetings can be setup so sub-groups can tune to that schedule. Each sector should choose its representation.
- (note OvO: there is also a sub-group TSP for guidance of the IT system, that one is working on a ToR).

4. SCC Review (JHo / BHo)

(SMu joins) JHo: Belinda Howell wanted consistency in the reviews. There are lots of documents to review, Secretariat wants to limit to 5 meetings. EEs mentions a guided review by a steering committee with helicopter view for the whole process and to look for a facilitator. A taskforce is set up with 2 persons per constituency. Currently there is a list of potential facilitators, budget requirements are set up. EEs asks if someone from the T&T group is interested to join the process. MMo asks if the biofuel sector is involved. EU will have to approve, so a biofuel representative is necessary. JHo: MMo is on the list. EEs stresses suggestions to the steering committee and BHo, so the process can go ahead. There have been some modifications on the ToR, they will be shared. MCr asks for the timeframe, EEs: delay of 3 months due to finalizing P&C review. MMo: plan is very ambitious because of input from benchmarking. EEs will send around revised ToR in 2 weeks (**ACTION EEs**)

5. New IT system / Decision EB (HvK)

HvK refreshes our memory. There is really only one point still open for debate: which parties should report into the IT system. There are two options: 1. Only Mill and Final Refiners at exit point, or 2. All Certified Members “handshake through the chain”. If we can close this point, then we can step into the next phase of tendering.

Slide 1: What we agree upon, nothing new. SBU: the MB RED sector is missing, will come soon. HvK acknowledges that. HSa: What about crude oil directly downstream? Oleochemical plants are viewed as refiners there. MMo: there is no need for esterification in the product tree.

Slide 2: no need to address all points

Slide 3 & 4: the point of “Who has report in the system” was passed to the EB, which repeated the discussion: would handshaking add value to the data that are already available. This is about the key objective of the IT system. JKV concluded that the EB cannot make that decision, the T&T group should decide on that. Therefore it is back on this table. Can we compromise for common ground on this. Does this handshaking add value to RSPO’s credibility or should we define the system as a simple reporting tool?

Slide 5: Proposal to exclude parties that only own the PO but not handle it. This is conforming the SCC rules. Reporting level: aggregated per customer per program level on a monthly basis.

Slide 6: scope of the system starting at Mill, ending at Final Refiner

- Scenario 1: Only Mill and Final Refinery (at exit point)
- Scenario 2: Mill + all Refineries
- Scenario 3: All parties in the chain

The T&T group has to make a choice in these scenarios. The present situation is that in eTrace there are no shippers and traders in the system, only parties that physically handle palm oil.

(End of presentation, EEs leads discussion)

SBU on the 2nd principle: you will only get the burden, but no extra credibility. It should follow the physical oil. JHo: CB’s are following up on credibility. SBU: CB is checking the physical flow, before the UTZ system the CB had no idea where to start. The CB should be able to gather historical data to start the audit. Should I report downgrading to MB? JHo: if you sell out as MB, then you can ‘trace’ out and we can get that info to the CB. SBU: but CB can already see this in our ERP system. JHo: We find a lot of cases in eTrace and find something different in the ERP systems. We need to check credibility as a starting point from RSPO and not from the member. SBU agrees to that.

SPE brings in the issue of visibility in the chain. SBU: how can you get a complex product blend into a light system? JHo: that is not the role of a CB, they are going to spot-check. SMu: what would come out of the system? The leak between supplier and buyer, because that should be matching. What if we took out the shippers and traders. SBU: the first refiner should always register the shipper because otherwise you miss what he can do with the lading. SMu would like to register also the bought volume. HvK: there always is the Chain of Custody, if you miss out something in the system, you still have the full documents trail. The idea is to leave out shippers and traders because they do not physically change the oil. SBU: you need to have a CB looking at all the transactions for credibility. SMu agrees, the first refiner should check the flow through the chain. JSp points to the cross-border issue (between parties) because a CB only looks within the boundaries of one organization. HBy: that is the final question. Traceability is provided by the Chain of Custody. SMu worries from FSC experiences, that a buyer properly checks the certification status of the supplier, buyer is obliged to do so. According to RSPO standard the stock must be certified. EEs points to the main question for a CB to check on what has come in and what has come out. What is the main advantage of scenario 2 against other scenarios? Answer is that it contributes to additional benefits mentioned on slide 5 and gives RSPO a better view on what happens in the supply chain and insight on what is “disappearing or leaking”. SBU: only refiner is allowed to downgrade. Refiner already downgrades by mixing. JSp: how would that show up in the system? SBU: it does not show up in

the ERP system. MMo agrees with SBU that credibility is very important, but would not support this humongous data. SMu worries about illegal “upgrading” and asks AtK about this. EEs asks AtK if she would be helped by having these data in the system. AtK answers a CB still has to check the same items, so this would not be helpful. SPe would ultimately like to see traceability to the mill, because his ultimate goal is to buy completely SG. He would like to see the chain of custody documents. MMo states that is commercially confidential. SPe says this needs to be shared. EEs asks SPe if we need a system that enables us to follow that. MMo: sticking to the extra burden will lead members to ISCC, lack of user friendliness is a serious point.

We are not convinced that we are able to meet requests for traceability in the system, because it may require a lot of extra administrative burden. MCr: the question is what the barriers are on the transformation of the market and will extra administrative burden add to these barriers? SMu does not want to have extra administrative burden either, but states we should not throw away what we have. SBU: RED will not take off if the admin burden will stay. EEs: Credibility is granted by CoC, no other system exists with other schemes that does that, which guides us back to scenario 1 which looks the right conclusion. MCr: you miss data anyway, scenario 2 helps a bit giving indications to RSPO on leakage and downgrading. JHo confirms that, the Secretariat has no idea on those. SBU asks if it is the role of the Secretariat to know that, which MMo confirms. SBU: there should be a business case for SG, sales should justify the investments. EEs like to see a “one button” approach no hassle for current ERP-systems. Would we agree on scenario 1 and 2 (instead of 3). No, scenario 2 (mills + refiners) is on the table. MCr: what is the purpose of the system? What info do we require? Does it help in transformation of the market? JHo: the norm is SG, we have achieved 99,5 % SG from the mills. HBy: we need info we can use to act upon, if we cannot use the info we do not need this discussion. MCr: is having this info help us, or otherwise said will the lack of this info hinder us? If we just report production from the mill and forget the rest, you can transform the market. SPe then still has his problem.

We can only resolve this discussion by taking it one level deeper.

The preliminary conclusion is that the system should be a light system for reporting data to RSPO. It should support the transformation of the market, and not chase members away to ISCC because of extra administrative burden (which would hinder this transformation). There is a cautious agreement that the CoC documents provide the real traceability. Next steps will be taken by HvK, EEs and OvO.

Pause from 12:20 to 12:50 hrs.

6. Presentation RSPO-RED (MMo)

RED is a voluntary add-on in conjunction with other standards. Members can only achieve it together with the “classic” RSPO certification, it is an extension of scope.

Slide 2: RED obliges to do GHG calculations. All land acquired after January 2008 is not eligible for RED. Only use MB or SG, not certificates.

Slide 2/4: ISCC certified parties can buy RSPO RED, but then it won't have the RED label anymore.

Hopefully ISCC certified parties will with some paperwork become also RED certified. CB's accredited for RED are on the RSPO website.

Slide 5: RSPO GHG calculator will probably take > 2 years to get approved.

Input and wider involvement needed from other groups within RSPO. JHo asks whether this falls under T&T. EEs confirms we should be aware and informed. MMo: RED now “falls between two stools”. There are a lot of issues that are not specifically related to GHG. SBU asks whether you can be automatically certified if you are ISCC certified. HBy: is there a mutual recognition? MCr: for a few parties it is interesting to become RSPO RED certified.

7. Presentation Oleochemical Derivatives: MB rule (HSa)

Guiding paper is targeting Oleochemicals. Slide 2 contains key findings. There is a bit lack of ownership on this subject. MMo: do you have to use the actual conversion fields. Palm esters is not included. We conclude there is consensus to move on. Secretariat should be involved.

8. Reconciliation work eTrace-GP (BNo/JSp)

Connection eTrace – GP which is now being investigated is “real time reconciliation”. The issue is what should be the basis of this reconciliation. SBU: how can you look into the system for checking purposes? EEs: how does this relate to the Salesforce member administration? JSp: there is a separate project to harmonize membership. SBU: Salesforce now only contains static information, how can you see the results real-time? What is the basis for this reconciliation: eTrace is about physical shipments, GP is about sales, so how can we see what is left for sales?

Slide 2: enlightens the role of the TSP, Secretariat will chair the TSP until TSP finds own chairperson.

Slide 4 a/f: SBU: should “integration” of the two systems not also mean harmonization of provider fees? Now it is \$1 for GP and \$1,75 for UTZ, the last will go down again in 4 months.

9. Update eTrace adjustments (JSp)

No questions asked.

10. Benchmarking / alignment other schemes (NEv)

Slide 8 has to help making a choice what to implement first or is easiest to implement. NEv expects to be finished with this in 4 weeks. 5 schemes already completed (RSPO, Ecosearch, 2BS, ISCC, ILC, SQF). EEs finds there is quite a number of recommendations which can only be put in practice if you go along that way (like a mode of training).

The best way forward is combination with other schemes after the first step of mutual recognition.

11. Present SC certification challenges (MMo)

ISCC is on MB basis. No future trades allowed, SBU: you have to have the oil on stock. HSa indicates a strong tendency in Indonesia in going for ISCC because it is much easier than RSPO RED. ELo suspects a move to ISCC for feed as well. SBU: a lot of suppliers are ISCC and RSPO certified. Carry-over to next year is not restricted in any way.

MMo: the table presented is a subset of NEv’s work. Both SGS and ProForest are involved.

MMo presents a way of retaining farm characteristics in the CoC-documents. SBU questions the needed level of detail. EEs asks for the implications. It is a one-line code extra on the document containing the information instead of multiple extra lines. HBy and OVo stipulate compliance with international coding standards. EEs is happy this work is done in cooperation with other schemes. JHo and EEs will contact SGS on this matter.

12. Downstream Group Certification / Guidance document (JHo)

On question of BNo, EEs replies that there are two pilot schemes (Belgium and Netherlands).

13. Double/Multiple Counting Policy statement (JHo)

Up to now RSPO has no policy in this. Palm Stearin and Olein MB are RSPO counted, but physical PFAD is claimed under ISCC.

MMo: there is a difference because of two MB rules, which are different sets of rules. One can sell part under RSPO and part under ISCC. You can imagine lots of cases. EEs asks the group to bring in a number of examples and add if you feel it is missing. Think creatively. HBy: we should strive to a policy confirmation, more than an introduction.

14. AOB

- MCr: Asks MMo about the composition of the group. He feels that growers and NGO's are over-represented. MMo and MCr will work on a better proposal.
- MMo: Will the combination of ISCC and RSPO RED automatically lead to ISCC (certification)? SBU: the difference between the two is minimal.
- JHo: two members would like to enter the group: Agropalma and Wilmar another representative of Wilmar. He can be entered in the sub-group, JHo has a name.
- EEs: congratulates AtK on her attendance by telco during the whole meeting. He thanks Simon Perry for his hospitality and organization. He thanks RSPO for sponsoring the diner the previous night.
- EEs will come up with a yearly schedule (also brought up by LCr)
- MCr: Should there be an additional T&T meeting before or during RT11? EEs will have to look into that.

Meeting closed at 15:58