

Trade and Traceability Standing Committee

Meeting 9 October 2013

9:00 – 16:00

UTZ Certified Offices

De Ruyterkade 6

1-13 AA Amsterdam, NL

Agenda

1. Opening
2. Introductions
3. Agenda review and adjustments
4. Minutes last meeting
5. Announcements
6. SSC Review
7. SSC Benchmark
8. New IT system
9. Consolidation GP/UTZ
10. Physical site audits in MB cases
11. Downstream Group Certification
12. AOB
13. Next meeting Monday 11/11 14.00 Medan
14. Closing remarks

Attendees

Present	Absent
<ol style="list-style-type: none">1. Chair - Eddy Esselink, MVO (EE)2. Jan Van Driel, RSPO Secretariat (JVD)3. Sietse Buisman, Cargill (SB)4. Martin Craven – AAK (MC)5. Liz Crosby, Strategic Environmental Consulting (LC)6. Belinda Howell Retailers' Palm Oil Group & Executive Board representative (BH)7. Hidde van Kerssen, IOI & Executive Board representative (HvK)8. Erin Logan, ProForest (EL)9. Ed McPhillamy – Oriflame (EM)10. Michelle Morton, Shell Oil (MM)11. Sandra Mulder, WWF NL (SM)12. Gerard te Nuyl, Wilmar (GtN)13. Harold Sauthoff, BASF (HS)14. Joost Sprakel, UTZ Certified (JS)15. Adam Thomas, New Britain Palm Oils (AT)	<p>Marieke Leegwater, Solidaridad Alasdair McGregor, BM Trada Hugo Byrnes, Ahold Simon Perry, Johnson & Johnson Bob Norman, Green Palm Alien ten Kleij, Control Union Robert Kessels David Ogg Don Grubba</p>

1. Opening

- a. EE opened the meeting at 9:00
- b. Requested LM to be minute taker
- c. Timing – lunch 12:30, planning to end approx. 4pm

- d. Han de Groot – Executive Director, UTZ Certified
 - i. Welcoming remarks
 - ii. Liza Murphy New Senior Relationship Manager for RSPO/UTZ, transitioning from JS with thanks to him for his work to date
 - iii. Announcement of UTZ fee reduction resulting in a total fee of \$2, 35/metric ton, effective Monday 14 October 2013.

2. Introductions

- a. SM also representing Marieke Leegwater from Solidaridad
- b. BH, UK Retailers, serving as alternative to Ahold
- c. Ben Vreeburg transitioning onto SC from Hidde van Kerssen.
- d. Simon Christmas attending for Bob Norman, Green Palm
- e. JS, this is also his last meeting as transition to LM will be complete by the next meeting
- f. Liza Murphy transitioning onto the SC from Joost Sprakel
- g. EE reviewed the purpose of this group for the newcomers
 - i. Supply chain flow is our focus
 - ii. Advisory group to the RSPO Secretariat – high level process
 - iii. RSPO Secretariat – puts it into practice

3. Agenda

- a. Changes and additions
 - i. EE, Moving E-Trace presentation up in rotation as JS may need to leave early due to personal matters.
 - ii. MM
 - 1. Would like to add an update on the EU biofuels association, (after agenda item 8)
 - 2. Would like to discuss the process for the group with constituency meetings pre T&T meetings. EE will reflect during AOB

4. Minutes of 11 June, 2013

- a. Review of circulated Draft
- b. Comments
 - i. Earlier requested changes to the first draft were not reflected in version committee has. Need updated draft for circulation. Changes still needed on several points, propose circulating another marked up copy
 - ii. General Request for more succinct reports with content focused on action points, decisions and only substantive commentary as format.
- c. **Decision**
 - i. Minutes not approved, an amended version to be sent in the next week – EE will distribute via email for review & subsequent approval after revision by OvO
 - ii. Once approved will be posted online

5. Announcements

- a. **Secretariat Update - JVD**
 - i. Secretariat Office Review
 - 1. JVD has replaced Joyce Ho as of 29 August 2013
 - 2. Significant changes underway to support strengthening the work and outputs of the Secretariat.
 - ii. European Office
 - 1. 1 November, Technical Manager appointed, will be based in NL – Inke van der Sluijs.
 - 2. European Director of Outreach and Engagement
 - a. Not able to announce name yet

- b. Likely based in UK
 - c. *Info from secretariat: Danielle Morley has been appointed from 16th October, based in London.*
 - 3. Will complete the establishment of an European office
 - iii. E-Trace
 - 1. Projects underway
 - a. CSPKO
 - b. FFB from smallholders underway
 - c. RED integration pilot support
- b. The Committee sends Joyce Ho greetings and thanks for the last years together
- c. **Executive Board Update - HvK**
 - i. Telecom meeting last week
 - 1. Review of McKinsey Report done to assess the 10 year status of the organization and propose way forward.
 - 2. Palm Oil Innovation Group – conversation between companies and NGO’s progressing on conceptual understanding and potential framework to address development of standards beyond the current
 - 3. Compensation – S&S committee ongoing discussion regarding HCVF issues and compensation for earlier conversion (pre RSPO participation).
 - ii. HvK is leaving IOI and will be replaced on this Standing Committee by Ben Vreeburg.
 - 1. The EB seat is expiring so will be up for vote at the upcoming RT/GA

6. **E-Trace update - JS**

- a. E-Trace status
 - i. New functionality
 - 1. Additional browsers supported
 - 2. CB Functionality additions
 - 3. Improvements to User interactions, removal of duplicate notices etc.
 - ii. TSP Projects
 - 1. Review of TSP for group
 - 2. Connection to Green Palm – work underway
 - 3. RED - Pilot ready, going through the TSP steps, next milestone end of October 2013
 - 4. CSPKO - in TSP process
 - 5. FFB – in TSP process
 - iii. Fee Reduction
 - 1. RSPO & UTZ implementing a new fee structure. Effective Monday 14 October Fee reduced by \$0.40 to \$2.35
 - 2. No change in amount to RSPO
 - 3. At RT 11 Review by RSPO of UTZ finances to support the Fee Structure as per the contract.
 - iv. Staff Change
 - 1. JS is leaving and LM joining.
- b. **Discussion**
 - i. E-Trace development –
 - 1. JvD – He is actively coordinating and pleased with the work to date on new functionality. He needs the advice and input of the T&T Group to move forward with additional development and prioritization.
 - 2. LC requests that a list of all projects is developed & secretariat assigned priorities shared with group

- ii. Annual Fee Review
 - 1. Reduction based on anticipated sales - UTZ looks at 10% growth – Green Palm has not done a joint forecast – Hidde asked Green Palm to share their forecast
- iii. Business Reporting, MIS –
 - 1. JVD –receiving monthly reports from E-Trace Green Palm based on actual trades
 - 2. Committee asking for a biannual forward looking estimate of volumes – using E-Trace & Green Palm data with Secretariat commentary
 - 3. LC – asked for a full report to be presented at Medan – trend analysis
 - 4. Much of this forward thinking is in the McKinsey work – was their report rationalized to the actual data?
 - 5. SM – How much volume is going through ISCC? That will likely drive the actual numbers for uptake higher. ISCC is not as sophisticated as E-trace – cannot get the numbers – don't think they exist – ISCC is additive to the total CSPO uptake/sales
 - 6. HS – Segregated PKO – also not in the system, result is that we are not capturing all the volumes actually being sold – should we explore how to annotate the reports to reflect these gaps? This is also an uptake issue. Planned addition of CSPKO to administration will address this reporting gap.
- c. **Decision**
 - i. Generate a consolidated management report every 6 months – should come from Sec to T&T WG and the Executive Board.
 - ii. E-Trace will work with the Secretariat to develop a report to share at RT 11
 - 1. Incorporate with McKinsey? Coordinate with Hidde.

7. **SSC Review - BH**

- a. Steering Group Members
 - i. IvdS, Adam Harrison of WWF, HS, EE, BM, JVD & Salahudin Yaacob of the RSPO Secretariat
- b. Steering Group Role
 - i. Write TOR
 - ii. Appoint facilitators for review process,
 - iii. Ensure a task force appointed
- c. Status
 - i. TOR Created, circulated to EB and T&T, and Approved
 - 1. May need some modification to add codifying rule set for decision making
 - ii. Determined need for two facilitators rather than the one anticipated
 - 1. Processes facilitator – Dirk Hulverscheidt
 - 2. Technical facilitator – ensure the docs are technically correct – BM Trada Andy Green
 - iii. Appoint Task Force
 - 1. Need to develop final list of candidates, anticipating
 - a. 2 processors
 - b. 2 manuf retailers
 - c. 2 ngo/financial organization
 - d. 2 cb's (expert witnesses)
 - 2. This is a bit behind timing but trying not to shift the delivery date.
 - 3. First TF meeting is planned in Medan
 - iv. Time Frames

1. First Task Force meeting in Medan (likely 11 November 2013 morning)

d. Discussion

- i. JVD – Current supply chain documents need attention, the system is struggling with using them; this is highest priority.
- ii. Retailers would like to see consumer goods companies added to the TF
- iii. Consumer Goods companies want to be included in the TF
 1. EO – queried approx. 30 of his constituency and over 10% interested in participation
- iv. Is the group the right size?
- v. CB's have indicated they do not want to participate in the TF, see it as potentially conflictive.

e. Decision

- i. Review names today and determine members, will revisit later in day after lunch
- ii. Add a NGO member (or 2?)
- iii. CB's will not be part of the WG; instead will incorporate into December meeting in Amsterdam.

8. Benchmarking - LC

- a. Effort to determine the potential for recognition of other Chain of Custody (CoC) systems when implementing the RSPO COC standard.
 - i. Brief was to conduct an initial gap analysis of 8 other COC standards
 - ii. RSPO Membership requirement a potential stumbling block
- b. Internal recommendation
 - i. Create a new working group charged with further identifying interest and opportunity among the 8 systems reviewed.
 - ii. Will take funding of approx. \$50,000
- c. Creating a Draft proposal for EB asking them to
 - i. Accept the report
 - ii. Agree on Principal of Equivalence
 - iii. Agree to support with extra resources identified
 - iv. Advise the SCC Working group on need to incorporate benchmark findings into their current review process.
 - v. Formally thank SGS and sub-group for their work.

d. Discussion

- i. JVD - SSC Review has a very high priority – need and ability to deliver relatively quickly. To clarify that this outreach is a long term effort and must be closely linked to the conversations about IT System needs and functionality.
- ii. AT – recommends the following for a proposal:
 1. Develop a recommendation to the EB to support supply chain review
 2. Preview with T&T members who are on EB
 3. Support Principal of Mutual Alignment via establishment of a Mutual Recognition and Alignment Group
 4. Add GMP + to the list of schemes of 6, now 7

e. Decision

- i. LC to coordinate with JVD on making presentation re recommendations to EB – on Equivalence on COC systems, Mutual Recognition is not a topic at this point.
- ii. RSPO/T&T Send formal thanks to SGS for the work they did on this project

9. Update on ISCC (EU Biofuels Association) - MM

- a. Trying to head in the direction of one COC program that accommodates all pertinent schemes.

- b. Shell believes that multi feedstock systems will get the recognition – not the individual ones –
- c. For Biofuels – ISCC is the leader, they state that they are willing to carry the data from originating system through their process and are going to start a trial carrying the data.

10. Lunch Break – 12:30 to 1:15

11. Revisit SCCS Review Task Force Members - BH

- a. Volunteers for the Taskforce
 - i. Adam Thomas – NPBOL
 - ii. Joshua Lim – Wilmar
 - iii. Sietse Buisman – Cargill
 - iv. Tulio Dias – Agropalma
 - v. Dr. Surina Ismael – Emery Oleo
 - vi. Michelle Morton – Shell
 - vii. Ed Mcphillimy - Oriflame
 - viii. Sophie Pin – Carrefour
 - ix. Sandra Mulder - WWF
- b. Will try for first meeting in Medan
- c. Minimum of 2 reps from each constituency

12. IT System RFP - OvO

- a. Discussion in two parts
 - i. Who should be reporting into the system?
 - ii. Review of proposed Tender Document
- b. Discussion
 - i. Robust Management reporting is a need for the Secretariat and EB
 - 1. Besides basics need to use as a tool to identify where certified product is leaking and not being recognized as certified, thus breaking the chain.
 - 2. JVD is working with E-Trace and Green Palm and developing reports
 - ii. Tool to support credibility in the market, with retailers & their customers and in response to complaints
 - 1. Concerns expressed that the approach advocated might result in loss of ability to trace trades through the system and that once that information is not gathered it will not return.
 - iii. Tool for auditors to enable adequate surveillance and problem identification, what do they need and want.
 - iv. How far down the chain is a system required or needed?
 - v. There seems to be a lack of clarity about what is needed and the purpose of the system.
 - vi. Some not seeing the value of a new system as proposed
 - vii. Can other schemes be supported? Should they be?
 - viii. Reiner's report – what problems still remain – look at last page with the flaws
 - ix. Review why we are reviewing
- c. **Decision**
 - i. No decision reached on RfP – not appropriate to review the RfP at this point as lack of clarity of purpose
 - ii. Pending the reactions from the Secretariat we form as small group to look at next steps including a conference call before Medan
 - 1. Start with what is the purpose of the system.
 - 2. Track the requirements of the standard

13. Break – reconvene at 3pm

14. Mass Balance Standard problem

- a. Standard is not clear on requirements for on site visit or desk review
 - i. – CB struggling with it as
- b. Discussion
 - i. Secretariat has already advised that physical review not required
 - ii. RSPO secretariat will advise CB's and members as questions are raised
 - iii. Will be formally taken up by the SSC in the revision process

15. Downstream group certification program

- a. Facilitates participation of smaller companies. Limit on size of company 500 tons – of total production
- b. Not a lot of uptake or interest in the group option – reasons why are unclear
- c. Documents needs clarification
- d. Continue our efforts to promote it

16. Constituency Group and constitution of the T&T SC

- a. Consider adding more NGO social sector participation
- b. Address in Medan on how to get increased engagement
- c. For the time being – we can work as we have – group size is ok with EE as chair

17. The Chair and the SC expressed thanks to Hidde for his help and service and wishes him the best in his next role.

18. Next meeting 2pm Monday 11 November 2013 in Medan, Indonesia

19. Meeting closed 9 October, 2013 at 16:00.