

Minutes of Meeting #2 Medium Grower Task Force (MGTF) Meeting

Date: 15 September 2020 (Tuesday)
Time: 08.00 PM to 10.00 PM GMT +8 (KL time)
Venue: Zoom Meeting

No	Name	Initial	Constituency	Organisation
1	Alejandra Rueda	AR	Grower (Latam)	FEDE Palma
2	Franklin Jackson	FJ	Grower (Africa) Expert	Local Farm Incorporated – Non RSPO Member
3	Dr. Marcus Colchester	MC	Social NGO	FPP
4	Michael Guindon (Co-Chair)	MG	Environmental NGO	WWF Singapore
5	Ian Orrel	IO	SH Standing Committee	NBPOL
6	Hiew Koh Thien	HKT	Grower (Malaysia)	N.Y. Hiew (Holdings) Sdn Bhd
7	Yunita Widiastuti	YW	Supply Chain	Cargill Tropical Palm
8	Salahuddin Yacoob	SY	Secretariat	RSPO
9	Julia Majail	JM	Secretariat	RSPO
10	Francisco Naranjo	FN	Secretariat	RSPO
11	Dede Herland	DH	Secretariat	RSPO

Absent with Apology

No	Name	Initial	Constituency	Organisation
1	Melanie Tantri	MT	Grower (INA)	Eagle High Plantation

AGENDA

No	Item
1	Update of the Independent Research Study for The Development of a Profiling System of Palm Oil Producers
2	Discussion: Group Certification Document
3	AOB

DISCUSSION

No	Description	Action Items
1.0	<p>Welcome and Introduction</p> <p>JM provided a brief update on the progress of the Independent Research Study for the development of a Profiling System of Palm Oil Producers. The consultant intended to share the final report by the end of this week (Friday). MC inquired if there are some initial findings shared. JM responded that there is no sharing of any findings up to this point. Members of MGTF collectively agreed that a quick overview on the findings of the study prior to finalising the report would be beneficial for the group to move into the actual discussion.</p>	<p>JM to schedule a call with Dr. Laura German (the consultant) sometime next week involving all members of MGTF.</p>

<p>2.0</p>	<p>Discussion: Group Certification Document</p> <p>IO raised the need to make clear mill-with-supply-base may pursue certification involving all types of growers (independent smallholders, scheme smallholders, outgrowers etc) into its P&C certification within its supply base, in which case all growers are to be certified in accordance to P&C. There is existing confusion by auditors that mill-with-supply-base P&C certification only involves scheme smallholders, but not independent smallholders etc.</p> <p>In addition to that, the thinking of smallholders one way and another associated with mill - often the mill has the full influence and therefore is a scheme - this is often not the case. AR further raised that it is common to have farm owners serving as one of the shareholders of the mill, of which the management control of the mill and farm are independent. FJ echoed the need to make the requirements clear on the situation mentioned by IO and AR, similarly in Africa, the concept of cooperative is where some grower members (not all) serve as shareholders, but not having the full control influence.</p> <p>MC added that the options of getting scheme smallholders certified either through group certification or as within the mill's supply base supported by the mill-with-supply-base and/or miller are agreeable. It is important to have a note within the document highlighting the responsibility of mill-with-supply-base and/or miller to get this group of scheme smallholders certified through either options as per required by P&C 2013 (to ensure the options are carried through and avoid potential fall-outs).</p> <p>IO further added that the term 'scheme smallholder' is very limiting and country (often Indonesia) specific. In circumstances that there are smallholders (in other countries) with slightly lacking capacities will need to be supported by miller to move into the sustainability journey. We need to create space for these groups of smallholders mentioned.</p> <p>MG suggested and MC agreed to have the texts below from current group certification document to remain within the revised version: "The 'RSPO Certification Systems - Final document approved by RSPO Executive Board 26 June 2007 (Approved by Executive Board on August 30, 2011 on Revised Procedure for Endorsement of the International Generic Criteria as a National Interpretation in small producing countries (Annex 1A)', requires members to ensure that all associated smallholders and outgrowers supplying a mill that is P&C certified must be certified themselves within three years of the mill obtaining its own certificate (section 4.3.2).</p> <p>They should do this, if possible, by including these growers within their own P&C certificate or have the option to support these growers to get certified via the Group Certification system (for further details see below)."</p> <p>The group continues with reviewing the example of scenario and its applicable certification paths, taking into consideration that it is not final. Changes may occur based on findings of the independent study for the profiling system, as well as further deliberation of the group. HKT raised that it is confusing to have this list of example scenarios, as it may create more confusion with the complex arrangement globally. Decisions on certification paths should be fallen on the laps of the growers based on their capacity and management decision. MGTF agreed to put on hold the review of the list of scenario until MGTF has had better clarity on if there will be a medium group standard or not.</p>	<p>Secretariat to re-look at the document and make clear that mill-with-supply-base certification could include all types of growers, as part of its supply base and hence the full P&C applied.</p>
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Selling of FFB is to be done by the individual growers not group manager; but the trading of RSPO credit is to be done by group manager. Any commercial relationship between the grower(s) (as a member of the group) and the group manager are captured within the applicable agreement of the group. The group manager is also responsible to keep a record of all FFB selling (transactions) done by all members.

On the above point, AR raised the concern in regards to reconciliation of transactions and claims. SY informed that such concern should be covered through an internal control system, which is clearly captured within the document. FJ suggested that the document should clarify the liability, i.e. responsibility of members to ensure effective reporting. FN further informed the group that by (potentially) end of this year, the PalmTrace would have a function that would allow growers to make shipping announcements on FFB transactions. With this function, it would have solved the concern.

HKT brought up a discussion on if the similar principal of 'time-bound' performance should be made mandatory to the group through group certification (meaning if only 50 members of an existing group of 100 members are currently certified, a timeline should be committed or given to have all 100 members certified). This is to ensure the group of RSPO certified growers; does not have members violating RSPO key requirements, such as deforestation. This is because the entity is to be seen as a whole and to have an equal principle applied as how it is applied now on a member company. HKT further added that the entity should be in the position to then decide if the entity needed to be broken into two: one comprising RSPO certified growers; and another with non RSPO certified growers. FN raised the concern of challenges as most of the existing entities formed long time ago with other motivation; as well as alignment with existing RSPO membership rules, which current rule allow an existing entity to join RSPO with its grower members who are ready for certification. This topic warrants a long and detail deliberation.

AR seeks clarification regarding the requirements on internal audit, if the internal audit is to be carried out on all members or a sampling is acceptable. JM explained that sampling is acceptable as per outlined in the RSPO Certification System Document for P&C and Independent Smallholder Standard with the principle that all group members would have been audited at least once in the duration of 5 years. AR further seeks clarification on the scope of the internal audit requirements, if it covers all group members (including those who are not ready for certification), or just the certified members, or certified members plus members to be certified? MG suggested to provide clarity on the words 'all group members' (the number of members that is to be taken into the calculation).

AR raised concern on the requirement E3.2.2 stating the clear handling of certified FFB from non certified FFB. This will be very costly for the growers, especially smallholders, for example the collection of FFB is often done using one truck for an area collecting all FFB produced (certified and non certified). 'MassBalance' models of certified FFB should be allowed provided all records are probably documented. SY commented that this is a matter concerning the FFB receiving end (mill). Should the mill pursue IdentityPreserved or Segregated(SG), it cannot receive MB FFB. On the other side, an MB mill will have no concern receiving the MB FFB.

Requirements E3.2.2 should be revised to not be a restrictive mandatory for no mixing of FFB. However to provide some guidance around the MB and IP or SG model of mill and how it links to the FFB handling or produced by this group (either MB FFB or IP or SG FFB). HKT also raised the audit challenges on the ground concerning the transportation of FFB (either a mix or not mix).

<p>3.0</p>	<p>AOB</p> <p>JM informed the group that the next step is to listen to the presentation from the consultant on independent study of the profiling system for palm oil producers.</p> <p>YW seeks clarification if the group certification document will be tabled for public consultation. JM confirmed that yes, public consultation is needed.</p> <p>There is no other AOB.</p>	<p>The Secretariat to send an invite for the presentation and to come back to the group on the timeline for a revised Group Certification Document.</p>
<p>6.0</p>	<p>Meeting Adjourned 9:55pm</p>	