

Minutes of Meeting 2nd FFB Legality and Traceability Task Force (FLTTF) Meeting

Date: 10 April 2015

Time: 9.00 am – 4.10 pm

Venue: ALOFT KUALA LUMPUR SENTRAL No 5 Jalan Stesen Sentral Kuala Lumpur, 50470 Malaysia

No	Name	Initial	Constituency	Organisation
1	Herman Tandinata	HT	Grower INA	Musim Mas
2	Chong Wei Kwang	CWK	Grower INA	First Resources
3	Sabarinah Marzuki	SM	Grower MY	Sime Darby
4	Che Dashuky Che Daud	CDC	Grower MY	Sime Darby
5	Lee Kuan Yee	LKY	Grower MY	KLK
6	Jeniffer Lai	JL	Bank	HSBC
7	Guntur Prabowo	G	Environment	EII
8	Rueben Blackie	RB	Expert	IDH
9	Rizkiasari Joedawinata	RY	Environment	WWF-Indonesia
10	Putera Agung	A	Environment	WWF-Indonesia
11	Ruqaiyah Rofiq	RR	Social	Yayasan Setara Jambi
12	Kai Xiang Chin	KX	Environment	Wild Asia
13	Perpetua George	PG	Processors and Traders	Wilmar Group
14	Yulia Kurniawan	YK	Manufacturer	Unilever
15	Salahudin Yaacob	SY	Secretariat	RSPO
16	Julia Majail	JM	Secretariat	RSPO
17	Djaka Riksanto	DR	Secretariat	RILO

Agenda	Discussion Notes
1	<p>Welcome and Introduction</p> <p>Meeting started with the introduction of all the FFB Legality and Traceability Task Force (FLTTF) members. Continued with reviewing MoM from the previous meeting (10 Feb 2015). PG made a correction to the amount of budget for 2015 whereas it should be RM 10,000.00.</p>
2	<p>Selection of Co-Chairs</p> <p>As not all stakeholder representative attended the meeting, there was a question whether to proceed with the process or to wait until all seats are filled. RSPO Secretariat have invited representatives from all constituents, however some did not respond. The meeting decided and agreed to proceed with the selection process. Due to the unannounced absence of Sawit Watch as the Social NGO Representatives, the group agreed that RR from SETARA Jambi, who supposed to be representing smallholder (Fortasbi), to sit in FLTTF as Social NGO representative. RR accepted the decision. Secretariat to invite other person from Fortasbi to the upcoming meeting.</p> <p>FLTTF team members selected Sabarinah Marzuki (Sime Derby/Growers) and Perpetua George (Wilmar/Processor and Traders) as its Co-chairs.</p>
3	<p>Presentation</p> <ol style="list-style-type: none"> RSPO Secretariat (SY) opened the meeting by presenting the current status on the number of CSPO and certified RSPO members, some example of definition of legality and traceability, FFB supply chain in Indonesia & Malaysia, legal requirement for companies and small producers in Indonesia & Malaysia and also list of oil palm producing countries worldwide. See Annex 1. WWF Indonesia presentation (RY): Indonesia context of FFB supply chain main issue is that risk coming from delivery order holder (have to fill requirement from mill) and coming from independent mill. Indonesia 2 types of mills:

1. Plantation with mill: mandated by regulation at least 20% should come from their own plantation: potentially 80% coming from outgrowers (independence smallholders, cooperative, farmer group, independent plantation to delivery order holders)
2. Mill without plantation: 0% own plantation. 100% outgrowers.

Discussion:

- Wilmar experience in Riau: Smallholders do not have APL and local government does not ready to make smallholder legal.
- Based on Indonesia regulation, smallholder size is <25 Ha. However, a lot of grower with more than 25 Ha does not set up a company.
- In order to be legal, smallholder in Indonesia must have Land status (*Surat Keterangan Tanah*, Letter C, Tax Receipt) and Business permit (*Surat Tanda Daftar Budidaya/STDB*)

4 Discussion on the Taskforce's Terms of Reference

- To have clear objective and directive of the task force (TF), Co-chairs request everyone to focus on the TF main objective which is to produce an improved supply chain standard in assuring robust traceability.
- While Trade and Traceability (T&T) basically looking traceability of the product produce from the palm oil mill all the way down to the consumer, FLTTF is expected to be looking at issues before the mill. Mainly to cover before the mills activities, starting from where the FFB is being produce up until the mills.
- Recommendation from the TF will go into both RSPO standards: next revision of P&C in 2018 and Supply Chain Standard.
- SY stated that trading system will consider FFB level. The Board of Governor (BoG) have decided to have a new single trading platform. The new platform must be RSPO brand, free from any conflict and must combine certificate trading (Green Palm) and physical trading (UTZ) to avoid double counting and double selling. New platform to be established in one year time.
- No expectation from the secretariat that FLTTF should finish the work in one year development plan to fit in to the single trading platform plan.
- Timeline of the FLTTF should be defined by the taskforce.
- One day there will be a system coming up for any MB material/MB CSPO produced must be proven mixing certified and legal FFB. As a first step, the TF is expected to be doing things to minimize risk of RSPO certified material coming from illegal sources. To make sure RSPO member mills who produce CSPO are not buying illegal material going into their system. Therefore, FLTTF to come up/develop a system to:
 1. Define legality
 2. How to implement legality
 3. Imposing member to get it implemented and to avoid the mill from illegal source; ensure the material are 100% coming from legal sources
- Since Indonesia is quite advance in term of legality and traceability issues while there is no clear official report that suggest the same is also a problem in Malaysia and other countries to date, the floor agreed to prioritize study in Indonesia while looking of this issue in other countries (RoW) as well. To be done concurrently.
- In RT13 FFB Legality topic will be included as a paper under Trade and Traceability (T&T) plenary/prep cluster session.
- The Co-chair (PG) noted that the objectives/mandate of the Task Force are:
 1. Develop guidance to feed into 4.1.4
 2. Develop guidance to feed into the implementation of 2.1 for external sources
 3. Identify the extent of the issue outside of Indonesia and the possibility of imposing controlled MB system
- FLTTF will establish formal connection with 2 other working group: Smallholder Working Group (SHWG) and Trade and Traceability (TTWG). Terms of reference (ToR) and Minutes of Meeting (MoM) will be sent to the working groups.
- The members proposed amendment to be done to the taskforce ToR under section 3.1. *Composition*, as follow:
 1. Adding new sub-section under section 3.1 as sub section 3.1.2:

3.1.2 The composition of the task force will be considered final if even after active consultation

and engagement there are no available candidate from the list above.

2. Due to aforementioned change, previous sub-section 3.1.2 has changed to sub-section 3.1.3.

3.1.3 *The Taskforce may also be inviting representation from the expert(s) and/ or government officials as deemed necessary. Members in this category will have no rights to vote shall there be any needs to practice it.*

See Annex 2.

An announcement will be put in website for a period of one month to have candidates for Retailer, Rest of the World (RoW) Grower, SH Thailand and Social NGO.

Action Point : Secretariat

- Volunteer from FLTTF; KXC (Wild Asia), A (WWF Indonesia) and GP (EII) led by LKY (KLK) to build Terms of Reference (ToR) for extent of issues study in Malaysia and RoW. The first draft to be circulated by 24 April 2015 to all members for acceptance.

5 Discussion on Key Activities/Key Results and Budget for 2015

- The taskforce agreed that the scope of the activities will be divided in two areas of focus:
 1. To proceed the study on Indonesia for the development of Guidance 4.14 and 2.1
 2. To study the extent of the issue in other countries (RoW)
- Apart from Indonesia, the study in other countries will be done in Region bases with scope as follow:
 1. Malaysia, Thailand and other Pacific Islands
 2. Africa
 3. Latin America
- In order to have a proper study and to get buy in from the members, the study will be conducted by third party. FLTTF will engage consultant to study the issues.
- It was agreed by the taskforce that different methodology will apply in extent of the issues study RoW. As companies in Malaysia and Thailand known to also source from smallholders, the activities of the study will include: desktop study, field research and sampling. For other regions (Africa, Latin America and Pacific islands) the activity will only be based on a desktop study. The proposal and Terms of reference to be adjusted accordingly.
- For Indonesia study, in order to get the complete picture, WWF Indonesia suggested the study to be focused on the supply chain halfway from collectors to the mill. WWF Indonesia have already done a study on part of the chain which is from farmers to collectors.
- The study in Indonesia to be conducted as a collaborative effort of the stakeholders. Wilmar and Yayasan Setara Jambi have already express interest while First Resources and Musim Mas to be confirmed later.

Action Point:

1. WWF-Indonesia to come up with proposal on what to be done in terms of traceability. To incorporate the experience of Wilmar and Yayasan Setara Jambi (to be submitted by 31 May 2015)
 2. EII to come back with proposal on legality definition study work (to be submitted by 31 May 2015)
- Budget for FY 2016:
 - The FLTTF budget for this year will be used to complete scoping study for the RoW (est balance of MYR 90K)

No	Activity	Timeframe	Budget
1	Completion of Indonesia study - Methodology Development for Traceability & Legality Definition	July 2015 – June 2016	USD 100,000.00
2	Completion of RoW Scoping Study	July 2015 – June 2016	USD 50,000.00
3	FLTTF Meetings	July 2015 – June 2016	RM 100,000.00
4	Guidance Development & Finalization	July 2016 – Nov 2016	?? (TBD)

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6	AOB
6.1	<u>FLTTF Meeting Schedule for 2015</u> It was agreed to have 3rd physical meetings on 23 June 2015 (Tuesday) in Kuala Lumpur, Malaysia. The meeting venue to be confirmed later. Action Point: Secretariat <u>Important Date</u>
6.2	24 April: ToR first draft sent to RSPO for circulation 4 May : ToR finalized 5 May : Upload in website – call for proposal 31 May : Deadline for proposal 8 June : Shortlist of consultant, with recommendation from Secretariat 23 June : Appointment of consultant
7	<u>Closing/ Adjournment of meeting</u> Co-chairs closed the meeting at 4:10 pm and thanked everyone for their active participation in the discussion.

Annexes:

Annex 1 Presentation by RSPO Secretariat (Salahudin Yaacob – RSPO Technical Director)

Annex 2 Terms of Reference RSPO FFB Legality and Traceability Taskforce