

MINUTES OF MEETING

40th SSC Meeting

Time: 1500 - 1700 (MYT)

Date: Thursday, 18th January 2024

Venue: Zoom Meeting <https://zoom.us/j/95995753680> Meeting ID: 959 9575 3680 Passcode: 40@SSC

ATTENDEES

Name	Initial	Organisation	
1. Olivier Tichit (Co-Chair)	OT	Musim Mas	P & T – Substantive
2. Lim Sian Choo (Co-Chair)	LSC	Bumitama Group	Grower (INA) - Substantive
3. Anne Rosenbarger	AR	WRI	ENGO – Substantive
4. Sander Van den Ende	SvE	SIPEF	Grower (RoW) – Substantive
5. William Siow	WS	MPOA/IOI	Grower (MY) – Substantive
6. Ian Orrell	IO	NBPOL	Grower (Smallholder) - Substantive
7. Lee Kian Wei	LKW	United Plantations	Grower (MY) – Alternate
1. Leena Ghosh	LG	RSPO Secretariat	
2. Aloysius Suratin	AS	RSPO Secretariat	
3. Oi Soo Chin	OSC	RSPO Secretariat	
4. Lee Jin Min	LJM	RSPO Secretariat	
5. Gurvinder Singh	GS	RSPO Secretariat	
<i>Absence with apology:</i>			
1. Jenny Walther-Thoss	JWT	WWF Singapore	ENGO – Substantive
2. Librian Angraeni	LA	Musim Mas	P & T – Alternate
3. Silvia Irawan	SI	Kaleka	SNGO – Substantive
4. Jerome Courtaigne	JC	L’Oreal	Consumer Goods Manufacturer – Substantive
5. Brian Lariche	BL	Humana	SNGO – Substantive

AGENDA

Time	Item	Agenda	PIC
1500 - 1505	1.0	Opening	Co-Chairs
	1.1	Acceptance of agenda	
	1.2	RSPO Antitrust Law	
	1.3	RSPO Consensus-Based Decision Making	
	1.4	RSPO Declaration of Conflict of Interest	
1505 - 1515	2.0	Meeting Dashboard	Co-Chairs
	2.1	Confirmation of the 39th MoM on 13 th December 2023	
	2.2	Action Tracker	
	2.3	Progress Update WG/TF/SG under SSC	
1515 - 1600	3.0	For Endorsement	
	3.1	RaCP Requirement for Group Membership Consolidation	OSC
	3.2	Establishment of Human Rights Due Diligence Subgroup	GS/SM
	3.3	Human Rights Due Diligence Guidance Document	GS/SM
1600 – 1620	4.0	For Update	
	4.1	GHGWG2 Progress Update	AS

1620 - 1630	5.0	Any Other Business	
1630		END	

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Opening	
1.1	The Chairs welcomed everyone to the meeting and presented the agenda of the meeting.	
1.2	The RSPO Antitrust Law, Consensus-Based Decision Making, and Declaration of Conflict of Interest were read out to the Committee. No comments were received.	
2.0	Meeting Dashboard	
2.1	<u>Confirmation of the 39th MoM on 13th December 2023</u> The minutes of the meeting were adopted.	
2.2	<u>Action Trackers</u> Action tracker of the previous meeting was presented. No comments were received.	
2.3	<u>Progress Update WG/TF/SG under SSC</u> The progress update for the WG/TF/SG Committee was presented. No comments were received.	
3.0	For Endorsement	
3.1	<u>RaCP Requirement for Group Membership Consolidation</u> The Secretariat presented the decision paper on the Remediation and Compensation Procedures (RaCP) requirement for existing members required to consolidate their memberships as per the Group Membership requirement. <ul style="list-style-type: none"> The RaCP which was endorsed by the RSPO Board of Governors (BoG) in 2015 requires applicants (companies applying to be members) to complete a Land Use Change Analysis (LUCA). Membership will then be granted upon the approval of LUCA. In November 2016, the BoG endorsed the Group Membership (GM) requirements whereby existing members under the same corporate group are required to consolidate their membership under its Parent company. Implementation started in 2017 and there are two types of consolidation scenarios. The first type involves a Parent company that is already a member of RSPO and the other involves a Parent company that is not yet a member. 	

	<ul style="list-style-type: none"> ● GM consolidation for a Parent company that is already a member is straightforward and involves consolidation of multiple subsidiaries' membership accounts under the Parent's membership account. After consolidation, the subsidiaries' membership accounts will be cancelled. Consolidation of multiple subsidiaries' memberships involving a Parent company that is not a member of RSPO requires additional steps as the Parent company will need to submit a new membership application. ● Membership application from a Parent company for GM consolidation can be lengthy especially when it involves RaCP requirements (completed LUCA). Since the implementation of RaCP, the average days taken for membership to be approved for growers is 553 days (Maximum up to 1925 days). During the consolidation process involving a Parent company that is not yet a member of RSPO, the existing subsidiaries with separate memberships are not in compliance with the GM requirements. This poses a risk for complaints, exposing our members to be a subject of complaints. ● In July 2023, the Membership Unit of RSPO Secretariat presented the above issue to the Compensation Task Force (CTF). The Secretariat proposed to allow membership applications from a Parent company that is involved in the GM consolidation scenario to be granted membership upon completion of the Disclosure step of the RaCP. The Parent company may continue the remaining RaCP steps after membership is granted. The remaining RaCP requirements remain unchanged. ● As there was insufficient quorum, the CTF opted to make the decision via email. In October 2023, the CTF agreed to allow Parent companies that are required to submit a membership application due to GM consolidation to be granted membership upon completion of Disclosure of the RaCP. ● The Secretariat is now seeking SSC's endorsement to the decision made by CTF above. <p>Committee raised question on:</p> <ul style="list-style-type: none"> ● How does this relate to the time-bound plan? Secretariat explained that when the Parent company joins as a member of RSPO, the subsidiaries will have their own time-bound plan to achieve certification. The Secretariat will collect all the time-bound plans and consolidate them into one. It does not affect the existing certified subsidiary areas. The certificate will only have to change the membership number as the Parent company will have a new membership number. ● In cases where it is a new holding Parent company, what happens to the existing certificate? Will the consolidation be delayed until the new holding membership number? 	
--	---	--

<p>3.2</p>	<ul style="list-style-type: none"> ● Secretariat clarified that the subsidiaries would hold different membership accounts and have their own membership number as well as certificates. The account will not be cancelled and will run at the same time to ensure business continuity for the members. When the Parent company submits their application and is being processed, the moment it gets approved, the Secretariat will then ensure that all the existing accounts of the subsidiaries are parked under the new Parent company. For the certificates, the subsidiaries will need to update their membership number and Parent company. <p>Decision SSC has approved the decision paper. The Secretariat will seek approval from the members who are not present via email.</p> <p><u>Establishment of Human Rights Due Diligence Subgroup</u> The Secretariat presented the decision paper on the Establishment of Human Rights Due Diligence (HRDD) Subgroup.</p> <ul style="list-style-type: none"> ● The HRDD Subgroup will play a central role in orchestrating and overseeing the various tactics and interventions essential for the facilitation and development of a human rights due diligence guidance. By engaging in a collaborative effort with diverse stakeholders, the HRDD Subgroup aims to contribute significantly to the evolution of a comprehensive and effective framework for human rights due diligence for RSPO members who may wish to avail themselves. ● As human rights expectations are increasing especially with the upcoming and existing regulations on mandatory HRDD, it is crucial for RSPO members to be prepared and able to comply with these legislations to ensure responsible and sustainable palm oil production and avoiding any impediment to market access. ● The HRDD Subgroup is important to support and guide the development of this guidance document so that it captures the perspectives from the palm oil value chain Members. In addition, the HRDD subgroup can provide insights into the practical challenges and opportunities associated with implementing human rights due diligence within the palm oil industry. ● The Subgroup will be supporting the Human Rights Working Group (HRWG) in meeting its objectives and overseeing the tactics/interventions related to Goal 1 of the HRWG 2021-2023 Strategy which is to facilitate the development of due diligence guidance to support the Principles and Criteria (P&C) 2024. The Subgroup reports to the HRWG. ● The HRDD Guidance document is currently being drafted and is expected to be released together with the endorsement of P&C 2024. 	<p>Seek approval from SSC members via email.</p> <p>Action by: Secretariat</p>
------------	--	--

	<ul style="list-style-type: none"> • The Secretariat is now seeking the SSC’s endorsement on the establishment of the subgroup. <p>Committee commented that:</p> <ul style="list-style-type: none"> • In the Terms of Reference (ToR), the members’ composition includes technical experts which are RSPO members and invited technical experts. Committee suggested keeping it to RSPO members and invited technical experts to avoid misunderstanding. • The goal of this subgroup is based on the P&C 2018, and there is no mention that there will be a new P&C. Committee suggested that the work of the subgroup will have to take into account the new P&C 2024. The actual document should be amended to take into account the new P&C 2024. • How specifically is the existing P&C mentioned in the document? Can it be generalised so that it is not referring to a specific P&C? This might be difficult as the goal in the Strategy Paper specifically refers to the P&C 2018. Does the scope change if it refers to the specific P&C? • Secretariat clarified that in draft 3 of the new P&C, there is an indicator regarding HRDD and it mentions the HRWG will be developing a HRDD guidance. This subgroup is being established to assist in the development of the guidance. The guidance document is supporting the P&C. • Committee suggested to amend the document to refer to both P&C 2018 and P&C 2024 once endorsed. <p>Decision SSC has approved the decision paper. The Secretariat will amend the document accordingly and seek approval from the members who are not present via email.</p> <p>3.3 <u>Human Rights Due Diligence Guidance Document</u> The Secretariat presented the decision paper on the Terms of Reference (ToR) for Human Rights Due Diligence (HRDD) Guidance Document.</p> <ul style="list-style-type: none"> • The Secretariat is seeking SSC’s approval for the development of the HRDD guidance which will showcase the proactive and supportive role RSPO aims to play in guiding its members towards developing its respective HRDD. • The ToR aspires for the development of a comprehensive and effective framework of HRDD for members to comply and support the P&C 2024. • Given the rising expectations regarding human rights and the impending regulations making HRDD mandatory, particularly with the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD) and Proposal for a regulation of the European Parliament and of the Council on prohibiting products made with forced labour on the Union market, it is 	<p>Seek approval from SSC members via email.</p> <p>Action by: Secretariat</p>
--	---	--

essential for RSPO members to proactively prepare themselves. This compliance is crucial for ensuring responsible and sustainable palm oil production, as well as preventing any obstacles to market access.

- In line with the RSPO’s commitment in promoting sustainable practices, RSPO will develop a guide to support and assist its members with respect to their HRDD obligations.
- The objective of the HRDD Guidance document is to empower RSPO members in navigating the intricacies of HRDD, ensuring compliance with current and forthcoming regulations. As a voluntary sustainability scheme (VSS), RSPO assumes a pivotal role in not only offering advice and guidance but also in providing a unique opportunity for its members to enhance their understanding and implementation of HRDD.

Committee highlighted:

- How does this fit into future audits and standard compliance? Will the guidance be auditable? Secretariat explained that it is an informative document which will serve just as a guidance for the members. It will not be auditable.
- The Committee understands that it will be a guidance, but the HRDD requirement is in the P&C. Members have to comply with the P&C and will then have to fully comply with the HRDD procedures. Even though it is a guidance, if Members do not implement it according to the guidance, it can result in non-compliance.
- Secretariat clarified that in the P&C requirement, it is stated that members need to conduct HRDD and RSPO will provide guidance on how to conduct HRDD. What will be auditable is how Members conduct the elements of HRDD.
- The Committee also cannot really visualize how the HRDD looks like. It may be easier to understand and comply with if there are some concepts on how HRDD will look like.
- Secretariat explained that the subgroup will first need to be set up and the ToR has to be endorsed in order for the members to start the discussion on the HRDD framework. At the HRWG meeting, the members did briefly mention using OECD 6 steps instead of the UNGP 4 steps. Once the SSC agrees to establish the subgroup, the subgroup will discuss further on what is the best way forward. The members will be developing the HRDD within the context of palm. WS has expressed interest to join the HRDD subgroup. Secretariat welcomes members that may already have their own HRDD process to join the subgroup so that an effective HRDD framework can be developed.
- Committee commented that this has been ongoing for quite a few years. The first discussion on HRDD came up with a procedure but it was difficult to implement. Forming the subgroup is important as the HRDD

	<p>needs to be implementable with reference to international standards.</p> <ul style="list-style-type: none"> Committee also raised a concern on whether the timeline can be met. As the new P&C will only come out in July, the timeline may need to be adapted. Committee suggested adding that the timeline might be changed when referring to the new P&C. <p>Decision SSC has approved the decision paper. The Secretariat will seek approval from the members who are not present via email.</p>	<p>Seek approval from SSC members via email.</p> <p>Action by: Secretariat</p>
4.0	For Update	
4.1	<p><u>Greenhouse Gas Working Group Progress Update</u></p> <p>The Secretariat presented updates on the Greenhouse Gas Working Group (GHG WG2).</p> <ul style="list-style-type: none"> The objectives of the GHG WG are: <ul style="list-style-type: none"> To revise the methodology (i.e., calculation boundary, emission factor and calculations) for PalmGHG and develop a tool to monitor emission from the downstream oil palm operation. To echo the Malaysian Palm Oil Association (MPOA) request on the PalmGHG Tool. To develop a downstream emission calculator (via a feasibility study) that will be used to report operational emissions. Progress on PalmGHG v5 development: <ul style="list-style-type: none"> PalmGHG v4 technical review has been conducted and PalmGHG v5 design is currently being developed. The working group is also working on the alignment of PalmGHG with GHG Protocol and the integration to the CTTS/PRISM system. The adjustment design is based on the GHG Protocol Review. GHG Protocol has Scope 1, Scope 2 and Scope 3. PalmGHG v4 is currently at Scope 1 and touched a bit on Scope 2. If PalmGHG is referencing GHG Protocol, Scope 2 and Scope 3 needs to be added and be clear on which part is feasible for members to implement. PalmGHG v4 included Scope 1 and Scope 2 of the GHG Protocol, but not Upstream Scope 3 and Downstream Scope 3. Based on the PalmGHG v4 review, PalmGHG v5 was designed. <ul style="list-style-type: none"> The boundaries in PalmGHGv5 will include Scope 1, Scope 2 and Scope 3. The categories for Scope 1 consist of PalmGHG v4 with additional activity data for inorganic fertilizers and sequestration (Nitrase inhibitor and Urease inhibitor). The categories for Scope 2 will include electricity for estate and mill. Categories for Scope 3 will include upstream emission such as purchased fuel, purchased electricity and generated electricity. 	

	<ul style="list-style-type: none"> ○ The products to be included are Fresh Fruit Bunch (FFB), Certified Palm Oil (CPO) and Palm Kernel. ○ Fuels consumption components to be included are diesel, gasoline, biodiesel, bioethanol, Empty Fruit Bunch (EFB), mesocarp fiber and palm kernel. ○ Electricity such as grid electricity consumption (electricity that is purchased or being used) and exported electricity to the grid. ○ Waste such as Palm Oil Mill Effluent (treatment, COD removal, methane capture), biomass (EFB, mesocarp fiber and palm kernel shell) and soil classification will also be included. ● Alignment with GHG Protocol: <ul style="list-style-type: none"> ○ The Secretariat has submitted the Non-Disclosure Agreement (NDA) to the GHG Protocol in the 2nd week of January 2024. Currently, the NDA is under the review of the WRI Grants & Contracts Team. ○ The GHGWG has recommended 7 out of the 15 categories for Downstream Scope 3. These categories were chosen as they are significant to the operation and part of the products that is already covered. ○ In the current initial design, in terms of downstream transportation and distribution data such as distance travelled and mode of transportation, fuel and electricity emission factors can be included. ○ Processing of sold products may or may not be feasible depending on the scenarios. If a company can access data of buyers, when buyers buy the product, Scope 1 and Scope 2 are available. As Scope 1 and 2 will be reported by the buyer, it is not necessary for companies to report again. It is not feasible in this case. It can be feasible if Scope 1 and Scope 2 are not available or not being reported by the buyers . If the product is sold directly by the company to the market, the reseller is not able to provide Scope 1 and Scope 2. In this case, the Scope 3 transportation and processing of the sold product should be included. ○ In conclusion, downstream transportations are feasible to be included. Downstream distributions are conditional, and this conditionality will be discussed in the GHGWG. The working group recommends distance-based and average-based methods are feasible for the PalmGHG v5. ○ GHGWG has finalised and agreed with the selected categories. GHGWG is currently processing for the GHG Protocol validation to ensure the design is carefully aligned to the protocol requirements. 	
--	--	--

Committee commented that:

- There is no mention of the capital goods in the upstream or downstream. This is something that should be possible to include and would avoid the difference to the GHG protocol. The Secretariat clarified that it will be included in the upstream.

Next step:

- By February 2024, GHGWG will be consolidating field data and data requirements based on the GHG Protocol Scope 1, Scope 2, and Scope 3. All the results will be consolidated into the design.
- By March 2024, GHG Protocol Review will take place. GHGWG will address the feedback and integrate the pre-final input to CTTS. The Secretariat is currently coordinating with CTTS.
- The final design will be submitted to the GHG Protocol by April 2024.
- Finalization will happen in May and test launching will be conducted by June 2024.
- It will then be ready for final launching in July 2024.
- The chairman of GHGWG clarified that GHG Protocol Review is supposed to happen now instead of March. As of today, the GHGWG has already re-categorised all the existing emission factors into Scope 1, Scope 2 and Scope 3, and the feasibility study has already been conducted. It has not been included into the GHG tools because it needs validation from GHG Protocol. GHG Protocol Review is supposed to have two exercises, one is the initial assessment on the gaps between GHGWG's recommendation and GHG Protocol's recommendation. The other exercise is the actual validation from GHG Protocol that will give assurance that PalmGHG has full alignment with GHG Protocol. The GHGWG will require some time to address the discrepancies or opinions and this needs to be included in the timeline.

Committee commented that:

- Just a reminder to consider the outputs that are often asked for within forms like Carbon Disclosure Project (CDP) and European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD), so that the outputs fit exactly what the major ranking agency and standards in our requirement.
- The Secretariat explained that this has already been considered in the output which consists of net emission. There is a requirement in ESRS to specify the second category of GHG type. The PalmGHG can meet it but only for CO₂, methane and N₂O. In the GHG Protocol and disclosure, the issue is on the data. This is why the output will have descriptions that include the method used, the system will enable users to identify the

	<p>method to measure the emission as well as the comparison between primary and secondary data.</p> <ul style="list-style-type: none"> ● Committee also highlighted that the GHG Protocol has not finished the Land Sector and Removals Guidance. This is a fundamental accounting rule book that can change a lot of the emission factors and the accounting for emissions and removal. How will the working group deal with this matter? Secretariat responded that it might not affect much as most of it such as land use and conservation area has already been included in the system. The Secretariat will find this information during the validation process by the GHG Protocol. ● Committee believed that the guidance is quite fundamental as it includes which greenhouse gases to count for, what kind of removals are allowed, and sequestration is not allowed under the current version. In terms of ESRS, it only allows for gross emissions and not net emission, so the targets have to be expressed as gross emission. Committee is quite sceptical and hopes that the outputs will be tuned to be able to provide information to standards such as ESRS and requirements under the CDP for disclosures. ● GHGWG recommended the GHG protocol as it involves WRI, CDP and SBTi as well. If there is alignment to GHG Protocol, it is easier to comply with other rating agencies and requirements. Regarding the Land Sector and Removals Guidance, it currently affects the calculation as the sequestration is not captured in the current guidance. For now, the consultation has been completed and GHG Protocol are still revising their document. This is why the GHG protocol regulation needs to take place as soon as possible so that the working group can justify the GHG protocol to include the sequestration which is important for our sector, and it brings value to the calculation. ● Committee raised a question that reference tables have been used in the past when comparing GHG information with the GHG protocol. Will the reference table be made available? Not all growers have their own so-called data and some of them have been highly dependent on the general data, basically the default values, that was provided in the GHG calculator. ● Secretariat stated that all the data used at this stage is still the default value. Based on GHG protocol, there is no issue to use the default value as it is acknowledged that the first step is just to report, and it will be improved later. The method can then be improved to a company specific data. GHG protocol also recommended some database as reference. GHGWG has reviewed all the reference and default value in the PalmGHG v4. Those that require updates will be updated according to the latest version reference such as IPCC. GHGWG will get more references from published and established source. The reference and 	
--	--	--

	<p>default value will be updated and verified by GHG Protocol. It will not be 100% taken from GHG Protocol. For some of the reference, GHGWG have a better justification based on the Life Cycle Analysis study and the development of the PalmGHG tools that has been conducted.</p>	
5.0	Any Other Business	
5.1	<p><u>Next SSC Meeting on 20th February 2024</u> LSC will be travelling. Secretariat will send out an email to SSC members to either move the meeting to 19th February or remain unchanged depending on the members' availability.</p>	<p>Send email to SSC members to confirm the date of next SSC Meeting Action by: Secretariat</p>

MEETING ENDED AT 1625 MYT