

MINUTES OF MEETING

RSPO Supply Chain Traceability Working Group (SCT WG)

8th Meeting (via Zoom)

Date and time: 9 June 2022 at 9.00am – 10:30am CET.

Agenda

1. Opening remarks and antitrust statement
2. Approval of Agenda
3. Approval of previous minutes
4. Updates RSPO Secretariat
5. Open action points
6. Supply and Demand data CSPO and CSPKO
7. Certified FFB from Smallholders
8. AOB

Members Attendance:

Name	Organisation	Group Representation	Attendance
Robbert Kessels	Sipef	Grower	No
Daphne Hameeteman	Wilmar Europe	P&T	No
Sietse Buisman	Cargill	P&T	Yes
Helen Scholey	Shell	P&T	Yes
Rina Rahayu	IOI Group	P&T	No
Angga Prathama Putra	WWF	eNGO	No
Mark Wong	Sime Darby Oils	Grower	Yes

RSPO Secretariat Attendance:

Name	Position
Inke Van Der Sluijs	Director, Market Transformation
Aryo Gustomo	Deputy Director of Compliance
Muhammad Shazaley Abdullah	Head of Certification
Ruzita Abd Gani	Supply Chain Manager
Divya Bajpai	Assurance Manager, Europe
Mohd Shafiqul Syaznil	Data Analyst Executive

1. Opening remarks and Antitrust statement

Divya welcomed the members to the 8th meeting of the SCT WG and reminded all members of the RSPO antitrust statement.

2. Agenda

Divya presented the Agenda for the 8th SCT WG Meeting. No concern was raised on the agenda.

3. Approval of previous minutes and Open Action Points

The minutes of the 7th meeting were approved without any amendment and comments.

4. Update RSPO Secretariat

Divya updated the SCT WG on the following upcoming events:

- SPOD on 20th October 2022 in Netherlands, venue was not yet confirmed but Inke mentioned it will be in the vicinity of the airport.
- RT and GA 28th Nov -2nd Dec 2022 in Kuala Lumpur, Malaysia
- ACOP closed, highest Submission reached. Helen questioned on Percentage of ACOP submission and 89% was mentioned by Divya on ACOP Submission.
- Contingency Audit procedure is approved by ASC.
- Standard Reviews 2023 is launched.
- Divya also mentioned about the CB Forum which will be held in the Netherlands on 12-13 Sep 2022 and the certification team will be in the Netherlands so taking as an opportunity next SCT WG meeting will be held physically.

5. Open Action Points

Divya discussed the open action points and filling of the vacant positions for the smallholder from Planting Naturals, Kalindi Lorenzo on joining SCT WG. Inke highlighted Kalindi is from Planting Naturals which are processor and traders and they are working with other working groups representing Small Holders from Africa. MDSC has approved the application with one condition that during the working group meeting they need to bring the representatives from the smallholders. All the members agreed for Kalindi joining the SCT WG.

6. CSPO & CSPKO Graph:

Shazaley presented the CSPKO graph. In the previous meeting we discussed the points or information we would like to publish on the RSPO Website on Impact page and currently we have removed it from our website by stating that currently this section is disabled due to maintenance. Shazaley mentioned this is the first proposal of a new graph putting monthly CSPKO Sold volume so Graph 2 we want to present in the website CSPK Received by the KCP and CSPK processed by KCP. We want to show the volume that is transferred from the Palm oil Mill to the KCP and the volume processed by KCP. Sietse asked how the PK received is calculated. Shazaley explained that PK received is based on the confirmed Shipping Announcement. Sietse confirmed again that this is the actual PK received which was confirmed by Shazaley. Sietse again asked whether his assumption is correct that not all PK received is processed. He asked the Secretariat to check this. Shazaley said that they already checked the actual data taken from PT, because after the Palm Oil mill makes a shipping announcement to the KCP, the KCP needs to confirm the transaction. After the KCP processes the Kernels, they need to allocate in their PT account how much is processed and how much is CSPKO and CSPKE produced. Sietse states that there shouldn't be any unsold certified PK as there is shortage in the market. Shazaley clarified that the Graph represents CSPK not production of CSPKO.

Graph 3: CSPKO Actual production and Sales as per RSPO Supply Chain model if we agree on this it will be uploaded in the impact page of our website. Graph is showing CSPKO production is slightly higher than the sold volume in the market. Sietse suggested changing the Title of the graph as this is not annual CSPKO production or actual CSPKO production but this is including CSPKE production. Shazaley clarified if Sietse was referring to the 1:1 rule. Sietse confirmed this and said we need to show this includes the 1:1 covered volume because this is not CSPKO production but also includes CSPKE conversions. Shazaley confirmed that we will try to find a better title for the Graph. Inke mentioned we cannot say actual production as supply as it talks about conversion. Sietse mentioned the need to change the title as it is inappropriate and it was agreed on this to look into a new title.

Graph 1 was presented by Shazaley talking about CSPKO sales on an annual basis. Monthly basis can be seen in the position paper.

The conclusion was that all data is taken from one source which is generated from PT and RSPO secretariat requests for approval to publish the Graph on the website. Sietse raised the question "why we showed the overview of sales excluding Independent smallholders"? Shazaley clarified the graph 1 is excluding the IS credits as in the earlier part of the shipping announcement there is no physical PK entering in KCP, so we only have shipping announcement from Palm Oil Mill which is physical and Palm Oil Mill

converted from CSPKO and CSPKE. Sietse questioned what Independent Smallholders are selling? Shazaley clarified Independent Smallholders have two options to sell first they can sell their physical FFB as certified FFB, or based on their certified FFB they can convert and sell as Credits. Sietse clarified IS can also sell CSPKO credits, Shazaley confirmed they can sell CSPKO credits but it will be identified as IS-CSPKO Credits. Sietse questioned whether it is correct to show all the sales and say excluding IS. Inke suggested it would be good to present a separate Graph including IS credit sales and also include Palm Oil for consistency.

Mark asked whether we intend to publish Graph 2 with CSPK production and processing. He asked whether it is correct that a quarter of the CSPK volume is not processed as sustainable. Sietse mentioned that he did not agree to publish that Graph and we can discuss more on that. Shazaley mentioned that we can only publish two graphs which are Graph 1 and Graph 3.

Shazaley presented the 1:1 conversion rule normal, downwards and sideways. Shazaley mentioned with regards to the data gathering and analysis, the Certification Unit would like to emphasize that the existence of 1 to 1 rules would create misleading information to the members. The recommendation of the RSPO Secretariat to SCT WG:

- to **review the 1 to 1 conversion rules**
- recommend changes **to strengthen** the 1 to 1 rules
- recommend changes **to remove** the 1 to 1 rules (which might affect the physical supplies of the materials)

7. Certified FFB from Smallholders

Shazaley presented on how the ISH-FFB volume is used to estimate the volume that they can convert to credits. Data was presented on the ISH Transactions covering IS-CSPO and IS-CSPKO Credit and CSPO & CSPKO Credit Price. Sietse questioned why IS-CSPKO get low price compared to normal CSPKO credits? The reason is not known but the data reflected this difference up to April 2022.

Mark brought the point of discussion for Mill List in PT and if we have time to discuss on this. Currently, there is no expiration date for mills in PT, we will discuss this in the next meeting.

8. AOB

The meeting adjourned at 10.30 am CET and it was mentioned that the next meeting will be Hybrid on 15th September 2022.