

**Meeting Notes RSPO Standing Committee Trade and Traceability, 13 April 10.30 -16.00 hours
Unilever office, Weena 455, Rotterdam, The Netherlands**

Participants:

Martijn Schneider, IOI Loders Croklaan
Hugo Byrnes, Ahold
Gerard te Nuyl, Wilmar
Alasdair McGregor, BM Trada
Anna Bexell, IKEA
Caroline Tomlinson, Findus
Johan Verburg, Oxfam
Gerrit van Duijn, Unilever
Liz Crosbie, SEC
Martin Craven, AAK
Hidde van Kersen, IOI Loders Croklaan
Bob Norman, AAK
Adam Thomas, NBPOL
Paul Nellens, SIPEF
Michelle Morton, Shell
Sophie Pin, Carrefour
Sietse Buisman, Cargill
Bas Geerts, Joost Sprakel, Wiard Gorter, Daphne Hameeteman, UTZ Certified
Marieke Leegwater, MVO (chair)

Absent with notification

Don Grubba, SDI Corp
Neil Judd, Proforest –assisting RSPO on certification matters

Glossary:

SCCS: Supply Chain Certification System requirements
SC CC: Standing Committee on Communication and Claims
SC SC: Standing committee on Standards & Communication
SC T T: Standing Committee on Trade & Traceability

1. Introductions and Welcome

- Marieke welcomes new members Hidde van Kersen, Sophie Pin, Anna Bexel, Adam Thomas and Martin Craven
- Hidde van Kersen started his job as Director Sustainability at Loders Croklaan per 1 March and will take over the Chair SC T&T per 1 July 2011. He is also IOI representative in the RSPO EB.
- Johan Verburg will step back from this group, due to his new position within Oxfam; a colleague of will replace him. Johan will inform Marieke of his replacement.
- Bas Geerts will step back from this SC due to his new position outside of UTZ. At UTZ responsibilities will be handed over to:
 - o Joost Sprakel (New Business / account management to RSPO)
 - o Daphne Hameeteman (Planning and Implementation)
 - o Wiard Gorter (Traceability Manager)Support can be reached via Palmoil@support.utzcertified.org

2. Minutes & action points meeting 24 February 2011 (annex 1)

Meeting notes approved, after one notification by Johan Verburg that the meeting was a teleconference.

Action points that do not come back on the agenda:

- Marieke: advise RSPO's secretariat to remind Supply Chain actors whose self-verification period has expired about the need for independent certification → This was done. It led to the prolongation of the validity of all self-assessments until 1 July. Notifications of expiries were sent out by the RSPO secretariat.

- Adam Thomas to report on progress on the guidance document on the SCCS system → Not done, decided to wait for review SCCS.
- Marieke: will distribute contact details Chair of the Derivatives WG → done

3. Updates RSPO EB meeting 31 March/1 April

Marieke reported the updates from the RSPO EB meeting 31 March/1 April

- The meeting took place in a good atmosphere. New members of the RSPO-secretariat were present.
- The Board will table a resolution in the next GA to create an additional Board seat for Indonesian growers
- Hill & Knowlton was contracted as RSPO's new global communication partner
- New Communications & Claims guidelines have been approved. Schuttelaar & Partners will finalize the related Q&A.
- The GHG working group is on track. Results will be fed into the SC on Certification.
- EB has given the Standing Committees (SCs) a stronger mandate. The rationale behind it: the technical discussion needs to be held by experts in the SCs
- RT9 will be held 22-24 November at Kota Kinabalu (Malaysian part of Borneo)
- Budget has been released to start the review of UTZ Certified. Marieke is now in contact with the consultant that was selected for this work to start up the work. The subgroup (Liz Crosbie, Adam Thomas, Martijn Schneider, Marieke Leegwater, Nina Porthun) is informed.
- Budget has been secured to hire a writer for review of the SCCS system
- The new RSPO Technical Director will start as per 17 May.

Comments:

- Hugo Byrnes commented that retailers are not satisfied with the current rules for use of the claims. This comment should be brought to the SC C&C.
- The launch of the use of the trade mark will be around the next EB meeting, which is to be held in London in July. More clarity on the actual/fixed launch date is needed. The SC C&C will announce date a.s.a.p. A sub committee of the SC C&C has been formed to prepare the launch.
- It would be that the RSPO secretariat joins these SC T & T meetings. Marieke will inform and enquire with the secretariat if that is possible.

4. SCCS Review

Marieke is to find a suitable person/office to rewrite the SCCS. The SC T & T will give technical input to the review via WG 1 and WG 2.

Report WG 1 – update presented by Liz Crosby

Scope: Develop input to SCCS review process on harmonised rules of interpretation of the 95 % rule in the SCCS system.

Composition of the group: Liz Crosby, Don Grubba, Adam Thomas, Claire Bramley (Sainsbury's), Adam Harrison, Alasdair McGregor, Andy Worrall (Pacific Rim)

Conclusions: For bulk oils the overarching principle is that only unintentional mixing is allowed. The percentage of unavoidable contamination should remain 5%, due to logistical set up of plants: pipes sometimes contain considerable volumes. The 5 % rule prevents costly flushing. These conclusions should be fed into the review of SCCS document.

Another issue is the consequence of the 95 % rule for the use of minor ingredients. There is a relation with the Communication and Claims Guideline that also contain a 95 % rule. It is proposed to create an exemption list containing the products which currently are not available. The proposal is considered not yet clear enough.

Action: The WG will further work on a proposal on how CBs should deal with companies using minor ingredients, they are unable to buy 'segregated'. It will report this to the next meeting –or earlier of possible, so it can be taken along in the SCCS review. This will then again be discussed at the next meeting.

Report WG 2 – update presented by Marieke Leegwater

Scope: Develop input to SCCS review process on: multisite certification, rules for subcontractors, lifetime of certificates, and benchmarking of other schemes.

Composition: Marieke Leegwater, Adam Thomas, Alasdair McGregor, David Ogg and Michelle Morton.

The group had one telco but did not arrive to conclusions on all topics. State of Play:

- Multi site → it is concluded that FSC's set up for this could be used as a good starting point for RSPO. Alasdair McGregor has reviewed this document and how it can be made suitable for RSPO.
- Life time certificate → David Ogg has prepared a draft. This should be discussed by the subgroup.
- Rules for subcontractors → it is concluded that FSC's set up for this could be used as a good starting point for RSPO
- Bench marking other schemes → Neil Judd circulated a note to the SC T&T. This will be further discussed by the subgroup.

Action: WG 2 will continue work and prepare input to the full T & T group as soon as possible. This will be again discussed at the next meeting.

5. Audit regime GreenPalm users

The RSPO EB has asked the RSPO SC T & T to develop rules on audits of end- users of the GreenPalm scheme. The current rules specify that 10% of the buyers must be checked. However, this is not yet implemented. Greenpalm has started a pilot with BM Trada. This pilot project consists of trial-audits and will lead to a document outlining what should be audited and how.

A subgroup is set up, consisting of Bob Norman (lead), Gerrit van Duijn, Anna Bexell, Caroline Tomlinson, Alasdair McGregor and Michelle Morton. Their task is to develop rules which should include clear and transparent rules for auditor and auditee, including rules on frequency, selection and type of audit. The aim of the audits should be to ensure the claims companies make, match the volume of certificates they have purchased/redeemed.

It is raised that the percentage of end-users audited should be 100% to be aligned with all other trading models. The subgroup will also develop a recommendation on the percentage.

Action: The group will report progress to the next meeting. If possible this should consist of draft auditing rules.

6. PKO, update work SC S&C

Neil Judd who currently assists the RSPO secretariat on certification matters, has developed a note to clarify the rules for production and trade of PKO especially when PK crush is done by an independent plant. The note resorts under the responsibility of the SC SC. However, it is open for comments by this group. Comments of this group are welcome with Marieke before April 30- who will forward them to Adam Harrison (chair SC SC)

NB SCCS certification of mills

The note as circulated by Neil Judd also contains clarification on the requirement of SCCS certification of palm oil mills. This note also resorts under the responsibility of the SC SC. As with the above note, comments from this group are welcome with Marieke before 30 April –who will forward them to Adam Harrison.

7. Update Derivatives Work, Presentation Gerrit van Duijn

The Technical Group on Derivatives was set up by Jan Kees Vis to help companies deal with derivatives issues. It has been agreed that it's conclusions will be discussed by the SC T & T. Gerrit van Duijn presented an update on the state of play of the group (presentation 1 attached).

- Certificates: It is proposed by the Working Group on Derivatives to allow 1:1 match for the use of Greenpalm certificates to basic oleo chemicals.

- Segregated: The use of segregated derivatives (other than the ones mentioned in RSPO's default derivative sheet) is not always possible yet (limited availability, complex supply chains, costs, low demand). These burdens should be removed, but the 'how' is not clear yet.
- Mass Balance: this has not been part of this subproject team. Gerrit will give feedback to Jan Kees Vis, chair of this team.

The conclusions of the Derivatives WG will be sent to the T & T, once available. The SC T & T will then further discuss them and see how they can be incorporated in the RSPO SCCS system.

8. Differential Pricing & Traceability end point, Introduction Liz Crosby

Liz Crosby presented some key-issues RSPO is currently struggling with. The presentation attached.

Comments:

- It is generally agreed amongst participants that the transaction fees and the RSPO donation fee on CSPO-trades are not the hurdle for take of CSPO in the market
- In the market today we see a relatively high demand for RSPO certified stearin and a low demand for RSPO-certified olein. This goes for both Palm Oil and Palm Kernel Oil. This can negatively influence RSPO in reaching its goals, so it is good to further study.
- Currently NGO campaigns make consumers believe palm oil is bad, full stop. The nuance between 'bad' and sustainable, certified palm oil is needed to allow RSPO to deliver on its promise (vision and mission). Currently most buyers do see no added value in sourcing RSPO-certified palm oil.

This is parked and will be taken up again at the next meeting.

9. New UTZ system – presentation Bas Geerts & Daphne Hameeteman, UTZ Certified

UTZ is developing the release of their new system. An update was given on their state of play (See presentation UTZ). A user group has been formed to help UTZ move to their new system. It is composed of: Sietse Buisman, Martijn Schneider, Marieke Leegwater, Stefan de Kimpe, Michelle Morton, Adam Thomas/Steve Upton, Daphne Hameeteman, Joost Sprakel.

Question: How does the User group relate to the UTZ review group?

Answer: The UTZ review group will work with an independent consultant and will:

- identify RSPO's needs for a system as currently being provided by UTZ,
- describe the way UTZ's system is functioning at the moment
- to develop alternative options for the future development of the system.
- Assess the fee structure (request of Simon Lord in RSPO EB)

The user group will help UTZ move from one system to the other. If strategic changes are to be made to the system, these should be brought to the full T & T.

Comments:

- It was raised and agreed that matching of the palm oil volumes between the RSPO Traceability System and Greenpalm platform is a vital deliverable of RSPO's central database. So far UTZ has been unable to deliver this; A weblink was delivered Mid 2008, but due to a change in Greenpalm's business rules (certificate trading at holding level as opposed to trading from the unit-of-certification/mill) Greenpalm volumes could not be monitored. This should be a key-priority for UTZ. UTZ and Greenpalm have agreed on a workable solution, which can be implemented in the new release of the system.
- It was concluded that it is crucial to have clear ownership of this at the side of RSPO; However, as long as the secretariat has no capacity, it will be a combination of the T & T- who can give technical input, the secretariat (on membership registration matters) and the RSPO EB (to sign of things). UTZ remarks that for them it is important that there will be one single person who can act on RSPO's behalf (e.g. sign off on system changes).
- It was raised if that the UTZ system should cater the use of palm oil for biofuels. Michelle will contact Arjen Brinkmann to clarify which demand would apply to the UTZ system. If structural changes are required these should be discussed by the T & T.

10. SC T & T Mission and Vision

Hidde van Kersen led a discussion on a new mission and vision for the SC T & T based on the new mission and vision of RSPO .

New Vision: RSPO will transform the market to make sustainable palm oil the norm

New mission :

- To advance the production, procurement, finance and use of sustainable palm oil products;
- To develop, implement, verify, assure and periodically review credible global standards for the entire supply chain of sustainable palm oil;
- To monitor and evaluate the economic, environmental and social impacts of the uptake of sustainable palm oil in the market;
- To engage and commit all stakeholders throughout the supply chain, including governments and consumers

The supply chain includes ecosystems, communities, growers, traders, processors, consumer goods manufacturers, retailers, financial institutions, civil society.

A subgroup led by Hidde will prepare a draft ToR for SC T&T. Johan Verburg, Liz Crosbie, Martin Craven will join the team. An effort will be made to see if Darrel Webber (RSPO's Secretary General) can join.

The group will present their conclusions to the next meeting.

11. Next meeting

The next meeting will be on June 9 10.00 – 16.00 hrs in SIPEF Office, Schoten (near Antwerp, Belgium).

Overview of action points

- Johan Verburg will inform the Chair of SC T&T who will replace his position at the SC T&T
- Marieke Leegwater will see if the RSPO secretariat can join the meetings of the SC T&T.
- Marieke Leegwater will start the UTZ Certified review project with consultant Reinier de Man with the designated working group
- Marieke Leegwater will take the lead to start the review of the SCCS document.
- Liz Crosbie will work with WG 1 to clarify input to SCCS review process
- Marieke Leegwater will work with WG 2 to clarify input to SCCS review process
- Bob Norman and team will develop rules for audits of end-users on GreenPalm scheme
- Michelle Morton will clarify which requirements the biofuel sector would like to see the UTZ system deliver
- All members can provide feedback to the documents on PKO and SCCS certification for mills as provided by Neil Judd
- Hidde van Kersen and team will draft reviewed Terms of Reference for SC T&T