RSPO
Roundtable on Sustainable Palm Oil

Draft minutes T&T meeting March 16, 2017

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Present

1.	Adam Thomas	Sime Darby (AT)
2.	Aditya Mishra	WWF India (AD)
3.	Alasdair McGregor	Exova BM Trada (AM)
4.	Alien ten Kleij	Control Union (AK)
5.	Ashwin Selvaraj	RSPO secretariat (AS)
6.	Belinda Howell	RPOG (observer)
7.	Daphne Hameeteman	Wilmar Europe Holdings (DH)
8.	Ed McPhillimy	Oriflame (EP)
9.	Eddy Esselink	MVO (chair-EE)
10.	Elise Muijzert	Solidaridad (EM)
11.	Helen Scholey	Shell Oil Company (HY)
12.	Inke van der Sluijs	RSPO secretariat (minutes-IS)
13.	Jan van Driel	RSPO secretariat (JD)
14.	Jenny Walther-Thoss	WWF (JWT)
15.	Joshua Lim	Wilmar (JL)
16.	Jonathan Escolar	Proforest (JE)
17.	Paula den Hartog	UTZ (PH)
18.	Petra Meekers	Musim Mas (PE)
19.	Premalatha Mogan	RSPO secretariat (PM)
20.	Qua Kiat Seng	Asean Oleochemical Manufacturers group (QS)
21.	Rina Rahayu	IOI Group (RR)
22.	Robbert Kessels	Sipef (RK)
23.	Rosemina Siti	Emery Oleo (RS)
24.	Tobias Zobel	BASF (TZ)
25.	Uwe Heiser	Clariant (UH)
26.	Wai-Tuck Choong	IOI Oleo (WC)

1. Approval agenda

EE opens the meeting, the agenda is approved.
PE: can you explain why there is a public consultation on four RSPO documents next week? IS: this will be covered under the announcements.

2. Minutes

IS will incorporate one comment received via email and share the final version on the RSPO website. No further comments.

3. Announcements RSPO Secretariat

See slides (RSPO Slides T&T meeting.pdf)
The Supply Chain Certification Standard and Systems are not endorsed by the Board of Governors (BoG) yet. The members of the BoG asked for a clear overview of suggested changes and a short public consultation on the four documents. IS has shared the link to this announcement. DH asks whether her earlier comments were taken into account already. PM confirms. JWT is does not make sense to have such a short public consultation. The documents already went through the different Standing Committees and two also went through public consultation. BH: the changes could be fundamental changes that we are unaware of. The BoG works with the RSPO Secretariat to tighten up the procedures. BH agrees to that a longer public consultation period would have been better. Comment after this call: there is now an additional 30 days public consultation.

P&C review JD: the Terms of Reference were sent to the BoG twice and the last one was accepted with minor changes. There will be a Task Force (TF) formed of 24 members and chaired by the CEO:

- 12 palm oil producers - Malaysia (3), Indonesia (3), Rest of the World (3) and the Smallholder and Outgrower (3);
- 6 representatives of processors, refiners, traders, manufacturers using oil palm, retailers and financial institution;
- 6 members comprised of 3 from national and international environmental/conservation NGOs and 3 from social NGOs/civil societies.

The TF will meet four times and there will be two rounds of public consultations. The revised P&C document should be voted on during the General Assembly in November 2018.
There will also be a Steering Group formed by the chairs of the three 3 Standing Committees (SC), a BoG representative of the Malaysian growers, Indonesian growers, CEO and the Technical Director.
DH: LATAM representation needed. JD: there will be 3 Rest of the World seats that could be divided between PNG, LATAM, and Thailand. Perhaps Africa needs to be considered as well.

4. RSPO NEXT proposal for physical (Appendix 2)

The secretariat presented what would be required from all respective supply chain actors according to the agreed RSPO NEXT framework. IS explains that this proposal is the result of a request by the BoG to facilitate RSPO NEXT physical trades and claims. It is clear from the proposal presented to the T&T that if the market would like to move to RSPO NEXT physical within the current eligibility framework, it will be quite challenging if not impossible. RK and TZ support the idea of RSPO NEXT physical supply chains, always been sceptical about credits only.
At the moment, there is no RSPO NEXT certified supplier and a maximum of 10 companies have shown interest in buying RSPO NEXT credits. The first supplier is about to become certified for RSPO NEXT.

The members of the T&T recommend not to spend more time on this proposal as it is a "waste of time", "confuses and complicates the market (especially in oleochem)", would only "serve a niche market" if at all possible. Many certified members do not know what RSPO NEXT is and it would not help RSPO to go mainstream if retailers would state that RSPO is no longer good enough.
It is expected that the P&C review will close the gap. Most members agree to stick to a credit based system although some are already sceptical about the interest for that.
BH: comments as observer. This request comes from the retailers, as RSPO NEXT is meaningless if it is not physical. BH had a discussion with JD about traceability information that comes from PalmTrace. If RSPO NEXT certified mills have an additional tag indicating the NEXT status, this information can be shared with the buyer from the refiner. The pitfall here is that it would suggest that the buyer is receiving material from a NEXT certified mill whereas the refiner has purchased some material from that mill and lots of material from RSPO certified mills and mixed this, as would be the case for SG. This is already the case for mass balance (MB) and does not present a problem for retailers. The proposal for RSPO NEXT physical as presented to this T&T meeting is not what the retailers have requested.

Advise of the T&T to the BoG: RSPO NEXT is developed as a credit system and the T&T recommends to keep it like it is and not offer options for RSPO NEXT physical.
<u>Action: IS to summarise and share with T&T before this goes to BoG.</u>

5. Updates on PalmTrace by Paula den Hartog

See slides (PalmTrace update T&T.pdf)
DH would like to see that RSPO explains that not all uptake is captured by the percentages reported for the RSPO uptake. Much of the remaining volume is sold as ISCC or other certification schemes. In the new Certification System document, reporting of volumes sold under other schemes is mandatory. Once this document is endorsed, RSPO should reject license requests when this volume is not reported.
<u>Action: JD to discuss internally how RSPO would like to communicate on the uptake by other schemes.</u>
EM: in the last T&T meeting we discussed a proposal to introduce smallholder credits for schemed or associated smallholders. This proposal was brought to the Smallholder Working Group (SH WG) and they were not in favour to introduce this. The proposal to allow scheme smallholders to sell credits was rejected because of the following points:

a) To make sure the premiums for certified material is shared with scheme smallholders, certification/audit should be the tool and allowing them to sell credits will not help. By this, they mean we should put in some control mechanisms to monitor how benefits are being shared;
b) Most mills are moving towards IP and no one will be interested in selling scheme SH credits;
c) This would reduce the physical supply of certified materials;
d) This would reduce the premiums for Independent SH credits and nobody was in favour of creating a separate credit type for scheme smallholders;
e) This move is seen as something to meet the demands of retailers and other market players who are not willing to source physically.

6. Recording CSPO uptake (BoG request)

In their most recent meeting, the BoG discussed the decline in overall uptake for 2016. There was a drop in supply of CSPO in 2016 and therefore an increase in the percentage uptake was expected. It seems that members move from RSPO Credits to MB/SG but do not do that for their total volume. The BoG has requested the T&T to deliver a solution on how to track and trace CSPO volumes beyond the first buyer of the mill as far down the supply chain as possible.
RSPO can analyse data in:

- ACOP, however this is a self-declaration and there is no quality control over the data. Further, only ordinary members report.
- PalmTrace (physical trades between mills, traders and refiners, not to end of SC, RSPO Credits)
- Supply Chain audit reports. If the data reported in the audit reports is used there needs to be a correction for double counting, and the different reporting periods. Only supply chain certified companies will be used for reporting.

DH: Is the uptake now measured by using the first sales? Yes. Recommends to use the credit data and physical transactions and analyse what happened with certified volumes.
TZ: one effect could be the turn to physical from credits. Companies have dropped all credits and have not turned to physical completely. Several big companies done this. JD: supports this, however companies not necessarily cover the same volumes. Companies might have been at 100% by using all models but are not anymore in 2016 when moving to physical only.
JWT: this trend can also be explained by a decline in palm oil use, for example like in Germany. Palm oil has been substituted by other vegetable oils.
Certification bodies (CBs) check purchases and sales, we can request for aggregate reporting by CBs by including this requirement in the Supply Chain Certification Systems.
JD: the total sales dropped with approx. 0.5 MT which is significant. We have to understand why and where. How can we do this? Refineries will know. We need to discuss in our next physical meeting how to get more information.
DH suggests to ask first buyers why lower volumes were purchased.
EE asks for any more input to be send to the secretariat.

7. Updates on RSPO-RED submission

An RSPO RED Task Force was formed and had two meetings. The RED TF agreed to a draft of the RSPO RED module that was submitted to Ecofys. We are waiting for feedback now. Next call is scheduled on April 3rd. In line with ISEAL requirements, we will go through a 60 day public consultation period after the comments of Ecofys are incorporated. Then the second draft for Ecofys will be prepared. The module has to meet all EC requirements.

8. AOB

No

9. Next live meeting June 14, Royal Institute of British Architects in London, UK 9-16h

EU RT will be June 12 and 13 at the same venue.