

MINUTES OF MEETING

RSPO Supply Chain Traceability Working Group (SCT WG)

9th Meeting (Hybrid Mode)

Venue: Rainforest Office, Amsterdam

Date and time: 15 Sep 2022 at 9.30am – 12:00pm CET.

Agenda

1. Opening remarks and antitrust statement
2. Approval of Agenda
3. Approval of previous minutes SCT WG Meeting
4. Updates RSPO Secretariat
5. Open action points
6. Action point from Previous Meeting
7. AOB

Members Attendance:

Name	Organisation	Group Representation	Attendance
Robbert Kessels	Sipef	Grower	No
Daphne Hameeteman	Wilmar Europe	P&T	Yes
Sietse Buisman	Cargill	P&T	No
Helen Scholey	Shell	P&T	No
Rina Rahayu	IOI Group	P&T	Yes
Angga Prathama Putra (virtual)	WWF	eNGO	Yes
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 (Virtual)

1. Opening remarks and Antitrust statement

Meeting started with welcoming the members who were present physically and virtually to the 9th meeting of the SCT WG and reminded all members of the RSPO antitrust statement.

2. Agenda

The Agenda for the 9th SCT WG Meeting was discussed with members and no concern was raised on the agenda.

3. Approval of previous minutes SCT WG meeting

The minutes of the 8th meeting were approved without any amendment and comments.

4. Update RSPO Secretariat

Divya updated the SCT WG on the following upcoming events:

- The SPOD event was confirmed on 20th October 2022 in the Netherlands.
- RT and GA 28th Nov -2nd Dec 2022 in Kuala Lumpur, Malaysia. It was highlighted that during RT there will be an award ceremony and members can nominate.
- ACOP closed, highest Submission reached 94%.
- Contingency Audit procedure is approved by ASC. Clarification was done that contingency procedure was in August 2021 during COVID and in November 2021 the procedure was published for P&C and ISH and continued developing the Contingency audit procedure for Supply Chain Certification (SCC) and it was published in November 2022 and this procedure is only applicable during force majeure for P&C and SCC.
- Standard Reviews for P&C 2023 is launched and the Task force meeting will be in the Netherlands from 21-23 September 2022.

5. Open Action Points

Discussion on the open action points was done as below:

- 1) The SCT WG will be chaired by the RSPO secretariat unless a member wants to volunteer and the members agree to the nomination
- 2) 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 smallholders from Africa. Update from Kalindi was shared with the SCT WG that she is not going to join the SCT WG but she is having another colleague who might be interested to join the SCT WG. From CGM Sector Mr. Aitor Gamen from Coty Inc. showed interest to be part of

SCT WG and approval for him to join the SCT WG was granted by the member. The position of Social NGOs, Retailers, and Banks & Investors still remain open.

- 3) CSPKO Uptake Position paper was provided by Shazaley that as per the last meeting discussion we were asked to provide the new graph on our RSPO Website, as per last meeting committee decided to take down the CSPKO graph from our website and upload new Graph after addressing all the comments. So there will only be two graphs on CSPKO not three graphs.

6. **Action Item from Previous Meeting:**

Action Item 1: Graph 1-CSPKO Sales

The current graph excludes B&C sales volume for IS-CSPKO. This might give a bad impression to the public.

Action Taken: No further action is taken as the same practice has been implemented for the CSPKO Graph. Independent Smallholder (IS) Credits will be published separately.

Action Item 2: Graph 2-CSPK Received and Processed

Some of the working group members suggested not publish the graph as there is a big gap between CSPK Received (shipping announcement confirmed) and CSPK Processed by KCP. This will give the impression most volume is being sold as conventional.

Action Taken: Graph 2 is removed from the Position Paper as agreed in the previous SCT WG meeting.

Daphne commented it will be good to show how much is sold conventional, as we need to be transparent. Rina questioned when we say it's sold as conventional meaning that volume is not even sold as credits? and did you know the crusher which did not sell certified as credits or physical? Daphne explained "The Mills have certified Kernels and certified Kernels sold to Crusher, then Crusher processed it and sold it as conventional". Shazaley added if crushers need to sell certified PKO they need to confirm a shipping announcement for physical. Daphne wished to see the previous Graph no.2 before providing any comment.

Action Item 3: Graph 3-Annual CSPKO AP and Sales

Title needs to be renamed as volume 1:1 is not coming from CSPKO.

Action Taken: The graph has been renamed to add footnote. The updated name is:

Annual CSPKO* Actual Production (AP) (mt) and Sales with the footnote cited: **including other Palm Kernel (PK) based products converted to Palm Kernel Oil (PKO) using 1:1 rules.* Inke added it should say CSPK and CSPKO just to make sure that it's sustainable oil that is converted and not the conventional oil. Mark clarified that this shows focus on CSPKO but has the RSPO Secretariat looked into the CSPO Side too? Shazaley answered that even in the CSPO we have included 1:1 conversion rule. Ruzita clarified that at mill level there is no 1:1 conversion rule; it starts from refinery level onward.

Mark raised the question: do we know the impact of the 1:1 conversion rule on the CSPO side? Inke replied we don't and explained that the 1:1 rule helps at CSPKO side because we get the data where sales are higher than supply which is explained by the conversion rule. CSPO is measured at first level (i.e oil mill) and conversion happens at refinery level.

Inke later explained we are talking about two papers which will be presented to board members for: (1) This September Paper on Addressing the Shortage of CSPKO in the market. We have developed short term, medium term and long term solutions respectively. While drafting the paper we discovered the issue with the conversion and we developed the 2nd paper for the 1:1 rule as it was discussed with OleoChemicals Task Force and there we discussed with CSPO and CSPKO but it will not be going to the BoG until consensus has been reached. Shazaley added in the 1:1 paper we are proposing two scenarios to task force (a) to completely remove the 1:1 conversion rule (b) to strengthen the 1:1 conversion rule, what is allowed and what is not allowed to do the 1:1. But this is still under discussion with the task force.

- **Action Item 4:** Expiry for the Mill List in PT

One of the members raised a concern about the list of mills that stay in PT and also yesterday this concern was brought by other member's yesterday. It was raised although the transaction was done several years ago. There are suggestions that PalmTrace will remove the mill's name after 1 year.

Action Taken:

- This is currently under discussion with RA. RSPO Secretariat propose the following option:
 1. Maintain the current system but with improvement to carry the whole list of the supplying mills in the past 12 months in every shipment/announcement to the next buyer). We are only discussing MB.

- All announcements made by the first buyer (crusher, refinery, trader) to the next buyer (crusher, refinery, trader) will carry only the name of the mills that confirmed the transaction in a first order (First In First Out concept) based on the volume transactions. Based on the example:

Transaction ID	Mill Name	Volume	First Buyer (Refinery/Trader/Crusher)	Announcement	Supplying Mill List Name	2nd Buyer (Refinery/Trader/Crusher)
1234	abc	100	Refinery A	180	abc cde	Refinery 1
2345	abc	50	Refinery A			
4567	cde	30	Refinery A			
7890	ghg	330	Refinery A	782	ghg	Refinery 1
8901	ghg	452	Refinery A			
9012	ghg	112	Refinery A	1992	ghg jkl qrs	Refinery 3
123	ghg	450	Refinery A			
234	jkl	330	Refinery A			
345	jkl	600	Refinery A			
456	qrs	250	Refinery A			
567	qrs	250	Refinery A			
678	tuv	110	Refinery A			
789	tuv	100	Refinery A	200	tuv	Refinery 1
890	tuv	500	Refinery A			
901	erp	110	Refinery B	1470	tuv erp waw	Refinery 3
12345	erp	110	Refinery B			
23456	erp	300	Refinery B			
34567	erp	250	Refinery B			
45678	erp	180	Refinery B			
56789	waw	10	Trader C			
67890	waw	5	Trader C			
78901	waw	2	Trader C	57	waw est	Refinery 1
89012	waw	15	Trader C			
90123	est	35	Trader C			

SCT WG Members voted for Option 1 but with concern that we should not only do MB but also include IP and SG. Daphne also suggested we are going to discuss this again after one year from PalmTrace release.

Ruzita updated among the enhancement and new projects related to PalmTrace:

- Automation of B&C: currently the process is manual.
- Trademark related to the remote audit requirements stated in the RSPO Rules on Market.
- Communications and claims.
- Synchronisation issues between PalmTrace and the RSPO website
- Multiple level for ISH submission

Daphne suggested we should discuss the PalmTrace update review as per our working group, as members are bigger users of PT and we can give some feedback and Inke agreed that we will be putting PalmTrace discussion in our next SCT WG meeting agenda. Inke also updated the SCT WG on PalmTrace Survey and requested to please provide the feedback on the survey.

CSPKO GRAPH

CSPKO Actual Production, the new graph was presented to SCT WG and explained by Shazaley that Sales data is not changed, only Supply data is changed. In the previous paper, we were taking the data on the basis of a 45% conversion rate but now we are taking confirmed conversions in PalmTrace. So 45% assumption was wrong, concluded by Daphne. Shazaley explained that previously we are taking 45% conversion from the mill level and data presented in the graph from the crusher level confirm conversion from PK to PKO. So approval is requested if this graph can be published on the website? Daphne asked for clarification on the green colour highlighted with stripes and it was explained that it is showing 1:1 conversion. Daphne and Mark concluded for internal discussion it makes sense but for an external group it's not necessary. It was concluded that it's good to have this data and for public domain we need to have the MB volume combined without 1:1 conversion shown and for internal conversion within SCT WG we can still maintain conversion data. As Helen, Sietse and Robbert are not present in the meeting so approval will be taken from them in writing.

Explanation to the graph will not be on the website so it was concluded that there should be information related to Graph should be presented on the website through hover.

CSPKO Sales: graph shows the increase in the sales Volume.

7. AOB

The meeting adjourned at 12.00 pm CET and it was mentioned that the next meeting will be Hybrid on 28th November 2022, during RT.