

Draft minutes of the T&T meeting on June 2, 2015 in the Netherlands

Agenda

- 1 Opening 9 am
- 2 Approval of agenda
- 3 Announcements secretariat, BoG, other
- 4 IT system and implementation resolution 6f (appendix 2, 3)
- 5 Draft distributors guidance (appendix 4)
- 6 Group certification
- 7 Double certification
- 8 Fee structure integrated companies
- 9 Uptake figures and other updates GreenPalm
- 10 Uptake figures and other updates UTZ
- 11 Subgroup oleochemicals & derivatives
- 12 Next meeting date/location
- 13 Closing at 2 pm

Present

Adam Thomas	New Britain Palm Oil (AT)
Alasdair McGregor	BM Trada (AM)
Alien ten Kleij	Control Union (AK-phone)
Bob Norman	GreenPalm (BN)
Eddy Esselink	MVO (chair-EE)
Inke van der Sluijs	RSPO secretariat (minutes-IS)
Jan van Driel	RSPO secretariat (JD)
Joel Pattij	UTZ Certified (JP)
Joshua Lim	Wilmar (JL)
Judith Murdoch	AAK (JM)
Harald Sauthoff	BASF (HS)
Helen Scholey	Shell Oil Company (HY)
Laura de Gruijter	IOI Loders Croklaan (LdG)
Laure Gregoire	French Alliance on Sustainable Palm Oil (LG)
Marieke Leegwater	Solidaridad (ML)
Paula den Hartog	UTZ Certified (PH)
Robbert Kessels	Sipef (RK)
Ruth Newsome	Unilever (RN)
Sandra Mulder	WWF (SM)
Sietse Buisman	Cargill (SB)

1. Opening

EE welcomes the members of the T&T.

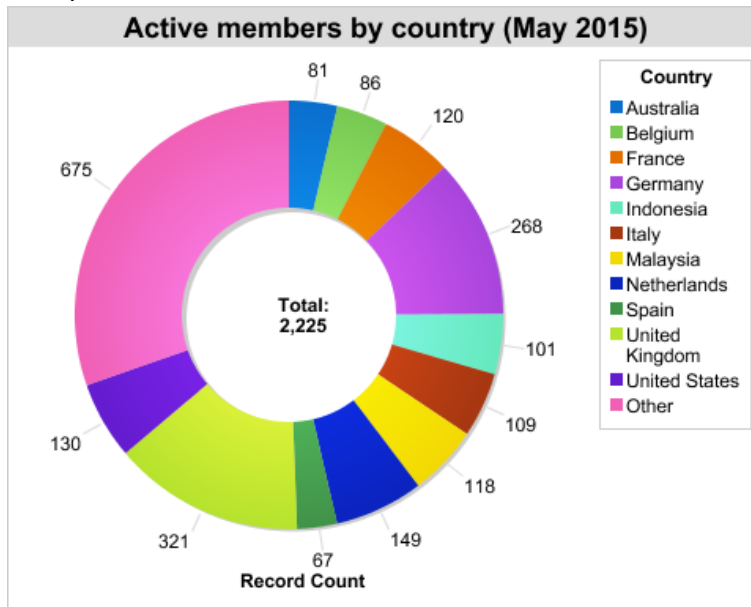
2. Agenda

No changes or additions.

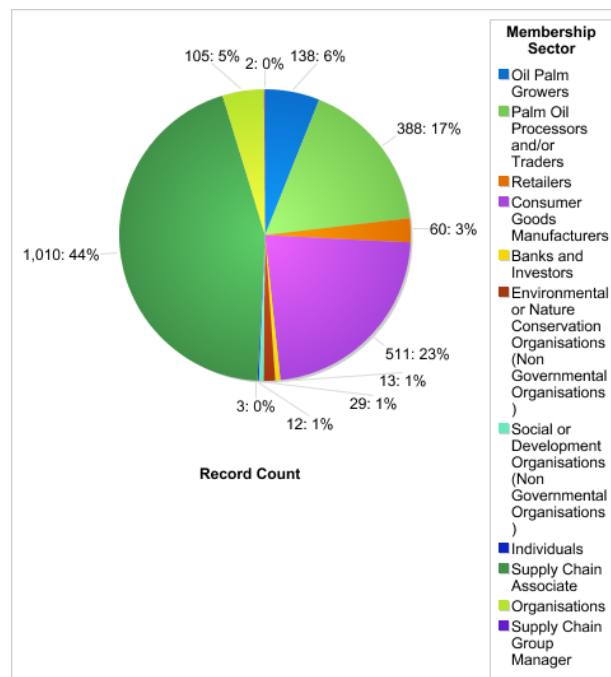
3. Announcements secretariat

RSPO is now full member of ISEAL. ISEAL is a membership association for sustainability standards. To become a full member the standard has to comply with the ISEAL Codes. The RSPO secretariat has developed a flowchart for the use and claims of RSPO certified products that will be shared with the minutes.

The RSPO has now over 2,200 members in more than 70 countries. Approx. 1400 are in Europe.



HS asks for membership divided by sector:



Refiners template

Paragraph A1.2 Information requirements of the Supply Chain Certification Systems states that refiners, manufacturers, etc. should provide information on purchases and sales. This is now mandatory for refiners only. RSPO secretariat has developed a template that can be used to provide this data. Refiners can also give an extract from their ERP system as long as the required data is provided. This is mandatory and from today annual surveillance audits will not be approved by the secretariat if this information is not provided by the CB.

RSPO+

A working group of the RSPO has developed the RSPO+ module/scheme on top of the RSPO Principles and Criteria. This will be on the BoGs agenda for tomorrow.

HY asks for the differences with RSPO-RED. The TF on RSPO-RED has recommended rebranding of the RSPO-RED to meet the RSPO+ request from the market as there is overlap in requirements. JD: this has not been discussed in the WG. IS: focus is on deforestation, peat, and the social criteria will be stricter. Members of the WG are WWF, Oxfam, Ahold, Musim Mas, Sime Darby, and IOI.

It has not been decided whether this will go out for public consultation. That depends on whether it will be a separate standard.

There was a press announcement on RSPO+ but so far there is no information on the website. The concerns of UK market players is shared. UK supermarkets will want it as soon as it is announced. Some members recommend to focus first on moving the majority of the plantations to reach RSPO certification instead of raising the bar already. It could also be better to bring P&C review forward. The RSPO+ could also be framed as an innovation platform to share best practices. Plantations that are ahead of the curve would like to claim that they are. JD will bring the suggestions of the T&T to the WG but also recommends the members to contact the BoG members themselves.

The RSPO secretariat has hired a consultant to compare ISCC with RSPO-RED but the results have not been received yet.

The secretariat has started a collaboration with RSB. The standards will be compared and, depending on the outcome, RSB will look into recognition of RSPO. This may lead to collaboration in the aviation industry, where RSPO certified material may feed into the RSB supply chain.

RSPO Supply Chain Certification Standard and Systems document have been translated and are now available on the website in Spanish, German, Italian and French.

The Rules on Communication and Claims have been reviewed. Not many comments were received and the document is sent to the BoG for endorsement. There will be a transition period for members to switch to the new rules. The timeline will be discussed with the C&C.

4. IT system and implementation resolution 6f

Appendix 2 is written by UTZ upon the request of the BoG and will be discussed in the BoG meeting of June 3rd.

Appendix 3 is a proposal from the RSPO secretariat to implement the resolution on declaration of mills that was adopted by the RSPO members. The T&T is asked to advice on the implementation plan.

HS would like to know whether palm kernel oil should be traced back to the mills or the palm kernel crush. JD explains that Unilever meant the palm oil mill producing the palm kernels.

RSPO has no mandate over uncertified mills. The information on the origin of uncertified material is needed to make MB traceable. The BoG has expressed their interest in recording the origin of the conventional oil for MB traceability and future needs. We have discussed the option to report back to the BoG that MB traceability cannot be offered but the T&T decided that there is a solution to this.

The following recommendations were made:

IP: already traceable to the mill, IT platform to register and obliged to share this data.

SG: all parties announcing trades of SG material from the oil mill until the product leaves the product tree will record the origin of the material on the IT platform and when the material is delivered this information must be shared with the client.

MB: supply chain actors after the mill that produce MB products will share the list of mills that the oil physically originates from (= most often uncertified) via reverse traceability as well as the origin of the “sustainable credits”, for example

- 1 Trader sells 100t SG oil to a refiner originating from three SG oil mills, mill A+B+C. The refiner decides to downgrade, apply the 1 to 1 rule and sell 100t MB stearin. With the delivery, the refiner will report the origin of the SG oil = A+B+C and the origin of the conventional stearin as 100t palm oil cannot be fractionated into 100t stearin. The refiner chooses the conventional oil mills from a predefined list in the IT system, i.e. D+E+F+G+H. The client of the refiner buys MB stearin from A+B+C+D+E+F+G+H.
- 2 A refiner purchases 100t of SG palm oil from mill A+B and 100t of uncertified palm oil from mill Y+Z and mixes these batches. The refiner sells 100t MB palm oil from mill A+B+Y+Z. Say that the buyer fractionates it into olein and stearin and sells 20t MB stearin from A+B+Y+Z.

Recording of the origin is mandatory until the product leaves the product tree (product tree includes the double fractions) for example when blended or processed. Recording of the origin should be done on the basis of what is known.

RSPO certificates

Palm oil mills can sell RSPO palm oil or palm kernel certificates to the end users. The origin of the certificate will be declared to the buyer.

Independent smallholders are usually certified in groups, their P&C certificates are uploaded and approved in the IT system including additional information for example on volumes. When this group of growers sells certificates, the certificate will be an independent smallholder certificate and the origin will be declared to the buyer. The same construction should be created for outgrowers. The sold certificate will be in FFB with a fixed OER and KER to calculate the relevant CSPO and CSPKO volumes.

Trading certificates on holding level will not be possible in the new IT platform but there will be some flexibility in moving volumes from one to another mill by the account manager of the mills belonging to the same company. Transfer of volume will require approval of the RSPO secretariat.

Some members of the T&T question the value of the generated list of mills to the clients but clearly it is a demand from the market. There can be risk assessments based on the maps made available by the World Resources Institute (WRI) on for example forest clearance and fires whereas data on social issues is limited.

The refiners template may need to be renewed once all changes are implemented. It may also be that the template becomes redundant once all trades are recorded in the IT system.

JL gives details about the MVO initiative. Four parties already declare mills (Wilmar, Sime, IOI, Cargill) on a piece of paper. This can be automated in the new IT system. HY added that in aviation fuel tracing back to refinery is already done as well.

It is unclear how this discussion relates to the IDH WG on traceability and Foodreg. We need to stay involved in the discussion and avoid double work for our members.

The list of mills should be to the best of your knowledge with the target of full traceability.

One comment on appendix 2: UTZ proposal is clear but ML would like to see transparency for users who are not members of the RSPO and have no access to the IT system. The RSPO will decide what information will be publicly available and what is available for members only.

5. Distributors guidance

JM explains the information in appendix 4. We will develop an information leaflet on distributors because there were many questions raised in EU after the new Supply chain certification Standard was endorsed. The procedure will be clarified in a step by step guidance.

AT recommends to simplify the current procedure. Ask distributors to fill in a questionnaire, give advice on membership type, issue an eTrace number and the distributors license. Then clear guidance need to be given to the license holder what they are allowed to do under the license. For own label products, the name, certificate number of the manufacturer and a unique batch ID should be provided.

AM: this is also a challenge for other supply chain actors that are not obliged to report in the IT system. The process should be more efficient. Secretariat will look into this.

Traders are different as they do not take physical possession, distributors can store and trade pre-packaged products. A traders guidance will be written as well.

6. Group certification

Background: we have a module for group certification by small (<500mt/yr) end-users of oil palm products. Two group managers have started a group. With the revision of the Supply Chain Standard and Systems, one requirement was added on the maximum number of 100 FTE in the company. One group consists currently of 15 members of which 7 companies have more than 100 employees. This is mainly due to shifts.

The T&T decided to remove the maximum number of FTE.

This change will be effective immediately and communicated to the group managers, CBs, and the wider community as well as on the RSPO website.

7. Double certification

Already in 2012, ISCC and RSPO decided that a certain volume may be certified under one or more schemes but it may never be sold twice. Certified volumes sold may never exceed certified volumes produced. Auditors cannot always control/check the volumes traded via both schemes. It was discussed in the T&T and Executive Board. Now, new questions arise by members and auditors. De T&T has decided to stick with these rules and this needs to be communicated broadly.

In the market, there is a demand for RSPO certified stearin and ISCC certified olein. There is a solution to this namely trade RSPO-RED. Comparison study results are needed but market demand can already push for P&C certification for RSPO-RED.

JL: explains that ISCC auditors now also require information on RSPO volume sold.

The T&T recommends to team up with ISCC. The secretariat of the RSPO has made several attempts to improve the relationship and to ask for transparency in ISCC but were not very successful in these attempts.

Reporting in eTrace is possible but voluntary.

T&T plea to work with ISCC, and write guidance for CBs to reduce risk.

8 Fee structure integrated companies

There is a discussion between (ROW) members and the RSPO secretariat for the RSPO/UTZ fee levied over palm kernels when the crush facility is at the same location as the oil mill. It was a decision by the RSPO that this would be levied over the palm kernels, the IT system is designed to do this at a later stage as well. The question is whether an exception can be made for integrated companies. The secretariat is concerned about the implications of this as most palm oil is purchased by the same company.

There was confusion about the audit of the palm kernel crush when at the same site as the mill. It can be audited at the same time of RSPO P&C/SCC. This confusion should be cleared by now.

Conclusion: keep as is.

9. GreenPalm updates (See ppt)

HS asks what is membership potential certified volume?

IS shares concern about the price of certificates. Of course this is up to the market but what is the incentive to the growers if certificates are sold at 15 cents? Buyers can claim they are at 100% whereas growers will not be rewarded and change is not incentivised. There is a discussion in the BoG about a fixed price for certificates. T&T members think that it would not be legal to set a minimum price.

It is difficult to build a business case for smallholder certification.

10 UTZ updates (see pdf)

Asks for volunteers to pilot transaction uploads via Excel.

RK: complaints about the support during the last months.

11. Subgroup oleochemicals & derivatives

HS: Started Q&A on oleochemicals without too many rules.

David Ogg drafted a paper that refers to the current two documents and HS does not see the added value. He will send it back to the secretariat or to DO to ask whether he is missing information. The question is how to revitalise the communication with members. SM explains that she receives questions about derivatives in the Netherlands and she does not know whether documents serve this need.

HS: SCC is not enough, therefore created 2 documents. The membership should raise what they need, there are questions about availability.

JD: specialized, more visibility of your group needed. EE: Active outreach? SB: surprised that there are issues with availability. Show that it is available. HS: This group is not about availability. So what is the issue?

Discussion:

Downgrading palm kernel oil SG-start from the palm kernel oil not from palm kernel, definition palm kernel products = palm kernel oil. Publish interpretation.

For MB follow product trees.

12. Next meetings

September 1 telcon from 10-12h CET

November 16 live meeting, RT13 Bangkok is from November 17-19.