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1.0 Background

This Terms of Reference (ToRs) is written for the Supply Chain Traceability Working Group (SCT WG) under the Market Development Standing Committee (MDSC). The RSPO's Working Groups (WG) are designed to encourage members to address complex and difficult challenges and work towards developing solutions. As a multi stakeholder, participatory roundtable that works on the basis of consensus, it is essential that all members feed into the decision-making process. In principle, the WGs are made up of a representative from each of the stakeholder groups and are (periodically) created to deal with a specific issue.

2.0 Objectives

The objective of the MDSC Supply Chain Traceability Working Group is to provide guidance to the Secretariat on optimising the supply chain for uptake of CSPO and traceability requirements via this Terms of Reference (ToR) and work programmes of the MDSC.

3.0 Mandates

The mandates of the SCT WG are as follows:

- Supply Chain Certification Standard guidance and revision
- Explanation and revision of Supply Chain Certification Models to RSPO members
- Reporting uptake including data quality assurance
- Jurisdictional approach
- PalmTrace developments
- Dual certification
- Support the Shared Responsibility Working Group in case implementation requires changes in the Supply Chain Certification Standard
- Oleochemicals and Palm Kernel Oil supply and sales (Task Force)

The Working Group can undertake specific assignments within its areas of responsibility or may take responsibility that is assigned to them for Working Groups or Task Forces created by a BoG decision or a General Assembly decision or resolution.

Unless otherwise specified, the mandate of all Working Groups shall be up to two (02) years, at which time it shall be reviewed by the MDSC.

Once the MDSC has formed or assigned responsibility for a Working Group or Task Force, it shall define its terms of reference (using the generic procedures in this document except where there is a valid need

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to vary them). The MDSC shall also appoint the Chair or Co-Chairs of the Working Group or Task Force, and shall instruct the Working Group or Task Force on its reporting requirements (including frequency and content).

4.0 Composition

Appointments to the working group are for terms of two (02) years but members may seek re-nomination for subsequent terms without limit.

The WG starts with a call for members on the RSPO website based on this ToR. Then the members of the WG select a Chair or co-Chairs in agreement with the MDSC. The WG defines the work plan in detail and includes the reporting frequency.

The individual representative from the SCT WG can appoint an Alternate from the same constituency to attend the Working Group meeting. Alternate can only attend if the Substantive is not present.

The WG may invite experts to participate in discussions requiring expertise in relevant areas/issues. Other invited experts may be appointed at the discretion of the Committee.

WG members shall try to attend all meetings in person and work with their alternate member as soon as they know they cannot attend a meeting, to ensure that their seat is represented. In either case, WG members should send their apologies to the WG Co-Chairs and advise if their alternate member will attend. This information shall also be provided to the Secretariat Lead.

The SCT WG is a subgroup of the Market Development Standing Committee. The MDSC, at its sole discretion, may propose changes to the composition of the SCT WG to serve RSPO and its objectives.

To ensure effective discussions and decision-making, the structure of the Working Group is as follows:

Table 1 - Composition of the MDSC SCT WG

| Sector | Division | Total |
|---------------------|-----------------------------|--------------|
| Grower | Malaysia | 1 |
| | Indonesia | 1 |
| | ROW | 1 |
| | Smallholder | 1 |
| NGO | Environmental | 1 - 2 |
| | Social | 1 - 2 |
| Supply Chain | Processor & Trader | 2 |
| | Consumer Goods Manufacturer | 2 |

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| | | |
|--|-----------------------|----------------|
| | Retailer | 2 |
| | Financial Institution | 1 - 2 |
| | TOTAL | 13 - 16 |

The formation of the SCT WG will strive for a balanced representation of all membership categories to participate in this WG but may propose changes to the composition of the WG for it to better serve the objectives of this ToR.

WG members shall be members of organisations with experience and empowered by the membership sector to act on their behalf and are expected to regularly inform their constituencies.

WG members must commit to attending physical meetings and conference calls. The calls may be held outside regular office hours to accommodate the different time zones present in the WG.

WG members will be responsible for coordinating and updating directly with their alternates.

WG members should not be from the same organisation/company as those on the SC to prevent a conflict of interest.

5.0 Meeting

In order to meet the objectives of the Working Group, it is necessary to establish an annual work development programme, which includes objectives, activities, timelines, budgets, and deliverables.

The Working Group will in principle have quarterly (virtual or physical) meetings per year.

The Working Group will provide regular updates to the MDSC and will use the RSPO website to communicate on progress.

Meeting Documentation

| No. | Document Description | Timeline |
|-----|---|--|
| 1 | Draft minutes of meetings to be shared internally | Not more than one month after meeting |
| 2 | Minutes of the meeting to be shared publicly | Not more than two months after meeting |
| 3 | Working Group Meeting Pack | One week before the meeting |

Members of the SCT WG shall also respect the “Chatham House Rule” in their reporting of WG discussions. This means that while remarks made during meetings may be repeated, they should not be attributed to an individual SCT WG member, except where an attributed comment has been included in the approved minutes of that meeting.

6.0 Role of Secretariat

The RSPO Secretariat will provide the financial, human, and logistical support that the MDSC SCT WG requires to meet, conduct business, and achieve its objectives. The Outreach & Engagement Department of RSPO Secretariat will be the primary source of assistance and support to the MDSC SCT WG.

The RSPO Secretariat will coordinate and facilitate the operations of the SCT WG as well as take the lead in implementing the desired activities and deliverables of the Committee, which may include identifying appropriate facilitators, project management, research, and identifying resources, as well as appointing consultants to undertake mandated tasks.

The governance of the Working Group (WG) is the responsibility of the Market Development Standing Committee. Any changes to these Terms of Reference shall be approved by the MDSC.

7.0 Retirement Criteria/Reselection of Inactive SCT WG Members

The Working Group can exercise the right to retire the membership of a member. However, the decision must be made by consensus of the Working Group (excluding the affected party). Affected parties should be given the right to be heard prior to a decision being made.

The reasons for the Working Group to consider the retirement of a member are:

- If the members are not following what is required by the RSPO Code of Conduct and Antitrust Guidelines for RSPO Members
- Voluntary retirement
- Absence from three (3) consecutive meetings without justified reason (including Alternate members)

Retirement of membership will be informed in writing to the SCT WG Co-Chairs, copied to the RSPO Secretariat Lead.

The WG Co-Chairs will invite the constituents of the affected sectoral stakeholder group to nominate a new representative to the SCT WG.

8.0 Management

All members of the SCT WG are bound by the Antitrust Guidelines for RSPO Members.

Each member must declare any pre-existing, perceived, and/or potential conflict of interest on any matters on the agenda and/or matters arising at the beginning or during the course of the meeting. Should there be a conflict of interest, the member concerned must recuse himself/herself from all decision-making processes or sensitive discussions pertaining to the subject matter of which there is such conflict of interest.

Members and invited experts who have been privy to the discussions shall not use their position on the SCT WG and/or information obtained from WG discussions to obtain monetary gain or bid for any projects commissioned by the SCT WG directly or indirectly through the organisation with whom they are associated. Members and/or invited experts who observe and/or part of the discussions on developing project ToRs will not be allowed to tender and/or participate in the tender evaluation/selection processes, even after they have left the SCT WG.

Members shall ensure the accuracy of the information and that the interpretation of all outcomes and decisions of the SCT WG are consistent with the consensus reached within the SCT WG.

Members shall strive to reach a consensus in decision making. However, in the event a consensus is not possible for any specific issue, at least 75% of the Working Group members are required to vote in favour for the adoption of a decision, and shall include at least one supporting vote from each membership category.

If a decision cannot be reached through the above means, the Chair (or co-Chairs) of the SCT WG may refer to the Co-Chairs of the Market Development Standing Committee for a final decision.

Transparency is very important to RSPO. All discussions and documents are only classified as confidential in exceptional circumstances. However, where information has been designated as confidential because of its sensitivity (for example concerning violations or alleged violations of RSPO Principles & Criteria) WG members should respect the confidentiality issues and shall prevent the same from becoming public.

Breaches of the above may lead to exclusion from the WG. Prior to taking public action in cases of unresolved allegations of breaches of the above, members shall report such alleged breaches to the Co-Chairs of the WG and the Member Category Representative on the RSPO Board of Governance, which will deal with the alleged breaches in accordance with the RSPO Statutes and Code of Conduct.

MDSC Supply Chain Traceability Working Group Terms of Reference

I acknowledge and agree to adhere with the terms as laid out in this ToR.

Signed by:

Witnessed by:

Name:

Name:

Organisation:

Organisation:

Date:

Date: