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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 in to 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 the optimising the supply chain for uptake of CSPO and traceability requirements via this Terms of Reference (ToR).

3.0 Scope of Work

In principle the most critical objectives of this Working Group include strategies that address the following priorities:

- 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 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.

Task Forces will generally be formed to specific, measurable and time-limited objectives, including a date for winding-up of their work and normally be related to a WG (scope). Task Forces that are established as part of, or in response to GA resolutions should be assigned a timetable for their work that allows for reporting back to the following year's GA. Membership of Task Forces may be weighted more towards technical knowledge of the topic under discussion than broad stakeholder involvement.

4.0 Composition

Appointments to the WG 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 workplan in detail and include the reporting frequency. The WG may invite experts to participate in discussions requiring specific expertise in traceability, palm oil trade, jurisdictional programs, oleochemicals, or other relevant fields. Other invited experts may be appointed at the discretion of the Committee.

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

Table 1 - Composition of Supply Chain Traceability Working Group

| Sector | Division | Total (Substantive & Alternates) |
|---------------------|-----------------------------|----------------------------------|
| Grower | Malaysia | 1 |
| | Indonesia | 1 |
| | ROW | 1 |
| | Smallholder | 1 |
| NGO | Environmental | 1 to 2* |
| | Social | 1 to 2* |
| Supply Chain | Processor & Trader | 2 |
| | Consumer Goods Manufacturer | 2 |
| | Retailer | 2 |
| | Financial Institution | 1 to 2* |
| | TOTAL | 13-16 |

Notes:

* a minimum of 1 representative each for Financial Institutions, eNGOs and sNGOs will achieve balanced representation, recognising that there will be less impact for these members and that there may be resource and availability constraints. Thus, it will be up to the sector to nominate 1 or 2 representatives.

WG members should be members of organisations with experience and empowered by the constituency to act on their behalf and are expected to regularly debrief with their constituencies.

WG members must commit to attend 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.

5.0 Way of Working, Annual Plan and Budget

During the first meeting of the Working Group, the members will determine its annual plan, including milestones and necessary budget. The Working Group will in principle have quarterly (web) meetings including two physical meetings each year of which one takes place during the Annual Conference of the RSPO. The Working Group will provide regular updates to the MDSC and will use the RSPO website to communicate on progress.

The RSPO Secretariat will provide the financial, human and logistical support that the WG requires to meet, conduct business and achieve its objectives.

The RSPO Secretariat, upon consulting the Chair (or Co-Chairs), will make all the necessary arrangements to call for all meetings and ensure it meets the quorum to conduct a meeting.

The RSPO Secretariat will coordinate and facilitate the operations of the 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 RSPO secretariat. Any changes to these Terms of Reference need to be approved by the MDSC and RSPO secretariat.

Appendix 1: Code of Conduct (CoC) for the Supply Chain Traceability Working Group under the Market Development Standing Committee (MDSC)

All members of the Supply Chain Traceability Working Group are required to sign this Code of Conduct.

Every member of the Working Group must declare any conflict of interest (financial or otherwise) on the agenda and/or any matters which arise in due course of the meeting. Should a conflict of interest arise, any member concerned must excuse himself/herself from the decision-making process or any sensitive discussions.

Members and invited experts who have been privy to the discussions shall not use their position on the MDSC Working Group and/or information obtained to obtain monetary gain or bid for any projects commissioned by the MDSC Working Group directly or indirectly through organization with whom they are associated. For example, members and invited experts who observe discussions about developing project ToRs will not be allowed to tender, and/or participate in the tender evaluation/selection processes.

All members of the Working Group shall ensure the accuracy of the information provided and interpretation of all outcomes and decisions of the Working Group shall be consistent with the consensus reached by its members.

Promotion and Commitment

Member organisations will acknowledge their membership of the Working Group and its objectives, the Principles and Criteria (P&C) of the RSPO and its implementation process through informed and explicit endorsement. Members of the Working Group will promote and communicate this commitment throughout their own organisation.

Transparency

Members will not make any misleading or unsubstantiated claims about the production or use of sustainable palm oil. Members will commit to open and transparent engagement with interested parties, and actively seek resolution of conflict.

Breaches of this Code

Breaches of this Code may lead to exclusion from the Working Group. Members will seek to resolve grievances directly with other members, and will not make unsubstantiated allegations of breaches against other members

Prior to taking public action in cases of unresolved allegations of breaches of this Code, members shall report breaches to the Co-Chairs of the MDSC and the Member Category Representative in RSPO Board of Governance, which will deal with the alleged breaches in accordance with the RSPO Grievance Procedure.

I acknowledge and agree with the terms in ToR and CoC above.

Signed by:

Witnessed by:

Name:

Organisation:

Date:

Name:

Organisation:

Date: